



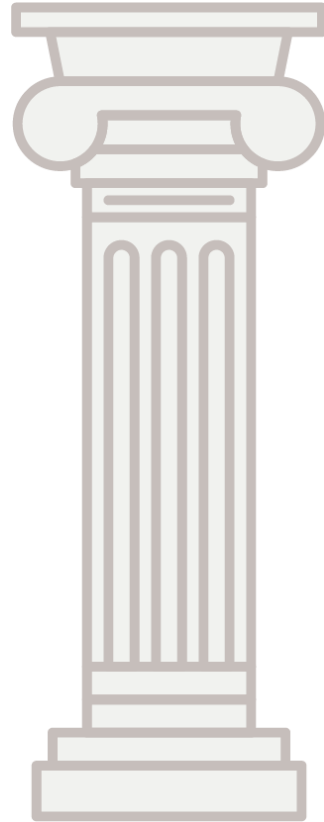
**Chicken
Farmers
of Ontario**

CFO Financial Governance and Oversight 2019

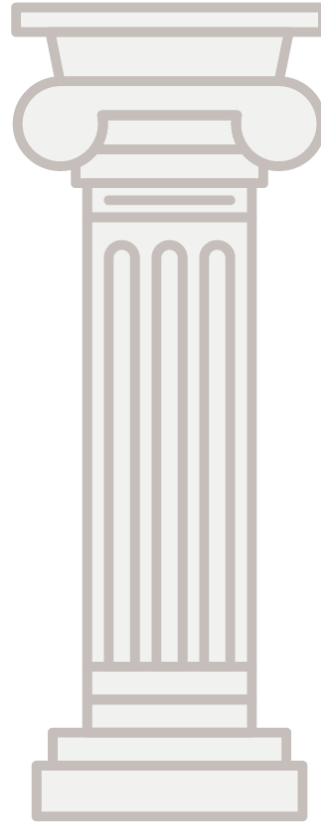


***CFO's four
pillars
approach to
financial
governance
and
oversight***

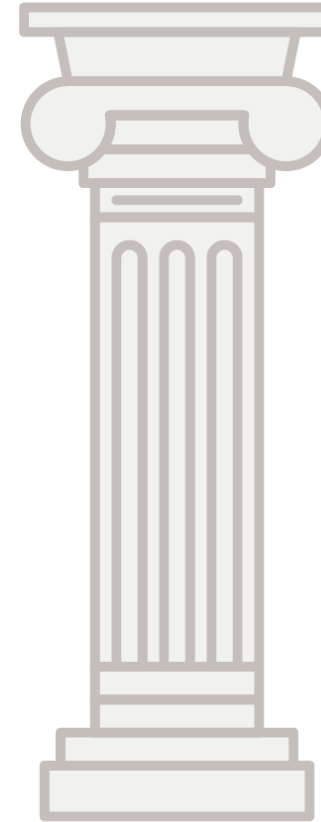
FINANCIAL
STRENGTH AND
FLEXIBILITY



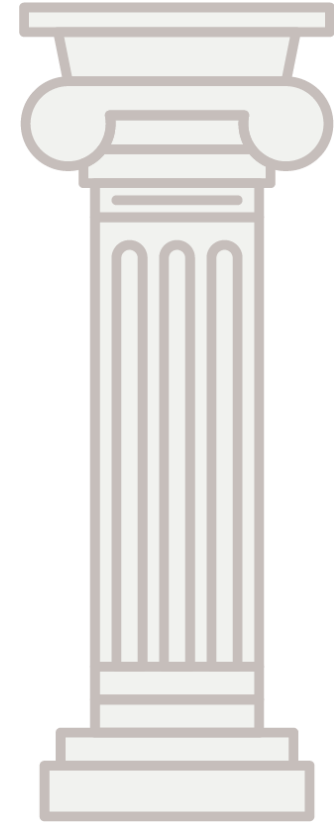
CASH AND
OPERATING
RESERVES



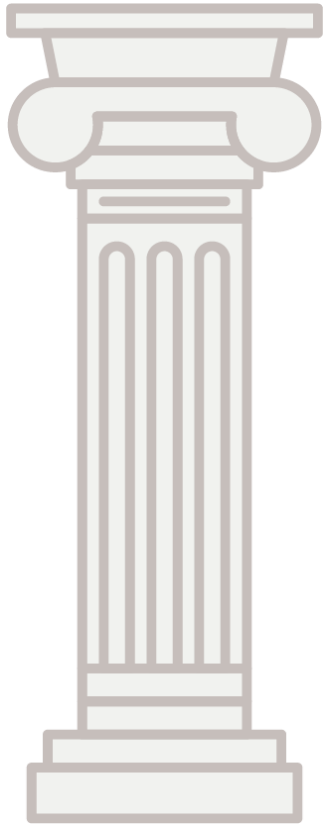
CAPITAL
STRUCTURE



RISK
MANAGEMENT

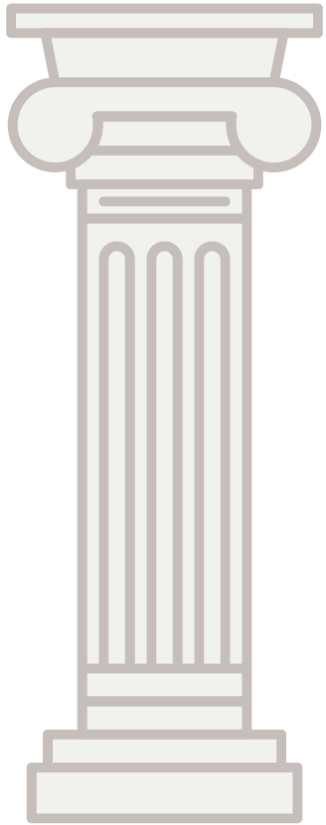


FINANCIAL STRENGTH AND FLEXIBILITY



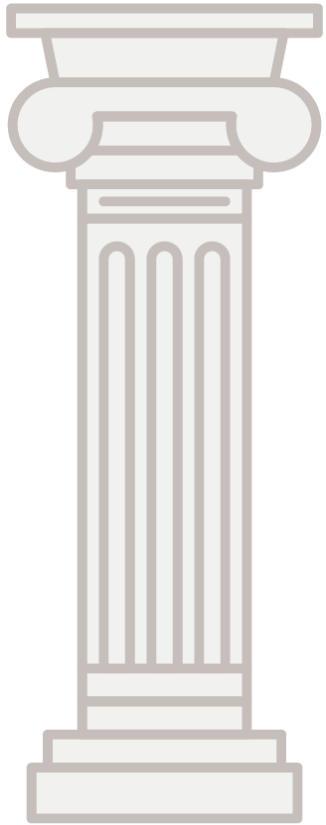
- Maintain a strong balance sheet, with ample liquidity and financial flexibility
- Clear and executable strategic direction by the Board to Management
- Annual budget and financial drivers are well understood by staff
