OUR MANDATE

Chicken Farmers of Canada has two primary mandates. Our main responsibility is to ensure that our 2,800 farmers produce the right amount of fresh, safe, high-quality chicken to meet Canada’s needs. This evolving risk management system we operate under is commonly known as supply management.

This system allows farmers across the country to match their production to Canadian demand. By using this system, consumers are assured a reliable supply of fresh, high-quality food at a reasonable price. Supply management supports a healthy, sustainable sector whose farmers are able to reinvest with confidence in their communities and businesses.

Our second responsibility is to represent the interests of chicken farmers and the Canadian chicken industry. Chicken Farmers of Canada plays a key role in developing, partnering or managing programs for Canada’s chicken farmers that prove our producers continue to grow the high-quality chicken that Canadians trust. Through programs such as our Raised by a Canadian Farmer Sustainability Excellence, Raised by a Canadian Farmer On-Farm Food Safety Program, Raised by a Canadian Farmer Animal Care Program, and other biosecurity initiatives, Chicken Farmers of Canada works closely with government partners and industry stakeholders to keep the industry innovative and responsive.

Through our government relations program, Chicken Farmers of Canada strives to ensure that key decision makers in government fully understand the views of Canada’s chicken farmers and that these are taken into account when important agriculture and trade policy decisions are made.

OUR BOARD

Our directions and policies are determined by a 15-member Board of Directors comprised of farmers appointed by the provincial chicken marketing boards. Non-farmer directors – one from the restaurant industry, another from the further processing industry, and two representing the primary processing industry – are appointed by their respective national associations. This way, Chicken Farmers of Canada and its stakeholders work together on behalf of Canada’s chicken industry, from farmer to consumer.

OUR VISION

Canadian Chicken: Consumers’ preferred and trusted protein.

OUR MISSION

To lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.

Canadians want Canadian chicken, so we deliver them fresh, locally-raised food, just the way they like it. Our farmers are a stabilizing force in rural Canada, where they can – and do – reinvest with confidence in their communities, but their contribution is much wider. In sum, we are part of Canada’s economic solution, and do so without subsidies, and are very proud of both.

The chicken sector in Canada makes a valuable contribution to the economies of rural and urban communities from coast to coast. In addition to 2,800 chicken farmers and 191 processors, the sector generates employment in not only farming and processing, but veterinary work, transportation, retail, restaurants and more.

In total, the sector:

- Sustains 101,900 jobs
- Contributes $8 billion to Canada’s gross domestic product
- Pays $1.9 billion in taxes
- Purchases 3 million tons of feed, supporting other farmers in turn

People care deeply about their food, about knowing where it comes from and that what they’re serving to their family and friends is of the highest quality; our farmers and their families are no different. So, when we say that the Canadian chicken industry is good for Canadians, it’s because we know that we’re raising our chickens to the highest standards: yours.
INTRODUCTION

When we developed the Raised by a Canadian Farmer logo, it was simply to identify our products as being Canadian – a way to express that our chicken was raised with pride by Canadian farmers. However, soon after we launched it, it became clear that Canadians wanted it to mean more.

And that makes sense. Canadians have a lot of pride in their food supply, and that’s a pride that goes beyond just where it comes from. So, we took that to heart – and we set a course for making that logo mean more – and for delivering on the confidence that Canadians have in us.

The Raised by a Canadian Farmer logo now stands for excellence – in all aspects of who we are and what we do.

It stands for excellence in food safety, animal care and a commitment to minimizing our impact on the environment. Sometimes, this takes us out of our comfort zone.

The fastest way to move away from excellence is to stand still.

IT means working harder – going beyond being just “good enough”. And it means delivering an excellent product that Canadians can trust. It means a commitment to continuous improvement. And that’s what we’ve done.

A commitment to not settling for “good enough”. It means evolving and striving for better.

Recent trade agreements have led to a further erosion of our market through increased imports. While we are disappointed that there has been no announcement yet for mitigation programs following the conclusion of the CPTPP agreement, we have been working and continue to work with government to deliver on its promise of full and fair support for farmers. We are having similar discussions about the impact resulting from CUSMA.

The Prime Minister has committed to ensuring that we have no more concessions for supply management in future trade deals. We must hold the government to that promise that there will be no further concessions. There are currently negotiations between Canada and Mercosur and talks continue at the WTO and we will continue to pressure the government to ensure that we protect what we have.

Now, more than ever, Canadians want Canadian chicken. When trade deals go through, the demand for the Raised by a Canadian Farmer brand goes up – with consumers, and with retailers and restaurants.

Our brand is the perfect tool for us to promote our chicken and the reassurances it gives, but again, the Raised by a Canadian Farmer brand goes beyond the logo.

Our brand stands for excellence – and one area where we must truly be excellent is in animal care. Over the past year, we have been crisscrossing the country, loudly and actively promoting that we have one program for all farmers.

We believe that animal care cannot be a competitive issue. We believe that the process by which we create our animal care program is the best one. To be clear: CFC’s Animal Care Program is effectively administered across all chicken farms – no other program can achieve this reach.

But that means that our program must be robust. Our program is not just “good enough” – our program is excellent. The standards farmers uphold every single day have an impact. More importantly, they absolutely drive the credibility that chicken farmers have with consumers.

We know that chicken is eaten more frequently than anything else and tops the list of favourite foods by a wide margin. And our studies show, that consumers see chicken as a good value. Our Raised by a Canadian Farmer logo has achieved an awareness of over 42% among consumers. They are starting to know who we are. And they want to have confidence in how we do what we do.

The work you do lets us do ours. When we work with our value chain, we provide them with the assurance they need to tell consumers that farmers value the animals in their care and are committed to delivering a quality product. And that results in a national commitment that delivers on consumer confidence.

This past year, with building on consumer trust, working with the value chain, collaboration, expanding the Brand, meetings, and the other activities, has really challenged the Chicken Farmers of Canada Board of Directors. It wouldn’t have been the success it was without their hard work and support.

And to the Executive Committee members, thank you for the encouragement, advice, assistance, and yes, collaboration, as we continue to build a bright future for Canada’s chicken industry.

The dedicated staff of Chicken Farmers of Canada is also to be commended for another solid year, under the leadership of our Executive Director, doing its part to help us make informed and effective decisions that guide the industry.

Remember this: the trust we have earned from consumers we must strive to keep. For it is the bedrock of our success and our ongoing growth and popularity. Canadians want to trust that we are delivering a safe, healthy, nutritious product. And we owe it to them, and ourselves, to deliver on consumer confidence. That’s not just “good enough” – that’s excellence. And that’s who we are.
RETIRING DIRECTORS – PETER VALE & LEONARD KLASSEN

At the Summer Meeting in Saskatoon, Chicken Farmers of Canada gave recognition to these two Directors who retired from the Board in 2019.

Peter Vale, the director representing Restaurants Canada, joined the Board of Directors as an Alternate in 2011 and became a Director in 2013. A great deal of that time was spent as a member of the Finance Committee.

Leonard Klassen, the director representing Manitoba, joined the Board in 2015, as an Alternate, and became the Director in 2018. Leonard was an effective representative at the Canadian Federation of Agriculture and served as Chair of the Consumer Relations Committee. The Board is a hardworking group of individuals whose commitment to our industry is unmatched. Being dynamic, responding to the need for change, evolving and adapting to market forces, and coming together on difficult issues have been at the heart of what makes the Board of Directors effective.

Chicken Farmers of Canada thanks these two individuals for their hard work and efforts over the years.
To lead and grow a sustainable Canadian chicken industry, while strengthening trust and enhancing value for Canadians.
The issue of public trust, and of maintaining the level of trust that Canada’s chicken farmers currently have, is the basis for this Key Result Area (KRA). The goals of this KRA are to ensure that consumers continue to love and trust Canadian chicken farmers, to expose and eliminate myths, and to provide assurance to consumers that Canadian chicken is chicken they can trust.

**CONSUMER RELATIONS**

Ensuring that Consumer Trust continues to grow is a primary mandate at Chicken Farmers of Canada.

In keeping with this, Chicken Farmers of Canada embarked on a series of initiatives aimed at promoting chicken to consumers as a healthy choice, while continuing to promote the Raised by a Canadian Farmer brand.

**TRADE AND INDUSTRY SHOWS**

Chicken Farmers of Canada interacted with industry and health professionals at a variety of conferences and trade shows throughout the year and provided an opportunity to promote farmer programs and to answer consumer and professional questions about the health attributes of chicken. These included:

- Restaurants Canada Show in February
- Dietitians of Canada annual conference in June
- Grocery Innovations Show in October

**SUSTAINABILITY VIDEO**

We developed some initiatives to promote the Life Cycle Assessment (LCA). This folded nicely within the Branding Statement of “chicken is a healthy choice and it’s raised by farmers you can trust.” We ran an advertorial in a Toronto-facing magazine, whose social platforms reach a national audience. We also used some space within our branding program to run a similar advertorial in Coup de Poule Magazine. We also developed a “man on the street” video to promote the LCA and reception among consumers interviewed was excellent.
CHICKEN FARMERS WIN AWARD

Every year, the DUX Grand Prix Awards highlight leadership in agribusinesses, non-profits, institutions and commercial firms outside the food industry that made innovations leading to better food choices. During the DUX Gala, over 20 awards are presented in these three board categories: Products, Communications and Projects. The jury is composed of some thirty personalities who have diverse expertise in health promotion and agri-food industry (with a minimum of 8 people per category). Nominees positions their organizations as leaders in the industry through initiatives encouraging healthy eating habits and meeting consumer needs.

In mid-December, the Raised by a Canadian Farmer Animal Care Program was entered the Grand Prix Awards for 2019 and featured for its innovation in the Producer (Technology and New Farming Practices) category.

This is a great announcement, as it gives our program and our brand additional credibility in the eyes of consumers, food-service and government. It goes beyond simple bragging rights – this is a renowned award we can promote when talking about the programs that make the Raised by a Canadian Farmer brand so unique and the optimal choice for our partners to promote as well.

At a gala dinner in January, it was announced that Chicken Farmers of Canada won the award!

HOW TO VIDEOS

In 2019, additional short, one-to-two-minute videos were created for the Chicken Farmers of Canada website. These have been a hit with our core audience. These short “How To” videos appeal to the average viewer’s attention span. After some short, social media-based conversations with consumers, as well as analyzing search statistics, we determined that new videos were a good idea to add to our collection. We’ve been adding new content here for several years now.

Ten new videos were developed for 2019. Videos include recipe ideas as well as techniques, in short, easy to view formats.

Our current how-to videos can be viewed on the short, one-to-two-minute videos site – or on our YouTube Channel.

FOOD GUIDE

Following numerous discussions with the Minister of Health and her office, and the eventual release of the new Canada Food Guide, Chicken Farmers of Canada developed messaging, an ad and some web content regarding how chicken fits within the new Guide. While the Guide emphasizes more plant-based options, this is not to the exclusion of lean meat protein, and, in fact, plant-based protein choices work well with chicken, in helping to increase Canadians’ protein profiles overall. The ads ran in a few different places, and messages were distributed widely on social media, both nationally, and by the provincial boards.

USAGE & ATTITUDES REPORT

At the Summer Meeting in Saskatoon, Chicken Farmers of Canada presented the findings of its Usage & Attitudes Study, a study conducted once every three years to learn about consumers’ attitudes towards chicken, and their consumption habits.

