

101ST ANNUAL REPORT

YEAR ENDED FEBRUARY 28TH, 2019



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CANADIAN CO-OPERATIVE WOOL GROWERS LIMITED
AUDITED FINANCIAL STATEMENTS / ÉTATS FINANCIERS VÉRIFIÉS
FEBRUARY 28, 2019 / LE 28 FÉVRIER 2019
TABLE OF CONTENTS

	PAGE #
DIRECTORS, MANAGERS & STAFF / LES MEMBERS DU PERSONNEL, CONSEIL D'ADMINISTRATION	3
PRESIDENT'S MESSAGE / MESSAGE DU PRÉSIDENT	4
AUDITOR'S REPORT & FINANCIAL STATEMENTS / ÉTATS FINANCIERS DU VÉRIFICATEUR	5-13
WOOL INDUSTRY NEWS / NOUVELLES DE L'INDUSTRIE LAINE / CCWG AGM / L'ASSEMBLÉE GÉNÉRALE ANNUELLE CCWG	14-20
CERTIFICATE OF MERIT WINNERS 2018 / LE CERTIFICAT DE MÉRITE 2018	18
WOOL MARKET REPORT & BUSINESS UPDATE / MISE À JOUR D'AFFAIRES ET DU MARCHÉ DE LA LAINE	21-24
NATIONAL SHEEP INDUSTRY AWARD / PRIX NATIONAL DE L'INDUSTRIE DU MOUTON	25
SHAREHOLDER / WOOL SHIPPER LOYALTY REWARD PROGRAM (SWSLRP) / PROGRAMME DE RÉCOMPENSE DES ACTIONNAIRES / EXPÉDITEUR DE LAINE	26
WOOL PREPARATION INCENTIVE / REBATE (WPIR) / POLITIQUE DE MOTIVATION À LA PRÉPARATION DE LA LAINE / RABAIS (WPIR)	27
NOTICE OF ANNUAL GENERAL MEETING / AVIS DE L'ASSEMBLÉE GÉNÉRALE ANNUELLE	27
ONLINE STORES / BOUTIQUE EN LIGNE	28
DUMFRIES HOUSE WOOL DECLARATION / DÉCLARATION DE LAINE MAISON DUMFRIES	29
HONORARY KNIGHTS OF THE GOLDEN FLEECE / LE CHEVALIER D'HONNEUR DE LA TOISON D'OR	30

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l'agnelage | <input type="checkbox"/> Show Supplies
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MANAGERS & STAFF / LES MEMBRES DU PERSONNEL

HEAD OFFICE

CARLETON PLACE, ONTARIO

WWW.WOOL.CA CCWGHQ@WOOL.CA

613-257-2714 1-800-488-2714

General Manager / Directeur général - Eric Bjergso
Office Administrator/Administrateur de bureau - Anita Reid
Wool Grader / Classificateur de la laine

- Nathan Pappas-Barabe

Wool Warehouse Staff / Personnel de l'entrepôt de laine

- Ed Banks, Alan Davidson-Cummings, Troy Latham,
Jarvis Percy, David Smith

Export Logistics, Wool Accounts / Logistique d'exportation,

Comptes concernant la laine - Carol Berger

Web Manager, Wool Accounts / Webmestre, Comptes
concernant la laine - Cathy Holmes

REAL WOOL SHOP

CARLETON PLACE, ONTARIO

WWW.REALWOOLSHOP.CA WOOLSHOP@WOOL.CA

Manager/Directeur de succursale - Erin Pretty

Assistant Manager/Directeur adjoint - Lauren Kerkhoff

Customer Service / Service à la clientèle

- Patricia Brauer, Kathy Cosham, Anne-Marie D'Alessio
Mel Fournier, Mary Guest, Marilyn Johnston,
Maureen Pelletier, Joann Thorpe

CCWG LIVESTOCK SUPPLIES & EQUESTRIAN CENTRE

CARLETON PLACE, ONTARIO

WWW.CCWG.CA CARLETONPLACE@CCWG.CA

National Director / Directeur National

- Lee-Anne Durant-McIntyre

Assistant Manager / Directeur adjoint

- Andrew Brydges

Sales & Purchasing Staff / Personnel des achats et des ventes

- Tori Walker, Val Wyman

Customer Service / Service à la clientèle

- Alex Clark, Griffin Dyck, Braydon Mann, Isaya Matsushita,
Joshua Streng

CCWG LIVESTOCK SUPPLIES

COOKSTOWN, ONTARIO

WWW.CCWG.CA COOKSTOWN@CCWG.CA

705-458-4800 1-866-458-4800

Branch Manager / Directeur de succursale

- John Cuthbert

Assistant Manager / Directeur adjoint

- Richard Metheral

CCWG LIVESTOCK SUPPLIES

WATERLOO, ONTARIO

WWW.CCWG.CA WATERLOO@CCWG.CA

Phone/Fax 519-888-8299

Sales Staff / Personnel des ventes - Glenn Kelley

CCWG LIVESTOCK SUPPLIES

LETHBRIDGE, ALBERTA

WWW.CCWG.CA LETHBRIDGE@CCWG.CA

403-327-3760 1-800-567-3693

Branch Manager / Directeur de succursale

- James Burdett

Assistant Manager / Directeur adjoint

- Robert Webster

Accounting / Comptabilité - Sharon Barrett

Customer Service/Service à la clientèle

- Angela Bucklaschuk, Kevin Frattinger,
Natalie Hanson, Lori Porter, Michelle Preston

CCWG LIVESTOCK SUPPLIES

SAINT-HYACINTHE, QUÉBEC

WWW.CCWG.CA STHYACINTHE@CCWG.CA

450-796-4242 1-888-796-4242

Branch Manager / Directeur de succursale

- Jacob Morin

Assistant Managers / Directeurs adjoint

- Catherine Cloutier, Anne-Marie Auger

Accounting / Comptabilité - Heidi Lancaster

Customer Service / Service à la clientèle

- Satiana Boucher-Bédard, Eve Brodeur

2020-21 DIRECTORS/CONSEIL D'ADMINISTRATION

BRITISH COLUMBIA /

COLOMBIE BRITANNIQUE

2nd Vice President /

2^e vice président

Term 1 year / mandat de 1 an

Roma H. Tingle

2765 Denicola Cr

Prince George, BC V2K 5C7

250-963-7301

ALBERTA (South/Sud)

Term 1 year / mandat de 1 an

Warren L. Moore

Box 203 Stavely, AB T0L 1Z0

Tel/Fax: 403-549-2464

ALBERTA (North/Nord)

Term 2 years / mandat de 2 ans

John D. Woodburn

Box 565, Grimshaw, AB T0H 1W0

780-332-4481 Fax 332-2878

SASKATCHEWAN (North/Nord)

Term 2 years / mandat de 2 ans

Arlette Seib

Box 16 Watrous, SK S0K 4T0

Cell: 306-419-9051

SASKATCHEWAN (South/Sud)

Term 1 year / mandat de 1 an

Ward Harden

Box 43 Fir Mountain,

SK S0H 1P0

Tel/Fax: 306-476-7250

MANITOBA

Term 2 years / mandat de 2 ans

Morgan A. Moore

RR 2 Site 30 Box 185

Brandon MB R7A 5X2

204-741-0748

ONTARIO (West/Ouest)

1st Vice President /

1^e vice président

Term 2 years / mandat de 2 ans

Allan E. Ribbink

2599 Bruce Rd 15

Tiverton ON N0G 2T0

519-368-7691

ONTARIO (East / Est)

Term 1 year / mandat de 1 an

Gary J. Fox

72 Christian Rd

Bloomfield, ON K0K 1G0

613-393-5258

QUÉBEC (West/Ouest)

President / Président

Term 1 year / mandat de 1 an

David Mastine

RR 4, 63 – Route 243

St. Felix de Kingsey

QC J0B 2T0

Tel/Fax: 819-848-2538

QUÉBEC (East/Est)

Vacant

ATLANTIC / ATLANTIQUE

Term 2 years / mandat de 2 ans

Ruth Mathewson

989 Upper Brookside Rd

Central North River NS B6L 6W6

902-895-4708

President's Report

I must start this report by saying thanks to everyone involved in CCWG for yet another successful year. We look forward to seeing the time-consuming, but much needed future improvements to our website and social media platforms. To ensure our continued success, we must not only keep up with the times, but also look to the future, by identifying and adapting to the needs of our next generation of customers.

