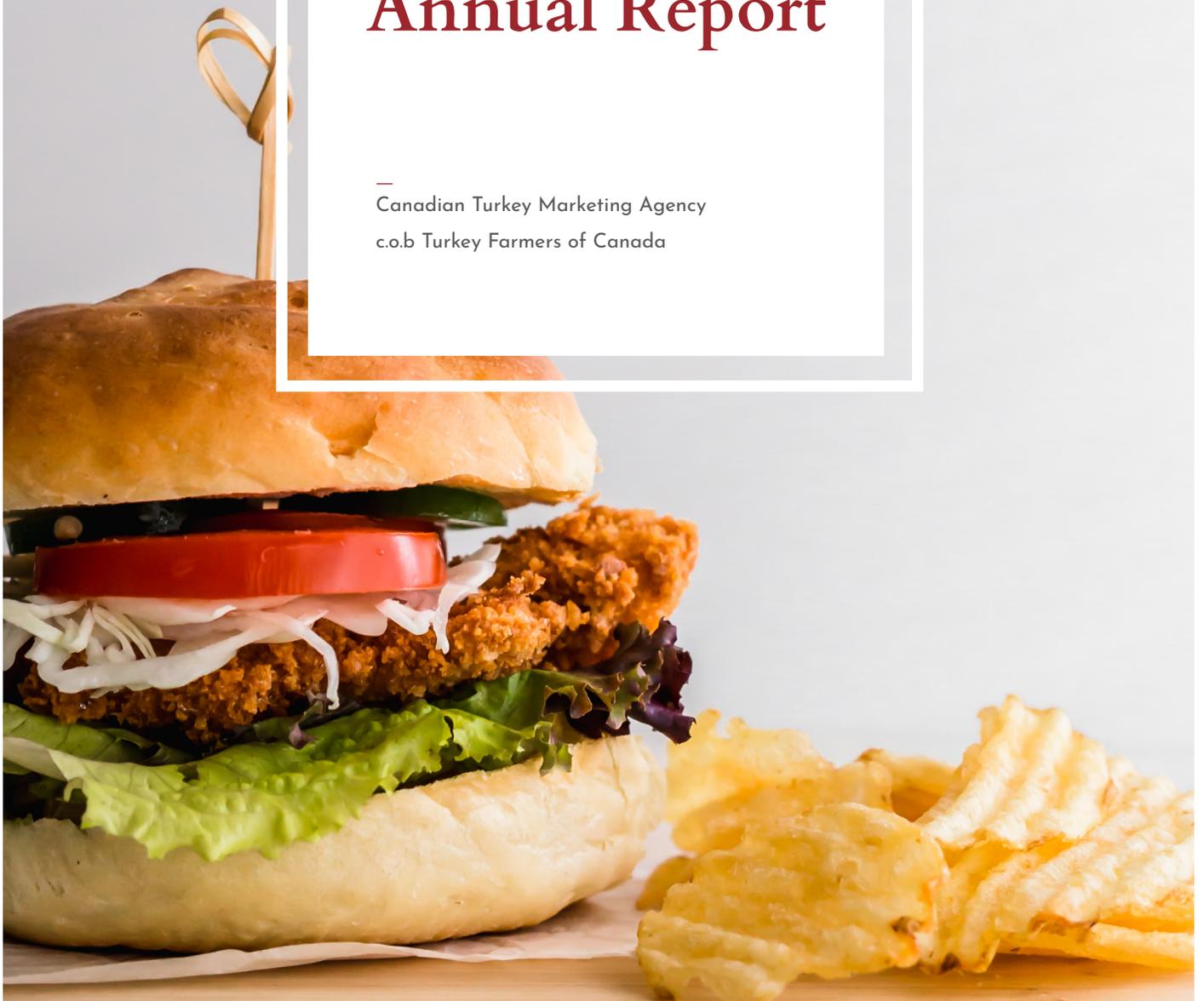




2021

Annual Report

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





Turkey Farmers of Canada 2021

The forty-eighth 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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TURKEY FARMERS
OF CANADA®
LES ÉLEVEURS DE DINDON
DU CANADA®

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About Turkey Farmers of Canada



Delivering Value on 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 national office staff and makes decisions on matters such as research, on-farm food safety, flock care, and the promotion of Canadian turkey, all in order to further promote a strong, efficient and competitive turkey production and marketing industry (as per S.21 of the FPAA).

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

Farm Products Agencies Act

Objectives 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.

Vision, Mission and Values

Our Vision

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.



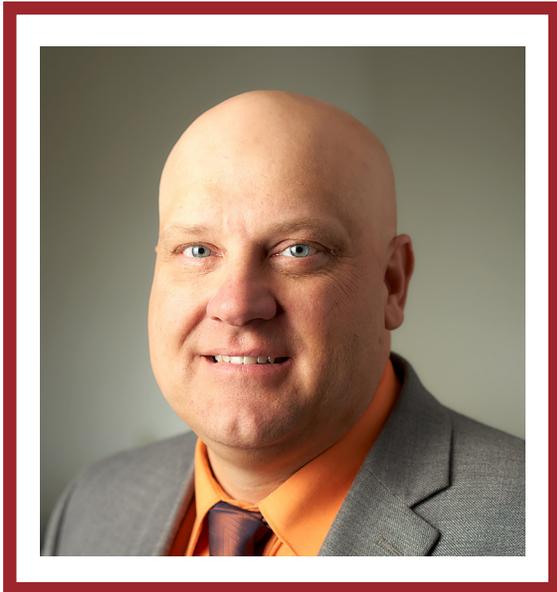
Our Mission

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 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.



CHAIR'S Message

2021 was marked by continued transition as we entered our second year as farmers, and within industry, of working under COVID restrictions. The global situation tested us all, but there were some positives I want to share with you.

Looking back, we began to see improvements with shifting COVID rules for the foodservice sector, in parallel with retail sales strengthening. These positives led to the quota increase of 143 million kilograms for 2022/23. This is a recovery of 17 of the 20.6 million kilogram reduction taken in 2020/21, which was needed due to long supplies and COVID-related uncertainty particularly in the food service sector.

Turkey sales held up relatively well in the face of strong pricing at retail reflecting the upward pressure on production costs and needed strength in wholesale pricing that emerged over the year. While we heard some concerns of shortages ahead of the 2021

Thanksgiving and Christmas seasons, despite some regional variations, it appears consumers found the turkey they wanted. We closed out 2021 with trim frozen inventories. This positions us well for the year ahead.

2021 also marked year three of the Think Turkey, national marketing campaign. Similar to last year, tactics evolved along with changes necessitated due to COVID, to reach our consumer. This was in addition to meeting Canadian's shifting preference for turkey, in part influenced by smaller households, changing demographics and shifts in celebrating during festive seasons. The jointly producer-processor produced campaign saw positive results with very solid messaging.

As well, our supply management system showed its resiliency throughout the second year of COVID. As did turkey farmers and processors. We as farmers and industry have evolved, meeting demand, and keeping turkey meat competitive. This is important for the longer term and together we showcase our product to consumers in terms of nutritional values, respected on-farm standards, adaptability, and sustainability. Consumers can be confident in their choice of Canadian-produced turkey.

