

Agricultural Research Institute of Ontario Annual Report 2019-20



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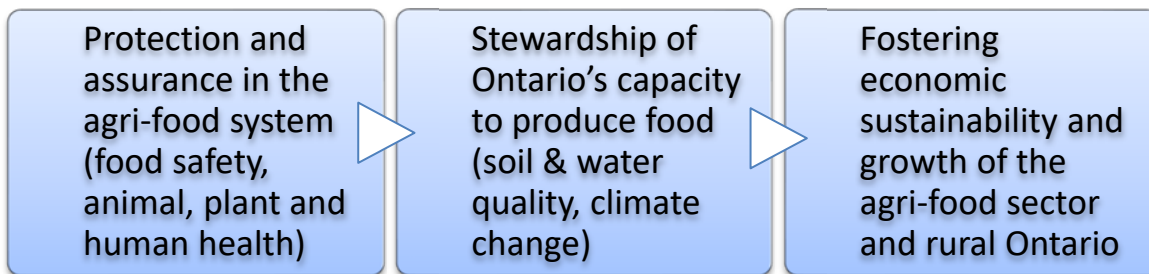
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Ministry Mandate and Role of ARIO

Ministry Mandate

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) works to advance the government's priorities through its efforts to promote a more competitive and productive agri-food and agri-products sector, economic growth and opportunities for rural Ontario.

The 2019-20 Ministry priorities were:



Role of the Agricultural Research Institute of Ontario

The Agricultural Research Institute of Ontario (“ARIO”) is a non-profit corporate body whose duties and responsibilities are defined within the *Agricultural Research Institute of Ontario Act*, R.S.O. 1990, c A.13. reporting to the Minister of Agriculture, Food and Rural Affairs. As ARIO is a non-profit organization, it is exempt from income taxes, and was created by the ARIO Act with responsibilities over the coordination and direction of agricultural research programs in Ontario, which cover all aspects of the agri-food system.

The Ontario Government, through OMAFRA, is ARIO’s primary funding source, although programs are supported through other sources as well, as permitted under the *ARIO Act*. Additional funding sources come from commercial sources and royalty revenues, and can be designated or non-designated for specific projects.

ARIO’s mandate remains strongly aligned to the Government of Ontario’s goals and priorities:

- Providing strategic advice to the minister on agri-food and agri-products research and innovation by continuing to advise the minister on research priorities and issues related to the ministry’s mandate
- Leading the ARIO’s Infrastructure Strategy initiative to modernize the province’s agri-food and agri-products research and innovation infrastructure platforms, which are key to delivering research and innovation that drives economic sustainability and growth
- Promoting the Ontario agri-food and agri-products research and innovation system
- Providing administrative and managerial oversight of Ontario research programs (e.g. New Directions, Food Safety), and the 17 ARIO-owned research properties.

2018-19 ARIO Members	Appointment Date	Expiry Date
Dr. Lorne Hepworth (Chair)	Jan. 18, 2019	Jan. 18, 2022
Ms. Rose Marie Gage (Vice-Chair)	Mar. 9, 2018	Mar. 8, 2021
Ms. Jennifer Christie	Sept. 8, 2017	Sept. 7, 2020
Mr. Adrian Jaques	July 22, 2014	Oct. 5, 2020
Dr. Gord Surgeoner	June 2, 2005	Mar. 12, 2022
Mr. Evert Veldhuizen	Jan. 2, 2019	Jan. 1, 2022
Director of Research	Lee-Ann Walker	
Comptroller	Sue Mihelchic	
Agriculture and Agri-Food Canada ex-officio representative	Dr. Javier Garcia-Garza	
Secretariat Support to ARIO: OMAFRA's Research and Innovation Branch Staff	Jen Liptrot, Director Kelli Rice, Manager – Research Accountability, Management, and Administration Unit Oswald Zachariah , Manager – Research and Knowledge Management Unit	

Letter from the Chair

November 2020

The Honourable Ernie Hardeman
Minister of Agriculture, Food and Rural Affairs
Legislative Buildings, Toronto, Ontario M7A 1A3

Dear Minister Hardeman,

I am pleased to share the 56th Annual Report of the Agricultural Research Institute of Ontario (ARIO) for the 2019-20 fiscal year. Due to delays in year-end financial reporting and COVID-19, the submission of this report is delayed for this year.

During the past year, ARIO has continued advancing components of its research infrastructure renewal strategy, building partnerships across the agri-food value chain, and emphasizing the importance of research and innovation as the way to build and maintain Ontario's competitive advantage in the agri-food and the agri-products sector moving forward. Some highlights of our work in the past year include:

- Grand opening of the cow/calf facility at Elora (Figure 1) which is now fully operational and is part of the Ontario Beef Research Centre.
- Continued relocation of the Guelph Turfgrass Institute and accompanying research plots from the Guelph Research Station to the University of Guelph Arboretum, as part of the broader divestment (in-progress) of the Guelph Research Station.
- Continued disposal of surplus assets at Alfred, Kemptville, New Liskeard and Guelph.



Figure 1: Cow/calf beef research facility in Elora.

Looking ahead to the 2021-22 fiscal year, the ARIO will continue to make significant strides towards the modernization of core research capacity and platforms in several key sectors ranging from livestock and field crops to aquaculture. These projects include, but are not limited to:

- Completion of a new beef feedlot at the Ontario Beef Research Centre which features advanced precision feeding capacity for beef nutrition research;
- Commencement of construction for the new Ontario Swine Research Centre at Elora Research Centre;
- Completion of expanded feeding and preparation capacity to support the Beef and Dairy research herds at Elora Research Station (Figure 2); and,
- Continued construction of two new Agronomy Research Services Buildings at Ridgetown and New Liskeard which allow for upgraded field crops research capacity in both Northern and Southern Ontario soil and climatic conditions.



Figure 2: Elora feed storage being constructed.

Together, with industry partners and the research community, the ARIO will continue to focus on targeted investments in the agri-food research sector that benefit Ontario's economy and ensure continued growth and sustainability in the years ahead.

ARIO continues to advocate on behalf of the agri-food sector and provide advice on research and innovation priorities in support of its mandate, including the Ontario Agri-food Innovation Alliance and the ministry research priorities.

Over this past year, members were engaged in foresight discussions, provided input to the ministry research priorities and heard from several researchers on their projects and research outcomes. Also, we appreciated the opportunity to engage directly with you on ARIO priorities

and emerging needs of the sector. These fruitful discussions enable us to provide the best advice to the ministry on research and innovation that meet its mandate and sector needs.