With the wool market in such turmoil, CCWG is trying to look for ways to be less dependent on the world market. It is for this very reason we are pleased to be heavily involved in trying to get research funding. This is a first step towards developing new technologies; technologies that will allow us to scour and process wool here in Canada. On top of this, doing a feasibility study on new products and markets is another effort that will give us another step ahead. But in the meantime, we continue to pursue and develop the existing markets around the globe. CCWG is very fortunate to have a great management and staff team to get everything accomplished.

Last but not least, I would like to say a few words about some friends of mine. First off, I'd like to acknowledge the excellent work that our outgoing directors have put in. Lee Sexton, your attentive demeanor, attention to detail, and your guidance will surely be missed. Thank-you for your years of service. Next, Bryan Greaves, we thank you as well for your many hours of time spent teaching producers wool clip preparation, wool classing, and in shearing schools. Your efforts have not gone unnoticed, and we hope to continue working together in this capacity for years to come. And to our executive director, Donna Zeman, who is retiring after 45 years of dedicated service: your efficiency, as well as your ability to keep us in check and on time, are what help keep CCWG running smoothly. It will be a huge challenge for us to replace you. Happy travels. On that note, with endings come new beginnings... The board would like to welcome new directors Arlette Seib of Northern Saskatchewan, and Morgan Moore of Manitoba. We will look forward to working with you for the years to come.

Sincerely, David Mastine

Rapport du président

J'aimerais commencer par remercier tous ceux impliqué(e)s avec CCWG, pour une autre année de succès. En ce moment, nous avons hâte de voir les futurs améliorations de notre site web et de nos plateformes de médias sociaux. Malgré le fait que ce processus sera fastidieux, ceci est une étape nécessaire, puis qui nous apportera plusieurs avantages dans les prochaines années. Afin de s'assurer que nous continuerons de se progresser dans la bonne direction, nous devons regarder vers l'avenir. Alors, nous devrons non seulement identifier les besoins de nos futurs clients, mais nous devons aussi s'adapter à leurs besoins.

Puisque le marché de laine n'est pas très fiable, CCWG recherche de nouveaux moyens à être moins dépendant sur le marché global. Subséquemment, nous sommes désireux d'obtenir des fonds pour la recherche. Ces fonds sont un premier pas vers le développement de Nouvelles technologies, puis c'est avec ces technologies que nous aurons la chance de parcourir et traiter la laine ici au Canada. En plus de ces fonds, faire une étude de faisabilité au sujet des nouveaux produits et marchés est un autre effort qui nous amènera un autre pas plus loin. Mais pour l'instant, nous continuons de poursuivre avec, de même que développer, les marchés qui existent présentement à travers du monde. CCWG est chanceux d'avoir une excellente équipe de gestion, ainsi qu'une superbe équipe de personnel; c'est grâce à eux que notre coop a tellement accomplis, puis conservera, et même surpassera ce haut niveau.

En dernier lieu, j'aimerais finir avec quelques mots à propos de quelques amis. Tout d'abord, j'aimerais reconnaître le travail acharné de nos directeurs. Lee Sexton, ton comportement attentif, ainsi que tes conseils perspicaces, nous nous manquerons. Merci pour tes années de service. Ensuite, Bryan Greaves, nous te remercions pour les nombreuses heures de temps que tu as dédié vers l'enseignement de la préparation de clips de laine, du classement de la laine, puis de votre transmission d'information dans les écoles de tonte. Tes efforts ne sont pas passés inaperçus, puis nous espérons de poursuivre cette collaboration au cours des prochaines années. Finalement, un message pour notre directrice exécutive, Donna Zeman, qui prend sa retraite après 45 années de service dévouée: ta efficacité, ainsi que ta capacité de nous garder en ligne et opportun, sont des facteurs qui aide CCWG à opérer de façon puissante. Ça sera un grand défi de te remplacer. Bon voyage. Sur cette note, avec les fins, viennent de nouveaux commencements... Le conseil souhaite la bienvenue aux nouveaux directeurs: Arlette Seib de Saskatchewan et Morgan Moore de Manitoba. Ça sera un plaisir de travailler avec vous dans la prochaines années.

Sincèrement, David Mastine

NEPHIN WINTER BINGLEY
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Canadian Co-operative Wool Growers Limited

Opinion

We have audited the accompanying financial statements of Canadian Co-operative Wool Growers Limited which comprise the statement of financial position as at February 28, 2019, the statements of operations, statement of changes in net assets and statement of 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 Canadian Co-operative Wool Growers Limited as at February 28, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance
for the Financial Statements**

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

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

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

Nepkin Winter Bingley

Carleton Place, Ontario
July 16, 2019

Chartered Professional Accountants
Licensed Public Accountants

Auditors' 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 auditors' 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nephtin Winter Bingley

Carleton Place, Ontario
July 16, 2019

Chartered Professional Accountants
Licensed Public Accountants

Canadian Co-operative Wool Growers Limited
Balance Sheet
As at February 28, 2019

	2019 \$	2018 \$
Assets		
Current		
Accounts receivable	859,836	603,976
Inventory (Note 2)	4,488,652	4,491,846
Prepaid expenses	72,500	-
Income taxes recoverable	-	25,711
	5,420,988	5,121,533
Property, Plant and Equipment (Note 3)	2,786,418	2,859,170
Other Assets		
Investments in wool associations	-	1,140
	8,207,406	7,981,843
Liabilities		
Current		
Bank overdraft	14,771	230,663
Bank loans (Note 4)	-	42,835
Accounts payable and accrued liabilities	1,389,033	1,316,268
Government remittances payable	-	16,812
Income taxes payable	3,855	-
Dividends payable	112,198	106,227
Current portion - capital lease obligation (Note 5)	8,300	9,960
	1,528,157	1,722,765
Long-term Debt		
Capital lease obligations (Note 5)	-	8,300
	1,528,157	1,731,065
Shareholders' Equity		
Capital Stock (Note 6)	318,800	312,650
Retained Earnings	6,360,449	5,938,128
	6,679,249	6,250,778
	8,207,406	7,981,843

Approved on Behalf of the Board of Directors:

Gary J. Fox Director

Lee E. Sexton Director

Canadian Co-operative Wool Growers Limited
Statement of Income
For the Year Ended February 28, 2019

	2019 \$	2018 \$
Gross Sales	11,543,914	10,381,738
Cost of Sales	7,840,835	7,043,283
Gross Profit	3,703,079	3,338,455
Operating Expenses		
General expenses	1,136,986	995,159
Salaries and benefits	1,877,776	1,725,444
Amortization	181,740	168,190
Interest on short and long-term debt	6,090	6,738
Interest on capital lease obligations	996	-
Directors' fees	16,575	17,325
	3,220,163	2,912,856
Net Operating Income before Other Income	482,916	425,599
Gain on sale of asset (Note 8)	31,219	-
Net Operating Income before Income taxes	514,135	425,599
Income taxes (Note 9)	(69,528)	(66,916)
Net Income	444,607	358,683

Canadian Co-operative Wool Growers Limited
Statement of Retained Earnings
For the Year Ended February 28, 2019

	2019 \$	2018 \$
Retained Earnings, beginning of year	5,938,128	5,597,381
Net income	444,607	358,683
Refundable portion of income tax recovered (Note 7)	-	4,000
Dividends declared	(22,286)	(21,936)
Retained Earnings, end of year	6,360,449	5,938,128

Canadian Co-operative Wool Growers Limited
Statement of Cash flows
For the Year Ended February 28, 2019

	2019 \$	2018 \$
Cash Flows from Operating Activities		
Net income	444,607	358,683
Items not (producing) requiring a current cash payment		
Gain on sale of asset	(31,219)	-
Amortization	181,740	168,190
	595,128	526,873
Net Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(255,860)	268,268
(Increase) decrease in inventories	3,194	(155,000)
(Increase) decrease in deposits	(72,500)	-
Increase (decrease) in accounts payable	55,953	35,130
Increase (decrease) in income taxes payable	29,566	(18,651)
(Increase) decrease in refundable tax	-	4,000
	355,481	660,620
Cash Flows from Investing Activities		
Additions to capital assets	(124,629)	(338,983)
Net proceeds on disposal of assets	48,000	-
	(76,629)	(338,983)
Cash Flows from Financing Activities		
Issue (redemption) of shares	6,150	7,270
Increase (decrease) in bank overdraft	(215,892)	(150,699)
Increase (decrease) in bank loan	(42,835)	(180,441)
Increase (decrease) in long-term debt	(9,960)	18,260
	(262,537)	(305,610)
Dividends paid	(16,315)	(16,027)
Increase (Decrease) in Cash during the year	-	-
Cash, beginning of year	-	-
Cash, end of year	-	-

See accompanying notes
Subject to Auditors' Report dated July 16, 2019

1. Summary of Significant Accounting Policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises; accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Measurement uncertainty

Financial statements are based on representations that often require estimates to be made in anticipation of future transactions and events and include measurements that may, by their nature, be approximations.