2021 brought several years of advocacy work on the CPTPP agreement towards resolution. In April 2021, we were pleased to see the announcement of two new programs created by AAFC to mitigate market impacts caused by the CPTPP. The Market Development Program for Turkey and Chicken provides funds towards market research, advertising, and branding. We were pleased with the second announcement of the Poultry and Egg On-Farm Investment Program in May 2021. This program provides \$647 million to poultry and egg producers over 10 years. The focus of this program is to allow Canadian farmers to increase investments in their operations, make ongoing improvements, and enhance the long-term efficiency and sustainability of their farms. This is a crucial step, and we appreciated the hard work by Minister Bibeau and her staff.

I've highlighted some positives, but this year was not without challenges. We saw activist pressures, consumer concerns on food pricing, a focus on sustainability particularly being linked to agriculture and many major climate events, just to name a few. We also continued the hard work of renewing the Commercial Quota Allocation Policy. The TFC staff and Board of Directors remain committed to tackling these and other challenges as they emerge.

With that, a thank you to the Board of Directors, each of our ten member organizations, TFC staff and our industry partners for their hard work and dedication to providing value to our farmers. Our achievements this year are a testament to the joint work done within the turkey sector and with our colleagues across supply management. Much has been accomplished this year, despite the uncertainties, and I remain optimistic for our path forward.

Thank you to everyone who played a role in this; it has been a pleasure working with each of you.

Respectfully submitted,



Darren Ference

Executive Committee



Darren Ference
CHAIR



Calvin McBain
VICE CHAIR



Jelmer Wiersma / Brian Ricker
EXECUTIVE MEMBER

Board of DIRECTORS



Darren Ference

Alberta Turkey Producers



Calvin McBain

Les Éleveurs de volailles du Québec



Jelmer Wiersma

Turkey Farmers of Saskatchewan



Steven Eadie

Turkey Farmers of Nova Scotia



Shawn Heppell

BC Turkey Marketing Board



Mike Reimer / Rachelle Brown

Manitoba Turkey Producers



Marco Volpé / Bertin Cyr

Turkey Farmers of New Brunswick



Matt Steele / Brian Ricker

Turkey Farmers of Ontario



Doug Hart

Canadian Poultry and Egg Processors Council



Michel Pépin

CPEPC



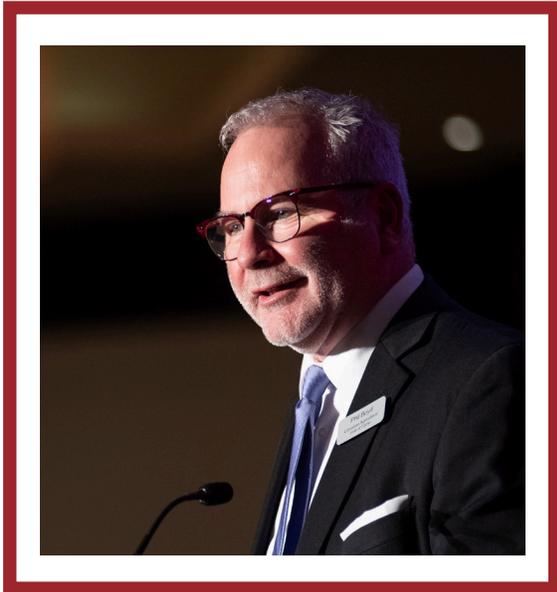
Adam Power

Further Poultry Processors Association of Canada

The 11-member Board of Directors is comprised of eight farmer-elected Provincial Board representatives, along with two appointed members of the primary processing sector (Canadian Poultry and Egg Processors Council, CPEPC) and one from the further processing sector (Further Poultry Processors Association of Canada, FPPAC).

Alternate Directors

Debbie Etsell - British Columbia Turkey Marketing Board
Scott Olson - Alberta Turkey Producers
David Mandel - Alberta Turkey Producers
Aaron Janzen - Turkey Farmers of Saskatchewan
Leroy Loewen - Manitoba Turkey Producers
Duane Dietrich - Turkey Farmers of Ontario
Jennifer Paquet - Les Éleveurs de volailles du Québec
Hugo Therrien - Turkey Farmers of New Brunswick
Marc Sproule - Turkey Farmers of Nova Scotia
Darcy Ballance - Canadian Poultry and Egg Processors Council
Tony Tavares - Canadian Poultry and Egg Processors Council
Nik Zylstra - Further Poultry Processors Association of Canada



EXECUTIVE DIRECTOR'S Message

Market conditions continued to improve throughout 2021, as explained in detail further in the 2021 Annual Report. This strengthening followed a very significant reduction in quotas through 2019/20. Frozen inventory levels are very trim as of January 1, 2022. And, looking forward to 2022/2023, commercial quota is set at 143 million kilograms, up 17 million from the 2019/2022 quota year at 126 million kilograms. This is a positive development after the 20.6 mkg reduction due to both a needed market adjustment and a COVID reduction. Even though production levels are not quite back to where they were pre-COVID, the market strength gained later in 2020 and though 2021, positions the sector well for the year ahead.

As noted in this report, the hard work on the Commercial Allocation Policy review continued over 2021 and progress was made in getting to a new revised policy. The Committee was able to meet in person

in November 2021, which was of benefit to the members in advancing the file. Several meetings were held via video conference in order to keep momentum on this file. This work continues to be a key priority for 2022, with anticipation of finalizing recommendations to the TFC Board during the first half. Although the review started five years ago, the Committee mandate was changed and broadened in 2019, so the mandate is approaching its second anniversary in mid-2022. Significant time and energy have been expended by the Committee members. There is more to do in the immediate term to complete the mandate and to ensure unanimity is achieved on a new policy, which meets the responsibilities set out in the Proclamation and achieves the right balance to farms and farmers across the country.

As we learned in 2020, the supply chain in our sector has proven to be quite malleable. Through 2021, the sector faced significant challenges both through some plant disruptions and particularly in British Columbia through extreme weather events. Ultimately though, turkeys got to the market and the supply chain proved relatively smooth. The BC flooding in November was a challenge unlike anything experienced before. Given the enormity of the damages, TFC through the Wishbone Project, donated to the Farmer Relief Fund established by the BC Agriculture Council, to support recovery in the Fraser Valley.

The sustainability of the agri-food system in Canada has been an emerging dialogue across the sector, with governments and internationally. TFC has retained Groupe AGÉCO, an experienced agriculture and agri-food consultant to undertake a life cycle assessment of Canadian turkey production. Similar analyses have been conducted by other Canadian commodity groups to obtain an accurate picture of environmental, economic, and social sustainability. The study will commence in the first quarter of 2022. Their final report is anticipated by mid-year and is being undertaken with funding support from Agriculture and Agrifood Canada.

The findings will be helpful as our members continue to develop the Canadian Turkey brand and assure consumers that turkeys are raised responsibly in terms of food safety, animal welfare, and through the overarching vantage of a sustainability lens.