Highlights include:

- On average, chicken is eaten more frequently than anything else (2.4 times per week), but meatless meals and meals containing beef aren’t far behind (2.1 and 1.9, respectively).
- Chicken continues to top the list of favourite foods by a wide margin. In fact, more people than ever list chicken as their favourite (36% vs. 32% three years ago).
- The opinion of chicken is quite high, with at least three quarters agreeing with most of the statements about chicken, especially when it comes to taste, popularity, how healthy and nutritious it is, and ease of preparation.
- Most agree that chickens are raised by farmers according to strict safety and animal care programs, and half believe they’re raised with low environmental impact, but fewer believe chickens are raised humanely (45%) or raised without hormones (44%) or antibiotics (42%).
- Most consumers eat chicken at home, with white meat being more popular than dark meat.
- In terms of label awareness, labels indicating free-range and grain-fed chicken have been noticed the most, with labels indicating antibiotic-free, organic, and air-chilled chicken rounding out the top five. No matter the label, there is a definite gap between awareness levels and consumption, especially when it comes to organic chicken (56% are aware, but only 26% have ever eaten it), a gap of 30 points. Relative to 2016, label awareness is down in nearly all cases, especially for organic chicken (-19) and chicken containing no animal by-products (-13).
- Twenty-one percent say they’re eating more chicken than a year ago, while almost everyone else’s consumption has remained the same: These percentages have changed little from 2016.

Like three years ago, about half believe they know enough about the nutritional content of the chicken they buy.

What would encourage them to eat chicken more often? Lower prices, naturally. So would a Canadian label and better access to chicken raised without antibiotics.

Interestingly, this was the first year ever that the vast majority (82%) of consumers believed that chicken is of good value, relative to other meats.

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Compared to 2018, visits to the chicken.ca website have increased by over 140%, with the site receiving between 4,000-5,000 visits daily.

The poulet.ca site has benefited from an increase of over 180%, compared with this time last year, with between 3,000 and 4,000 visits daily.

Organic search numbers are also up significantly, meaning that the websites are figuring higher on search sites when people are looking for chicken-related information.

Mobile visits to the website have overtaken desktop, and our most visited page, apart from the contests for our branding campaign, is the page where we list the proper cooking times for chicken.

Recipes continue to be a key driver, with searches reflecting those recipes that are popular during a given time of year.

Direct referrals to the website have gone up significantly, meaning that our impact among other influencers continues to grow.

Our gains in social media continue to be impressive. We began creating new and engaging content on social media and our overall engagement rate with consumers increased significantly, allowing us to dialogue with consumers about the benefits of Canadian chicken.

Engaged five brand ambassadors, who wrote posts monthly about our content, created popular chicken recipes, and referred a great deal of traffic back to us, as well as helping to spread the good word about chicken and our brand.

Our Facebook impressions and subscriptions increased significantly, as did our Twitter and Instagram impressions. Our Pinterest average monthly reach is at over 1.6 million.

Our average Twitter Party impression rate was at over 44.5 million.

Our YouTube video views are at over 375,000.

Chicken Farmers of Canada created two more of the successful “A Day in The Life” profiles in 2019. Tim Ansems from Nova Scotia and Barry Uyterlinde from Prince Edward Island and their families were featured telling Canadians the story of what it’s like to be a chicken farmer in Canada. The look and feel of these videos, coupled with the simplicity of the stories are great promotional tools for telling the story behind how your chicken gets to your plate. As part of the “A Day in The Life” feature, Tim and Barry were also paired up with a Swimming Canada athlete in the “Love Your Farmer, Love Your Swimmer” campaign headed by Swimming Canada.

During the summer, Chicken Farmers of Canada profiled two more farmers and their lives on the farm. Ray Nickel from British Columbia and Nathan Martens from Manitoba both took the time to talk about the importance of animal care, supply management, and generational farming. These videos will be released in early 2020.

Canadian chicken – the official protein of swimming in Canada. Since 2012, Chicken Farmers of Canada has been proudly supporting Swimming Canada’s athletes to reach their podium dreams and promote a healthy lifestyle filled with protein to help them fuel their days. In 2019, more focus was put on the sponsorship to help open doors and work towards expanding the relationship for the 2020 Summer Olympics and Paralympics in Tokyo.

In April, participants of Chicken Farmers of Canada’s young farmers program, along with the Chair and Executive Director traveled to Toronto to hand out medals to athletes and para-athletes competing in the 2019 Swimming Canada trials. This event provided a great opportunity for the young farmers to understand the importance of this partnership and of giving back to the community. Each medalist was also presented a Chicken Farmers of Canada “Pool Peep” with their medal.

In addition to this event, we also produced two pun-off videos where swimmers and farmers had to make each other laugh with chicken and swimming puns all while cooking a meal. The one who laughed the most, lost. Young farmer Jonathan Giret joined swimmer Kierra Smith for the English pun-off video, while swimmer Katerina Savard joined Laurie-Ann Couture for the French pun-off. Both videos were well received and added a fun element to our social media channels just in time for the holidays.
CHICKEN FARMERS OF CANADA’S YOUNG FARMERS PROGRAM

2019 marked the launch of the Chicken Farmers of Canada’s Young Farmer’s Program. The goal of the program is to bring together young farmers from coast to coast to teach them about the inner workings of the industry, share their experiences and knowledge, and give them the skills and tools they need to be future leaders in the industry.

Our group gained valuable experience in 2019, by participating in the Canadian Young Farmers Forum in Toronto, the 2019 Swimming Canada Trials, the Parliament Hill Lobby Day in Ottawa, and the Chicken Farmers of Canada annual summer meeting in Saskatoon. They also came to Ottawa to receive communications and media training, as well as a one-day, on-farm social media training session while in Saskatchewan.

The 2019-2020 group was composed of:

• Nicholas Budd from New Brunswick, representing the Atlantic
• Frédéric Emery Dufresne from Quebec, representing his province
• Jonathan Giret from Ontario, representing his province
• Tiffany Martinka from Saskatchewan, representing the West
• André Poulin from Alberta, also representing the West

2019 SOCIAL MEDIA CAMPAIGNS

2019 was an ambitious year for social media on the @ChickenFarmers network. Topics such as family farming, sustainability, animal care and supply management were all discussed on social media throughout the year. In March, Chicken Farmers of Canada highlighted family farms and asked farmers to submit selfies of them working on the farm. These pictures gave great insight into the life of our Canadian farmers. The month of April saw the promotion of the animal care program with infographic videos promoted on YouTube, Facebook, Instagram and Twitter.

In June and July, we joined forces with British Columbia’s Chicken Squad and dispelled the myths surrounding hormones and steroids. Finally, during the 2019 election, supply management videos were created to tackle subjects such as trade, sustainability and pricing. These were promoted during the election and supplemented with updated infographics, reflecting the new economic contribution numbers.

VEGAN ACTIVISM

The commitment of Canadian chicken farmers to animal welfare has continued to be the target of various activist campaigns, most specifically against restaurant and retail companies, where they have been pressured through extortion of their brands into mandating changes to our industry’s practices.

As a counter to this Chicken Farmers of Canada developed a strategy which sees staff from Chicken Farmers of Canada and the Canadian Poultry and Egg Processors Council (CPEPC) teaming up to hold meetings with major retail and restaurant companies across the country.

The primary objective of these meetings is to ensure that value chain members know that we are the primary source to turn to when they are confronted with activists, rather than caving to pressures that push unrealistic demands on their suppliers (processors and farmers).

They don’t need to reinvent the wheel when it comes to animal care – that the system we have in Canada is not just good enough – it’s very good, and in fact, it’s the envy of much of the world.

Over the course of 2019, Chicken Farmers of Canada met with 20 companies (including major national restaurant and retailer chains), as well as with the Retail Council of Canada, Restaurants Canada, and the Canadian Federation of Independent Grocers (CFI).

As a result of these meetings we are confident that if companies are faced with activist demands, they will come to us to find out the facts. We will provide them with all the support and information they need to defend our Canadian system and our Animal Care Program. Feedback from the roadshow has been overwhelmingly positive and very complimentary towards the farming and processing sectors for the work being done within animal care, food safety, and sustainability.

In these meetings, we take the opportunity to explain the key differences between animal rights and animal welfare. We ensure the company understands while claiming to be advocating change for the betterment of industry practices, the real objective it to make it more difficult, more frustrating and more expensive for chicken farmers to do their jobs and ultimately, make it too expensive for consumers. It’s a “death by a thousand cuts”, designed to slowly chip away at the ability of farmers to raise animals for food.
We're fine with people choosing to eat a vegan diet, but that choice must be made with facts, not myths. We're always ready to adapt to the changing Canadian palate – but we're not willing to do it when it's being driven by activists who ultimately want to tell Canadians what to eat and to force our farmers out of business.

Beyond these meetings, a series of advertisements and tools have been developed to ensure that our partners throughout the value chain have the tools they need to counter activist demands, and to reassure their consumers that the Canadian chicken they trust is raised with care.

The Letstalkchicken.ca website is an example of these tools, as it serves as a place where our partners and the public can go to learn more about the key issues surrounding animal care, which are the program itself, antibiotics, and sustainability.

Resources are available for value chain partners to use digitally and within their establishments, to ensure that the right story is told.

In addition, Chicken Farmers of Canada has been more actively publishing social media posts and videos that better depict the reality of our industry. These tools, and others, are starting to make an impact.

In the latter half of 2019, activism began to take a turn towards an increase in the number of farm invasions by activists, which creates tremendous risks for biosecurity and personal safety. This risky behavior is not only irresponsible, it's thoughtless, and reckless.

Various governments across the country are considering legislative moves to address this thoughtless and dangerous behaviour. Chicken Farmers of Canada is working with provincial board partners, as well as others, to ensure that farmers are protected.

This issue continues to be a priority for the Board of Directors.

Our message is resonating with restaurants and retailers. More and more companies are reassured and able to reassure their customers of their commitment to sourcing Canadian chicken and to the excellence that our chicken represents – which is what farmers are contributing to every day.
Chicken Farmers of Canada works with the entire value chain on a continuous basis to ensure the ongoing strength, stability, and sustainability of Canada’s chicken industry. The basis of this KRA is centered around strengthening existing partnerships and forging new ones that will allow the industry to thrive. This commitment reflects a renewed commitment among industry partners to share, exchange, communicate, and deliver a unified and coordinated approach to our strategic direction.

Part of determining how to best work together is by gaining an understanding of what the priorities are for the various participants.

THE CHICKEN VALUE CHAIN

Chicken Farmers of Canada maintains a strong collaborative relationship with the provincial chicken boards through regular communication and quarterly meetings with the provincial board managers. The Executive Committee also travels and meets directly, when possible, with provincial boards to share our strategic plan, review the annual priorities, and to discuss issues and the priorities at the provincial level.

Significant efforts are being made to keep Farm Products Council of Canada up to date through regular meetings, and the Council is invited to provide an update at each Board meeting.

There is a renewed commitment to consult with – and have dialogue with – government departments and agencies. For example, Chicken Farmers of Canada presented the five-year strategic plan to Global Affairs Canada and participated in discussions on long-term ambitions of the industry.

We meet regularly with other participants in the value chain, including the Canadian Poultry and Egg Processors’ Council, and the Canadian Hatching Egg Producers, on key issues, such as animal care, import controls, antimicrobial resistance, and other matters.