(c) Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for at the following rates:

Buildings	5% declining balance
Equipment	20% declining balance
Furniture and Fixtures	20% declining balance
Automobile	30% declining balance

(d) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at year end exchange rates. Revenue and expenses are translated at the exchange rate on the date cash is received or payment is made. Gains and losses from exchange translations are reflected in the revenue or expense item to which they relate.

(e) Financial instruments

The company's financial instruments consist of accounts receivable, bank indebtedness, bank loans, accounts payable and accrued liabilities, income taxes payable, long-term debt and capital lease obligations. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the company requires bank letters of credit. The company does not have a significant exposure to any individual customer or counterpart.

The company is exposed to currency risk due to changes in foreign exchange rates. To reduce foreign exchange risk on its financial assets, the company enters into currency hedges by purchasing or selling currency futures. The organization's exposure and management of risk has remained consistent from the end of the previous fiscal period due to continuing fluctuations in the United States currency exchange rate. During the fiscal year, the Canadian currency has strengthened relative to the United States currency which is a financial disadvantage to the company as they are an exporter of raw wool valued in United States currency.

1. Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

The company is exposed to interest rate risk on the bank indebtedness and short term bank loans due to interest rates based on prime rate. Increases in market interest rates would increase the rate on these debts. Due to low and stable market interest rates, the organization's exposure and management of risk has not changed materially from the end of the previous fiscal period.

(f) Capital Lease Obligation

Lease arrangements that transfer substantially all of the benefits and risks of ownership are recorded as obligations at the net present value of the minimum lease payments discounted at the corporation's incremental borrowing rate. The imputed interest portion of the lease payment is expensed over the lease term and the remainder of the payment reduces the outstanding obligation.

(g) Revenue Recognition

The company recognizes revenue from sale of raw wool at the time the goods are shipped to the customer. Revenue and income from sale of livestock supplies and wool related products are recognized at the point of sale.

2. Inventory

Inventory is recorded at the lower of cost or net realizable value with cost determined on an average cost basis.

	2019	2018
	\$	\$
Raw wool	1,283,770	1,414,852
Stockmen's supplies	2,681,467	2,550,338
Wool Shop	523,415	526,656
	<u>4,488,652</u>	<u>4,491,846</u>

3. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net 2019	Net 2018
	\$	\$	\$	\$
Land	185,740	-	185,740	185,740
Buildings	2,864,245	632,987	2,231,258	2,324,231
Equipment	1,060,827	841,204	219,623	252,535
Equipment - Capital Lease	81,869	55,881	25,988	32,485
Furniture and fixtures	506,673	476,262	30,411	38,014
Vehicles	112,616	19,218	93,398	26,165
	<u>4,811,970</u>	<u>2,025,552</u>	<u>2,786,418</u>	<u>2,859,170</u>

4. Bank Loans

Bank loans represents the balance owing to Bank of Nova Scotia under an operating loan credit facility agreement renegotiated December 2017. The credit facilities and authorized maximum thresholds available include; an operating loan at a maximum of \$1,235,000 in Canadian currency including a maximum of \$100,000 in United States currency, standby letters of credit at a maximum of \$50,000, and foreign exchange contracts at a maximum term of one year. The operating loans bear interest at prime rate payable monthly and are due on demand. The loans are secured by a general security agreement, assignment of book debts, accounts receivable, inventory and collateral mortgage on the company's real properties.

	2019 \$	2018 \$
Operating Line of Credit		
bearing interest at prime rate, due on demand.	-	42,835

5. Capital Lease Obligations

	Future Minimum Lease Payments \$	Amount Representing Imputed Interest \$	Buyout Option \$	Net Lease Obligation 2019 \$	Lease Obligation 2018 \$
Meridian OneCap Credit Corporation secured by equipment, repayable in monthly lease payments of \$913 including implicit interest of 9% purchase option upon maturity, matures June 2019.	3,652	332	4,980	8,300	18,260
Less: Current portion	(3,652)	(332)	(4,980)	(8,300)	(9,960)
	-	-	-	-	8,300

Future minimum lease payments due in the subsequent two years are as follows:

	Future Minimum Lease Payments \$	Amount Representing Imputed Interest \$	Buyout Option \$	Net Lease Obligation \$
2020	3,652	332	4,980	8,300

Canadian Co-operative Wool Growers Limited
Notes to the Financial Statements
For the Year Ended February 28, 2019

6. Capital Stock

Authorized: 50,000 common shares, redeemable at \$10 each, cumulative dividends at 7%

	2019 \$	2018 \$
Common shares issued and outstanding:		
Opening Balance - 31,265 (30,538 prior year)	312,650	305,380
Issued - 894 (894 prior year)	8,490	8,940
Redeemed - 167 (167 prior year)	(2,340)	(1,670)
Closing Balance - 31,265 (31,265 prior year)	318,800	312,650

7. Refundable Dividend Tax

Represents income tax paid that is refundable upon payment of dividends at a rate of one third of total dividends paid. Since the expectation is that dividends are paid annually and the refundable tax will be recovered annually the amount of refundable dividend tax has been presented as a reduction to retained earnings rather than an expense on the income statement. As the refundable tax is recovered the reduction to retained earnings will be reduced accordingly.

8. Gain on Sale of Asset

The company disposed of depreciated vehicle assets at a carrying value of \$15,741, for proceeds on trade in of \$48,000. The company disposed of an investment at a carrying value of \$1,040 for proceeds of nil. The combined gain on sale of asset represents the proceeds of \$48,000 less the carrying value of \$16,781 for a total gain on sale of asset of \$31,219.

9. Income Tax Expense on Accounting Income

The company's income tax rate is made up of:

	2019 \$	2018 \$
Net Income before income taxes	514,135	425,599
Expected income tax expense at the combined basic federal and provincial income tax rate	200,513	170,240
Small business deduction	(129,895)	(111,418)
Tax effect of timing difference between accounting expenses and deductions for income tax purposes	(1,090)	8,094
Tax expense	69,528	66,916
Tax expense as a percentage of accounting income	13.52 %	15.72 %

Net Income before income taxes	514,135	425,599
Adjustment for differences between accounting income and taxable income	(4,737)	29,182
Taxable income	509,398	454,781
Tax expense	69,528	66,916
Tax expense as a percentage of taxable income	13.65 %	14.71 %



CCWG Wool Industry News / Nouvelles de l'industrie de la laine

The CCWG recently held Management and Board of Director meetings at the 101st Annual General Meeting in Greenwich, Nova Scotia on October 17th – 19th, 2019.

The 2019 elected Board of Directors are as follows / *Le conseil d'administration a été élu comme suit:*

Executive Committee/Comité exécutif:

President / *Président*

- David Mastine, St. Felix de Kingsey, QC

1st Vice President / *1er vice-président*

- Allan E. Ribbink, Tiverton, ON

2nd Vice President / *2e vice-président*

- Roma H. Tingle, Prince George, BC

- Ruth Mathewson, Central North River, NS

Additional Directors on the Board are as follows / *Autres directeurs sur le comité:*

Audit Committee / *comité de vérification des comptes:*

- Warren L. Moore, Stavely, AB

- Ward Harden, Fir Mountain, SK

- Morgan A. Moore, Brandon, MB

- Gary J. Fox, Bloomfield, ON

- Arlette Seib, Watrous, SK

- John D. Woodburn, Grimshaw, AB

For the fiscal year ending February 28, 2019 the co-operative recorded gross sales of over 11.5 million which represents an increase of 11.2% from the previous year. Net income of \$514,135 from all business operations was achieved. Difficult wool marketing conditions continue due to the uncertainty of the China / USA trade conflict, Brexit and tensions in the Middle East. Canadian wool is currently being marketed to six countries but major export destinations this year will be China, Egypt and Czech Republic.