- Accuracy and completeness of reported financial information
- Rigorous internal controls
- Clean audit opinion

CASH AND OPERATING RESERVES



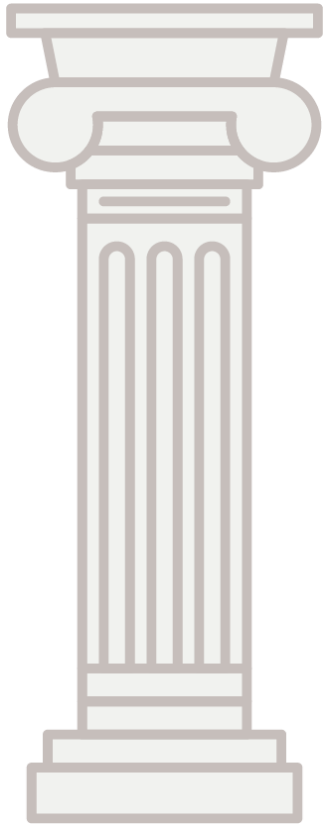
- Predictable and stable revenue portfolio, cash flow stream and sustainable operating reserves
- Creation of surplus cash for funding flexibility to implement strategic initiatives and to maintain adequate operating reserves for unplanned or unanticipated events that may affect production
- Provides for established safety net and ability of Organization to continue as a going concern
- Active cash flow management is critical for CFO to maintain adequate levels of cash on hand
- Strong oversight and review of banking transactions allows CFO to ensure only approved transactions occur