In late 2021, we all had a taste of in-person meetings and the richness of dialogue that does not seem to emerge in video conferences. Returning to face-to-face meetings blended with video conferencing in the year ahead will make a substantial difference to the membership and staff at TFC. Clearly, as written in this report, there was significant achievement over the course of 2021. The effort taken by sector participants over the past two years is notable and commendable. My office colleagues and I are looking forward to 2022, and wish the membership well in their work; we continue to appreciate working with and for you.

Sincerely,



Phil Boyd



Canadian turkey farmers are committed to ensuring the humane care and respectful treatment of their birds while providing wholesome and safe food to consumers.



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

Scott Mitchnick
Market & Policy Analyst

Elise Mereweather
Policy & Data Administrator

Barb Weston
Finance Administrator

Lorna Morris
Executive Services Administrator

Cathy Lane
Corporate Services Administrator / Information Technology (IT)

Janice Height
Director - National Marketing Campaign & Brand Partnerships

Memberships and Partnerships

- Advancing Women in Agriculture
- Canadian 4-H
- Canadian Agricultural Hall of Fame
- Canadian Agri-Marketing Association
- 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
- Animal Health Canada (formerly National Farmed Animal Health and Welfare Council)
- National Farm Animal Care Council (NFACC)
- 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

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

Managers Committee

- Sonya Lorette, TFNS
- Louis Martin, TFNB
- Marie-Ève Tremblay / Richelle Fortin, ÉVQ
- Jon-Michael Falconer, TFO
- Helga Wheddon, MTP
- Cinthya Wiersma / Michelle Alting-Mees, TFS
- Cara Prout, ATP
- Michel Benoit, BCTMB



National Marketing Campaign

Think Turkey™ - Year in Review - 2021

For the third year, the Think Turkey™/Pensez Dindon^{MC} campaign continued to raise awareness of the versatility and benefits of turkey to drive year-round demand and increase consumption.

In 2021, the national bilingual campaign engaged primary meal planners and reached out to new audiences: male grilling enthusiasts and first-time Gen Z through several targeted programs.

The campaign started the year with a national contest called TurKEY to Win in January, which gave Canadians a chance to win 1 of 2 stationary bikes. Given the increased interest in health and fitness, the contest connected active Canadians looking for lean and healthy turkey protein for their meals.

In March, a national TV campaign featured Think Turkey ad spots, which aired at key times throughout the year. The campaign also partnered with Québecor for integrations on Salut Bonjour Weekend throughout the year.

A digital retail marketing program launched for the first time to encourage sales by engaging shoppers to add turkey to their shopping lists using grocery planning, loyalty programs and coupon apps.

The Griller's Bird

With the lift in COVID restrictions in the spring, Canadians were eager to begin planning outdoor summer activities. Think Turkey™ responded and tailored summer programming around outdoor grilling for National Turkey Month (June). Teaming up with Saskatchewan-born PGA tour member and barbecue enthusiast Graham DeLaet, The Griller's Bird campaign launched in June to celebrate the return of grilling season. A host of barbecue influencers across Canada were also engaged. The campaign featured media placements on sports apps and websites.

Dream Thanksgiving

In the fall, Think Turkey™ welcomed Canadians back to the Thanksgiving they remembered—and invited them to imagine their dream Thanksgiving with family and friends. To get Canadians inspired, Think Turkey™ teamed up with celebrity chef Lynn Crawford to develop three unique Thanksgiving menus.

Three lucky winners won a Dream Thanksgiving experience—a catered dinner (with their choice of one of Chef Lynn's



custom-curated menus) and a gift card to purchase décor to create their own Thanksgiving tablescape. Chef Crawford also appeared on The Marilyn Denis Show for a cooking segment featuring turkey. Think Turkey also teamed up with other prominent chefs and home cooks who shared their turkey recipes across the country via national and local cooking segments.

Reuniting Canadians

Under The Wishbone Project umbrella, Think Turkey™ teamed up with VIA Rail Canada to grant seven lucky Canadians' wish to reunite with their family and friends for the Holidays.

It's Not the Holidays if it's Not Turkey!

To build on our Holiday campaign, Think Turkey™ reminded Canadians that the holidays are "turkey time" through a humorous creative campaign designed to encourage serving turkey. The campaign launched with outdoor billboards, featuring PSA-style reactions from guests discovering that turkey wasn't being served for the holidays. Supporting videos ran leading to the holidays and social media influencers shared their own reactions on Instagram and TikTok to reinforce turkey's place on the holiday table.

Recap & Results

The Think Turkey™ campaign continued to see strong results from its social and digital efforts, with a substantial year-over-year follower increase and strong engagement results. The monthly newsletter's click through rate increased, which was driven by prize, contesting and recipe content.

The Think Turkey™ campaign topped up exposure with 674 billboard faces across Canada, which began in early June and was in market throughout the fall.

Think Turkey™ also worked with over 45 English and French-Canadian influencers, home cooks and chefs in 2021 to promote turkey as a versatile and delicious protein.

Year three of the campaign delivered strong results reaching Canadian consumers. 2022 will mark the fourth year of the Think Turkey™ campaign, and efforts will continue to showcase new, exciting ways to incorporate turkey as a healthy, delicious everyday protein.



National Marketing Working Group

- Debbie Etsell, BCTMB
- Scott Olson, ATP
- Emily Haramule, TFO / Brian Ricker, TFO
- Marie-Hélène Jutras, ÉVQ
- Doug Hart, CPEPC
- Tony Tavares, CPEPC
- Julie-Maude Vidal, CPEPC
- Nicolas Paillat, CPEPC
- Adam Power, FPPAC
- TFC Staff



THE WISHBONE PROJECT



THE WISHBONE PROJECT

The Wishbone Project - a national umbrella for giving, was launched by Turkey Farmers of Canada and the Canadian Poultry and Egg Processors Council, Turkey Primary Processing Sector Members, in April 2020 to support Canadians in need during the COVID pandemic.

After a year full of virtual dinners and celebrations, Canadians for the most part were returning to the Thanksgiving gatherings they remember. To spread Thanksgiving spirit to those fighting food insecurities, Turkey Farmers of Canada, under the Wishbone Project, donated \$20,000 to Food Banks Canada.

Turkey processors and producers across Canada also made their own special contributions at Thanksgiving. Here are a few:

- Turkey Farmers of Ontario partnered with Feed Ontario and Butterball to surprise donors who participated in their turkey match program. Donors were surprised with a \$5 Butterball gift card courtesy of Feed Ontario, just in time for Thanksgiving weekend.
- Sofina Foods lent a hand to various charities, food banks and outreach programs throughout Canada by donating turkeys.
- Manitoba Turkey Producers partnered with Exceldor Cooperative to donate turkeys to be used for Thanksgiving to-go dinners, which were expected to serve over 300 meals to the community.
- Turkey Farmers of Nova Scotia also donated turkeys to the Orchard Valley United Church Men's Group for their Thanksgiving take-out turkey dinner.

The Wishbone Project continues to find ways to assist local, provincial, and national community initiatives.