Profitability was up at all retail locations with overall sales increasing by 6.7% and profitability increased by 9.7% compared to the previous fiscal year. The Board of Directors have authorized a dividend payment of 7% to the shareholders of record date December 31, 2018.

The company has always paid a dividend and it has been 7% annually since 1999. The Shareholder Wool Shipper Loyalty Reward Program (SWSLRP) will remain at the rate of 7 cents per pound on the 2018 wool clip. Full details of these programs can be found on the company website www.wool.ca. For a report on the current wool market and our business update – <https://wool.ca/page/wool-market-reports> .

2019 recorded our 101st year in business. To celebrate this event an evening banquet featuring fresh Nova Scotia lamb was held at the Old Orchard Inn in Greenwich, Nova Scotia with 60 guests in attendance. In 2020 the Annual General Meeting will be held in Prince George, British Columbia from October 15th – 17th.

Le CCWG a récemment tenu les réunions de la direction et du conseil d'administration lors de la 101^{ème} assemblée générale annuelle à Greenwich, en Nouvelle-Écosse, du 17 au 19 octobre 2019.

Pour l'exercice financier se terminant le 28 février 2019, la coopérative a enregistré un chiffre d'affaires brut de plus de 11,5 millions, ce qui représente une augmentation de 11,2% par rapport à l'année précédente. Un bénéfice net de 514 135 \$ de toutes les activités commerciales a été atteint. Les conditions difficiles de commercialisation de la laine persistent

en raison des incertitudes liées au conflit commercial entre la Chine et les États-Unis, au Brexit et aux tensions au Moyen-Orient. La laine canadienne est actuellement vendue dans six pays, mais les principales destinations d'exportation cette année seront la Chine, l'Égypte et la République tchèque.

La rentabilité a augmenté dans tous les magasins de détail, les ventes globales ont augmenté de 6,7% et la rentabilité de 9,7% par rapport à l'année fiscale précédente. Le conseil d'administration a autorisé le versement d'un dividende de 7% aux actionnaires inscrits au 31 décembre 2018. La société a toujours versé un dividende, qui est de 7% par an depuis 1999. Le programme de fidélisation des actionnaires pour les expéditeurs de laine (SWSLRP) restera au taux de 7 cents la livre sur les toisons de laine de 2018. Des informations complètes sur ces programmes sont disponibles sur le site Web de la société www.wool.ca. Pour un rapport sur le marché actuel de la laine et une mise à jour de notre entreprise: <https://wool.ca/page/wool-market-reports>.

2019 fût notre 101e année d'activité. Pour célébrer cet événement, un banquet mettant en vedette de l'agneau frais de Nouvelle-Écosse a eu lieu au Old Orchard Inn de Greenwich, en Nouvelle-Écosse, en présence de 60 invités. En 2020, l'assemblée générale annuelle se tiendra à Prince George, en Colombie-Britannique, du 15 au 17 octobre.



Warren L. Moore, CCWG Director Alberta South presents Brain W. Greaves with the 1st Annual CCWG National Sheep Industry Award in recognition of excellence in contributing to the sheep industry in Canada.

Warren L. Moore, directeur du CCWG, Alberta Sud, remet à Brain W. Greaves le premier Prix annuel du CCWG pour l'industrie ovine, en reconnaissance de son excellence dans la contribution à l'industrie des ovins au Canada.



The Littles from Briggs & Little Woolen Mills Ltd in New Brunswick attended the 101st CCWG AGM in Greenwich, NS. CCWG and Briggs & Little have been doing wool business together for over 70 years.

John Little gave an interesting presentation on the history of Briggs & Little Woolen Mills Ltd.

Les Littles de Briggs & Little Woolen Mills Ltd au Nouveau-Brunswick ont assisté à la 101^e AGA du CCWG à Greenwich, en Nouvelle-Écosse.

La CCWG et Briggs &

Little font affaires ensemble depuis plus de 70 ans.

John Little a fait une présentation intéressante sur l'histoire de Briggs & Little Woolen Mills Ltd.

Left to right / De gauche à droite:

Mike Little, Leah Little, Eric Bjergso, Brenda Little, John Little

Eric Bjergso, CCWG General Manager presents John Little, Briggs & Little Woolen Mills Ltd with a certificate of appreciation for being a valued partner in the Canadian wool industry.

John also received a limited-edition wool blanket from the MacAusland Woolen Mill in PEI.

Eric Bjergso, directeur général du CCWG, remet à John Little, Briggs & Little Woolen Mills Ltd un certificat d'appréciation pour avoir été un précieux partenaire de l'industrie canadienne de la laine.



John a également reçu une couverture en laine à édition limitée du MacAusland Woolen Mill de l'Île-du-Prince-Édouard.

The National Wool Certificate of Merit recipients for 2018 were announced as follows:

Certificat de mérite 2018 en production de laine

Québec

La Moutonnière Inc.
Lucille Giroux
Shearer / Tondeur - Édouard Lancina

Ontario

Stonebrae Farm
Dave & Ronan Willard
Shearer / Tondeur - David Jones

Doug Savage & Carol Williams
Shearer / Tondeur - Gerald Gemmill

Manitoba

Gerry Oliver
Shearer / Tondeur - Brian Greaves

Reuben & Yvette Neumier
Shearer / Tondeur - David Stott

Saskatchewan

D.J. Cairns - Cairns Ranch

Saskatchewan

Dwane Morvik
Shearers / Tondeurs – Allison Preston & Shaun Fajnor

Arlette & Allan Seib

Shearers / Tondeurs – Lorrie Reed & Crew

Alberta

Lomond Farming Co. Ltd
Shearers / Tondeurs - Colony Shearers

George Grimm

Shearer / Tondeur - George Grimm

Oxbow Ranch - Rudy Stein

Shearers/Tondeurs - Connor & Rudy Stein

British Columbia

Aveley Ranch - Ian Moilliet

Shearer / Tondeur – David Cadsand



Arlette Seib CCWG Director Saskatchewan North, accepting a wool Certificate of Merit for Saskatchewan from Nathan Pappas-Barabe, Wool Grader at the Carleton Place wool warehouse.

*Arlette Seib
Directrice du CCWG pour le Nord de la Saskatchewan, acceptant un certificat de mérite de la laine pour la Saskatchewan de Nathan Pappas-Barabe, classificateur de la laine à l'entrepôt de laine de Carleton Place.*

Certificate of Merit

Due to organized marketing and the emphasis being placed on producing a quality product by members of the Co-op, a great interest is being shown in Canadian Wool by both commercial and individual buyers. Now there is recognition paid to wool growers who take extra pride in their wool, and through extra efforts offer a much improved product for market.

These growers also exemplify the co-operative spirit and contribute by making their system of marketing operate more efficiently, to the benefit of all wool growers across Canada.

In order that these men and women be known for their efforts and so some standard will exist in commercial wool production, as it does in so many ways with lamb production a Certificate of Merit is awarded to the top wool shippers of Canada for the current wool season. These growers will also be recognized at our annual general meeting as well as in the next issue of the Canadian Wool Growers Magazine.

These awards will be made to those growers who best support the co-operative method of marketing wool through their knowledge and efforts at producing wool which goes far to promote Canadian wool to buyers. The selection will be made by a panel of judges representing the shearing, warehousing, grading, selling and buying aspects of wool. Consideration will be given to volume, breeding, care of the fleece, proper preparation and shipment to the Co-op. Factors such as geographic location will be considered as well to allow for unavoidable variations in such things as climate.

No grower will be penalized for offsorts that have been separated, identified and shipped to the Co-op as such.

It is our intention that this award will grow in prestige and stature as the symbol of excellence in commercial wool production.