The agri-food sector continues to be a cornerstone of Ontario's economic strength and success and we continue to be excited about the investments in infrastructure and research projects we are making that will support agriculture in this province long into the future.

Sincerely,

A handwritten signature in dark ink, appearing to read 'L. Hepworth', written in a cursive style.

Lorne Hepworth
Chair, Agricultural Research Institute of Ontario

Director of Research and Chair's Report

We are pleased to provide an update and some highlights from the 2019-20 fiscal year for the Agricultural Research Institute of Ontario (ARIO) and its continuing support of agri-food research and innovation in Ontario.

The ARIO initiated a strategic planning process in March 2018 to take stock on what ARIO has achieved and determine its desired function given the current mandate. The process assessed the strategic and operational objectives, member skills and expertise necessary for success in the future, and communications opportunities that will enhance the profile of ARIO. This strategic planning process has guided the direction of the organization over the past year.

Research Infrastructure Strategy

ARIO's research infrastructure strategy provides a plan for the renewal and modernization of Ontario's aging network of agri-food research infrastructure and platforms. Implementation of the ARIO Infrastructure Strategy is resulting in a state of the art multi-disciplinary research and innovation platform focused on consumer, market and economic outcomes. Benefits include the creation of new and value-added products, developing solutions to current and emerging issues, and validating new technologies, processes and approaches to Ontario conditions.

A cornerstone of ARIO's Infrastructure Strategy is industry engaging directly with government and academia to address the highest research priorities and needs of the Ontario agri-food sector. Modernized infrastructure enables scientific excellence, knowledge dissemination and industry adoption, all of which are necessary to the economic growth of the agri-food and agri-products sector for the province.

The ARIO continues to plan and make strategic infrastructure investments through the ARIO Infrastructure Strategy. The strategy is supported by industry who provides capital dollars to projects (typically 20%) and is guided by two key pillars which seeks to modernize research infrastructure as well as drive operational efficiencies across the research station portfolio through consolidations of facilities and livestock.

Evidence of this reinvestment in research infrastructure in a time of restraint can be seen in various ARIO projects across the province:

- Completion of construction of a new Agronomy Research Services building at the Ontario Crops Research Centre in Winchester in Spring 2019 supports the field crops research needs of eastern Ontario while allowing ARIO to dispose of a wide range of older field crops buildings within the ARIO portfolio which were expensive to maintain and past their useful lifecycle for research.
- Site preparation at the Ontario Crops Research Centre in New Liskeard for an Agronomy Research Services building, with construction starting in fiscal 2020-2021. This build will also allow ARIO to dispose of a wide range of older field crops buildings which were costly to maintain and past their useful lifecycle for research.

- Relocation of the Ontario Turfgrass Research Centre and accompanying research plots to the University of Guelph arboretum where construction is currently underway and anticipated to be complete by late spring of 2021. Relocation of turf grass research allows for the disposition of old facilities and lands within the City of Guelph to a single modern and efficient facility co-located in closer proximity to the University of Guelph.
- Grand opening of the new cow/calf beef research facility at Elora, which became fully operational in September 2019. This state of the art building allows for the consolidation of the province's entire beef research herd to Elora from other areas of the province. ARIO can now dispose of several older beef buildings no longer suitable for research, which are costly to operate and maintain due to their age.
- Advanced design of the new Ontario Swine Research Centre commenced in September 2019. The new centre at Elora will replace the present facilities at Arkell which are well past their useful lifecycle, costly to operate and difficult to retrofit due to age. The planned research facilities will more closely resemble the current state of industry production taking place in Ontario, leading to better applied research outcomes for the sector.

The ongoing work and completion of these major projects is evidence of how the ARIO Infrastructure Strategy is working effectively to modernize the research station portfolio and establish state-of-the-art research infrastructure in the province with strong industry participation in research planning, program oversight and capital investment.

Property Management

The University of Guelph and the Vineland Research and Innovation Centre (VRIC), in addition to providing program delivery, have operated the ARIO-owned research stations and provide property management services, including the minor capital program, under agreements with ARIO. New agreements have been negotiated for the OMAFRA UofG Agreement and a complementary agreement for the Vineland property has been established between ARIO and VRIC for property management at this station. Both agreements took effect April 1st, 2018 upon the expiry of the previous agreements.

Minor Capital Program

The ARIO minor capital program is an ongoing multi-year program that allocates funds across the ARIO property portfolio to support the renewal for repairs, life cycle renovations and program-related improvements. The program is funded through an annual transfer payment from OMAFRA and is supplemented by revenues generated by the ARIO (e.g., tenant revenues).

Safety (human and animal), regulatory, building integrity and equipment failure issues that affect building and program operations across the network of ARIO properties are addressed through the approved annual minor capital plans submitted by the University of Guelph and VRIC at the beginning of each fiscal. These projects are then completed throughout the year.

Research Programs

The ministry's open research programs, New Directions and Food Safety, were replaced in 2019-20 by the **Ontario Agri-Food Research Initiative**, funded through the Canadian Agricultural Partnership, and not administered by ARIO.

No calls for proposals were launched for either the New Directions or the Food Safety Research Programs in 2019-20 but active projects continue to be administered by the ARIO.

ARIO continues to administer active projects under the **Quebec Ontario Cooperation for Agri-Food Research** from the 2018-19 call. No call was launched in the year 2019-20.

Access to ARIO Research Infrastructure

Researchers continue to leverage the ARIO network of research stations through the Ontario Agri-food Innovation Alliance. University of Guelph Researchers are provided subsidized access to the ARIO research stations to enable a broad spectrum of research across the sector. This is a highly valued resource for researchers and helps maximize the utilization of ARIO's research infrastructure. Examples of projects that were approved in 2019-20 include:

Competitive Production Systems:

- Development of evidence-based feeding strategies for lactating sows using novel and evolving feeding technologies.
- Supplementation of omega-3 fatty acids as a nutraceutical strategy to control postpartum inflammation and enhance production efficiency and fertility in dairy cows.
- Developing best management practices for late nitrogen applications in corn
- Evaluating the impact of pollination on cannabinoid production in industrial hemp.
- Improving outcomes for Ontario apple producers through precision agriculture and labour efficiency strategies.