Government Advocacy and Corporate Communications

Working with Decision Makers

An important role that TFC plays is ensuring that government officials are part of the ongoing dialogue on advancements in our industry, issues we are facing, and opportunities to work with our sector. A particular focus for 2021 was ongoing supply chain issues due to COVID, and mitigation for trade agreement concessions.

COVID topics varied, but early in 2021 outreach was undertaken regarding Business Risk Management (BRMs), depopulation scenarios due to the pandemic and priority vaccinations for the agriculture sector, and later in the year other supply chain issues due to COVID.

On April 13, 2021, Minister Bibeau announced two new programs created by AAFC to mitigate the market impacts caused by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) over the next 10 years. Work on this file was ongoing through 2021, and TFC also continued its engagement and work on the mitigation funding, due to the CUSMA implementation in 2020.

Advocacy Work

In 2021, TFC monitored several bills including Bill C-205, focused on unlawful entry on-farm and potentially breaking bio-security protocols, and exposing animals to disease or other hazards. TFC submitted a brief in support of Bill C-205, in addition to virtually appearing before the committee. Darren Ference, Chair of TFC, presented to the committee and was joined for the question-and-answer period by Phil Boyd, Executive Director of TFC. TFC also supported Bill C-216, which would amend the Department of Foreign Affairs, Trade, and Development Act, so that officials could not give access to the supply management system in Canada when negotiating new trade deals. TFC submitted a brief to the Trade Committee in support of Bill C-216 with details of the importance of supply management.

With the prorogation of Parliament, both bills were terminated and must be reintroduced in the new session of Parliament.

Advancing the Industry

In 2021, TFC continued work with national agriculture groups, industry partners and the four other national supply management organizations (SM5), to raise the profile of both the turkey industry, and the agriculture sector.

For the second year, much work was undertaken online due to COVID. In March, TFC and the national poultry and egg industries participated in a Federation of Canadian Municipalities (FCM) virtual event. Two representatives from the SM4, including a turkey farmer, sat on a panel, and discussed topics including supply management, sustainability on farm, and information about the poultry and egg industries. In early June, TFC, in collaboration with the national SM4 sponsored and participated in the FCM's 2021 Annual Conference. The SM4 hosted a 60-minute panel discussion title, Food security for a brighter future: Community and agriculture leadership, which was attended by 187 attendees.

Pomegranate Feta Turkey Burger



Canadian
Comfort



The audience engagement was strong and highly interactive.

The SM5 collaborated on creating and distributing a special edition of the Farmers' Times. This is usually distributed at the Downtown Diner event, which could not occur due to COVID. This year's Farmers' Times appeared in the Hill Times and included a message from Minister Bibeau, in addition to articles on how dairy, poultry and egg supply-managed farmers contribute to Canada, along with other relevant information to illustrate the importance of supply management and the dairy, poultry and egg sectors in Canada. TFC and the SM5 also participated in phase two of the joint Canadian Comfort Campaign in August 2021. This campaign was a collaborative initiative to share recipes and to support local agriculture by encouraging consumers to choose Canadian food and support farmers.

In 2021, TFC joined an industry-wide coalition of national farm organizations that worked towards ensuring that agriculture has a voice at the table in policy around carbon pricing. Work with the alliance is ongoing and more information can be found at: www.agcarbonalliance.ca. TFC also sponsored the virtual Advancing Women in Agriculture Conference (AWC), which took place in November. The AWC is an opportunity for women across Canada to hear from business experts, motivational and inspirational leaders, and industry representatives.

TFC continued to monitor media for relevant issues to the industry. In 2021, TFC received a higher-than-normal number of media calls ahead of the fall festive seasons. Most inquiries were related to supply availability and retail price expectations and, in some cases, related to the late-fall flooding in the Fraser Valley, BC. The TFC Chair and various spokespeople from the local boards responded to the inquiries.

FOLLOW ALONG WITH US ON TWITTER @TURKEYFARMERSCA

Research and Science

Canadian turkey farmers continued to earn the trust of Canadians with respect to food safety, quality and animal care in 2021 as programs, standards and practices were diligently followed and enhanced.

TFC On-Farm Programs

Implementation of the TFC On-Farm Food Safety Program[®] (OFFSP) and Flock Care Program[®] (FCP) continued in 2021 across the country, despite the ongoing COVID pandemic and some required adjustments to the audit process to ensure the health and safety of everyone involved. With both programs being mandatory, 99 percent of existing turkey farmers have been certified under the TFC On-Farm Programs, with new entrants undergoing the initial certification process.

Over the course of the year, a review was undertaken of the TFC On-Farm Programs for both commercial and breeder production, which considered feedback from management reviews, scientific developments and comments received since the release of the current producer manuals in 2019. Proposed edits resulting from the review underwent provincial consultation in the fall and will be published in 2022 following the receipt of necessary approvals from the TFC Board of Directors. The edits will also be presented to the Canadian Food Inspection Agency (CFIA) and the National Farm Animal Care Council (NFAACC) to ensure continued recognition for TFC OFFSP and FCP, respectively.

In March 2021, TFC released an Auditor Guidance Manual to help with the interpretation of the On-Farm Programs requirements. The manual is 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. As the manual is utilized, feedback will be gathered from users over time to incorporate additional detail and modifications, as necessary.

On December 2, 2021, a virtual On-Farm Programs Auditor Training Meeting was held, with the participation of auditors from all provinces. The training included an industry expert speaker to provide information on current bird health and welfare topics, TFC updates, and small group discussions on relevant auditor items. The virtual training was offered in lieu of an originally planned face-to-face meeting and group audit for all auditors, which had to be postponed due to COVID-19 and is now intended to be scheduled for 2022.

Additional activities related to the TFC On-Farm Programs in 2021 included:

- Training of new on-farm programs auditors;
- Internal audits of two provincial program administrators and the TFC national office; and,
- Planning for witness audits of current on-farm programs' auditors and a management review to evaluate the TFC On-Farm Programs management system in 2022.

These internal review processes helped to prepare for the 40-month review by the Canadian Food Inspection Agency (CFIA), which was initiated in November 2021 and is required to maintain the full government recognition status for

the TFC OFFSP under the Food Safety Recognition Program (FSRP). Full recognition for the TFC OFFSP was first obtained in April 2018. It serves as a 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 Control Point (HACCP) principles; and supports the effective implementation, administration, delivery and maintenance of this technically sound food safety program. To uphold the full recognition status, TFC is required to participate in an ongoing 5-year review cycle, which includes evaluations after 20, 40 and 60 months.

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

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

Third-party audits for the TFC Flock Care Program® (FCP) continued in 2021 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, several of the third-party audits were conducted virtually through a combination of video and tele-conference, which gave the NSF auditors the ability to review documents and records, interview farmers and assess barn and bird conditions. The virtual approach provided the auditors' confidence and evidence of TFC FCP implementation.

Third-party audits were initiated in 2017 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.

It was concluded by third-party auditors that:

1. The National Flock Care Program has been implemented effectively and maintained on an on-going basis. Animal Care measures have been consistently applied.
2. No instances of willful acts of abuse were observed.