Le certificat de mérite

En raison de la commercialisation organisée et l'accent mis sur la production d'un produit de qualité par les membres de la Co-op, un grand intérêt a été démontré envers la laine canadienne par les acheteurs commerciaux et individuels. Maintenant qu'il y a une reconnaissance discernée aux producteurs qui démontrent une fierté envers leur laine, et grâce à certains efforts supplémentaires, nous pouvons offrir un produit nettement amélioré sur le marché.

Ces producteurs illustrent également l'esprit de coopération et contribuent en rendant leur système de commercialisation plus efficace, ce qui est dans l'intérêt de tous les producteurs de laine à travers le Canada.

Afin que ces hommes et ces femmes soient reconnus pour leurs efforts et qu'une certaine norme existe dans la production de laine commerciale - comme à bien des égards dans la production d'agneau - un certificat de mérite est décerné aux meilleurs expéditeurs de laine du Canada pour la saison en cours. Ces producteurs seront également reconnus à notre assemblée annuelle, ainsi que dans la prochaine édition de la revue Canadian Wool Growers.

La sélection sera faite par un comité de juges représentant la tonte, l'entreposage, le classement, la vente et les aspects d'achats de la laine. De plus, les juges tiendront compte du volume, de l'élevage, des soins de la toison, de la préparation et de l'expédition à la Co-op. D'autres facteurs seront également pris en considération, tels que l'emplacement géographique et les variations inévitables de climat.

Aucun producteur ne sera pénalisé pour la laine inférieure qui a été séparée, identifiée et livrée à la coopérative.

Il est de notre intention que ce prix augmentera en prestige et en stature, tel le symbole de l'excellence dans la production de la laine commerciale.

Shearers from Atlantic Canada recognized for their long-time service to the sheep industry were as follows:

Les tondeurs suivants ont été reconnus pour leur long service au sein de l'industrie ovine:

Sarah Nettleton, Valdis Peterson, Brian Trenholm



Jonathan Wort accepts the long-time shearing certificate on behalf of Sarah Nettleton

Jonathan Wort accepte le certificat de tondeur de longue date au nom de Sarah Nettleton

Amber Peterson accepts the long-time shearing certificate on behalf of her father Valdis Peterson.

Amber Peterson accepte le certificat de tondeur de longue date au nom de Valdis Peterson

Left to right / De gauche à droite:
Jonathan Wort, Amber Peterson, Nathan Pappas-Barabe, Wool Grader / Classificateur de laine



John Little of Briggs & Little Woolen Mills Ltd presents the long-time shearing certificate to Brian Trenholm.

John Little de Briggs & Little Woolen Mills Ltd présente le certificat de tondeur de longue date à Brian Trenholm.



CCWG Board of Directors 2019/20
Le conseil d'administration 2019/20 de la CCWG

Left to right/ *De gauche à droite*: Ruth Mathewson, Atlantic; Arlette Seib, Saskatchewan North; Morgan A. Moore, Manitoba; David Mastine, Québec West; John D. Woodburn, Alberta North; Allan E. Ribbink, Ontario West; Ward Harden, Saskatchewan South; Roma H. Tingle, British Columbia; Gary J. Fox, Ontario East; Warren L. Moore, Alberta South

Staff & Director Retirement Presentations
Présentations pour la retraite du personnel et des directeurs

Donna Zeman – Executive Director, Carleton Place
 Lee E. Sexton – CCWG Director, Saskatchewan North
 Brian W. Greaves – CCWG Director, Manitoba



Left to right / *De gauche à droite*:
 Morgan A. Moore, CCWG Director Manitoba;
 Brian W. Greaves, retiring CCWG Director
 Manitoba; Nathan Pappas-Barabe, Wool Grader
 / *Classificateur de laine*



Left to right / *De gauche à droite*:
 Lee E. Sexton, retiring CCWG Director
 Saskatchewan North; Nathan Pappas-Barabe,
 Wool Grader / *Classificateur de laine*; Ward
 Harden, CCWG Director Saskatchewan South



CCWG Wool Market and Business Update – Fall 2019

2018 / 19 Wool Market Update

The wool market has been experiencing quite a rough ride for the current wool marketing year. During the first quarter the market seemed to be on track for stable conditions with both fine wool and crossbred types achieving reasonable prices and demand. There were expectations at the time that good progress was being made for a new China / USA trade agreement.

This situation however was short lived from April onwards as a number of factors came into play. Traditionally the market for wool is at its best and consumer confidence is greatest when there is positive growth in global economies and a stable worldwide political environment. The current situation of widespread indecision and uncertainty has had a detrimental effect on all value chain partners within the entire wool textile industry. China is the world's largest market for woollen garments of which approximately 45% is for domestic consumption and the remaining 55% for export. The escalation of the China / USA trade conflict, with time lines for increased tariff's put in place by both sides has had a major negative impact on the market.

Wool prices have been quite volatile which has created chaotic conditions for mills and the consequences of de-valued inventories. In August the Australian market dropped by more than 35%, the market has since managed to claw back some of these losses in September and October. For several months mills in China have been operating on reduced production schedules from 30% to 60%. Due to weak demand, stocks throughout the entire wool textile pipeline have been building in China and around the globe. Cash flow has been very much restricted as a result. European processors have reported that consumer demand has dropped by more than 20 percent, again due to trade and economic uncertainty from the trade war and other problems such as Brexit and tensions in the Middle East. Due to the overall state of the global economic situation, consumers are spending less on clothing which is affecting the entire global textile sector. Consumer confidence throughout China, Europe and other major economies has been severely affected by trade and fears of a worldwide recession.

Most of the major wool producing countries have experienced declines in wool exports of approximately 10% to 15% compared to a year ago which is mostly attributable to weaker global demand for wool. In Australia there has been no relief in the severe drought conditions that have existed for quite some time. Wool production has been hit hard due to these difficult seasonal conditions as producers have been forced to de-stock due to feed shortages. Wool production in Australia has declined by 14% compared to a year ago and there has been a downward trend now for several years. In NZ sheep numbers also continue to decline and wool production is lower by 2.5% compared to a year ago.

The Nanjing Wool Market Conference was recently held in Qufu, Shandong China where 500 representatives from 26 countries attended. The conference is an annual meeting of the global wool industry that facilitates discussion on current industry issues, future developments and market opportunities. The general consensus at the conference was that wool prices are likely to remain volatile for the next few months and possibly into 2020 before a more sustained and modest improvement will occur. A bright spot for the Chinese industry has been the popularity of two new star products that utilize significant fine wool and some broader wools to a lesser degree. Double sided wool fabric and fake faux fur (replicating wool for fur) for winter coats have been selling very well in the Chinese domestic market.

In terms of Canadian wool production, a 9.7% increase was recorded compared to the previous wool marketing year. This is a good sign and we are hopeful for stable wool production in Canada. However, continuing drought conditions in certain parts of the country is a big concern due to the associated increased feed costs and flock reductions or dispersals that have been occurring. At the time of this writing we have marketed approximately 60% of the current year's wool production. Under normal trading conditions we would expect to be further sold by this time of year. With the present difficult wool marketing conditions that prevail we will continue with a patient and disciplined wool marketing approach to our regular established markets as opportunities arise. Our top three export destinations for Canadian wool in 2019 will be China, Egypt and Czech Republic.

It is worth noting that the well prepared wool clips are always easier to market when times are tough compared to inferior quality wools that contain faults such as high vegetable matter, poor colour etc.

CCWG Livestock Supplies, the Real Wool Shop and Premier Choix Agricole represent the retail brands that have served the company well. This business continues to grow and achieve favourable results. Sales increased by 6.7% compared to the previous year and net profitability increased by 9.7%. Significant investment is being allocated to improving the companies online platform as this part of our business continues to expand. In order to maximize social media marketing opportunities and for future business planning and development, a marketing consultant will be providing recommendations for consideration on these initiatives.

We wish to recognize James McNeely, Wool Superintendent and Donna Zeman, Executive Director who are two long time company employee's that are taking well deserved retirement. On behalf of all of us we thank you for your many years of loyal and dedicated service. Best wishes to both of you for many years of happy retirement.