The goal is to develop meaningful collaboration with stakeholders to gain alignment on matters of mutual interest. We are aiming to do this by building trust with the chicken industry value chain and recognize the need to align the chicken industry value chain around opportunities, innovation, and challenges from a value chain perspective.
Supply management ensures that farmers can receive a fair return for their products for the work they do.

Supply management is part of the reason Canadian family farms are able to succeed. It offers stability and protection, for the farmers who grow chicken, the companies who process it, the retailers and restaurants who sell it, and the consumers who purchase it. The goals of this KRA are to continue to ensure the integrity of the import control pillar, improve the effectiveness of the allocation system, build strong political trust and public support for the benefit of supply management for chicken, effectively respond to changing consumer markets, and to ensure trade negotiations do not result in increased import market access.

OPERATING AGREEMENT & ALLOCATION

In early 2019, the board set the Medium-Term Growth Target for the upcoming block of six periods (A-157 to A-162) at 2%. This target is non-binding but gives the Canadian chicken value chain an indication of what is expected in terms of growth for the year ahead.

As in the previous couple of years, the board set allocation for two allocation periods at the same meeting which means that the Anticipated Growth Rate (AGR) and the allocation for a set of two periods are set at alternating meetings. The allocation for periods A-157 and A-158 was set at the March 2019 meeting, and the allocation for periods A-161 and A-162 was set at the October 2019 meeting. Allocation setting for periods A-159 and A-160 was on the June 2019 board agenda but due to uncertainties in the marketplace, most notably the expected timing and magnitude of import volumes under the CPTPP trade agreement, developments around African Swine Fever in Asia and difficult growing conditions potentially impacting future feed grain prices, the board decided to delay the setting of the allocation for period A-160 to the August 2019 board meeting. Allocations for these six periods were set between 1½% and 3½% over base, lower than in the previous few years but still signifying healthy growth.
All provinces in Atlantic Canada except for Prince Edward Island were allocated kilograms under the Atlantic Canada Safeguard Agreement (ACSA) in 2019. The process of incorporating the ACSA into the Operating Agreement by means of making it an addendum that was started in 2018 continued into 2019, and at the end of 2019 most signatories had signed the addendum. This process is expected to be concluded in 2020.

As in the past, Chicken Farmers of Canada participated in three Canadian Hatching Egg Producers’ (CHEP) advisory committee meetings. These meetings take place in March, July and November. The committee’s mandate is to advise the CHEP board of directors on expected demand for chicken in the next 1-2 years and the production required to meet that demand, helping CHEP in producing the right number of hatching eggs for the Canadian market. The committee’s recommendations were in line with the moderating growth levels experienced by the industry.

UPDATE ON TRADE

Essential to our ongoing success is the effectiveness of the system’s three pillars: import control, production control, and producer pricing. The first of these pillars requires monitoring trade negotiations and ensuring the full and fair mitigation of all trade-related impacts on our sector, as well as engaging with the Canadian government to close the import control loopholes presented by the current definition of specially defined mixtures, the import of broiler meat that has been mislabelled as spent fowl, and the inappropriate Duties Relief Program criteria.

AGRICULTURE AND AGRI-FOOD CANADA POULTRY AND EGG WORKING GROUP

In recognition of the impact the access granted in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will have on Canada’s dairy, poultry and egg producers, the Government of Canada included $2.15 billion in the 2019 Federal Budget to be deployed in their support. A poultry and egg working group comprised of both industry and government representatives was convened to develop strategies to ensure the long-term sustainability and competitiveness of these sectors.

The working group presented a detailed list of programming recommendations to Agriculture and Agri-Food Minister Marie-Claude Bibeau on April 17th. Recommendations include the development of an investment program to support producers as they invest in further improvements to their operations and of a TRQ allocation methodology that would minimize market distortions. The working group also recommended that a market development fund be established to help promote Canadian-raised chickens, and that Canada’s high production standards be required of imports.

Chicken Farmers of Canada also initiated work to document Canadian standards for chicken production in order to compare practices existing in other countries exporting to Canada. It is important that Canadian farmers and processors are not put at a competitive disadvantage by regulations that do not exist in other countries that have access to the Canadian market.

As well, the Duties Relief Program must be adjusted to suit the realities of the chicken sector by banning substitutions and the marination of imported chicken, and by reducing the permitted time to re-export from the current four-year deadline. Furthermore, the government must commit to ensuring no further concessions are granted into the Canadian chicken market during ongoing or future trade agreements, or in any WTO discussions.

The Canadian chicken sector was deeply disappointed when no new programming was announced prior to the dissolution of Parliament on September 11th. In 2020, it will be imperative that the new government put the working group’s recommendations into action. Chicken Farmers of Canada counts on the government to fulfill its promise to provide full and fair support as it was reiterated on many occasions by Prime Minister Trudeau and many of his Cabinet Members from the launch of the poultry and egg working group and throughout the election campaign.
THE CANADA-UNITED STATES-MEXICO AGREEMENT

The Canada-United States-Mexico Agreement (CUSMA) was formally signed on November 30, 2018. Although Mexico notified of its ratification on June 19, neither Canada nor the United States completed their ratification processes in 2019. Having worked with U.S. Trade Representative Ambassador Lighthizer to resolve their concerns regarding provisions on labour, drug patent protection and enforcement, dispute resolution, and the environment, the Democratically held House of Representatives approved of the pact on December 19. No changes were made to issues related to agriculture. Although the Canadian government introduced a bill to implement CUSMA on May 28, the dropping of the writ that suspended Parliament on September 11 also suspended the ratification process. On December 12, the legislation to implement CUSMA was re-tabled by Deputy Prime Minister Chrystia Freeland, and Parliament is expected to prioritize ratifying the pact in early 2020.

CUSMA will enter into effect on the first day of the third month after all three parties have ratified it. Once the CUSMA’s 15-year implementation period is finalized, the U.S. will benefit from a total 62.9 million kilograms (Mkg) of country-specific duty-free access into the Canadian chicken market, securing its place as Canada’s number one source of chicken imports. Chicken Farmers of Canada expects the Government of Canada to continue its collaborative work with the sector to develop programs that will help mitigate this concession.

CANADA – MERCOSUR TRADE NEGOTIATIONS

The trade negotiations between Canada and Mercosur, the South American customs union composed of Argentina, Brazil, Paraguay, and Uruguay, began in March 2018. During the latest round of talks in July, negotiators reached an agreement on modalities, which set the desired level of ambition. Although both parties had committed to moving quickly towards an agreement, elections held this year in Canada, Uruguay, and Argentina required the talks to pause.

Chicken Farmers of Canada is paying careful attention to these trade talks as Mercosur includes Brazil, the world’s largest exporter of chicken that controls 33% of the global market, and up-and-coming Argentina, which increased its export-oriented production 11% from 187 Mkg in 2018 to 210 Mkg in 2019. Brazil dominates the trade in broiler meat with over 3.7 billion kilograms of exports this year. Comparatively, Canada’s total 2019 production was nearly three times less than just Brazil’s 2019 exports at 1.3 billion kilograms. Brazil is already Canada’s second largest source of chicken imports after the US, with 17.2 Mkg of imports in 2019. It is imperative that Canada maintains its tariff rate quota and over quota tariff at current levels to ensure the integrity of its import controls and the ongoing development of our domestic chicken sector.

CANADA – PACIFIC ALLIANCE TRADE NEGOTIATIONS

The talks between Canada and the Pacific Alliance, which is made up of Chile, Colombia, Mexico, and Peru, were on pause for most of the year due to changes in government in Colombia and Mexico. Canada already has free trade agreements with all four Pacific Alliance members, so most transactions with these trade partners are already close to duty free. Nonetheless, Chicken Farmers of Canada is closely monitoring these talks to ensure that no further concessions are granted into our domestic market.

WORLD TRADE ORGANIZATION

Activity at the World Trade Organization (WTO) has been on the rise. In addition to a push to modernize the institution, the Chair of the Agriculture Committee has prioritized creating consensus around some partial agreements to be presented at the upcoming WTO Ministerial Meeting (MC12) scheduled for June 2020. Canada has not only taken a leadership role in the modernization efforts, but it is also co-coordinating the discussions on export competition in agriculture.

It was in light of this increased activity that Chicken Farmers of Canada Chair, Benoît Fontaine, 1st Vice-Chair Derek Janzen, Executive Director, Michael Laliberté, and Associate Executive Director, Yves Ruel, attended the WTO Public Forum in Geneva from October 8 to 11, along with other supply management sector representatives. There, they met with national agriculture attachés and the Chair of the Agriculture Committee to gain insights into the expectations for MC12.

Although these expectations are low, there is an equal a desire to move some issues forward, if only to demonstrate that the negotiating pillar of the WTO continues to function. In agriculture, pressure is mounting to bring forward some technical tweaks, which would signal progress while avoiding key negotiating areas such as tariff reductions and market access increases. Though downplayed as minor amendments, the proposed technical changes could significantly impact Canada’s ability to maintain the effective import control pillar that is necessary to our supply management system.
**IMPORT CONTROLS**

Throughout 2019, Chicken Farmers of Canada directors and staff have worked with government representatives and officials to resolve the import control issues that have long troubled the Canadian chicken sector. These include the misuse of the specially defined mixture definition and of the Duties Relief Program (DRP), and the ongoing importation of broiler meat as mislabelled spent fowl. While we are still seeking changes to these regulations, closer attention has been paid by Canada Border Services Agency (CBSA), which conducted verifications that led to serious findings.

A total of $178 million was assessed for imports of broiler meat mislabelled as spent fowl, and a verification of import permit numbers for dairy, poultry and egg products has resulted in the assessment of $838,327 in fines to 65 importers. On the DRP, verifications resulted in $138 million in penalty assessments for chicken and dairy products. The results of these verifications clearly show the necessity for regulatory changes to prevent future abuses from impacting the Canadian economy.

**SPECIALY DEFINED MIXTURES**

Some Canadian companies have developed chicken products specifically to circumvent import controls. Adding large enough packets of sauce to products re-classifies them as specially defined mixtures (SDM), which are not subject to import controls (non-ICL). The creation of products solely to evade import controls – and not satisfy a consumer demand – is known as tariff engineering, which was responsible for close to 20 Mkg of non-ICL allocation in 2019. This creates unfair competition against other Canadian companies. Fortunately, this loophole was addressed in the CUSMA agreement, where the definition of SDMs will be identical to the one included in Canada’s WTO commitments. This should put an end to some of the tariff engineering that was permitting the circumvention of import controls.

**DUTIES RELIEF PROGRAM**

CFC has repeatedly requested that DRP for chicken and other supply management products mirrors the same regulations as the import to Re-export Program (IREP) administered by Global Affairs Canada where marination, substitute and hold imports for four years before re-export can result in damaging market distortions. This incompatibility has been highlighted in CBSA’s recent verifications of DRP participants that import supply-managed goods. Of the 26 verifications conducted by the CBSA, 21 companies were found to be non-compliant, resulting in 15 license suspensions or cancellations, and the assessment of approximately $138 million in previously unpaid duties for dairy and chicken products. This clearly highlights the importance of regulatory changes.