TFC On-Farm Programs Portal

Throughout 2021, producer registrations for the TFC On-Farm Programs portal (www.tfconfarmprograms.ca) continued to gradually increase and TFC provided various news updates through 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.

Antimicrobial Use and Resistance

The Canadian turkey industry continued work in 2021 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 is implemented through the TFC On-Farm Food Safety Program® (OFFSP).

Strategy Timelines

The strategy focuses on the elimination of the preventive use of antibiotics important to human medicine and set timelines to:

- Eliminate the preventive use of Category II antibiotics by the end of 2018.
- Eliminate the preventive use of Category III antibiotics by May 1, 2020.
- The strategy builds on the current Category I initiative, in place since 2014.
- 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.

As Canadian turkey farmers and industry stakeholders continued to learn from the implementation of the AMU strategy, TFC released another follow-up survey in October 2021, similar to the one conducted in 2019, to collect information on experiences and impacts of the AMU strategy. The survey will help to determine tools that TFC could develop to support the implementation of the strategy on-farm. The results of the survey will be presented to the TFC On-Farm Programs Committee and the TFC Board of Directors to inform the strategy and future communication materials.

TFC also participated in a number of consultations surrounding AMU and AMR, including an AMR Network project 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. The project delivered a report with a recommendation on sustainable governance model options to strengthen the AMR response in Canada across One Health.

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 data presentation and the potential for sampling expansion.

Avian Influenza

Due to the increasing threat of Avian Influenza (AI) across the globe, TFC prepared communications, including an AI Update document, which provided background information on AI, surveillance, response, an update on the global situation, and a biosecurity reminder. With the detection of High Pathogenic Avian Influenza in Newfoundland in December, TFC communicated a reminder with the ongoing advice to ensure strict biosecurity as outlined in the TFC On-Farm Food Safety Program® (OFFSP) and enhanced throughout the wild bird migration period as AI could be present in wild birds as they migrate to and from Canada.

National Farm Animal Care Council

Work on the update of the Transportation Code of Practice continued in 2021. Working groups for poultry catching and transport, the full Code Development Committee and Sub-Committees met virtually throughout the year. A virtual conference was also held in April for all participants involved in the Transportation Code development process to help demonstrate the size and scope of the project and to allow everyone to see fellow participants and members.

Research

Canadian Poultry Research Council (CPRC)

CPRC continued with their regular activities in 2021, including the approval of funding for six 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 with 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. The Board also initiated discussions on preliminary work for a fourth iteration of a Poultry Science Cluster.

TFC Involvement in Regulatory Modernization and Policy Initiatives

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

- 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
- Proposed Guidelines for Simulated Meat and Simulated Poultry Products

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 carried on its work with Health Canada's Veterinary Drugs Directorate (VDD), the Canadian Association of Poultry Veterinarians (CAPV) and the British Columbia Turkey Marketing Board (BCTMB) on investigating treatment options for Histomoniasis (Blackhead).

In addition, TFC continued to provide input in the efforts to establish Animal Health Canada (AHC), an industry-government collaboration based on direction from federal, provincial and territorial (FPT) governments in the National Plant and Animal Health Strategy. The ongoing work led to the initiation of the transition of the National Farmed Animal Health and Welfare Council (NFAHWC) to AHC, in order to build on an existing governance structure, with the intent 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.

Research Committee

- Adam Power, FPPAC
- Steven Eadie, TFNS
- Jelmer Wiersma, TFS
- Leroy Loewen, MTP

On-Farms Programs Committee

- Scott Olson, Chair, ATP
- Shawn Heppell, BCTMB
- Darren Kornelson, MTP
- Greg Lansink, TFO
- Jennifer Paquet, ÉVQ
- Lori Ansems, TFNS
- Gary Raycroft, CPEPC

Policy and Trade

International Trade



World Trade Organization

Due to travel restrictions from the COVID variant Omicron, the 2021 WTO Ministerial Meeting (MC12) scheduled for November 30th to December 3rd in Geneva, Switzerland was cancelled. This was the second cancellation in two years of the MC12 due to the COVID Pandemic.

With respect to agriculture, negotiating groups throughout 2021 had been meeting on seven topics identified for discussion at MC12: domestic support, market access (e.g., tariff-rate quotas and tariffs), export competition,

export restrictions, cotton, public stockholding for food security purposes (PSH) and the special safeguard mechanism (SSM).

On November 23rd an agricultural negotiating text was released that aimed to balance WTO members' expectations and deliver a realistic package of outcomes for Ministers to consider. With respect to Market Access, which is a key area of concern of Canadian supply-managed commodities, the draft text would have only committed WTO members to continue negotiations and develop a detailed work programme following MC12. However, with the cancellation of the MC12, negotiations have again shifted to Geneva-based officials with the objective of narrowing gaps further until such time as the Ministers can gather again safely.

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

In June of 2021, Canada and the other parties that had ratified the CPTPP to date (Australia, Japan, Mexico, New Zealand, Vietnam, and Singapore) commenced the process for the United Kingdom (U.K.) to join the agreement by establishing an Accession Working Group (AWG) to begin negotiating the terms and conditions of the U.K.'s accession. On July 21st, Peru formally notified the other CPTPP members it had completed the necessary steps to ratify and implement the Agreement and, therefore, officially entered the CPTPP on September 19, 2021. The three remaining signatory countries yet to ratify are Brunei, Chile, and Malaysia. Chile, the only signatory country currently seen as capable of exporting turkey to Canada, has not yet ratified the CPTPP. On September 16th, China formally applied to join the CPTPP. This was followed by Taiwan on September 22nd and Ecuador on December 17th.

On May 31, 2021, the Government of Canada announced and implemented the Poultry and Egg On-Farm Investment Program (PEFIP). The PEFIP provides \$76.9 million for turkey farmers over the next ten years to assist in the implementation of on-farm investments in the areas of increasing efficiency or, productivity, improving on-farm food safety/biosecurity and environmental sustainability, and responding to consumer preferences.

The Government of Canada also announced the Market Development Program for Turkey and Chicken in 2021. The funding allotment for Turkey Farmers of Canada is \$19.23 million over ten years and the funds can be used for a variety of activities including sector-wide advertising and promotion, market research, encouraging product development and product testing, and adapting current branding to meet changing consumer expectations.

These two programs deliver on the government's commitment to turkey farmers to mitigate the impact of the CPTPP agreement. TFC appreciates the government's efforts and commitment to supply management in funding and implementing them.

Canada/United States/Mexico Agreement (CUSMA)

On July 12th, at the request of the U.S., a dispute settlement panel under the CUSMA was established to review the dairy tariff rate quota (TRQ) allocation measures implemented by Canada in 2020. The U.S. contended that the allocation methodology was inconsistent with the agreement in that the methodology reserves a specific portion of the TRQ to processors. A panel report was issued to Canada and the U.S. on a confidential basis on December 20th with the decision to be made public in early 2022.