Sincere thanks is also expressed to all staff, directors and our loyal customers for contributing to our continued success in this our 101st year of business.

Respectfully submitted,

Eric Bjergso
General Manager

Mise à jour d'affaires et du marché de la laine de la CCWG – automne 2019

Mise à jour du marché de la laine 2018-19

Le marché de la laine a connu une période assez difficile lors de la campagne actuelle de commercialisation de la laine. Au cours du premier trimestre, le marché semblait être sur la bonne voie afin de maintenir des conditions stables pour la laine fine ainsi que la laine

grossière, lesquels atteignaient des prix et une demande raisonnables. À ce moment, on s'attendait à de bons progrès pour un nouvel accord commercial entre la Chine et les États-Unis.

Cette situation a toutefois été de courte durée, à compter d'avril, un certain nombre de facteurs sont entrés en jeu. Traditionnellement, le marché de la laine est à son meilleur et la confiance des consommateurs est la plus grande lorsqu'il y a une croissance positive dans les économies mondiales et un environnement politique mondial stable. La situation actuelle d'indécision et d'incertitude a eu un effet néfaste sur tous les partenaires dans l'ensemble de l'industrie de la laine. La Chine est le plus grand consommateur mondial pour les vêtements en laine. Environ 45 % sont destinés à la consommation à l'intérieure du pays, tandis que 55 % sont destinés à l'exportation. L'escalade du conflit commercial entre la Chine et les États-Unis, avec les délais et l'augmentation des droits de douanes mis en place par les deux parties, a eu un impact négatif majeur sur le marché.

Les prix de la laine ont été assez instables, ce qui a créé des conditions chaotiques pour les moulins et a entraîné une dépréciation de la valeur des inventaires de laine. En aout, le marché australien a chuté de plus de 35 %. Le marché a réussi à récupérer une partie de ces pertes en septembre et en octobre. Depuis plusieurs mois, les usines chinoises ont réduit leurs productions de 30 à 60 %. En raison de la faible demande de laine, les inventaires se sont accumulés dans l'ensemble du réseau des textiles en Chine et à travers le monde entier. Par conséquent, les flux de trésorerie ont été très limités. Les transformateurs européens ont signalé que la demande des consommateurs a chuté de plus de 20 %, encore une fois en raison de l'incertitude commerciale et économique découlant de la guerre commerciale et d'autres problèmes comme le Brexit et les tensions au Moyen-Orient. En raison de l'état général de la situation économique mondiale, les consommateurs dépensent moins sur l'habillement, ce qui affecte l'ensemble du secteur mondial des textiles. La confiance des consommateurs en Chine, en Europe et dans les autres grandes économies, a été gravement affectée par le commerce et les craintes d'une récession mondiale.

La plupart des principaux pays producteurs de laine ont connu des baisses d'exportations de laine d'environ 10 à 15 % par rapport à l'an dernier, ce qui est principalement attribuable à la baisse de la demande mondiale de la laine. En Australie, il n'y a eu aucun répit des conditions sévères de sécheresse qui persistent depuis un bon bout de temps. La production de laine a été durement touchée en raison de ces conditions saisonnières difficiles; les producteurs ont été forcés de diminuer leurs cheptels en raison de la pénurie d'aliments pour les animaux. La production de laine en Australie a diminué de 14 % par rapport à l'an dernier. Cette tendance à la baisse ce produit depuis plusieurs années. En Nouvelle Zélande, le cheptel ovin continu également à diminuer et la production de laine est de 2,5 % inférieur à l'année précédente.

La conférence du marché de la laine de Nanjing a récemment eu lieu à Qufu, Shandong, en Chine, où 500 représentants de 26 pays ont participé. La conférence est une réunion annuelle de l'industrie mondiale de la laine qui facilite la discussion sur les enjeux actuels de l'industrie, les développements futurs et les débouchés commerciaux. Le consensus général à la conférence a été que les prix de la laine sont susceptibles de rester instables pour les prochains mois et peut-être jusqu'en 2020 avant qu'une amélioration plus

soutenue et modeste se produira. Un bon point pour l'industrie Chinoise a été la popularité de deux nouveaux produits vedettes qui utilisent beaucoup de laine fine et un peu de laine grossière. Du tissu de laine double face et de la fausse fourrure (réplication de laine pour de la fourrure) utilisés pour manteaux d'hiver se vendent très bien sur le marché intérieur chinois.

En ce qui concerne la production de la laine canadienne, une augmentation de 9,7 % a été enregistrée par rapport à l'année de commercialisation précédente. C'est un bon signe et nous espérons que la production de laine sera stable au Canada. Toutefois, les conditions de sécheresse persistantes dans certaines régions du pays sont très préoccupantes en raison de l'augmentation des coûts des fourrages et de la réduction ou de la dispersion des troupeaux. Au moment de la rédaction de ce document, nous avons commercialisé environ 60 % de la production de laine de l'année en cours. Dans des conditions commerciales normales, on aurait vendu d'avantage à cette période de l'année. Compte tenu des conditions actuelles difficiles de commercialisation de la laine qui prévalent, nous continuerons d'adopter une approche patiente et disciplinée de commercialisation de la laine sur nos marchés établis au fur et à mesure que des occasions se présenteront. Les trois principales destinations de la laine canadienne en 2019 seront la Chine, l'Égypte et la République de Tchèque. Il est bon de noter que les toisons de laine bien préparées sont toujours plus faciles à commercialiser lors de moments plus difficiles par rapport aux laines de qualité inférieure qui contiennent beaucoup de matière végétale, une couleur foncée, etc.

La CCWG Livestock Supplies, the Real Wool Shop et Premier Choix Agricole représentent les marques de détail qui ont bien servi l'entreprise. Cette entreprise continue de croître et d'obtenir des résultats favorables. Les ventes ont augmenté de 6,7 % par rapport à l'année précédente et la rentabilité nette a augmenté de 9,7 %. Des investissements importants sont consacrés à l'amélioration du site Web en ligne car cette section de nos activités continue de prendre de l'expansion. Afin de maximiser les occasions de marketing dans les médias sociaux et pour la planification et le développement des activités futures, un conseiller en marketing formulera des recommandations à l'égard de ces initiatives.

Nous tenons à rendre hommage à James McNeely, surintendant de la laine, et à Donna Zeman, directrice exécutive, qui sont deux employés de longue date de l'entreprise qui prennent leur retraite bien méritée. Au nom de tous, nous vous remercions pour vos nombreuses années de services, votre loyauté et votre dévouement. Meilleurs souhaits à tous les deux pour de joyeuses années de retraite.

Des remerciements sincères sont également adressés à tout le personnel, aux directeurs et à nos clients fidèles pour avoir contribué à notre succès continu en cette 101^e année d'affaires.

Respectueusement soumis,

Eric Bjergso
Directeur général

CANADIAN CO-OPERATIVE WOOL GROWERS LIMITED NATIONAL SHEEP INDUSTRY AWARD

The Canadian Co-operative Wool Growers Limited is accepting nominations for an annual National Sheep Industry Award. CCWG wishes to recognize a Canadian who exhibits excellence in contributing to the sheep industry in Canada.

The award is not restricted to sheep producers. Special consideration may be given to persons promoting wool production. The award shall not be given posthumously. Current and past CCWG board members are eligible.

Criteria for identifying potential nominees can include the following:

1. Volunteer or professional work in supporting and enhancing the sheep industry, which may include research, participation on boards, producer associations, and other activities for the benefit of the industry.
2. Support and mentoring of new producers and youth, including involvement in the 4-H program.
3. Demonstration of leadership and involvement in educational activities such as workshops, demonstrations and on-farm events.
4. Serves as an ambassador for the sheep industry at the local, provincial, national and international levels.
5. Works with government and non- government organizations to enhance visibility and raise awareness of the sheep industry.
6. Excels in creating consumer awareness of the sheep industry including involvement in animal welfare issues, food safety and marketing of sheep related products such as wool, hides, meat and dairy.
7. Demonstrates a commitment to sustainable sheep and wool production including embracing new technology to further the industry.

Please forward nominations by September 1, 2020 to Canadian Co-operative Wool Growers Limited, Box 130, Carleton Place, ON K7C 3P3 or email to: ccwghq@wool.ca.