Plant Health and Protection:

- Solving Stemphylium: Enhanced integrated pest management of Stemphylium leaf blight and other foliar diseases of onion.
- Herbicides and cover crops for improved corn establishment.
- Genetic Dissection of the Resistance to Soybean Cyst Nematode (SCN) using Advanced Functional Genomic Tools and Developing Ontario-Adapted SCN-Resistant Cultivars.
- Management and Mitigation of Bt Resistance in European corn borer in Canada.

Animal Health and Welfare:

- Characterization and validation of a potential probiotic with novel desired traits for animal application.
- Investigation of alternative control measures for post-weaning E. coli diarrhea in pigs.

- Understanding how bovine respiratory disease risk factors promote development of pneumonia as a strategy to develop novel methods to prevent disease.
- Pain control using various dosing regimens of meloxicam for band castration of newborn bull calves.
- Improving the care and management of down dairy cows through developing evidence-based best management practices.
- Applying genomics to identify markers associated with genetic resistance of sheep gastrointestinal nematode parasite infection.

Research Priority Setting

In 2019, OMAFRA launched a new internal research governance structure and process to guide research priority setting. The process involved OMAFRA's experts to identify agri-food and rural research priorities and to integrate stakeholder's research needs into OMAFRA's priority setting process. ARIO members were engaged in this process to provide feedback and insight into the research needs.

As a result of this new priority setting process, OMAFRA reorganized former research theme priorities into 11 new research priority areas:

- Food safety
- Animal health and welfare
- Plant health and protection
- Soil health
- Water quality and quantity
- Sustainable production systems
- Productive land capacity
- Competitive production systems
- Innovative products and products improvement
- Trade, market and targeted sector growth opportunities and;
- Strong rural communities.

These priorities informed the call for research proposals under the Ontario Agri-Food Innovation Alliance in 2019-20 and will continue to do so going forward.

Knowledge Translation and Transfer (KTT)

This year the ministry launched a revised KTT Strategy and workplan to refocus and enhance KTT activities. This has included an internal newsletter (first issue – July 2020), a Twitter feed, research project announcements, impact case studies, and a webinar series. A focus on capacity building of KTT skills has resulted in the development and distribution of the KTT Best Practices manual in partnership with the University of Guelph.

In addition, every Ontario Agri-food Innovation Alliance and Ontario Agri-Food Research Initiative research program proposal is required to have a knowledge transfer and translation plan which identifies key target audiences for research outcomes and outlines methods of

engagement to share research processes and results with industry stakeholders. KTT plans continue to be monitored annually by OMAFRA staff to ensure that they are implemented successfully. This process helps drive results into action faster and enables the agri-food sector to hear directly from researchers.

Conclusion

This past year saw several significant milestone accomplishments related to the ARIO Infrastructure Strategy along with continued effective property management and research program delivery. Next year promises more of the same and we are very much looking forward to the year ahead.

Finally, we would like to thank all those who support agri-food research and innovation across the province - industry, academia and the various levels of government.



Lorne Hepworth
Chair, Agricultural Research Institute of Ontario



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Lee-Ann Walker
Director of Research, Agricultural Research Institute of Ontario

Financial Information

Performance Measures

In accordance with the performance measures framework outlined in the MOU between ARIO and the ministry, the following performance measures in the area of infrastructure planning and management have been identified.

Performance Measure 1: Increased third party investment/collaboration in research and development infrastructure renewal

Target: Minimum of 20% of capital investment for new capital projects to come from non-government sources

Results: The industry contributes a minimum of 20% of capital projects to research infrastructure. For current projects, the Beef Farmers of Ontario and Ontario Pork have committed to contributing 20% of the capital cost of new facilities. For beef, total project costs are to be \$15.5M, with \$3M from industry. For swine, the estimated budget is \$15M (pending completion of the design phase).

Performance Measure 2: Research Station Utilization represented by the percentage of utilization and available capacity at each ARIO research station

Target: In 2018-19, a new methodology was developed to track the utilization at the stations that captures the unique requirements and nuances of assessing the utilization rates for plant and animal production. 2018-19 will be used as a baseline to assess future targets.

Results: ARIO Property Use and Capacity is measured through the calculation of a utilization rate for each Research Station, with the 2018/19 utilization rates used as targets. For Livestock Research Stations, the unit of tracking is an Animal Research Day (ARD). Animal use is strictly controlled by Animal Use Protocols (AUPs) required under the Animals for Research Act and Canadian Council on Animal Care. Station managers report on actual number of days each animal is used under each trial. It is possible for animals to be used on concurrent trials if the parameters of the trial do not interfere with each other. For Crop Research Stations, the unit of tracking is land area used for plots (hectares (ha)). Area is allocated on a seasonal basis, and there is generally no overlap of trials.

The utilization rate is calculated by adding research utilization to the research preparation requirements and dividing the total by the capacity of the station. The research preparation requirement accounts for the need for crop rotation, replacement animals or cycle time in space-based animal facilities.

In general, the utilization rates for Crop Research Stations are higher than those of the Livestock Research Stations. Crop trials, to some extent, can expand to better utilize available research plot area by increasing replications or increasing the number of varieties being tested or evaluated for breeding or performance determination. Livestock trials, on the other hand, are more limited to the nature of the resident herd or available housing spaces or types, and therefore cannot be easily scaled to increase usage. For example, in the Beef Cow-Calf facilities at the Ontario Beef Research Centres at Elora and New Liskeard, calving occurs once per year in early spring. Trials looking at a short period of a calf's development can only occur for the short duration post calving. It is not possible to bring in additional calves into the closed herd throughout the year, even though space may be available to conduct this type of work.

The Research Station capacity and utilization rates for 2019/20 are shown in Tables 7.2 and 7.3. Livestock Research Stations had an average utilization rate of 50.5% in 2019/20, exceeding the target of 49%. This was a small increase over the utilization rate for Livestock Research Stations in 2018/19. Utilization at the beef stations (Elora and New Liskeard) were lower than last year due to the transition to the new facility at Elora part way through the year. As experienced with the Ontario Dairy Research Centre, research projects tend to wind down leading up to a move to a new facility and can take several years to fully recover. This reduction in utilization was offset by increases at several other stations.