**MISLABELLED BROILER MEAT IMPORTED AS SPENT FOWL**

Unlike broiler meat, which is subject to import controls, spent fowl can be imported into Canada in unlimited amounts duty free or at very low rate of duty. The fact that these two products are impossible to distinguish visually has led some Canadian importers to fraudulently import broiler meat by mislabeling it as spent fowl. This activity has not only meant revenue losses for the domestic chicken sector, job losses to the economy, and lost duty revenue for the government, but it has also put Canadian consumers at risk due to the broken chain of food system traceability.

In 2019, imports of spent fowl increased significantly from 83 Mkg in 2018 to 88.3 Mkg. The $168 million in unpaid tariffs assessed by CBSA verifications and the continued strength in spent fowl import volumes highlight the importance of fully implementing the DNA test to ensure no more mislabelled imports occur, resulting in greater food safety and economic activity in Canada.

**IMPORTS BY TYPE (KG)**

<table>
<thead>
<tr>
<th>Type</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Imports</td>
<td>91,724,218</td>
<td>89,228,118</td>
</tr>
<tr>
<td>Supplementary Import Permits</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Imports to compete (supplementary)</td>
<td>4,721,101</td>
<td>6,667,041</td>
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<tr>
<td>Imports to Re-Export (IREP)</td>
<td>19,570,402</td>
<td>19,833,168</td>
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<tr>
<td>Duties Relief Program (DRP)</td>
<td>23,184,000</td>
<td>41,930,000</td>
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<tr>
<td>Total</td>
<td>141,199,721</td>
<td>157,658,327</td>
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<tr>
<td>Imports of Spent Fowl</td>
<td>88,304,498</td>
<td>82,798,770</td>
</tr>
</tbody>
</table>

Source: Global Affairs Canada, MFC

**TRQ UPDATE**

In 2019, Canada’s access commitment for the WTO/NAFTA TRQ was 94.6 Mkg, up from the 90.1 Mkg it was in 2018. In addition, the CPTPP TRQ of 7.8 Mkg was allocated but as the only CPTPP member country that could benefit from this access, Chile, has yet to ratify the agreement, it was not used this year, leaving the WTO/NAFTA TRQ of 94.6 Mkg. While global imports were 91.7 Mkg, the additional 4.7 Mkg of supplementary import-to-compete for non-ICL products brought the volume of total imports to 96.4 Mkg – nearly 2 Mkg beyond Canada’s international trade obligations. The fact that supplementary imports continue to be issued over and above Canada’s already generous international trade commitments is damaging to our supply management system as they undermine both the import control and the production discipline pillars.
GOVERNMENT RELATIONS

Chicken Farmers of Canada had a robust lobby agenda in 2019. With the implementation of the new Canada Food Guide, the development of a Food Policy for Canada, and working with the government’s ambitious trade agenda, there was never a shortage of opportunities for staff, Board members, and downstream representatives to engage with Parliamentarians and the broader public service. As always, we were focused on representing Canada’s 2,800 chicken farmers, working on the issues facing our sector, and maintaining strong Canada-wide support for supply management.

ANNUAL LOBBY DAY

The 2019 Chicken Farmers of Canada Lobby Day was held on May 7th and was the last opportunity for Chicken Farmers of Canada to engage with Parliamentarians before the election in the fall. This annual event is a leading activity in the Chicken Farmers of Canada government relations strategy—it helps build relationships, highlight our issues, and create awareness of the great work farmers do for the economy and Canadians.

FARM TOURS WITH PARLIAMENTARIANS AND STAFF

Chicken Farmers of Canada was proud to host a number of farm tours with Parliamentarians and their staff throughout 2019. Farm tours are an important way for us to connect the public to farming and show decision makers how the policies they work on can impact the everyday work of a chicken farmer. By hosting the Minister of Agriculture and Agri-Food, and the Minister of Rural Economic Development during the summer and early fall, we were able to outline Chicken Farmers of Canada’s priorities for the federal election, namely ensuring that ongoing, strong support for supply management was voiced by all parties.

CANADIAN FEDERATION OF AGRICULTURE SUMMER MEETING AND MINISTERS’ ROUNDTABLE

Chicken Farmers of Canada representatives were in Quebec City at the end of July to attend the Canadian Federation of Agriculture’s (CFA) summer meeting, combined with the CFA/Federal Provincial Territorial (FPT) Ministers’ roundtable. Canadian Federation of Agriculture representatives met with Federal, Provincial, and Territorial Ministers to discuss pressing issues in Canadian agriculture. The roundtable was moderated by CFA President Mary Robinson and featured opening remarks from Agriculture and Agri-Food Minister Marie-Claude Bibeau. Farmers voiced their frustrations to Ministers regarding trade disputes, business risk-management (BRM) programming, and external threats. Chicken Farmers of Canada representatives engaged with Ministers and senior public servants at a reception following the roundtable.
FEDERATION OF CANADIAN MUNICIPALITIES ANNUAL CONFERENCE AND TRADE SHOW

Chicken Farmers of Canada sponsored the Federation of Canadian Municipalities conference alongside Egg Farmers of Canada, Turkey Farmers of Canada, Canadian Hatching Egg Producers, and Dairy Farmers of Canada.

The theme for the dairy, poultry, and egg farmers at the conference this year was “Made by Canadians, for all Canadians”, highlighting supply management’s commitment to local, fresh food, raised with care. Our trade show booth was very popular as usual, with delegates coming by to try the delicious dairy, poultry and egg products, and to chat with our farmer representatives. Instead of hosting a farm visit this year, as done in the past, the group opted to create a Farm Hub, which was an area near the plenary hall where we hosted panels and presentations, ranging from innovation in farming, World Milk Day, supply management in communities, and what supply management means to farm families.

DOWNTOWN DINER

On a rainy day in early June, Parliamentarians, staffers, and the public swung by the annual Downtown Diner to meet with chicken, egg, hatching egg, and turkey farmers from across the country, and grab a quick bite, all while discussing supply management. This annual pop-up diner hosted on Sparks Street in Ottawa welcomes everyone to enjoy a delicious treat made from poultry, and egg products.

ELECTION STRATEGY

Chicken Farmers of Canada executed a robust election strategy from the end of July until October to ensure farmers were out meeting with candidates across the country and talking about the importance of supply management and the Canadian chicken sector. Farmers were asked to write to the candidates in their area, engage on social media, attend a local debate, and invite candidates to their farm. Farmers across the country were pleased to hear consistent support for supply management from candidates and party leaders, including commitments to no further access in future trade agreements.

“Made by Canadians, for all Canadians.”

DeVries family on their farm in Ontario.
Chicken Farmers of Canada’s sustainability journey is a process of continual improvement. Based on science, it covers the implementation of On-Farm Food Safety Program, the Animal Care Program, and the reduction of antibiotic use. But there will always be more to do, and we will continually evolve and improve our practices to deliver on the expectations of Canadian consumers.

Chicken Farmers of Canada’s key values of sustainability are:

• Protecting bird health and welfare
• Producing safe chicken for Canadians
• Preserving the health of the land and of our farms
• Investing in research and innovation
• Enhancing governance

This KRA provides Chicken Farmers of Canada with the tools to reflect and address shared Canadian values for sustainability excellence.

ON-FARM FOOD SAFETY

Chicken Farmers of Canada has been implementing a food safety program, from coast to coast, for over 20 years now. The Raised by a Canadian Farmer On-Farm Food Safety Program (OFFSP) emphasizes food safety throughout each step of the production cycle, and mandates biosecurity measures to protect animal health and prevent flock infections from outside sources.

OFFSP is implemented on all 2,800 chicken farms in Canada, with 100% of farmers being certified. Chicken Farmers of Canada was the first commodity to receive full recognition from the federal, provincial, and territorial governments for the on-farm food safety program, and that recognition was maintained this year following a successful 60-month review conducted by the Canadian Food Inspection Agency (CFIA).

Beyond the requirements for CFIA recognition, OFFSP undergoes a third-party audit from NSF International. NSF is an internationally recognized third-party certification body that is accredited by the American National Standards Institute to ISO 17065. Each year, third party audits are conducted at the national office, provincial board offices, on sample farms in every province, and on all of Chicken Farmers of Canada’s on-farm auditors.
The 2019 third-party audit was successfully completed concluding that the programs were effectively implemented. These results are in part because of the strong procedures in place such as annual management reviews where all program elements are evaluated, and annual auditor training to promote consistency across the country; just some examples of the value and assurances offered through the Raised by a Canadian Farmer brand to maintain public trust.

**PATHOGEN REDUCTION**

Pathogen reduction in poultry is a high priority for both government and industry and was in fact deemed to be a critical priority for Chicken Farmers of Canada in 2019. Significant work was done this year to finalize a plan for implementing a national Salmonella prevalence survey which is being implemented in 2020. The main objective of this surveillance will be to determine the on-going monitoring and mitigation needs that are appropriate for Canadian chicken farms in the future.

While food safety begins on the farm, consumers also have a role to play. Another component of Chicken Farmers of Canada’s work on pathogen reduction involves increased communications to consumers about safe food-handling practices. Communication efforts, mainly on-line and through social media, have increased to get the message out to Canadians about the importance of properly handling and cooking chicken to avoid any chances of food-borne illness.

**ANTIMICROBIAL RESISTANCE AND USE**

The issues of antimicrobial resistance and use (AMR and AMU) remain at the forefront of Chicken Farmers of Canada’s work. We are implementing an antimicrobial use strategy to meet consumer expectations while protecting the health and welfare of birds, and Canada’s chicken farmers continue to evolve their production practices in response to consumer preferences. This is a key area of our on-going work to maintain public trust and to improve the value and assurances offered through the Raised by a Canadian Farmer brand.

As part of our AMU strategy, and the second major step in AMU reduction efforts, the preventive use of Category II antimicrobials was eliminated at the end of 2018. The outcome of this was monitored throughout 2019 and on-farm AMU surveillance showed that implementation was successful. There were some initial hurdles reported at the farm-level in terms of production impacts but also many lessons learned and shared among farmers, contributing to an overall success.

A major priority for the AMU strategy this year was the re-evaluation of the goal to eliminate the preventive use of Category III antimicrobials by the end of 2020. Establishing this goal was important to be transparent with industry and consumers about the direction of the reduction strategy, but to also allow time for industry to measure the potential impacts. The re-assessment revealed a number of outstanding issues that need to be addressed before Category IIIs can be removed responsibly and successfully.

Taking into account key aspects of animal welfare and sustainability that remain unresolved, Chicken Farmers of Canada deferred the decision on setting an implementation date for the removal of the preventive use of Category III antibiotics. The decision will be revisited at the June 2020 Directors meeting.

The objectives and approach of Chicken Farmers of Canada’s strategy continues to provide a sustainable means of meeting consumer expectations, protecting the health and welfare of birds, and preserving effective treatment options.

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**REDUCTION TIMELINES**

**Step 1**
Elimination of the preventive use of Category I antibiotics in May 2014

**Step 2**
Elimination of the preventive use of Category II antibiotics by the end of 2018

**Step 3**
Eliminate the preventive use of Category III antibiotics

Throughout the year Chicken Farmers of Canada continued to participate on the government-industry working group to address pathogens all along the value-chain. Due to the elevated priority placed on pathogen reduction this year, significant work was done with industry stakeholders to ensure alignment on tackling this critical issue. It is clear that this will be a continued effort in our industry for years to come.
ANIMAL CARE

Maintaining high animal care standards is the foundation of good chicken farming, and Chicken Farmers of Canada understands that demonstrating this is a prerequisite in the current marketplace. People care deeply about their food, knowing where it comes from and how it was raised, and our farmers and their families are no different. The Raised by a Canadian Farmer Animal Care Program is a clear demonstration of our commitment to animal care.