LA COOPÉRATIVE CANADIENNE WOOL GROWERS LIMITED PRIX NATIONAL DE L'INDUSTRIE DU MOUTON

La Coopérative Canadienne Wool Growers Limited accepte les candidatures au Prix national annuel de l'industrie ovine. Le CCWG souhaite rendre hommage à un Canadien qui fait preuve d'excellence en contribuant à l'industrie du mouton au Canada.

Le prix ne se limite pas aux producteurs de moutons. Une attention particulière peut être accordée aux personnes promouvant la production de laine. Le prix ne doit pas être attribué à titre posthume. Les membres actuels et passés du conseil d'administration du CCWG sont éligibles.

Les critères d'identification des candidats potentiels peuvent inclure:

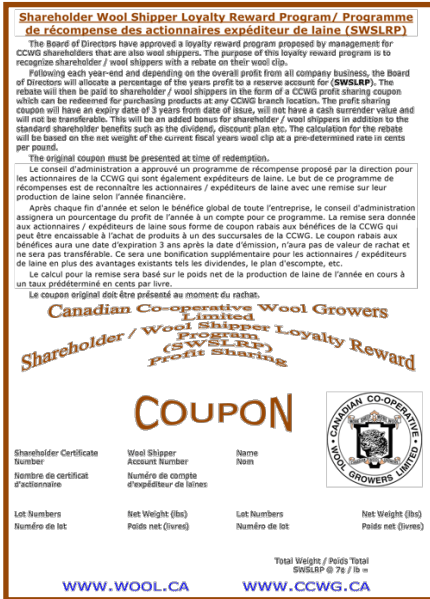
1. Bénévolat ou activité professionnelle visant à soutenir et à améliorer l'industrie ovine, pouvant inclure la recherche, la participation à des conseils d'administration, des associations de producteurs et d'autres activités dans l'intérêt de l'industrie.
2. Soutien et mentorat des nouveaux producteurs et des jeunes, y compris la participation au programme des 4-H.
3. Manifestation du leadership et participation à des activités éducatives telles que des ateliers, des démonstrations et des événements à la ferme.
4. Sert d'ambassadeur de l'industrie ovine aux niveaux local, provincial, national et international.
5. Travaille avec les organisations gouvernementales et non gouvernementales pour améliorer la visibilité et sensibiliser à l'industrie du mouton.
6. Excelle à sensibiliser les consommateurs à l'industrie ovine, notamment en ce qui concerne le bien-être des animaux, la sécurité alimentaire et la commercialisation de produits apparentés aux ovins tels que la laine, les peaux, la viande et les produits laitiers.
7. Démontre son engagement envers la production durable de moutons et de laine, y compris l'adoption de nouvelles technologies pour faire progresser l'industrie.

Veuillez faire parvenir vos candidatures avant le 1er septembre 2020 à Canadian Co-operative Wool Growers Limited, Case 130, Carleton Place, ON K7C 3P3 ou par courriel à ccwghq@wool.ca.

Shareholder Wool Shipper Loyalty Reward Program (SWSLRP)

The Board of Directors have approved a loyalty reward program proposed by management for CCWG shareholders that are also wool shippers. The purpose of this loyalty reward program is to recognize shareholder / wool shippers with a rebate on their wool clip.

Following each year-end and depending on the overall profit from all company business, the Board of Directors will allocate a percentage of the year's profit to a reserve account for (SWSLRP). The rebate will then be paid to shareholder / wool shippers in the form of a CCWG profit sharing coupon which can be redeemed for purchasing products at any CCWG branch location. The profit sharing coupon will have an expiry date of 3 years from date of issue, will not have a cash surrender value and will not be transferable. This will be an added bonus for shareholder / wool shippers in addition to the standard shareholder benefits such as the dividend, discount plan etc. The calculation for the rebate will be based on the net weight of the current fiscal years wool clip at a pre-determined rate in cents per pound.



This coupon must be presented at time of redemption.

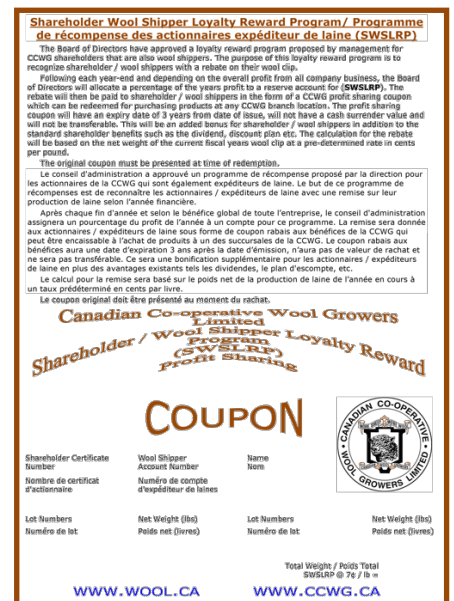
Programme de récompense des actionnaires expéditeurs de laine (SWSLRP)

Le conseil d'administration a approuvé un programme de récompense proposé par la direction pour les actionnaires de la CCWG qui sont également expéditeurs de laine. Le but de ce programme de récompenses est de reconnaître les actionnaires / expéditeurs de laine avec une remise sur leur production de laine selon l'année financière.

Après chaque fin d'année et selon le bénéfice global de toute l'entreprise, le conseil d'administration assignera un pourcentage du profit de l'année à un compte pour ce programme. La remise sera donnée aux actionnaires / expéditeurs de laine sous forme de coupon rabais aux bénéficiaires de la CCWG qui peut être encaissable à l'achat de produits à un des succursales de la CCWG. Le coupon rabais aux bénéficiaires aura une date d'expiration 3 ans après la date d'émission, n'aura pas de valeur de rachat et ne sera pas transférable. Ce sera une bonification supplémentaire pour les actionnaires / expéditeurs de laine en plus des avantages existants tels les dividendes, le plan d'escompte, etc.

Le calcul pour la remise sera basé sur le poids net de la production de laine de l'année en cours à un taux prédéterminé en cents par livre.

Ce coupon doit être présenté au moment du rachat.



Wool Preparation Incentive / Rebate (WPIR)

- 1) Currently a bonus of up to 8¢ per pound is paid on the total net weight of the wool clip (all grades including offsorts)
- 2) Eligibility is based on bright high yielding wool clips that have been well prepared and skirted with offsorts separated from main fleeces by a newspaper divider or packaged in a separate bag.
- 3) Shipped in well packed sacks.

Explanation: The objective of the wool preparation incentive is to reward producers with a bonus for those that have taken the time and effort to present a clean, well prepared and packaged wool clip for grading and marketing. At the time of wool grading, our wool grader assesses if the producers clip qualifies for the bonus which will range from 2¢ - 8¢ per pound, depending on the quality and presentation of the wool clip. Offsorts are defined as the bellies, stained wool and tags.

Politique de motivation à la préparation de la laine / Rabais (WPIR)

- 1) Présentement, une prime pouvant aller jusqu'à 8 ¢ par livre est versée sur le poids net total de la toison (tous les grades, y compris la laine inférieure)
- 2) L'admissibilité est basée sur les toisons à haut rendement, de couleur clair brillant, qui ont été bien préparés, ainsi que sur la laine inférieure séparée des toisons principaux par un papier journal diviseur ou emballée dans un sac séparé.
- 3) Expédié dans des sacs bien entassés.

Explication: L'objectif de cette politique est de récompenser par le biais d'une prime, les producteurs qui ont pris le temps et l'effort de présenter une toison propre, bien préparée et emballée pour le classement et la commercialisation. Au moment du classement de la laine, notre classeur de laine évalue si la toison des producteurs se qualifie pour une prime, qui varie entre 2 ¢ et 8 ¢ par livre, en fonction de la qualité et de la présentation de la toison. La laine inférieure est celle qui provient des ventres, qui est tachée ou qui est souillée.