Livestock Research Station Capacity and Utilization

Livestock Research Station	Capacity (ARD)	Research Utilization (ARD)	Research Preparation (ARD)	Utilization Rate (%)
Alma - Aquaculture	111,690	8,961	28,105	33.2%
Arkell - Equine	11,680	11,113	365 ¹	98.3%
Arkell - Poultry	3,923,750	1,903,755	335,800	57.1%
Arkell - Swine	156,950	115,587	14,600	82.9%
Elora - Beef	206,995	14,595	38,895	25.8%
Elora - Dairy	173,010	54,723	83,950	80.2%
New Liskeard - Beef	164,250	140	27,375	16.8%
Ponsonby – General Animal Facility	100,375	25,656	21,900	47.4%
Ponsonby - Sheep	102,200	2641	10,950	13.3%
Total - Livestock Stations	4,950,900	2,137,171	561,940	50.5%²
			2019/20 Value	50.5%
			Target	49%
			2018/19 Value	48.9%

¹ Research Preparation at Arkell – Equine dropped from 1,095 in 2018/19 to 365 days in 2019/20, as only one horse was replaced versus three in the previous year.

² This is an average of the utilizations rates for each station.

Crop Research Stations had an average utilization rate of 80.7% in 2019/20, exceeding the target of 78%. Elora and Ridgetown continue to post high utilization rates, while Emo and New Liskeard have space available for additional research projects. With the hiring of additional faculty in northern crops research, the utilization rates are expected to increase at those stations in the future.

Research preparation area, which is the area used from crop rotation increased from 236.17 ha in 2018/19 to 249.81 ha in 2019/20. Rotation varies based on agronomic practice and the specific requirements of the research projects. Overall, research utilization increased from 251.07 ha to 253.13 ha in 2019/20.

Crop Research Station Capacity and Utilization

Crop Research Station	Capacity (Plot Area (ha))	Research Utilization (Plot Area (ha))	Research Preparation (Plot Area (ha))	Utilization Rate (%)
Cedar Springs	7.28	6.47	0.00	88.9%
Elora	154.35	54.31	95.51	97.1%
Emo	17.85	6.64	1.05	43.1%
Guelph	76.89	55.68	0.00	72.4%
Huron	42.90	21.85	18.62	94.3%
Muck	2.06	1.86	0.00	90.2%
New Liskeard	51.31	7.73	18.09	50.3%
Ridgetown	96.32	39.66	52.61	95.8%
Simcoe	46.78	25.50	17.40	91.7%
Winchester	40.51	17.04	19.42	90.0%
Woodstock	58.88	16.39	27.11	73.9%

Total - Crop Stations	595.13	253.13	249.81	80.7%²⁰
			2019/20 Value	80.7%
			Target	78%
			2018/19 Value	78.1%

The University of Guelph is pursuing opportunities to improve utilization rates through efficiency (e.g. allowing more trials to occur concurrently), infrastructure improvements (e.g. improved tile drainage allowing a greater number of trials to take place at stations), encouraging additional research projects at underutilized stations and other actions to streamline research program administration. Considering these efforts are in the early stages, modest improvements in utilization should be expected in the future.

Financial Performance Highlights

In a review of ARIO's financial statements for the year, the following items are noted:

- The Elora Research Station Precision Feed Preparation Facility has expanded to support the dairy and beef research herds.
- Vineland Research Innovation Centre (VRIC) Research Facility has modernized key aspects of research platforms by increasing the ability to undertake a wider variety of projects.
- From the income statement on provincial grants, the remeasurement amount/investments were impacted by COVID-19, and have rebounded as anticipated.
- The intellectual property fund's revenue amount has remained relatively consistent year over year.

This upcoming year will continue to deliver various ARIO projects across the province to work toward modernizing research infrastructure to foster strong industry participation in research planning, program oversight, and capital investment.

The Agricultural Research Institute of Ontario

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Agricultural Research Institute of Ontario (ARIO) have been prepared in accordance with Canadian generally accepted accounting principles. Management is responsible for the accuracy, integrity, and objectivity of the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. These financial statements have been prepared within reasonable limits of materiality with information available up to and including March 31, 2020.

In discharging its responsibility for the integrity of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

The financial statements have been examined by RLB LLP, independent external auditors appointed by the Ontario Ministry of Agriculture, Food and Rural Affairs, on behalf of ARIO. The external auditors' responsibility is to express an opinion on whether the financial statements are presented fairly in accordance with generally accepted accounting principles. The Auditors' Report outlines the scope of their examination and opinion.

On behalf of management:

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Lee-Ann Walker
Director of Research

Sue Mihelchic
Comptroller

Independent auditor's report



To the Members of: Agricultural Research Institute of Ontario

Opinion

We have audited the accompanying financial statements of Agricultural Research Institute of Ontario, which comprise the statement of financial position as at March 31, 2020 and the statements of revenues and expenditures and changes in fund balances, remeasurement losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Agricultural Research Institute of Ontario as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agricultural Research Institute of Ontario 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 public sector accounting standards 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

A handwritten signature in black ink that reads "RLB LLP". The letters are stylized and cursive.

Guelph, Ontario

Chartered Professional Accountants

July 16, 2020

Licensed Public Accountants

Statement of financial position as at March 31, 2020

Assets

Asset	2020 \$ (schedule 1)	2019 \$
Cash	7,516,142	10,054,638
Investments	28,722,000	27,549,149
Accounts receivable (note 14)	1,104,441	186,995
Total current assets	37,342,583	37,790,782
Tangible capital assets under construction	11,188,076	16,420,639
Tangible capital assets (note 5)	88,497,233	78,875,275
Total assets	137,027,892	133,086,696

Liabilities

Liability	2020 \$ (schedule 1)	2019 \$
Accounts payable and accruals	5,924,523	2,925,869
Holdbacks payable	54,600	395,142
Unclaimed expenditures	2,511,562	3,088,036
Deferred revenue	100,000	266,500
Total current liabilities	8,590,685	6,675,547
Deferred capital funded contributions (notes 6 and 9)	88,186,800	82,286,657

Liability	2020 \$ (schedule 1)	2019 \$
Deferred capital contributions (note 7)	14,257,050	15,616,617
Total liabilities	111,034,535	104,578,821

Net assets

Net assets	2020 \$ (schedule 1)	2019 \$
Fund balances	14,684,772	16,853,989
Accumulated remeasurement losses	(373,106)	(27,805)
Contributed assets (notes 4, 5 and 11)	11,681,691	11,681,691
Total net assets	25,993,357	28,507,875

Total liabilities and net assets

Liabilities and net assets	2020 \$ (schedule 1)	2019 \$
Total liabilities and net assets	137,027,892	133,086,696

Statement of revenues and expenditures and changes in fund balances for year ended March 31, 2020