Chicken Farmers of Canada has been implementing the Animal Care Program on Canadian farms since 2009, and it remains the only program capable of ensuring high standards are implemented and audited on all 2,800 chicken farms in Canada.

- Our program has credible foundations as it is based on the Code of Practice and has been recognized by the National Farm Animal Care Council (NFACC)
- Our program ensures accountability on every farm by including annual farm audits as well as third-party audits
- Our program is mandatory in all 10 provinces, ensuring participation and compliance from all farmers
- Our program has strict enforcement measures in cases of non-compliance
- Our program is reviewed regularly and is continuously improving and evolving as we learn

These are yet more examples of the value and assurances offered through the Raised by a Canadian Farmer brand to maintain public trust.

CONTINUOUS IMPROVEMENT

A new edition of the Animal Care Program was implemented as of January 1st this year. This was the culmination of several years of work that began with updating the Code of Practice for chickens, a process that was led by NFACC and which Chicken Farmers of Canada was actively involved in. NFACC is a world leader in bringing together stakeholders with different perspectives – farmers, scientists, veterinarians, processors, retail and restaurant associations, transporters, animal welfare associations, and provincial/federal governments – to develop robust and sound Codes of Practice.

Following the release of the new Code, Chicken Farmers of Canada worked through NFACC’s Animal Care Assessment Framework to update the Raised by a Canadian Farmer Animal Care Program to comply with the new Code. Our Animal Care Program is now recognized by NFACC and ensures that all Code requirements are implemented on all chicken farms across Canada. Our Raised by a Canadian Farmer Animal Care Program for free-range farms was also updated with the new Code requirements and implemented in April this year.

Aside from this major program update, work continued this year on the more “behind-the-scenes” elements that ensure the animal care program is continuously improving: the annual management review was successfully completed where all program elements are evaluated; annual auditor training took place to promote consistency across the country; staff reviewed and monitored emerging issues that could impact the program; and Chicken Farmers of Canada began participating on the update to the transport Code.

THIRD PARTY AUDIT

For the fourth year in a row NSF’s assessments demonstrated that Chicken Farmers of Canada has effectively and consistently implemented the Raised by a Canadian Farmer Animal Care program. These results, combined with having a mandatory program for all farmers, help to ensure the credibility of the program and the confidence that processors, retailers and restaurants need to support one national approach.
SUSTAINABILITY

RESEARCH

Research and innovation are the foundations that provide farmers with the information and tools to be able to protect bird health and welfare – they are what help us to continually improve.

Chicken Farmers of Canada is a founding member of the Canadian Poultry Research Council (CPRC). To date the Canadian poultry value chain has invested over $4.6 million through CPRC, which has been matched by government and other agencies to over $27 million. This is in addition to $5.78 million in industry funding and over $14 million in matching government funds for all the Cluster projects. Nearly half of this research funding has been directed towards bird health and antibiotic alternative research, and more than 30 projects have been funded to address animal welfare.

POULTRY RESEARCH CLUSTER

The poultry cluster provides capacity to resolve many current issues facing the poultry industry and the unique cooperation among scientists, industry partners and government departments across Canada will synergize efforts to reflect priorities of the industry and Canadian consumers.

Funding for the third national poultry research cluster, administered by CPRC, was announced this year. Funding for the Cluster is being provided by Agriculture and Agri-Food Canada’s (AAFC) AgriScience Program, part of Canadian Agricultural Partnership. The AAFC Cluster provides an opportunity to significantly leverage industry funding as the federal government will support projects at a rate of 70% and will allow another 15% to be covered by provincial funding. The total Cluster budget is over $12 million, with AAFC contributing up to $8.24 million, in addition to an investment of 3.78 million from industry.

The project builds on the successes of two previous poultry clusters and is expected to result in the development of alternatives to antibiotics through research on antimicrobial use and resistance, as well as healthier and safer products by the poultry food chain. The research is also expected to lead to improvements to the health and welfare of turkeys and laying hens and maintain the long-term viability of the poultry value chain through improved feed production, virus benchmarking, development of precision agriculture tools, and controls on effluents from production operations affecting the environment and greenhouse gases.
This Cluster includes 19 different research projects under the following themes:

- Antimicrobial use and resistance
- Food safety
- Poultry health and welfare
- Sustainability

As part of the Cluster, CPRC will be including a knowledge translation and transfer (KTT) initiative to ensure that the results of the research are disseminated to industry stakeholders. A new website has been developed dedicated entirely to communicating about the research results from the various Cluster projects, and can be accessed here. For more information on other research projects and CPRC’s activities, check out the CPRC website at [http://cp-rc.ca/](http://cp-rc.ca/).

**ENVIRONMENTAL SUSTAINABILITY**

The environment is important to Canadian consumers. Consumers want to know that the work behind producing their food is environmentally, economically, and socially sustainable— and chicken farmers deliver.

When it comes to environmental sustainability, Canadian chicken has a lower carbon footprint than that of other livestock raised in North America. This was just one of the positive findings from the life cycle assessment completed in 2018 that provided a comprehensive evaluation of the environmental and social performance of our industry.

Promotion of these and other key results from the study was a focus for 2019; to continue communicating with retailers, restaurants, and consumers about the value provided through the Raised by a Canadian Farmer brand and to maintain public trust. To this end, videos and infographics were developed and promoted through social media, and advertorials were written in several magazines. An infographic brochure was developed to complement our updated sustainability report.

The life cycle assessment provided valuable information to our sector about areas of strength and also areas for improvement in terms of environmental performance. Time was spent this year assessing these different areas and looking at potential next steps for improving and continually evaluating the environmental goals of our industry. This work will continue to evolve and take shape over the coming years.

**GOVERNANCE**

While striving for continuous improvement, Chicken Farmers of Canada is fully committed to enhancing governance.

In December 2018, Directors completed a board effectiveness evaluation, which focused on seven disciplines:

1. Organizational performance in board members providing strategic leadership
2. Board members ability to assess risks and establish policies to protect the interests of Chicken Farmers of Canada
3. Expectations and respect of board members
4. Reflect on board performance rather than react
5. Selection of leaders for the organization
6. Fostering effective board-management interaction and communication
7. Members of the board working as a team

The results of the board effectiveness evaluation were presented to Directors in January 2019 indicating good results for Chicken Farmers of Canada’s Board of Directors. The report provides the guidance to Directors in determining action plans for improvement. The next board effectiveness evaluation will be conducted before the end of 2020.
The objective of this KRA is to sustainably grow consumer demand for Canadian chicken. This will require a deeper understanding of consumers, consumer values, and through understanding shifting trends. It will build on the success of the Raised by a Canadian Farmer brand, enable the industry value chain to respond to evolving consumer wants and needs, and will lead to ongoing sustainable growth. The goal is to stay as Canada’s #1 meat protein, the preferred choice of consumers, and the most trusted.

**RAISED BY A CANADIAN FARMER – BRAND HIGHLIGHTS**

The Raised by a Canadian Farmer brand continues to grow in the hearts and minds of Canadian consumers. In 2019, the logo obtained its largest awareness rating ever. This year’s result (42%) represents a significant increase over both 2018 and 2017. In fact, every year since 2015 has been significantly higher than that first year.

The likability of our current advertising campaign is significant, with a rating of almost 80%.

After watching the ad, and consistent with other years, 87% of Canadians believe that it is important that Canadian chicken be labelled as Canadian. Three-quarters agree that it is important that they buy Canadian chicken, that Canadian chicken is raised by farmers they can trust.

Our traditional advertising efforts included four phases of television and digital advertising, which increased the profile of the brand throughout Canada. Consumers engaged with the brand via contesting, social media, and other digital avenues. In addition, the subscription base for our consumer newsletters increased to over 71,000 people.
Our brand creative was used again in 2019 to further the reach of Raised by a Canadian Farmer beyond the primary audience of Women 25–54 to continue to include millennials, as well as develop a more contemporary and distinctive image to support on-going brand building. The new creative aired nationally across three media outlets: Rogers Media, Québecor Groupe Media (TVA) and Ricardo Media, using multiple, integrated platforms of TV, digital, email marketing, and print.

Here are some samples of the 15-second commercials:

https://youtube/WQXnN5idji
https://youtube/K7m162XzIew

These, and others, are also available on the Chicken Farmers of Canada YouTube channel:

https://www.youtube.com/user/chickenfarmers1/featured – click on playlists to see them by type.

BRAND PARTICIPANTS

To date, we have 36 active brand participants using the logo.

- 3 Brewers
- 7-Eleven
- Blue Goose Foods
- Burger King
- Dollar Foods Mfg.
- Prime Pubs (Cara Foods)
- Charleo Fresh Mex
- Eden Valley Poultry
- Farm Boy
- Farmway Foods
- Federated Co-operatives Limited
- Fiesta Farms
- Granny’s Poultry
- Giant Tiger
- Harvey’s
- Imago Restaurants (Duke Pubs)
- KFC
- Longo Brothers Fruit Markets
- Maple Leaf Foods
- Maple Lodge Farms (Halal)
- Mary Brown’s Chicken & Taters
- Mildmay Freshmart
- Montana’s BBQ & Bar
- Nando’s
- Prairie Pride
- Retail Ready (LibreTerre) RWA
- Save-on-Foods
- Sobeys
- Sofina Foods (Edydale)
- Sunrise Farms
- Swiss Chalet
- Twin Maple Products Ltd.
- Vince’s Market
- Walmart Canada
- Wild Wings
- Yorkshire Valley Farms

The Raised by a Canadian Farmer brand has become a regular part of all promotional and communications efforts at Chicken Farmers of Canada. It is incorporated within all public communications and remains a key element in the naming and promotion of programs.

The brand is synonymous with origin and quality – but now, when consumers choose chicken with our logo, they know that they’re getting the best from their local farmers.

The use of our logo across Chicken Farmers of Canada platforms also gives farmers recognizable symbols that they can use to demonstrate the innovation, pride and hard work they put in every day to implement some of the highest standards in food safety and animal care, and it proudly confirms their commitment to keeping their work environmentally, economically and socially sustainable.

Farmers are consumers, too. They take great pride in being able to bring Canada’s number one protein to tables from coast to coast, including their own. It makes sense that the Raised by a Canadian Farmer brand becomes a part of what they do as farmers, so they can show Canadians that they are committed to doing everything they can to maintain our hard-earned trust.

The brand is synonymous with origin and quality – but now, when consumers choose chicken with our logo, they know that they’re getting the best from their local farmers.
Canada’s chicken farmers produced 1,298 million kg (Mkg) in 2019, a 2.5% increase over 2018. This was the tenth year in a row of continued year-over-year production growth in the Canadian chicken industry.

Preliminary estimates show that the per capita consumption (PCC) of chicken in 2019 was 35.2 kg per person, an increase of 0.6 kg from the year before. Meanwhile, PCC estimates for beef were 25.4 kg per person, unchanged from 2018, and estimates for pork are 22.0 kg per person, up 0.3 kg over the previous year.