NOTICE OF ANNUAL GENERAL MEETING AVIS DE L'ASSEMBLÉE GÉNÉRALE ANNUELLE

The 102nd Annual General
Meeting of the
*la 102^e l'assemblée générale
annuelle de*

Canadian Co-operative Wool
Growers Limited

**October 17th 2020
le 17 octobre 2020**

Prince George, BC

For further information please
contact: *Pour plus
d'informations se il vous plaît
contacter:*

**Canadian Co-operative
Wool Growers Limited,**
Box 130, Carleton Place,
Ontario K7C 3P3
Tel: 613-257-2714
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WWW.WOOL.CA
CCWGHQ@WOOL.CA

CCWG DIRECTOR ELECTIONS 2020

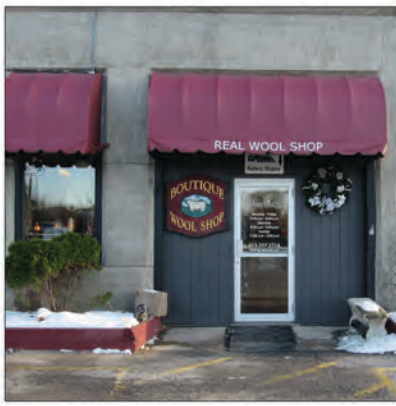
The following Canadian Co-operative Wool Growers Limited directors' term of office will expire in 2020. Any shareholder interested in a director position is required to file a nomination ballot supported by three shareholders from the provincial sub district in which they reside, at least 60 days prior to the provincial shareholders meeting. Copies of our corporate bylaws and nomination ballots are available upon request from any branch of the Canadian Co-operative Wool Growers Limited. All nomination ballots must be received at Head Office by **June 30, 2020**.

L'ÉLECTION DES DIRECTEURS POUR 2020

*La durée du mandat des directeurs de la Canadian Co-operative Wool Growers Limited, notée ci-dessous, prendra fin en 2020. Tout actionnaire intéressé par un poste de direction est tenu de déposer un bulletin de mise en candidature soutenu par trois actionnaires du sous-district provincial dans lequel il réside, au moins 60 jours avant l'assemblée générale provinciale. Des copies de nos statuts sociaux et des bulletins de mise en candidature sont disponibles sur demande auprès de n'importe quelle succursale de la Canadian Co-operative Wool Growers Limited. Tous les bulletins de mise en candidature doivent être reçus au siège social pour le **30 juin 2020**.*

**British Columbia
Alberta South / Sud
Saskatchewan South / Sud
Ontario East / Est
Québec West / Ouest
Québec East / Est**

**Roma H. Tingle
Warren L. Moore
Ward Harden
Gary J. Fox
David Mastine
Vacant**



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WWW.REALWOOLSHOP.CA
VISIT US ONLINE
WWW.CCWG.CA



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STHYACINTHE@CCWG.CA

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 1-866-458-4800
COOKSTOWN@CCWG.CA



OLEX STOCKYARD
WATERLOO/KITCHENER, ON
 519-888-8299
WATERLOO@CCWG.CA



145 BROXBURN BOULEVARD
LETHBRIDGE COUNTY, AB
 403-327-3760
 1-800-567-3693 Page 28
LETHBRIDGE@CCWG.CA

the Dumfries House Wool Declaration

The Dumfries House Conference
9 September 2016

The versatility of the Wool fibre has been appreciated by man since the stone ages and to this day keeps the modern consumer cool when they are active and protects the wearer from severe weather elements. Moisture on the skin is wicked away and no man-made fibre has the ability to regulate the body's temperature in all weather conditions like Wool does naturally.

With this Declaration we commit our efforts, time and talents to promote, educate and enforce the wonderful natural attributes of the Wool fibre, listed here below:

1. Wool is 100% natural:

A natural protein fibre that is similar to human hair, Wool grows naturally on sheep.

2. Wool is a renewable resource:

Consuming a simple blend of water, air, sunshine and grass, sheep produce a new fleece every year without depleting finite natural resources.

3. Wool forms part of a natural carbon cycle:

Sheep consume organic carbon by eating plants, and store this in their fleece. Fifty percent of a fleece's weight is pure organic carbon stored in a durable, wearable form.

4. Wool is a natural alternative to wasteful consumer practices:

Research shows that the average life of a Wool garment is 2-10 years, compared to 2-3 years for garments made from other fibres.

5. Wool was made for recycling:

Wool fibres are high quality and durable, capable of re-use and recycling, ultimately reducing landfill disposal. Wool is routinely upcycled into woollen-spun knitwear, insulation and geotextiles – all of which contribute to a circular economy.

6. Wool is biodegradable:

Wool decomposes in a matter of years, releasing valuable nitrogen-based nutrients back into the soil.

7. Wool is naturally odour resistant:

By absorbing moisture vapour, Wool garments leave less perspiration on the skin, reducing odour-causing bacteria. Easily refreshed by airing, Wool garments can be worn longer between washes due to Wool's natural ability to shed dirt and bacteria.

8. Wool is fire resistant & fire retardant:

Naturally high in nitrogen and water content, Wool's unique cell structure requires high levels of oxygen in order to burn, and forms an insulating layer when heated that prevents the spread of flames. Wool does not melt, drip or stick to the skin when subject to extreme heat and produces less smoke and toxic fumes during combustion.

9. Wool improves indoor air quality:

When used in interior textiles such as carpets and upholstery, Wool absorbs and locks away pollutants such as volatile organic carbons (VOCs) from the air more rapidly than other fibres.

10. Wool is welfare assured:

The major woolgrowing countries namely Argentina, Australia, New Zealand, Norway, South Africa, United Kingdom, United States and Uruguay, all support the IWTO and Campaign for Wool and conform to the strictest standards of animal welfare as embodied in the IWTO Specifications for Wool Sheep Welfare. The IWTO Specifications are premised on the Five Freedoms of Animal Welfare as set forth by the World Organisation for Animal Health (OIE): freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, the freedom to express normal behaviour, and freedom from fear and distress. The Five Freedoms also form the basis of strictly enforced national animal welfare legislation in each of these woolgrowing countries.

About The Campaign for Wool

The Campaign for Wool is a global endeavour initiated by its Patron, HRH The Prince of Wales, to raise awareness amongst consumers about the unique benefits offered by Wool and call attention to the ecological advantages it delivers. The campaign was launched by the Patron in January 2010 and has been celebrated in key international markets, such as the United Kingdom, Australia, Spain, Netherlands, Germany, Norway, South Africa, Canada, United States of America, New Zealand, Italy, Japan and China.

About IWTO

With a world-wide membership encompassing the Wool pipeline from sheep to shop, the International Wool Textile Organisation (IWTO) represents the interests of the global Wool trade. By facilitating research and development and maintaining textile industry standards, IWTO ensures a sustainable future for Wool. To learn more about IWTO and its activities, visit www.iwto.org.

About the Dumfries House Wool Declaration

The Wool industry commits to protect the environment, to care about the welfare of the Wool Sheep and to uphold the best possible practices in growing, trading, manufacturing and selling Wool fibre and its relating textiles.



FOR NOTABLE SERVICE AND OUTSTANDING CONTRIBUTION
TO CANADIAN CO-OPERATIVE WOOL GROWERS LIMITED
AND TO AGRICULTURE IN CANADA

POUR LE SERVICE REMARQUABLE ET LEUR CONTRIBUTION
EXCEPTIONNELLE À LA CANADIAN CO-OPERATIVE WOOL
GROWERS LIMITED ET À L'AGRICULTURE AU CANADA

HONORARY KNIGHTS OF THE GOLDEN FLEECE
LE CHEVALIER D'HONNEUR DE LA TOISON D'OR.

COL. ROBERT McEWEN, MARCH 25TH, 1937

CHRISTIAN JENSEN, MARCH 30TH, 1950

GEORGE E. O'BRIEN, MARCH 25TH, 1964

W. H. JAFFRAY TISDALE, MARCH 25TH, 1965

JOHN WILSON JR., APRIL 2ND, 1970

JOHN C. ROSS, APRIL 5TH, 1979

LALOVEE R. JENSEN, MARCH 27TH, 1980

ROBERT W. SHOPLAND, APRIL 14TH, 1984

NEWTON G. BENNETT, APRIL 25TH, 1987

LLOYD AYRE, MAY 1ST, 1993

A. RUSSELL SIMPSON, MAY 28TH, 2005

JOHN D. BALDERSON, OCTOBER 19TH, 2014



"ask him to build a galley with fifty oars,
needing fifty strong men to row it."