Research revenues

Revenue	2020 \$ (schedule 2)	2019 \$
Grants – provincial (note 9)	0	1,850,000

Revenue	2020 \$ (schedule 2)	2019 \$
Grants – OEGF (Kawartha and IGPC) (note 12)	378,000	378,000
Intellectual property (note 8)	604,707	775,079
Total research revenues	982,707	3,003,079

Property revenues

Revenue	2020 \$ (schedule 2)	2019 \$
Grants – provincial – minor capital (note 9)	111,823	0
Rental income - provincial	633,233	580,793
Rental income – private industry	527,437	1,314,501
Grants – provincial – payments in lieu of taxes (note 9)	750,000	750,000
Payments in lieu of taxes	194,645	195,212
Amortization of deferred capital contributions	2,459,424	2,248,447
Total property revenues	4,676,562	5,088,953

Other revenues

Revenue	2020 \$ (schedule 2)	2019 \$
Gain on disposal of tangible capital asset (note 11)	0	1,035,000

Revenue	2020 \$ (schedule 2)	2019 \$
Investment income	718,932	583,499
Total other revenues	718,932	1,618,499

Total revenues

Revenue	2020 \$ (schedule 2)	2019 \$
Total research revenues	982,707	3,003,079
Total property revenues	4,676,562	5,088,953
Total other revenues	718,932	1,618,499
Total revenues	6,378,201	9,710,531

Research expenditures

Expenditure	2020 \$ (schedule 2)	2019 \$
Research projects	1,132,899	2,224,541
Intellectual property (note 8)	23,276	359,870
Total research expenditures	1,156,175	2,584,411

Property expenditures

Expenditure	2020 \$ (schedule 2)	2019 \$
Payments in lieu of taxes	1,318,202	1,223,035
Minor capital	3,263,202	3,976,546
Operations and maintenance	644,314	1,055,817

Expenditure	2020 \$ (schedule 2)	2019 \$
Amortization of tangible capital assets	2,459,424	2,248,447
Total property expenditures	7,685,142	8,503,845

Total expenditures

Expenditure	2020 \$ (schedule 2)	2019 \$
Total research expenditures	1,156,175	2,584,411
Total property expenditures	7,685,142	8,503,845
Total expenditures	8,841,317	11,088,256

Excess of expenditures over revenues for the year

Item	2020 \$ (schedule 2)	2019 \$
Excess of expenditures over revenues for the year	(2,463,116)	(1,377,725)
Net amount transferred from (to) unclaimed expenditures	293,899	(135,997)
Net excess of expenditures over revenues for the year	(2,169,217)	(1,513,722)

Net assets

Net assets	2020 \$ (schedule 2)	2019 \$
Net assets, beginning of year	28,507,875	30,998,537
Net remeasurement (losses) gains for the year	(345,301)	23,543

Net assets	2020 \$ (schedule 2)	2019 \$
Change in contributed land (note 4)	0	(1,000,483)
Net assets, end of year	25,993,357	28,507,875

Statement of remeasurement losses for year ended March 31, 2020

Remeasurement losses	2020 \$	2019 \$
Accumulated remeasurement (losses) gains, beginning of year	(27,805)	(51,348)
Unrealized gains (losses) attributable to investments	(337,590)	42,850
Amounts reclassified to the statement of operations: realized losses on investments	(7,711)	(19,307)
Net remeasurement (losses) gains for the year	(345,301)	23,543
Accumulated remeasurement losses, end of year	(373,106)	(27,805)

Statement of cash flows for year ended March 31, 2020

Cash provided by (used in) operating activities

Operating activity	2020 \$	2019 \$
Excess of expenditures over revenues for the year	(2,463,116)	(1,377,725)

Items not requiring an outlay of cash

Operating activity	2020 \$	2019 \$
Amortization of tangible capital assets	2,459,424	2,248,447
Completed project surplus transferred to unclaimed expenditures	(282,575)	(315,291)
Deferred capital contributions	(1,359,567)	(1,210,164)
Gain on disposal of tangible capital assets	0	(1,035,000)
Net remeasurement (losses) gains	(345,301)	23,543
Total items not requiring an outlay of cash	(1,991,135)	(1,666,190)

Changes in non-cash working capital

Operating activity	2020 \$	2019 \$
Accounts receivable	(917,446)	4,501,431
Investments	(1,172,851)	(335,437)
Accounts payable and accruals	2,998,654	1,355,843
Deferred capital funded contributions	5,900,143	10,444,298
Holdbacks payable	(340,542)	(132,934)
Deferred revenue	(166,500)	(296,052)

Operating activity	2020 \$	2019 \$
Total cash provided by (used in) operating activities	4,310,323	13,870,959

Cash provided by (used in) capital activities

Capital activity	2020 \$	2019 \$
Additions to tangible capital assets	0	(3,526,045)
Proceeds on sale of tangible capital assets	0	1,035,000
Tangible capital assets under construction	(6,848,819)	(7,988,275)
Total cash provided by (used in) capital activities	(6,848,819)	(10,479,320)

Net change in cash for the year

Cash	2020 \$	2019 \$
Net (decrease) increase in cash for the year	(2,538,496)	3,391,639
Cash, beginning of the year	10,054,638	6,662,999
Cash end of the year	7,516,142	10,054,638

Notes to the financial statements

Note 1 – Nature of organization

Under the province of Ontario Agencies and Appointments Directive, the Agricultural Research Institute of Ontario (ARIO) is classified as a Board Governed Operational Service Agency reporting to the Minister of Agriculture, Food and Rural Affairs. In addition, ARIO is a non-profit

organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes. It was created by the ARIO Act with specific responsibilities for the co-ordination and direction of agri-food research programs and research infrastructure in Ontario. These activities relate to a broad range of commodities and disciplines, covering all aspects of the agri-food system.

Funding for programs supported by ARIO is available from various sources. The Ontario Government, through the Ministry of Agriculture, Food and Rural Affairs (OMAFRA), is the primary source of funding. The Ontario Government also provides funding for open research programs. Under the ARIO Act, ARIO may accept grants and donations for research. Other funds usually come from commercial sources (such as agri-business, marketing boards and producer associations) and can be either designated for specific projects or non-designated. In addition, ARIO reinvests royalties earned from Ministry funded research.

All receipts are held in trust by the Director of Research and are allocated in accordance with the terms of the funds. Transactions between OMAFRA and the below programs are recorded at the exchange value.