The average live price paid to Canadian farmers in 2019 was $1.588 per kg, which represented a $0.035 increase over 2018. Frozen chicken inventories on January 1st, 2019 were 53.1 Mkg. The closing inventories for the year were 56.2 Mkg. Storage stock volumes showed regular seasonal trends and were at their lowest from May to September and at their highest early and late in the year.
PROVINCIAL PRODUCTION

The year 2019 included seven periods, which ran from period A-154 (December 23, 2018 to February 16, 2019) to A-160 (November 24, 2019 to January 18, 2020). Domestic allocations relative to base allocations ranged from 1.5% to 3.5% over base, more modest increases than in previous years but still signifying healthy year-over-year growth. The increases were 1.5% in the summer months and the periods at the front and tail end of the year saw increases in the 2% to 3.5% range.

Canadian chicken farmers produced 1,297.6 Mkg of chicken in 2019. This represents a 2.5% (32.2 Mkg) increase over the year before. Production under Chicken Farmers of Canada’s Market Development Program was an estimated 40.5 Mkg, representing a 3.1 Mkg increase compared to 2018. Meanwhile, the Specialty Program saw 9.3 Mkg of production, up 0.6 Mkg from last year. Although still a small portion of total production, production under the specialty program has been increasing steadily since its inception in 2014.

Production increases in 2019 were spread out evenly throughout the year. April was the only month that saw a production decrease compared to last year due to the timing of Easter. Production in the first half of 2019 increased 2.6% compared to last year and production in the second half was 2.4% higher. Monthly production reached an all-time high in May 2019 at 112.4 Mkg, 4.8% higher than last year, and production in January, June, August, October and November exceeded 110 Mkg.

PRODUCER PRICES

The weighted average producer live price for 2019 was $1.588 per kilogram, which represents a 3.5 cent increase over 2018. At the national level, live prices were the highest in the second half of the year, peaking during period A-159 (September 29, 2019 to November 23, 2019) at $1.627. Live prices were the lowest in the first four periods of 2019 with period A-154 being the lowest at $1.556.

WHOLESALE PRICES

Express Markets Inc. (EMI), a price discovery company, provides wholesale complex pricing for four main categories of chicken cuts: breasts, wings, legs, whole birds, along with a market composite. The market composite averaged $3.60/kg in 2019, 4 cents lower than in 2018. All complexes except for the leg complex experienced decreases in 2019. The breast meat complex saw the most significant decrease at 22 cents to $5.48/kg, while the wing and whole bird complexes were 13 cents and 1 cent lower than a year ago. The wing complex and whole bird complex averaged $4.90/kg and $3.74/kg, respectively, in 2019. The breast meat complex was very weak at the beginning of the year, showed significant improvement during the spring months, but leveled off earlier than usual and finished the year around the $4.50/kg mark. The leg complex was 3 cents higher than in 2018 and averaged $2.49/kg in 2019.

Feed prices are a large input cost in chicken production, and fluctuations in corn, soybean and other grain prices translate into changes at the producer price level. A growing season that saw multiple challenges throughout most of North America pushed feed grain and soybean prices higher, causing producer prices to increase as well.

MARKET WATCH

PROVINCIAL PRODUCTION OF CHICKEN (000 KG EVISCERATED)

<table>
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<th>PROVINCE</th>
<th>2019</th>
<th>2018</th>
<th>% CHANGE</th>
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<tr>
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<td>186,058</td>
<td>0.6%</td>
</tr>
<tr>
<td>Alberta</td>
<td>127,197</td>
<td>122,563</td>
<td>3.8%</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>47,212</td>
<td>45,980</td>
<td>2.7%</td>
</tr>
<tr>
<td>Manitoba</td>
<td>52,911</td>
<td>51,510</td>
<td>2.7%</td>
</tr>
<tr>
<td>West</td>
<td>414,460</td>
<td>406,111</td>
<td>2.1%</td>
</tr>
<tr>
<td>Ontario</td>
<td>438,725</td>
<td>426,471</td>
<td>2.9%</td>
</tr>
<tr>
<td>Quebec</td>
<td>347,347</td>
<td>335,765</td>
<td>3.4%</td>
</tr>
<tr>
<td>Central</td>
<td>786,072</td>
<td>762,236</td>
<td>3.1%</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>33,247</td>
<td>33,586</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>42,726</td>
<td>42,563</td>
<td>0.4%</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>4,428</td>
<td>4,505</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>16,693</td>
<td>16,413</td>
<td>1.7%</td>
</tr>
<tr>
<td>Atlantic</td>
<td>97,093</td>
<td>97,066</td>
<td>0.0%</td>
</tr>
<tr>
<td>CANADA</td>
<td>1,297,625</td>
<td>1,265,414</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

ALLOCATION GROWTH OVER BASE*

<table>
<thead>
<tr>
<th>PROVINCE</th>
<th>BASE ALLOCATION (MKG)</th>
<th>DOMESTIC ALLOCATION (MKG)</th>
<th>% GROWTH OVER BASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>179.4</td>
<td>183.0</td>
<td>2.0%</td>
</tr>
<tr>
<td>Alberta</td>
<td>128.0</td>
<td>131.8</td>
<td>3.0%</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>45.3</td>
<td>46.0</td>
<td>2.0%</td>
</tr>
<tr>
<td>Manitoba</td>
<td>52.5</td>
<td>53.4</td>
<td>1.6%</td>
</tr>
<tr>
<td>Ontario</td>
<td>440.9</td>
<td>453.5</td>
<td>2.9%</td>
</tr>
<tr>
<td>Quebec</td>
<td>343.8</td>
<td>351.3</td>
<td>2.2%</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>35.2</td>
<td>35.9</td>
<td>1.9%</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>44.1</td>
<td>45.9</td>
<td>1.9%</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>4.7</td>
<td>4.8</td>
<td>2.3%</td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>17.4</td>
<td>17.7</td>
<td>1.8%</td>
</tr>
<tr>
<td>CANADA</td>
<td>1,291.4</td>
<td>1,322.6</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

*Allocation periods A154-N1
RETAIL PRICES

The retail price of chicken, as reported by Statistics Canada, averaged $7.44 per kg in 2019, up 5 cents (+0.7%) from the 2018 reported price. Prices decreased in the first three months of the year but increased steadily through the spring and summer, and experienced significant decreases towards the end of the year.

Statistics Canada retail prices for pork monitor both bacon and pork chops. One kilogram of pork chops cost an average $11.97, 16 cents (1.3%) less than in 2018. Meanwhile, 500 grams of bacon set Canadian consumers back $7.12, 23 cents (3.4%) more than in 2018.

Beef prices at retail generally showed increases for the high-end cuts such as sirloin steak and prime rib and decreases for cheaper cuts such as round steak, blade roast and ground beef. Prime rib, the most expensive cut monitored by Statistics Canada, cost an average $32.65 per kg in 2019, $2.04 (6.7%) more than in 2018. Ground beef, the most affordable beef cut in the line up, changed hands for $11.41 per kg, 62 cents (5.2%) less than the previous year.

The Consumer Price Index (CPI) for fresh and frozen chicken averaged 164.5 in 2019, up 4.8 points from 2018. All meat CPI’s except for pork experienced significant increases in 2019. The CPI for beef increased by 6.3 points and the CPI for pork increased by 0.9 points, bringing the yearly average index to 184.3 and 142.3, respectively.

IMPORTS

The Tariff Rate Quota (TRQ), managed by Global Affairs Canada (GAC), was set at a level of 94.6 Mkg in 2019, with a 0.6 Mkg holdback, which brought the volume to 94.0 Mkg. Actual TRQ import volumes for 2019 reached 91.7 Mkg.

Boneless chicken parts accounted for 43% of the total volume imported in 2019 while imports of bone-in chicken parts represented 36%. Processed chicken made up 21% of the total volume, while live and whole eviscerated volumes represented marginal volumes.

As in previous years, imports of chicken from the United States at 53.1 Mkg accounted for the bulk of TRQ imports (58%) although its share of imports was smaller than in the past. Brazil is the second largest exporter of chicken to Canada, followed by Thailand, respectively sending volumes of 17.2 Mkg and 11.8 Mkg. Imports from Europe have been on the increase in the last few years. In 2019, imports from Hungary, Germany and Great Britain were 4.9 Mkg, 2.8 Mkg and 1.1 Mkg, respectively, accounting for a combined 10% of total imports. Canada also imported small amounts from Chile, Israel, and Argentina.

GAC is tasked with managing and monitoring the Import to Re-Export Program (IREP). The program allows the further processing industry to import chicken duty-free, with the agreement that they will further process the product and re-export it. A total of 19.6 Mkg of chicken imported through IREP in 2019, representing a small decrease from 2018.

The Canadian Border Services Agency (CBSA) manages a similar program called the Duties Relief Program (DRP). Those participating in the program are allowed to import chicken and have a four-year time-frame to re-export the chicken as a further refined product. Volumes imported under the DRP have been on a steady decline since their 2015 peak volume of 56.3 Mkg. In 2019, DRP volumes were 25.2 Mkg, representing a 16.7 Mkg (40%) drop compared to 2018 and 71.1 Mkg (74%) lower than in 2015.
Spent fowl imports reached 88.3 Mkg in 2019, up 5.5 Mkg (6.6%) from 2018. Whole bird imports increased significantly from 0.2 Mkg in 2018 to 2.9 Mkg in 2019 and bone-in parts (fronts) imports increased by 6.1 Mkg to 30.3 Mkg. Boneless breast imports experienced a small decrease of 0.3 Mkg to 17.9 Mkg and imports of further processed products dropped by 1 Mkg to 2.5 Mkg.

**Exports**

Agriculture and Agri-Food Canada data shows that 139.6 Mkg of chicken was exported in 2019, representing a decline of 3.7 Mkg (-2.6%) from 2017. The largest volume decline came from exports of boneless parts under Chapter 16, which fell 5.2 Mkg (15.4%) over 2018. Exports of fresh and frozen chicken parts increased in 2019, with legs and leg quarters seeing a 2.2 Mkg (9.4%) increase and boneless breast experiencing growth of 2.2 Mkg (40.3%). The United States remained the most important export destination in 2019, but Canada also ships chicken to the Philippines, Taiwan, Hong Kong, Cuba, Jamaica, Congo, Ghana, South Africa, Benin, Gabon, and several other destinations.

**Storage Stocks**

Total frozen storage stock volumes started 2019 at 53.1 Mkg and ended the year 3.2 Mkg higher at 56.2 Mkg. The bulk of the increase was in the cut-up chicken category where increases in the breast meat and wing subcategories of 2.8 Mkg and 1.2 Mkg were partly offset by decreases in the leg and other cut-up subcategories (-0.6 Mkg and -1.0 Mkg). Inventories of the miscellaneous chicken category increased by 0.9 Mkg while stocks of further processed chicken products remained stable. From a provincial perspective, most of the increase came from Ontario, which saw a 2.6 Mkg increase in storage levels for December 2019 over 2018, but British Columbia and Alberta also experienced increases in frozen inventories. Stocks decreased in all other provinces.

**Interprovincial Movement**

Chicken Farmers of Canada, along with the provincial chicken marketing boards, monitor the interprovincial movement (IPM) of live chicken. IPM data comes on a weekly and monthly basis and is reviewed by external auditors every four periods. Total IPM in 2019 amounted to 99.7 Mkg (live weight), which is 5.5 Mkg more than in 2018. The majority of IPM volumes are destined for New Brunswick, which saw a volume of 67.1 Mkg, accounting for 67% of all IPM in Canada. Quebec also represents a large portion of the IPM, with 22.6 Mkg entering the province in 2019, or 23% of all IPM.
Chicken Farmers of Canada’s responsibility is to provide an effective national monitoring and enforcement policy for the orderly marketing of chicken.