Producers' Trade Consultant

Charles Akande, Geneva, Switzerland

Supply Policy Committee

- Calvin McBain, Chair, ÉVQ
- Brian Ricker, Eastern Region, TFO / Jennifer Paquet, Eastern Region, TFO
- Bertin Cyr, Eastern Region, TFNB / Marco Volpé, Eastern Region, TFNB
- David Mandel, Western Region, ATP
- Rachelle Brown, Western Region, MTP / Shawn Heppell, Western Region, BCTMB
- Doug Hart, Processor Representative, CPEPC
- Adam Power, Processor Representative, FPPAC

Policy



The Agency continued discussions through 2021 on a new National Commercial Allocation Policy for distributing allocation growth amongst the eight signature provinces, to the Federal-Provincial Agreement (FPA) for Turkey, of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia. These discussions began in the fall of 2016. Complicating factors in developing a new Policy is how to accommodate provinces, through quota allocations, that: i) may have the ability to bring new innovative products to market more quickly than other provinces; and, ii) that had or have higher rates of population growth; while ensuring all provinces have an opportunity to increase production at relatively the same pace and not leave any province or region behind. Due to COVID, the Agency members have not had the opportunity to meet in person over the last two years to the degree that would facilitate reaching consensus on a new Policy. The Agency is hopeful 2022 will provide the necessary respite to COVID, so these discussions can be in person and brought to conclusion.

In 2021, the Supply Policy Committee (SPC) tabled a final recommendation on how to address the impact of the TFC Export Policy on the calculation of the global tariff rate quota (TRQ), as a result of the Canada-United States-Mexico Agreement (CUSMA) that was implemented in 2020. The recommendation calls for those provinces involved in export activity to share any domestic quota adjustment based on their provincial share of export activity, where exports generate additional TRQ under CUSMA. Industry consultations on the recommendation and a TFC decision is anticipated in the New Year.

As a result of extreme flooding in the Province of British Columbia in November of 2021 and its impact on turkey production, the TFC authorized up to 400,000 kg of quota to be transferred interprovincially between the province of BC and the provinces of Alberta and Saskatchewan for the remainder of the 2021/2022 Control Period. Such transfers are permitted under the Agency's Leasing of Quota Guidelines, which allows for such transfers within a control period, where an unforeseen event significantly limits or prevents the production of turkey.

On November 23, 2021, the Farm Products Council of Canada (FPCC) dismissed a complaint brought forward by the Canadian Poultry and Egg Processors Council (CPEPC) regarding the Agency's decision of July 8, 2021, to increase the 2021/2022 national commercial allocation by 5.0 million kilograms to 139.0 Mkg. The FPCC Complaint Committee that heard the complaint arguments, found: TFC respected the allocation setting process and CPEPC's views and information on the issue were amply discussed and considered by the TFC Directors. The Complaint Committee further found that the Agency's Turkey Market Advisory Committee's (TMAC) use of per capita consumption as the basis of forecasting disappearance was acceptable.

Turkey Industry Statistics

Domestic Disappearance

Domestic disappearance of all turkey and turkey products in 2021 was 133.1 million kg (Mkg), a decrease of 9.9 Mkg from 2020.

Sudden changes in consumption due to COVID-19 occurred over 2020 and continued in 2021. The onset of the pandemic in 2020 caused a sudden decline in movement of turkey through quick-serve foodservice and full-service deli counter channels, which led to dramatic changes in breast meat sales at that time. Through 2021, there was a recovery in the movement of breast meat items, with an increase in the volume of 1.0 Mkg to 28.3 Mkg from a year earlier on strengthened wholesale prices.

Since 2014 and 2015, the whole bird market has seen changes in annual volumes, going from domestic disappearance of 75.5 Mkg in 2014 to 53.6 Mkg in 2021. This change in the size of the market is due to several factors, including:

- Changing demographics such as smaller household sizes.
- The growing popularity of turkey roasts, which are a substitute for whole turkeys.
- Decreased availability of utility-grade turkeys due to increasing value-adding into cuts and other programs.
- Increased seasonality of the whole bird market. For example, in 2014, 16% of annual disappearance (11.9 Mkg) occurred in the six off-season months of January, February and May to August. In 2021, sales in these six months accounted for 8%.
- It also appears there has been a shift in the size of the holiday markets of Thanksgiving and Christmas. In 2021, whole bird disappearance from September to December was 41.5 Mkg, down from 55.7 Mkg and 55.2 Mkg in 2014 and 2015 respectively.
- It appears that the Easter market is holding steady, with disappearance in March and April of 2021 of 8.0 Mkg, and 7.7 Mkg in 2020, which are both comparable to volumes in 2014 and 2015.

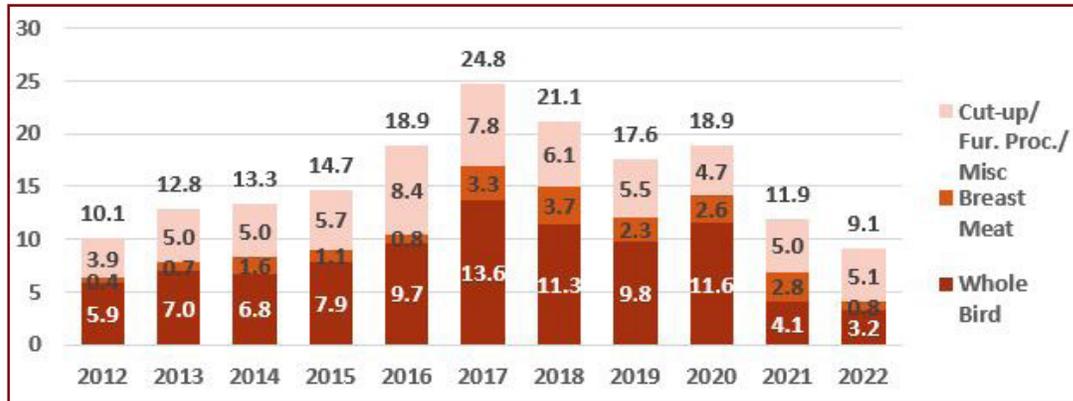
Domestic Disappearance of Turkey

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



January 1st Turkey Stocks

(millions of kg)



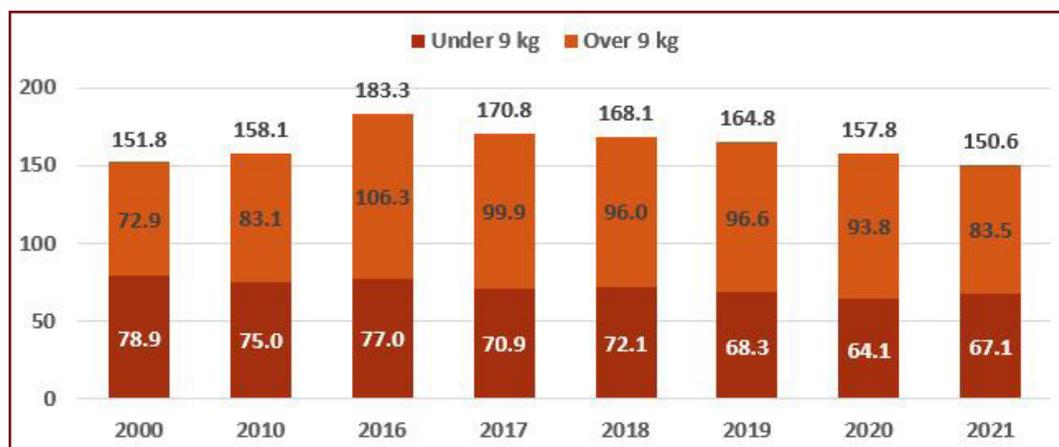
2021 ended with stocks of 9.1 Mkg on January 1, 2022, a decrease of 2.8 Mkg from year earlier and 9.7 Mkg from two years earlier. Of the 9.1 Mkg of stocks on January 1st, whole bird stocks were 3.2 Mkg, 0.9 Mkg lower than year earlier and, for this category, the lowest on record. Breast meat stocks were 0.8 Mkg, 2.0 Mkg lower than year earlier.