The current research trust funds managed by the secretariat to ARIO are as follows:

- Agricultural Research Institute of Ontario (ARIO)
- Open Competitive Research (includes New Directions, Food Safety, other)
- Infrastructure

COVID-19 Acknowledgment:

Due to restrictions under the Emergency Management and Civil Protection Act, R.S.O. 1990, and its regulations, put in place in response to an ongoing pandemic known as the COVID-19 pandemic; there were and continue to be limitations on the activities permitted under law (the "Limitations") which impacts or has impacted the ability of ARIO to carry out operational and major capital construction activities.

Should these Limitations result in a delay in completing the business of ARIO, i.e. operating, reporting and capital activities, ARIO, in its capacity as a Board Governed Operational Service Agency reporting to the Minister of Agriculture, Food and Rural Affairs, will act in a timely manner to mitigate any delays so as to continue operations for which the agency is prescribed under the ARIO Act.

Note 2 – Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not for profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs") and include the following significant accounting policies:

Basis of accounting

ARIO follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate research trust fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate research trust fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments*Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of remeasurement losses.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write down is recognized in the statement of revenues and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

Transaction costs

The organization recognizes its transaction costs in expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Unclaimed expenditures

Unclaimed expenditures are defined as the total approved budget for open research projects less expenses incurred to date.

Tangible capital assets

Tangible capital assets are recorded at cost and are amortized using the following annual rates and method:

- buildings and components 25 to 40 years straight line

Impairment of long-lived assets

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Deferred capital contributions

Deferred capital contributions are recognized in the same period as the related impairment and amortized at the same rate as the buildings to which they relate.

Restrictions on the expenditure of funds

The purpose, funding, terms and conditions and duration of each research trust fund are stipulated in the relevant Order-in-Council, memorandum of understanding or Ministry correspondence.

Use of estimates

The preparation of financial statements in accordance with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions relate to the valuation of accounts payable and accruals and the useful life of capital assets. Actual results could differ from those estimates.

Note 3 – Financial instruments

Fair value

For certain of ARIO's financial instruments, the carrying amounts of cash, accounts receivable and accounts payable and accruals, approximate fair value due to the short term maturity of these financial instruments.

PS3450, Financial Instruments Disclosures requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

ARIO's financial instruments are classified as Level 2 except for cash which is classified as Level 1 as at March 31, 2020 and 2019.

There were no transfers in or out of Level 1 or Level 2 for the years ended March 31, 2020 and 2019.

Associated risks

Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of ARIO's financial instruments are carried at fair value with fair value changes recognized in the statement of remeasurement losses, all changes in market conditions will directly affect the increase (decrease) in accumulated remeasurement losses. Market price risk is managed by the Investment Manager through construction of a diversified portfolio of instruments traded on various markets and across various industries.

A 1% increase (decrease) in the value of the investments would increase (decrease) the asset value and the change in unrealized gains in investments by \$287,220 (2019 - \$275,491). The price of the investments is affected by changes in market values, foreign exchange rates and interest rates impacting the underlying financial instruments held within the individual investments managed by the Investment Manager.

Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Institute's cash flows, financial position and income. Interest rate changes have an indirect impact on the investment assets in ARIO. ARIO uses investment diversification to manage this risk.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of ARIO's fixed income securities are considered to be readily realizable as they can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements.

Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. ARIO is not exposed to significant foreign currency risk.

Credit risk

Credit risk is the risk that a customer or counterpart may be unable or unwilling to meet a commitment that it has entered into with ARIO. ARIO is not exposed to significant credit risk.

Note 4 – Contributed assets

Contributed assets of \$11,681,691 (2019 - \$11,681,691) are recorded in the Infrastructure Fund and represent the cost of the land transferred to ARIO from the Government of Ontario. During the year, the fair value of the land in Alfred was adjusted by an impairment of \$0 (2019 -\$0 due to a sale (see note 11)). Additionally, the land in Alfred was sold in 2019 for \$1,010,000, which was the residual value of the Alfred land in contributed surplus, and part of the land in New Liskeard was sold for \$25,000, with cost base of \$473, reducing contributed surplus by the cost base in contributed surplus of \$473.

Note 5 – Tangible capital assets

Land assets

Land	Cost \$	Accumulated amortization \$	Net 2020 \$	Net 2019 \$
Regional campuses	736,984	0	736,984	736,984
Research stations	24,651,505	0	24,651,505	24,651,505
Total land assets	25,388,489	0	25,388,489	25,388,489

Building assets

Building	Cost \$	Accumulated amortization \$	Net 2020 \$	Net 2019 \$
Regional campuses	25,118,835	9,887,252	15,231,583	16,121,790
Research stations	60,980,965	13,103,804	47,877,161	37,364,996

Building	Cost \$	Accumulated amortization \$	Net 2020 \$	Net 2019 \$
Total building assets	86,099,800	22,991,056	63,108,744	53,486,786

Total land and building assets

Land and building	Cost \$	Accumulated amortization \$	Net 2020 \$	Net 2019 \$
Total land assets	25,388,489	0	25,388,489	25,388,489
Total building assets	86,099,800	22,991,056	63,108,744	53,486,786
Total assets	111,488,289	22,991,056	88,497,233	78,875,275

As at March 6, 2007, the titles for capital assets (land and buildings) with a carrying value of approximately \$60.9 million were transferred to ARIO from the Government of Ontario. Carrying value is being used as the transfer value since the transfer took place between non arm's length parties, is non-monetary in nature and does not have commercial substance. As an agency of the Government of Ontario, ARIO reports these capital assets (and other assets and liabilities) in consolidation with the Ministry of Agriculture, Food and Rural Affairs on an annual basis.

Note 6 - Deferred capital funded contributions

Deferred capital contributions relating to construction of capital funded projects represents the amount of grants and other restricted funding received by ARIO for construction projects.