AUDITING THE SYSTEM

Audits of provincial commodity boards, market development licensees, specialty production licensees, and inter-provincial licensees are carried out every four allocation periods. Chicken Farmers of Canada also conducts special audits as needed.

In 2019, staff and Chicken Farmers of Canada’s external auditors completed the audits of provincial chicken boards for compliance with the policies and regulations for periods A-150 to A-153, which runs from May 13 to December 22, 2018, and initiated the audits of periods A-154 to A-159, which runs from December 23, 2018 to August 3, 2019 and will be completed in February, 2020.

Live marketing reporting audits, including inter-provincial movement of live chicken, and market development and specialty production licensees’ compliance with policies and regulations, were conducted by the external auditors for periods A-150 to A-159.

The audit report for periods A-150 to A-153 was presented to the Board of Directors in June 2019 and the audit report for periods A-154 to A-159 is expected to be presented to Directors in March 2020.

OVERMARKETING ASSESSMENT

The following assessments were presented and approved by the Board of Directors in 2019:

<table>
<thead>
<tr>
<th>AUDIT PERIOD</th>
<th>PROVINCIAL BOARD</th>
<th>LEVY ASSESSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-152/A-153</td>
<td>Alberta</td>
<td>$66,003</td>
</tr>
<tr>
<td>A-152/A-153</td>
<td>Ontario</td>
<td>$133,113</td>
</tr>
<tr>
<td>A-152/A-153</td>
<td>Nova Scotia</td>
<td>$72,862</td>
</tr>
<tr>
<td>A-152/A-153</td>
<td>British Columbia</td>
<td>$204,519</td>
</tr>
</tbody>
</table>

The above levies have been paid in full.

MARKET DEVELOPMENT

The following Market Development assessments were issued to three primary processors for marketing production received other than in accordance with the Market Development Policy and the licence they hold:

<table>
<thead>
<tr>
<th>QUOTA PERIOD</th>
<th>LEVY ASSESSED</th>
<th>KG LIVE WEIGHT EQUIVALENT</th>
<th>ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-143</td>
<td>$73,072</td>
<td>73,072</td>
<td>March 2019</td>
</tr>
<tr>
<td>A-151</td>
<td>$63,177</td>
<td>63,177</td>
<td>May 2019</td>
</tr>
<tr>
<td>A-153</td>
<td>$175,000</td>
<td>175,000</td>
<td>June 2019</td>
</tr>
</tbody>
</table>

The above levies for periods A-143 and A-151 were paid in full. Chicken Farmers of Canada Directors agreed in August 2019 that a primary processor pay the market development levies of $175,000 for period A-153 over three years with interest.

SPECIALTY PRODUCTION

There were no levies assessed in 2019.

INTER-PERIOD QUOTA TRANSFERS

There were no inter-period quota transfers in 2019.
Chicken Farmers of Canada firmly believes that it’s important to give back to our communities and support those that are less fortunate. We believe that every Canadian should have access to a healthy source of protein, and we believe that we can make a contribution to help make that happen.

The annual Chicken Challenge food donation program provided another $50,000 worth of chicken products to the Ottawa Food Bank. This was the tenth successful year of this program, which solicits bids for chicken products from a Canadian processor to be donated to the food bank.

In addition, $5,600 was collected through yearlong staff donations and 50% matching Chicken Farmers of Canada donations. Altogether, nearly $55,600 was donated in 2019. This brings the total contribution to the food bank since we became partners and supporters to over $600,000!

Chicken Farmers of Canada staff also entered a team in the 7th Annual Ottawa Food Bank “Food Sort Challenge”. This team building competition, held in May, pits 56 teams of 10 against each other for food sorting bragging rights and to raise funds for the food bank.

The Green Team hosted a film screening of “A Plastic Ocean” over two consecutive lunch hours, which led to much discussion and even some lifestyle changes among staff. Another change to reduce waste is a wholesale switch to reusable utensils. There have also been efforts to reduce paper consumption, with Board Committee members being encouraged to use the electronic versions of meeting binders, and staff now receiving paperless pay stubs.

Chicken Farmers of Canada staff participated in the City of Ottawa’s Clean Up the Capital initiative, collecting rubbish from nearby Bronson Park, which runs alongside the Ottawa River. Furthermore, despite facing a cold, rainy, and flood-filled May, staff participated in Bike to Work Month, clocking in nearly two thousand kilometers (1,954.62 km to be exact), and thereby diverting 566.83 kg of CO₂. They challenged themselves, whether it was commuting, or simply to delight in the joy of biking, and set a new team high.

The Green Team would like to thank Chicken Farmers of Canada management for its continued support and recognize that all these successes are thanks to the deep engagement of our colleagues. The Team looks forward to continuing to help further Chicken Farmers of Canada’s commitment to environmental sustainability throughout 2020.

OTHER CAUSES
Chicken Farmers of Canada sponsored and supported several other causes and organizations throughout the year. These included:

$10,000 for sponsorship of the Canadian Young Farmers Forum
$5,500 Advancing Women in Agriculture sponsorship
$5,000 to sponsor Canadian alpine ski racer, Valérie Grenier
$3,000 to the Cystic Fibrosis’ Lawn Summer Nights event
$1,000 to the charity golf tournament held by United Way

In 2018, the Chicken Farmers of Canada Green Team continued to fulfill its mandate of minimizing the office’s environmental impact, while challenging staff to become actively engaged in reducing their own personal environmental footprint. The Green Team hosted a film screening of “A Plastic Ocean” over two consecutive lunch hours, which led to much discussion and even some lifestyle changes among staff. Another change to reduce waste is a wholesale switch to reusable utensils. There have also been efforts to reduce paper consumption, with Board Committee members being encouraged to use the electronic versions of meeting binders, and staff now receiving paperless pay stubs.

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The Green Team would like to thank Chicken Farmers of Canada management for its continued support and recognize that all these successes are thanks to the deep engagement of our colleagues. The Team looks forward to continuing to help further Chicken Farmers of Canada’s commitment to environmental sustainability throughout 2020.
Meet the Team

Back Row
Yves Ruel
Lisa Riopelle
Elyse Ferland
Siobhan Morgulis
Lisa Bishop-Spencer
Nicole Faubert
Jae Yung Chung
Jessica Heyerhoff
Jennifer Gardner
Aline Porrior
Kavita Walia
Tara Molloy

Front Row
Jan Rus
Steve Leech
Karen Ronayne
Denis Nadeau
Erin Callary
Lauren Kennedy
Marty Brett
Christine Power
Jolyn Laszczyk
Michael Laliberté

As the national voice of Canada’s chicken farmers, Chicken Farmers of Canada’s office works in a friendly and professional environment towards the objective of providing services to, and on behalf of, our 2,800 farmers across the country.
NEW TO THE COOP

The following individuals joined Chicken Farmers of Canada in 2019, in the following capacities:

Judith Cormier
Translation and Office Coordinator
January 30

Shaun Malley
Senior Creative Content Producer
March 18

Kavita Walia
Food Safety Officer/Internal Auditor
July 22

Siobhan Morgulis
Translation and Officer Coordinator
(term)
August 27

Cavan Duncan
Market Analyst
October 7

LEAVING THE COOP

The following individuals left Chicken Farmers of Canada in 2019:

Caroline Wilson
Food Safety Officer/Internal Auditor
February 1

Kyle Deslauriers
Market Analyst
July 12

Shaun Malley
Senior Creative Content Officer
July 12

Cavan Duncan
Market Analyst
December 27

For over 40 years, the Canadian chicken industry has grown to unprecedented heights, with a multi-faceted approach to its development.
INDEPENDENT AUDITOR’S REPORT

TO

THE MINISTER OF AGRICULTURE AND AGRI-FOOD CANADA

THE FARM PRODUCTS COUNCIL OF CANADA

THE MEMBERS OF CHICKEN FARMERS OF CANADA

OPINION

We have audited the financial statements of Chicken Farmers of Canada (CFC), which comprise the statement of financial position as at December 31, 2019, and 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 CFC as at December 31, 2019, and its statements of operations, changes in fund balances and 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 CFC 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 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.

In preparing the financial statements, management is responsible for assessing CFC’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 CFC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CFC’s financial reporting process.
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 CFC 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 CFC’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 CFC 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
February 28, 2020

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,300,584</td>
<td>$2,125,610</td>
</tr>
<tr>
<td>Short term investments (Note 2)</td>
<td>1,134,551</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,850,119</td>
<td>1,544,148</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>114,609</td>
<td>113,005</td>
</tr>
<tr>
<td>Long-term investments (Note 2)</td>
<td>11,424,603</td>
<td>11,392,969</td>
</tr>
<tr>
<td>Tangible capital assets (Note 3)</td>
<td>310,503</td>
<td>196,205</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$17,134,969</td>
<td>$16,571,937</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$498,375</td>
<td>$383,051</td>
</tr>
<tr>
<td>Current portion of deferred lease inducement (Note 4)</td>
<td>7,322</td>
<td>14,909</td>
</tr>
<tr>
<td>Long-term portion of deferred lease inducement (Note 4)</td>
<td>505,697</td>
<td>397,960</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$1,511,407</td>
<td>$1,425,920</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONTRACTUAL OBLIGATIONS (NOTE 5)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internally restricted - Promotion Fund</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Internally restricted - Research Fund</td>
<td>4,447,757</td>
<td>4,844,637</td>
</tr>
<tr>
<td>Unrestricted - General Fund</td>
<td>12,181,515</td>
<td>11,322,853</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>$16,629,272</td>
<td>$16,167,490</td>
</tr>
</tbody>
</table>

| **Total** | $17,134,969 | $16,571,937 |

On behalf of the Board:

[Signatures]

Barry Uyterlinde,  
Finance Committee, Director

Yvan Brodeur,  
Finance Committee, Director

Dennis Steinwand,  
Finance Committee, Director

CHICKEN FARMERS OF CANADA
### Statement of Changes in Fund Balance

#### For the Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Promotion Fund</th>
<th>Research Fund</th>
<th>General Fund</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of the year</td>
<td>$ -</td>
<td>$ 4,844,637</td>
<td>$ 11,322,853</td>
<td>$ 16,167,490</td>
<td>$ 15,128,067</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenses</td>
<td>(1,250,955)</td>
<td>(396,880)</td>
<td>2,109,617</td>
<td>461,782</td>
<td>1,039,423</td>
</tr>
<tr>
<td>Interfund transfer (Note 6)</td>
<td>1,250,955</td>
<td>-</td>
<td>(1,250,955)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ -</td>
<td>$ 4,447,757</td>
<td>$ 12,181,515</td>
<td>$ 16,629,272</td>
<td>$ 16,167,490</td>
</tr>
</tbody>
</table>