Turkey Production

Canadian turkey production in 2021 was 150.6 Mkg, a decrease of 7.2 Mkg from 2020. 2021 marked the second of two years in which production volumes were dampened by the pandemic. The start of the pandemic saw a rise in breast meat inventories due to lower sales at foodservice. In response to the decline in foodservice sales at the beginning of the pandemic, TFC responded by reducing the commercial allocation for the 2020/2021 Control Period to 126.0 Mkg from 146.6 Mkg in 2019/2020 due in almost equal parts to concerns about long supplies and the sudden emergence of COVID. For the 2021/2022 Control Period, the allocation was increased to 139.0 Mkg, an increase of 13.0 Mkg from 2020/2021.

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 2.7 Mkg were 0.4 Mkg lower 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 showing a rebound to 1.0 Mkg in 2021. The import of other boneless parts, such as thigh meat, have increased from a minimal quantity in 2010 to a range of 0.8 Mkg to 1.2 Mkg in the years of 2016 to 2021.

Canadian Imports of Turkey

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



Retail Sales

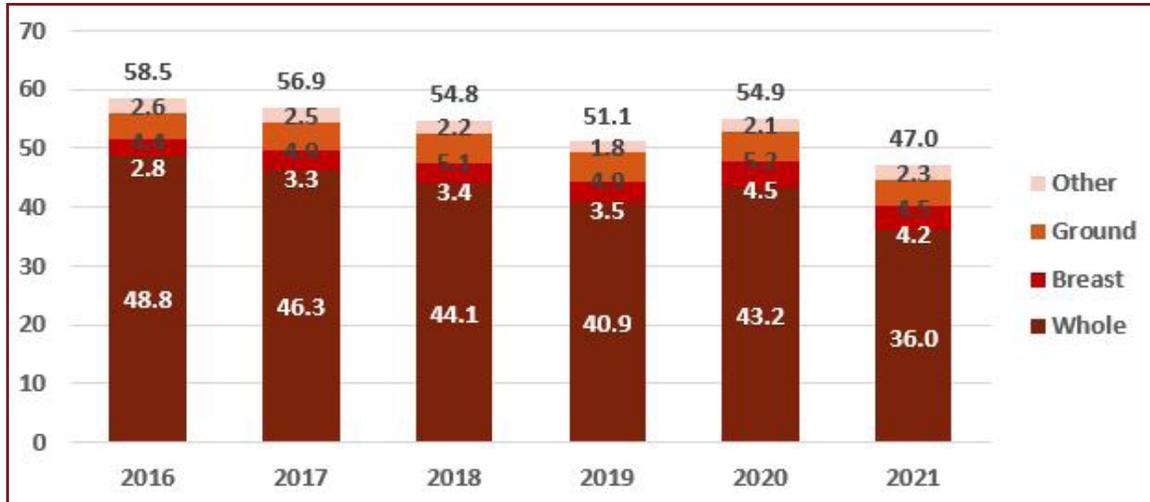
Data from the AC Nielsen Company of Canada shows that sales of whole turkeys at major retail banners (excluding wholesale club stores) declined from 48.8 Mkg in 2016 to 36.0 Mkg in 2021. The retail turkey market is shifting as can be seen in the chart below. The trends and changes discussed above are easily identified by the retail scan data.

Turkey Market Advisory Committee

- Sateesh Ramkissoonsingh, Chair (TFC, Manager - Policy and Trade)
- Nicolas Paillat (CPEPC - Director, Chicken and Turkey Primary Processing Sectors)
- Nik Zylstra (FPPAC - Director, Hatcheries and Further Processed Poultry)
- John Sheldon (TFC, Manager - Markets Information)
- John Groenewegen (Third-Party Market Analyst)

Retail Sales of Turkey and Turkey Products

(Major retail banners excluding warehouse club stores - millions of kg - annual)



According to AC Nielsen, sales of breast meat items at major retail banners in 2021 were 4.2 Mkg, down from 4.5 Mkg in 2020, but up from 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 2021 were 4.5 Mkg, a decrease of 0.7 Mkg from 2020.

Turkey Market Advisory Committee

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



Financial Statements

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

For the year ended December 31, 2021

Audit and Finance Committee

- Calvin McBain, Chair, ÉVQ
- Shawn Heppell, Director, BCTMB
- Mike Reimer, Director, MTP

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, 2021, 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, 2021, 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.

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.

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
February 26, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



TURKEY FARMERS OF CANADA

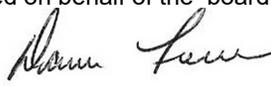
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 974,182	\$ 1,887,560
Short-term investments (note 3)	672,553	661,547
Accounts receivable (note 4)	1,067,262	1,315,303
Prepaid expenses	41,886	51,300
	<u>2,755,883</u>	<u>3,915,710</u>
Long-term investments (note 3)	2,155,684	1,424,690
Property and equipment (note 5)	50,841	66,310
	<u>\$ 4,962,408</u>	<u>\$ 5,406,710</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 82,830	\$ 125,801
Government remittances payable	108,619	182,686
	<u>191,449</u>	<u>308,487</u>
COMMITMENTS (note 6)		
COVID-19 (note 12)		
FUND BALANCES		
Internally restricted fund (note 2)	3,034,110	3,385,515
Unrestricted fund	1,686,008	1,646,398
Funds invested in property and equipment (note 2)	50,841	66,310
	<u>4,770,959</u>	<u>5,098,223</u>
	<u>\$ 4,962,408</u>	<u>\$ 5,406,710</u>