Balance	2020 \$	2019 \$
Balance, beginning of the year	82,286,657	71,842,359
Less amortization for the year	(1,099,857)	(1,038,283)

Balance	2020 \$	2019 \$
Add contributions received for capital purposes	7,000,000	11,482,581
Balance, end of the year	88,186,800	82,286,657

Funding Sources

Funding source	2020 \$	2019 \$
Federal	1,102,500	1,137,500
Provincial	78,110,233	71,981,121
Industry	8,974,067	9,168,036
Total funding sources	88,186,800	82,286,657

Note 7 - Deferred capital contributions

Deferred capital contributions represent the unamortized amount of the net book value of the buildings transferred to ARIO from the Government of Ontario in 2007. The amortization of capital contributions is recorded as revenue in the statement of revenues and expenditures. The changes in the deferred capital contributions are as follows:

Balance	2020 \$	2019 \$
Balance, beginning of the year	15,616,617	16,826,781
Less amortization for the year	(1,359,567)	(1,210,164)
Balance, end of the year	14,257,050	15,616,617

Note 8 - ARIO research fund

Revenue

Revenue	Seed royalty \$	Technology royalty \$	Other \$	Total 2020 \$	Total 2019 \$
Intellectual property	515,642	89,065	0	604,707	775,079
Investment income	(12,285)	(11,539)	79	(23,745)	181,827
Total revenue	503,357	77,526	79	580,962	956,906

Expenses

Expense	Seed royalty \$	Technology royalty \$	Other \$	Total 2020 \$	Total 2019 \$
Expenses	15,308	8,779	(811)	23,276	359,870

Fund balances

Fund balances	Seed royalty \$	Technology royalty \$	Other \$	Total 2020 \$	Total 2019 \$
Net surplus for the year	488,049	68,747	890	557,686	597,036
Fund balance, beginning of year	3,056,474	3,290,863	500,000	6,847,337	6,234,953
Remeasurement gains (losses)	56,721	47,865	7,060	111,646	15,348
Fund balance, end of year	3,601,244	3,407,475	507,950	7,516,669	6,847,337

During the prior year, the University of Guelph began program administration for the above intellectual property fund.

Note 9 - Grants received from the provincial government

The following grants, recorded at the exchange value, have been received from the Ontario Ministry of Agriculture, Food and Rural Affairs and successor ministries:

Research programs and other grants

Research Programs	2020 \$	2019 \$
New Directions (Competitive Research) Program	0	1,350,000
Food Safety Research Program	0	500,000
Total Research Programs	0	1,850,000
Other Grants	2020 \$	2019 \$
Minor capital	4,500,000	0
Major capital build projects	2,500,000	7,500,000
Payments in lieu of taxes	750,000	750,000
Total Other Grants	7,750,000	8,250,000
Total research programs and other grants	7,750,000	10,100,000

The following Provincial Government capital transfer payment grants have been partially capitalized as Deferred Capital Funded Contributions and partially recognized as Revenues as follows:

Minor capital

Minor capital	2020 \$	2019 \$
Funding received	4,500,000	0
Capitalized - Deferred Capital Funding Contribution	(4,500,000)	0
Net revenue	0	0

Note 10 – Transfer payments to the University of Guelph

During 2016, ARIO entered into a funding agreement with the University of Guelph to construct new turf grass facilities at the University of Guelph Arboretum. Under the agreement, ARIO would provide maximum funds of \$12,000,000 to be combined with up to \$3,000,000 in industry contributions to fund the construction of the new facility on Arboretum land. The project has experienced unforeseen delays and, as such, ARIO has approved the contribution of an additional \$1,000,000 in funding towards the project in order to assist in bringing the project to completion. The University of Guelph is also contributing an additional \$1,000,000 towards completion of the project. ARIO funds for this agreement come from major capital funding transfers which were previously received by ARIO from the Ontario Ministry of Agriculture, Food and Rural Affairs and successor ministries. By March 31, 2019, funding milestones were met and ARIO had provided the University with \$12,000,000 in funding.

During 2017, ARIO entered into a funding agreement with the University. Under the agreement, ARIO would provide maximum funds of \$800,000 to fund equipment for the Guelph Food Innovation Centre. At March 31, 2019, funding milestones have been met and ARIO has provided the University with \$800,000 in funding.

During 2018, ARIO entered into funding agreements with the University of Guelph for the construction of a new swine research facility at Elora and a new Agronomy Research Services Building at New Liskeard. ARIO will provide maximum funds of \$12,000,000 to be combined with up to \$3,000,000 in industry contributions to fund the construction of the new Swine Research facility. ARIO will provide up to \$4,000,000 for the New Liskeard Agronomy building project. No industry contribution is anticipated for this project. ARIO provided the University with \$0 for the new swine facility (2019 - \$3,000,000) and \$0 (2019 - \$1,000,000) for the New Liskeard agronomy building. During the current year, ARIO has received \$0 (2019 - \$100,000) in industry contributions for the new swine facility from Ontario Pork. ARIO funds for these agreements come from deferred capital funded contributions which were previously received by ARIO from the Ontario Ministry of Agriculture, Food and Rural Affairs and successor ministries.

Note 11 – Gain on Disposal of Tangible Capital Asset

March 31, 2019 – Sale of Alfred and New Liskeard Land

During the prior year, the organization sold parcels of land in two locations, one in Alfred and one in New Liskeard. All parcels of land were originally transferred to the organization and capitalized to assets and contributed surplus.

Gain on Disposal of Tangible Capital Asset	Alfred	New Liskeard	Total 2020 \$	Total 2019 \$
Proceeds from sale	0	0	0	1,035,000
Cost of tangible capital assets	0	0	0	1,010,473
Accumulated amortization	0	0	0	0
Net book value	0	0	0	1,010,473
Contributed asset	0	0	0	(1,010,473)
Gain on sale	0	0	0	1,035,000

During the 2019 fiscal year, the Municipality of North Grenville paid \$4,000,000, satisfying the terms of their promissory note and closing the final payment on the sale of the property.

Note 12 – Funding agreements with third parties

The Agricultural Research Institute of Ontario (ARIO), Her Majesty the Queen in right of Ontario as represented by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and the Integrated Grain Processors Co-operative Inc. (IGPC) have jointly signed an agreement whereby, pursuant to a Capital Grant Agreement effective June 2006 between OMAFRA and IGPC, IGPC agreed to contribute to a research and development fund in exchange for the capital grant support provided by OMAFRA through the Ontario Ethanol Growth Fund. IGPC has agreed to

contribute \$280,000 annually for 10 years (for a total of \$2,800,000) starting in April 2012 and ending with the final payment in April 2021. These funds are being paid directly to ARIO to be used to support research priorities in the agri-food sector in Ontario. Funds recognized to date are \$2,240,000; however, funds received to date are \$1,960,000 as the 2020 payment was deferred until fiscal 2021. See schedule 2.