### Statement of Operations

#### For the Year Ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Promotion Fund</th>
<th>Research Fund</th>
<th>General Fund</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levy and fee revenue</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 9,535,403</td>
<td>$ 9,535,403</td>
<td>$ 9,109,424</td>
</tr>
<tr>
<td>Interest</td>
<td>2,604</td>
<td>101,065</td>
<td>222,297</td>
<td>325,966</td>
<td>292,585</td>
</tr>
<tr>
<td>Overmarketing and market development levies</td>
<td>786,946</td>
<td>-</td>
<td>-</td>
<td>786,946</td>
<td>714,534</td>
</tr>
<tr>
<td>Other revenue</td>
<td>-</td>
<td>-</td>
<td>6,762</td>
<td>6,762</td>
<td>6,380</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>899,550</td>
<td>101,065</td>
<td>9,764,462</td>
<td>10,655,077</td>
<td>10,122,823</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>-</td>
<td>-</td>
<td>72,388</td>
<td>72,388</td>
<td>65,430</td>
</tr>
<tr>
<td>Canadian Poultry Research Council</td>
<td>-</td>
<td>490,354</td>
<td>-</td>
<td>490,354</td>
<td>95,318</td>
</tr>
<tr>
<td>Committees</td>
<td>-</td>
<td>-</td>
<td>302,588</td>
<td>302,588</td>
<td>271,346</td>
</tr>
<tr>
<td>Communication</td>
<td>-</td>
<td>-</td>
<td>562,585</td>
<td>562,585</td>
<td>364,920</td>
</tr>
<tr>
<td>Corporate social responsibilities</td>
<td>-</td>
<td>-</td>
<td>54,524</td>
<td>54,524</td>
<td>56,750</td>
</tr>
<tr>
<td>Directors and alternates</td>
<td>-</td>
<td>-</td>
<td>1,422,751</td>
<td>1,422,751</td>
<td>1,356,693</td>
</tr>
<tr>
<td>Information technology</td>
<td>-</td>
<td>-</td>
<td>68,768</td>
<td>68,768</td>
<td>67,528</td>
</tr>
<tr>
<td>Loss on disposal of tangible capital assets</td>
<td>-</td>
<td>-</td>
<td>969</td>
<td>969</td>
<td>613</td>
</tr>
<tr>
<td>Membership fees</td>
<td>-</td>
<td>-</td>
<td>226,632</td>
<td>226,632</td>
<td>219,899</td>
</tr>
<tr>
<td>Office</td>
<td>-</td>
<td>-</td>
<td>419,395</td>
<td>419,395</td>
<td>422,174</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>476,122</td>
<td>476,122</td>
<td>437,559</td>
</tr>
<tr>
<td>Promotional activities</td>
<td>1,677,407</td>
<td>-</td>
<td>-</td>
<td>1,677,407</td>
<td>1,392,630</td>
</tr>
<tr>
<td>Salaries, benefits and travel</td>
<td>-</td>
<td>3,288,830</td>
<td>3,288,830</td>
<td>3,013,173</td>
<td>3,013,173</td>
</tr>
<tr>
<td>Special studies</td>
<td>363,098</td>
<td>45,000</td>
<td>640,105</td>
<td>1,048,203</td>
<td>1,021,975</td>
</tr>
<tr>
<td>Trade</td>
<td>-</td>
<td>-</td>
<td>70,540</td>
<td>70,540</td>
<td>167,220</td>
</tr>
<tr>
<td>Translation</td>
<td>-</td>
<td>-</td>
<td>151,103</td>
<td>151,103</td>
<td>123,884</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,040,505</td>
<td>535,354</td>
<td>7,757,300</td>
<td>10,333,159</td>
<td>9,077,112</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses from operations</strong></td>
<td>(1,250,955)</td>
<td>(434,289)</td>
<td>2,007,162</td>
<td>321,918</td>
<td>1,045,811</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in investments</strong></td>
<td>-</td>
<td>37,409</td>
<td>102,455</td>
<td>139,864</td>
<td>(6,388)</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenses</strong></td>
<td>$ (1,250,955)</td>
<td>$ (396,880)</td>
<td>$ 2,109,617</td>
<td>$ 461,782</td>
<td>$ 1,039,423</td>
</tr>
</tbody>
</table>
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>$461,782</td>
<td>$1,039,423</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of net premiums on investments</td>
<td>73,678</td>
<td>76,936</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>72,388</td>
<td>65,430</td>
</tr>
<tr>
<td>Amortization of lease inducement</td>
<td>(14,074)</td>
<td>(29,531)</td>
</tr>
<tr>
<td>Loss on disposal of tangible capital assets</td>
<td>969</td>
<td>613</td>
</tr>
<tr>
<td>Unrealized loss (gain) on investments</td>
<td>(139,864)</td>
<td>6,388</td>
</tr>
<tr>
<td></td>
<td>454,879</td>
<td>1,159,259</td>
</tr>
<tr>
<td><strong>Changes in non cash working capital:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(304,310)</td>
<td>70,769</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(1,604)</td>
<td>(9,107)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>113,663</td>
<td>(356,857)</td>
</tr>
<tr>
<td></td>
<td>262,628</td>
<td>864,064</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(1,100,000)</td>
<td>(2,703,357)</td>
</tr>
<tr>
<td>Proceeds from disposal of investments</td>
<td>1,200,000</td>
<td>3,017,000</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(187,654)</td>
<td>(53,005)</td>
</tr>
<tr>
<td></td>
<td>(87,654)</td>
<td>260,638</td>
</tr>
<tr>
<td><strong>Net increase in cash</strong></td>
<td>174,974</td>
<td>1,124,702</td>
</tr>
<tr>
<td><strong>Cash, beginning of the year</strong></td>
<td>2,125,610</td>
<td>1,000,908</td>
</tr>
<tr>
<td><strong>Cash, end of the year</strong></td>
<td>$2,300,584</td>
<td>$2,125,610</td>
</tr>
</tbody>
</table>

**NOTES TO FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

1. **ACCOUNTING POLICIES**

**PURPOSE OF THE ORGANIZATION**

Chicken Farmers of Canada (CFC) is a not-for-profit organization incorporated pursuant to the Farm Products Agencies Act and was established to ensure the orderly marketing of chicken in Canada. CFC is exempt from income taxes under section 149(1)(e) of the Income Tax Act.

CFC charges levies to farmers based on chicken marketings in inter-provincial and export trade and receives fees in relation to intra-provincial trade.

**BASIS OF ACCOUNTING**

CFC applies the Canadian accounting standards for not-for-profit organizations.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the estimated useful life of CFC's tangible capital assets and the related amortization expenses.

**FUND ACCOUNTING**

Resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities, or objectives. Accordingly, separate accounts are maintained for the General Fund as well as for the Promotion and Research Funds, which are internally restricted.

The General Fund accounts for operating and administrative activities as well as all transactions related to tangible capital assets and other interest revenue not allocated to the other funds.

The Promotion Fund reports the overmarketing and market development levies collected and also reports expenses that relate to the promotional activities of chicken, as indicated in the Market Development Policy and the Monitoring and Enforcement Policy, and expenses incurred in collecting overmarketing and market development levies. It also reports interest earned on resources held for the purposes of the Promotion Fund.
The Research Fund reports interest earned on resources held for research purposes and expenses for research projects related to the poultry industry in Canada.

**REVENUE RECOGNITION**

CFC follows the deferral method of accounting for contributions. Levies and fees are recognized as revenue during the year when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

**FINANCIAL INSTRUMENTS**

*Initial and subsequent measurement*

CFC initially measures its financial assets and liabilities at fair value. CFC subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and short-term and long-term investments which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

*Transaction costs*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

**TANGIBLE CAPITAL ASSETS**

Tangible capital assets are accounted for at cost and amortized on the basis of their useful life using the straight-line method and following durations:

- **Office equipment**: 10 years
- **Computer equipment**: 3 years
- **Leasehold improvements**: Term of Lease

---

### 2. INVESTMENTS

**SHORT-TERM INVESTMENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed investment certificates (GIC)</td>
<td>$200,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Canada Housing Trust Bonds</td>
<td>$934,551</td>
<td>$934,551</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,134,551</td>
<td>$1,200,000</td>
</tr>
</tbody>
</table>

**LONG-TERM INVESTMENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed investment certificates (GIC)</td>
<td>$2,117,000</td>
<td>$1,217,000</td>
</tr>
<tr>
<td>Canada Housing Trust Bonds</td>
<td>$9,307,603</td>
<td>$10,175,969</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11,424,603</td>
<td>$11,392,969</td>
</tr>
</tbody>
</table>

CFC limits its investments to those authorized investments under the Farm Products Agencies Act.

Bonds are debt obligations paying interest rates appropriate to market at their date of purchase. The bonds and GICs mature at face value on a staggered basis over the next five years (2018 - six years). Interest rates for these securities range from 1.7% to 3.8% (2018 - 1.7% to 3.8%).

### 3. TANGIBLE CAPITAL ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Accumulated Amortization</td>
<td>Cost</td>
</tr>
<tr>
<td>Office equipment</td>
<td>$334,115</td>
<td>$294,823</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$231,482</td>
<td>$148,227</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$590,382</td>
<td>$402,426</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,155,979</td>
<td>$845,476</td>
</tr>
</tbody>
</table>

**Net carrying amount**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$310,503</td>
<td>$196,205</td>
</tr>
</tbody>
</table>

During the year, CFC capitalized $154,063 of leasehold improvements relating to the new lease beginning in July 2020. These are not being amortized until the commencement of the lease.
4. DEFERRED LEASE INDUCEMENT

In 2010, CFC entered into a lease agreement expiring in 2020, which included an inducement for leasehold improvements of $123,252 as well as granting CFC seven months free rent over the term of the lease as outlined in the lease agreement.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of the year</td>
<td>$21,396</td>
<td>$50,927</td>
</tr>
<tr>
<td>Amount amortized to expenses during the year</td>
<td>(14,074)</td>
<td>(29,531)</td>
</tr>
<tr>
<td>Balance, end of the year</td>
<td>7,322</td>
<td>21,396</td>
</tr>
<tr>
<td>Current portion</td>
<td>7,322</td>
<td>14,909</td>
</tr>
<tr>
<td>Long-term portion</td>
<td>$ -</td>
<td>$ 6,487</td>
</tr>
</tbody>
</table>

5. CONTRACTUAL OBLIGATIONS

CFC entered into lease agreements for its premises expiring in June 2020 and June 2035. CFC also has operating leases for various office equipment expiring, at the latest, in December 2021, and various other business contracts. Future minimum payments total $5,131,109 and include the following payments over the next five years:

- 2020: $1,263,546
- 2021: $385,460
- 2022: $764,022
- 2023: $1,152,504
- 2024: $1,565,576

Commitments Related to Future Hotel Agreements

CFC has entered into multiple hotel agreements for 2020 and 2021 for which the organization would be subject to cancellation fees totaling $288,124.

6. INTERFUND TRANSFER

The Board of Directors of CFC has approved a transfer of $1,250,955 (2018 - $901,039) from the General Fund to the Promotion Fund to cover the deficiency of the fund.

7. FINANCIAL INSTRUMENTS

Credit risk
CFC is exposed to credit risk on its accounts receivable. CFC monitors its accounts receivable regularly and do not expect to have any uncollectible amounts.

Interest rate risk
CFC is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest rate instruments subject CFC to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

8. EMPLOYEE FUTURE BENEFITS

Defined contribution plan
CFC has funded a defined contribution plan providing pension benefits to employees. The contribution is a net percentage of the employees' annual income. The total contributions made by CFC under this plan in 2019 was $146,637 (2018 - $146,806).