Approved on behalf of the board

Director




TURKEY FARMERS OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<i>General Operations</i>	<i>Think Turkey™</i>	<i>2021 Total</i>	<i>2020 Total</i>
Revenue				
Producer levies	\$ 3,450,728	\$ -	\$ 3,450,728	\$ 3,698,278
Marketing levies	-	4,614,743	4,614,743	4,869,957
Investment income (loss)	(13,240)	-	(13,240)	85,437
Project funding	14,277	-	14,277	3,000
	<u>3,451,765</u>	<u>4,614,743</u>	<u>8,066,508</u>	<u>8,656,672</u>
Expenses				
Administration (Schedule 1)				
Directors' and staff expenses	146,457	-	146,457	118,831
Remuneration to Directors and staff	1,537,617	-	1,537,617	1,303,849
Other administrative	723,202	-	723,202	594,558
	<u>2,407,276</u>	<u>-</u>	<u>2,407,276</u>	<u>2,017,238</u>
Marketing (Schedule 2)				
Provincial marketing programs	400,000	-	400,000	400,000
Market development	205,980	-	205,980	208,358
Public relations and communications	273,207	-	273,207	255,329
	<u>879,187</u>	<u>-</u>	<u>879,187</u>	<u>863,687</u>
Other expenses				
Special promotion (note 9)	-	-	-	215,654
Think Turkey™ expenses (note 10)	-	5,107,309	5,107,309	4,544,436
	<u>-</u>	<u>5,107,309</u>	<u>5,107,309</u>	<u>4,760,090</u>
	<u>3,286,463</u>	<u>5,107,309</u>	<u>8,393,772</u>	<u>7,641,015</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 165,302</u>	<u>\$ (492,566)</u>	<u>\$ (327,264)</u>	<u>\$ 1,015,657</u>



TURKEY FARMERS OF CANADA

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<i>Internally Restricted Funds</i>	<i>Unrestricted Fund</i>	<i>Funds Invested in Property and Equipment</i>	<i>Total 2021</i>	<i>Total 2020</i>
Balance, beginning of year	\$ 3,385,515	\$ 1,646,398	\$ 66,310	\$ 5,098,223	\$ 4,082,566
Excess (deficiency) of revenues over expenses	(418,405)	123,590	(32,449)	(327,264)	1,015,657
Appropriations	67,000	(67,000)	-	-	-
Capital expenditures	-	(16,980)	16,980	-	-
Balance, end of year	<u>\$ 3,034,110</u>	<u>\$ 1,686,008</u>	<u>\$ 50,841</u>	<u>\$ 4,770,959</u>	<u>\$ 5,098,223</u>

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses	\$ (327,264)	\$ 1,015,657
Adjustment for items which do not affect cash		
Amortization	21,808	18,575
Loss on disposal of equipment	10,641	-
Change in non-cash working capital items		
Accounts receivable	248,041	(485,890)
Prepaid expenses	9,414	(8,992)
Accounts payable and accrued liabilities	(42,971)	(46,361)
Government remittances	(74,067)	(40,938)
	<u>(154,398)</u>	<u>452,051</u>
Cash flows from investing activities		
Purchase of property and equipment	(16,980)	(20,450)
Purchase of investments, net	(742,000)	(81,405)
	<u>(758,980)</u>	<u>(101,855)</u>
(Decrease) increase in cash	(913,378)	350,196
Cash beginning of year	<u>1,887,560</u>	<u>1,537,364</u>
Cash, end of year	<u>\$ 974,182</u>	<u>\$ 1,887,560</u>

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$397,888 (2020 - \$397,867), liabilities of \$396,837 (2020 - \$396,686), and net assets of \$1,051 (2020 - \$1,181). The results of operations of TRRB are total member contributions of \$1,200 (2020 - \$1,200), total expenses of \$1,330 (2020 - \$1,080), and deficiency of contributions over expenses of \$130 (2020 - \$120 excess). Cash flow from operating activities is nil (2020 - \$78 outflow).

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	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	10 years

(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

FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$2,289,000 (2020 - \$2,222,000), increasing to \$2,330,000 in 2022.

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 \$254,234 (2020 - \$178,748).

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$354,755 (2020 - \$356,080).

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 \$136,121 (2020 - \$628,687).

(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

FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$88,971 (2020 - \$91,091) in cash and mutual funds held in RBC Investment Savings and \$583,582 (2020 - \$570,456) in strip bonds guaranteed by the Government of Canada with an interest rate of 2.02% (2020 - 1.87%), maturing December 2022 (2020 - December 2021).

(b) Long-term investments consist of \$2,155,684 (2020 - \$1,424,690) in strip bonds guaranteed by the Government of Canada with interest rates ranging from 0.26% to 2.07% (2020 - 2.02% to 2.07%) that have maturity dates ranging from December 2023 to December 2025 (2020 - December 2022 to December 2023).

4. ACCOUNTS RECEIVABLE

	2021	2020
Producer levies	\$ 439,791	\$ 545,862
Marketing levies	627,471	744,059
Miscellaneous accounts receivable	-	25,382
	<u>\$ 1,067,262</u>	<u>\$ 1,315,303</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2021 Net	2020 Net
Computer equipment	\$ 62,038	\$ 36,229	\$ 25,809	\$ 30,910
Furniture and fixtures	139,952	126,515	13,437	16,797
Leasehold improvements	176,809	165,214	11,595	18,603
	<u>\$ 378,799</u>	<u>\$ 327,958</u>	<u>\$ 50,841</u>	<u>\$ 66,310</u>



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

6. COMMITMENTS

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

2022	\$ 330,671
2023	129,413
2024	11,840
2025	<u>335</u>
	<u>\$ 472,259</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, 2021, this facility has not been used (2020 - 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 \$3,034,110 (2020 - \$3,385,515) 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

FOR THE YEAR ENDED DECEMBER 31, 2021

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.



TURKEY FARMERS OF CANADA

SCHEDULE 1 - ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Other administrative		
Amortization	\$ 21,808	\$ 18,575
Audit	17,400	15,700
Contract projects and external consulting	118,709	111,534
Insurance	10,617	7,739
Loss on disposal of equipment	10,641	-
Legal and accounting	38,245	19,055
Office leases and supplies	82,318	65,149
OFFSP/Flock Care	44,059	22,083
Postage and courier	323	1,210
Rent, property tax and utilities	191,460	191,628
Sundry administration	1,639	757
Telephone	14,077	14,282
Trade consultation	20,071	23,488
Translation and interpretations	151,835	103,358
	<u>723,202</u>	<u>594,558</u>
Remuneration to Directors and staff		
Directors' fees	218,401	141,342
Employee benefits	215,825	179,820
Staff salaries	1,103,391	982,686
	<u>1,537,617</u>	<u>1,303,848</u>
Directors' and staff expenses		
Directors, Alternates and Board Managers' expenses	77,758	54,485
Meeting rooms	29,126	2,725
Staff expenses	38,505	60,545
Travel insurance	1,068	1,076
	<u>146,457</u>	<u>118,831</u>
	<u>\$ 2,407,276</u>	<u>\$ 2,017,237</u>

See accompanying notes



TURKEY FARMERS OF CANADA

SCHEDULE 2 - MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Provincial marketing programs		
TFC provincial marketing supplement	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Market development		
Canadian Poultry Research Council	46,666	46,666
Market research	63,814	61,192
Turkey research	<u>95,500</u>	<u>100,500</u>
	<u>205,980</u>	<u>208,358</u>
Public relations and communications		
Marketing and communications	173,574	155,911
Memberships	92,033	86,931
National sponsorships and promotions	2,000	6,320
Subscriptions	<u>5,600</u>	<u>6,167</u>
	<u>273,207</u>	<u>255,329</u>
	<u>\$ 879,187</u>	<u>\$ 863,687</u>

See accompanying notes



Annual Report

Turkey Farmers of Canada 2021

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