Her Majesty the Queen in right of Ontario as represented by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and Kawartha Ethanol Inc. have signed a Capital Grant Agreement effective August 1, 2008 between OMAFRA and Kawartha Ethanol Inc. whereby Kawartha Ethanol Inc. agreed to contribute to a research and development fund in exchange for the capital grant support provided by OMAFRA through the Ontario Ethanol Growth Fund. Kawartha Ethanol Inc. has agreed to contribute \$98,000 annually for 10 years (for a total of \$980,000) starting April 2013 and ending with the final payment in April 2022. These funds are to be paid directly to ARIO to be used to support research priorities in the agri-food sector in Ontario. Funds recognized to date, being actual receipts to date are \$686,000. See schedule 2.

Note 13 – Canadian Agricultural Partnership (Cap) Funding

During the year, ARIO received funding for two research infrastructure projects from the CAP program:

- Elora Research Station Precision Feed Preparation Facility to support the expanded dairy and beef research herds at Elora.
- Vineland Research Innovation Centre (VRIC) – Research Facility Upgrades to significantly modernize key aspects of several research platforms at VRIC by increasing the ability of the station to undertake a wider variety of research projects through modernization and enhanced program support.

These programs were both completed by March 31, 2020.

Schedule 1 – Research Trust Funds: Financial Position as at March 31, 2020

Assets

Assets	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
Cash	7,516,142	0	0	0	0	7,516,142

Assets	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
Investments	28,722,000	0	0	0	0	28,722,000
Due from ARIO	0	22,845,480	3,787,360	1,203,234	(27,836,074)	0
Accounts receivable	608,476	215,324	280,484	157	0	1,104,441
Total current assets	36,846,618	23,060,804	4,067,844	1,203,391	(27,836,074)	37,342,583
Tangible assets under construction	0	11,188,076	0	0	0	11,188,076
Tangible capital assets (note 5)	0	88,497,233	0	0	0	88,497,233
Total tangible assets	0	99,685,309	0	0	0	99,685,309
Total Assets	36,846,618	122,746,113	4,067,844	1,203,391	(27,836,074)	137,027,892

Liabilities

Liabilities	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
Due to other research trust funds	27,836,074	0	0	0	(27,836,074)	0
Accounts payable and accruals	526,375	4,820,783	367,184	210,181	0	5,924,523
Holdbacks payable	0	0	24,600	30,000	0	54,600
Unclaimed expenditures	967,500	0	1,230,259	313,803	0	2,511,562
Deferred revenue	0	100,000	0	0	0	100,000
Total current liabilities	29,329,949	4,920,783	1,622,043	553,984	(27,836,074)	8,590,685
Deferred capital funded contributions (note 6 and 9)	0	88,186,800	0	0	0	88,186,800
Deferred capital contribut	0	14,257,050	0	0	0	14,257,050

Liabilities	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
ions (note 7)						
Total deferred capital	0	102,443,850	0	0	0	102,443,850
Total Liabilities	29,329,949	107,364,633	1,622,043	553,984	(27,836,074)	111,034,535

Fund Balances

Fund balance	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
Fund balances	7,394,786	4,137,321	2,489,819	662,846	0	14,684,772
Accumulated Remeasurement gains (losses)	121,883	(437,532)	(44,018)	(13,439)	0	(373,106)
Contributed Assets (notes 4, 5 and 11)	0	11,681,691	0	0	0	11,681,691
Total fund balances	7,516,669	15,381,480	2,445,801	649,407	0	25,993,357
Total liabilities	36,846,618	122,746,113	4,067,844	1,203,391	(27,836,074)	137,027,892

Fund balance	ARIO \$	Infrastructure \$	New Directions \$	Food Safety \$	Eliminations \$	2020 \$
and net assets						

Schedule 2 – Research Trust Funds: Revenues and Expenditures and Changes in Fund Balances for the year ended March 31, 2020

Research revenues

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Grants – OEGF (Kawartha and IGPC) (note 12)	0	0	378,000	0	378,000
Intellectual property (note 8)	604,707	0	0	0	604,707
Total research revenues	604,707	0	378,000	0	982,707

Property revenues

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Grants-provincial- minor capital (note 9)	0	111,823	0	0	111,823
Rental income – provincial	0	633,233	0	0	633,233
Rental income – private industry	0	527,437	0	0	527,437

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Grants – provincial – payments in lieu of taxes (note 9)	0	750,000	0	0	750,000
Payments in lieu of taxes	0	194,645	0	0	194,645
Amortization of deferred capital contributions	0	2,459,424	0	0	2,459,424
Total property revenues	0	4,676,562	0	0	4,676,562

Other revenues

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Investment income	(23,745)	628,653	87,876	26,148	718,932
Total other revenues	(23,745)	628,653	87,876	26,148	718,932

Total revenues

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Total research revenue	604,707	0	378,000	0	982,707
Total property revenues	0	4,676,562	0	0	4,676,562

Revenue	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Other income	(23,745)	628,653	87,876	26,148	718,932
Total revenues	580,962	5,305,215	465,876	26,148	6,378,201

Research expenditures

Expenditure	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Research project/program	0	0	889,300	243,599	1,132,899
Intellectual property (note 8)	23,276	0	0	0	23,276
Total research expenditures	23,276	0	889,300	243,599	1,156,175

Property expenditures

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Payments in lieu of taxes	0	1,318,202	0	0	1,318,202
Minor capital	0	3,263,202	0	0	3,263,202
Operations and maintenance	0	644,314	0	0	644,314

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Amortization of tangible capital assets	0	2,459,424	0	0	2,459,424
Total property expenditures	0	7,685,142	0	0	7,685,142

Total Expenditures

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Total research expenditures	23,276	0	889,300	243,599	1,156,175
Total property expenditures	0	7,685,142	0	0	7,685,142
Total expenditures	23,276	7,685,142	889,300	243,599	8,841,317

Excess of revenue over expenditures for the year

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Excess of (expenditures over revenues) revenues over expenditures for the year	557,686	(2,379,927)	(423,424)	(217,451)	(2,463,116)
Net amount transferred from	0	0	58,654	235,245	293,899

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
unclaimed expenditures					

Net Assets

Item	ARIO (note 8) \$	Infrastructure \$	New Directions \$	Food Safety \$	2020 \$
Net assets, beginning of year	6,847,337	18,168,378	2,848,149	644,011	28,507,875
Net remeasurement gains for the year	111,646	(406,971)	(37,578)	(12,398)	(345,301)
Net assets, end of year	7,516,669	15,381,480	2,445,801	649,407	25,993,357