CAPITAL STRUCTURE



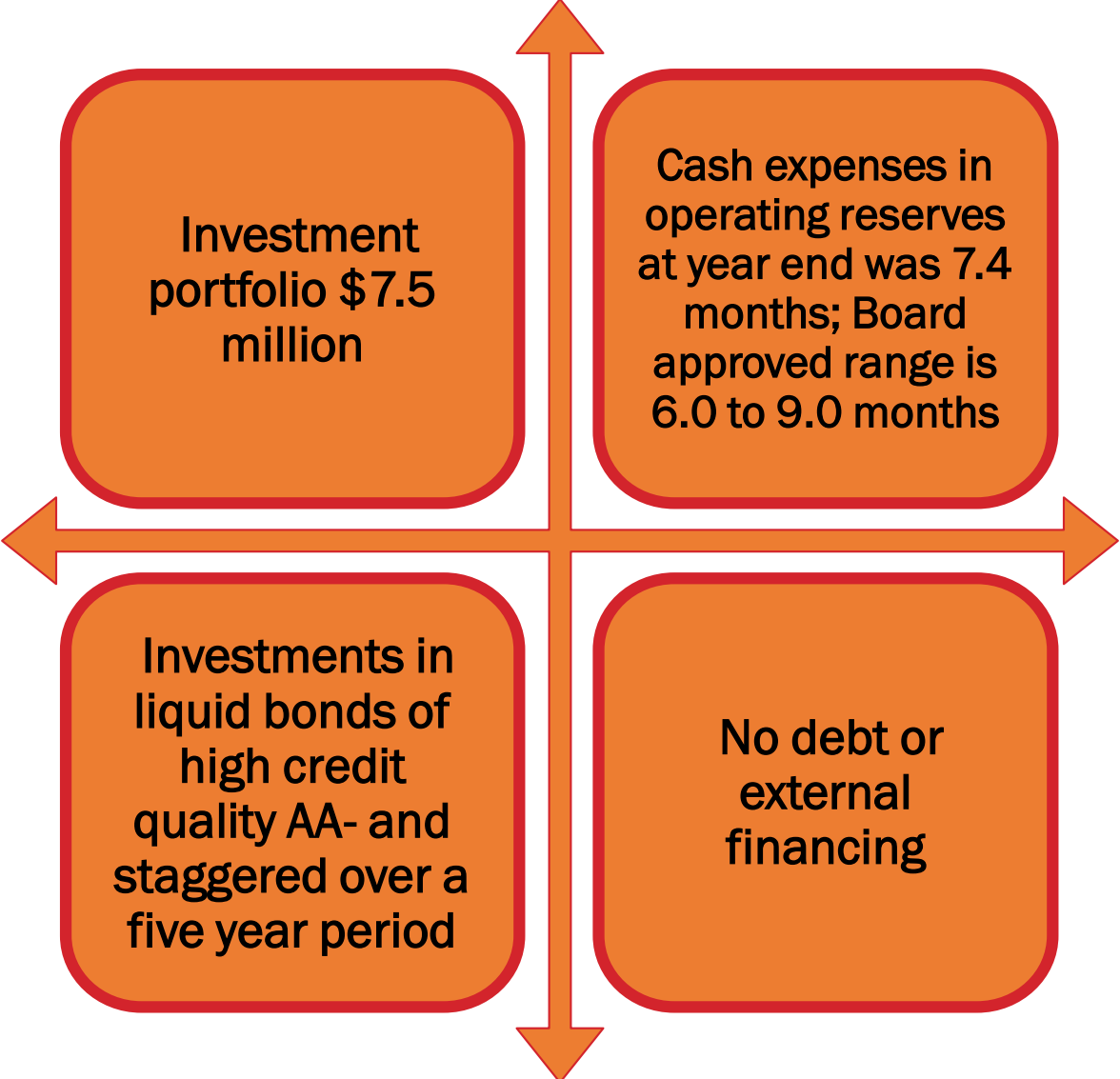
- Disciplined and accountable approach to capital allocation
- Minimize use of third-party debt – i.e. no 3rd party debt
- Focus on the implementation of Zero-Based Budgeting
- Consistent and rigorous review of capital projects
- Implementation and sharing of best practices for people, processes and tools
- Post audit reviews of strategic initiatives

RISK MANAGEMENT



- Ensure business model provides financial stability for the long term
- Documented well established guidelines for CFO to follow
- Provides assurance to CFC of CFO financial stability and regulatory compliance
- Engage expert wealth management professionals for investing assets
- Conservative investment policy – high quality AA- rated bonds
- Adequate return on investments is reflective of the underlying risk profile of CFO

CFO'S LIQUIDITY AND FINANCIAL POSITION REMAINS STRONG



CFO RESULTS AT A GLANCE:

CONTINUED STRONG REVENUE GROWTH AND PROFITABILITY

In Thousands (000's)	2019 ACT	2018 ACT
Revenues		
Production Fees	9,789	9,505
Over Quota Levy	2,793	1,588
All other (net)	756	859
	<u>13,338</u>	<u>11,952</u>
Expenses		
Ongoing Operations	9,860	8,790
Sustainability and Risk Management	114	212
Strategic and Other initiatives	2,764	2,642
	<u>600</u>	<u>308</u>
Excess of revenues over expenses	<u><u>600</u></u>	<u><u>308</u></u>



See 2019 Annual Performance Report for more details.

Deloitte.

APPOINTMENT OF AUDITORS

Deloitte has been appointed by the CFO Board of Directors as the financial auditing firm for the 2020 fiscal year.





THANK YOU

BUILDING VALUE, SHAPING THE FUTURE, TOGETHER

