Grain Financial Protection Board 2016-17 Annual Report

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1. Message from the Chair

As the Vice Chair, on behalf of the Grain Financial Protection Board (GFPB), I am pleased to present to you the Annual Report for the year ending March 31, 2017.

The vision of the Board is to protect the financial interests of Ontario producers who have sold grain corn, soybeans, wheat, and canola and owners who stored grain with elevator operators. This is directly linked to one of the Ministry's goals of ensuring the sustainability of agriculture in Ontario.

The Grain Financial Protection Program (GFPP) was introduced in the mid-1980's following a series of grain elevator bankruptcies. GFPP consists of two components which are:

1. The annual licensing of grain dealers and elevator operators under the *Grains Act*. Agricorp, is under contract with OMAFRA to administer the program.
2. The administration of the Funds. The Board is responsible for the administration of the Funds. All income held in the Funds comes from producer check-off fees and investment income. The purpose of the Funds is to provide producers/owners with financial compensation in the event that a dealer or elevator defaults on their obligation or if there is a storage shortfall. This year the Board continued to focus on managing the Funds to ensure long-term sustainability and ability to provide farmers with an effective risk management tool.

The Board conducted an annual review on the performance of the Funds. The balances and growth rates are compared to the recommendations in the 2011 actuarial report. Historically, all of the Funds with the exception of the soybean Fund have met the established target balances as outlined in the actuarial report. The soybean Fund had been below the targeted balance, but with steady growth over the past few years, in 2015-16 and in 2016-17 this Fund met the established target balance. Because it is meeting the target Fund balance, the annual growth target rate of 2% in the soybean Fund balance is no longer needed for 2017-18.

In 2016 the Board conducted an actuarial review of the Funds. The Board will be considering the results and recommendations from this review in the 2017-2020 business plan period and will to continue to monitor all the Funds annually and make the appropriate changes as needed.

The Board worked with the Minister throughout the year on appointing members to the Board. In 2016-17, one new Board member was appointed and the position of Vice Chair was filled in August by an existing board member. As of March 31, 2017 the Board had four vacancies, including one board member whose term expired and who is seeking re-appointment. Since this time, two additional Board members have fulfilled their terms, one of which was our Chair. Currently there is no one appointed as Chair, so as Vice Chair I will fulfill the Chair duties until the Minister appoints one. Secretariat services worked with

the Chair and myself to support this transition by providing orientation on processes specific to the Chair's role.
The Board has submitted recommendations to the Minister for consideration and is working actively to fill these vacancies in a timely manner. By continuing to work collaboratively with the Ministry, the Board will remain effective in its operations and ensure appropriate governance is in place to fulfill its mandate.

Looking forward, the Board will continue to focus on ensuring the long-term sustainability of the Funds.

Respectfully submitted,

Henry Van Ankum
Vice Chair, Grain Financial Protection Board

Preface

The Grain Financial Protection Board (Board) was established in 1985 and is classified as a Board-Governed Provincial Agency under the Agencies and Appointments Directive (AAD). The Board under the AAD, "administers funds or other assets for beneficiaries named under statute". The Board's mandate, strategies and activities have always been focused on prudent management of the Funds to ensure financial compensation is available to grain corn, soybean, wheat, and canola producers/owners when required. The Board's mandate of administering the Funds, investigating, granting or refusing claims, and recovering money is directly linked to one of the Ministry's goals of ensuring the sustainability of agriculture in Ontario.

2. Governance

The Board members are accountable to the Minister of Agriculture Food and Rural Affairs (the Minister), through the Chair, for setting goals, objectives, and the strategic direction for the Board. It operates under the authority of the *Farm Products Payments Act* (FPPA) and in accordance with the Memorandum of Understanding (MOU) between the Minister and the Chair. A revised MOU has been signed by the previous Board Chair and the Minister. The MOU will be effective until it is revoked or a new MOU is signed by the Parties. The MOU sets out the operational and reporting relationship between the Board and the Minister, and also outlines the administrative, financial, and auditing arrangements with the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA).

This report covers the fiscal year April 1, 2016 to March 31, 2017.

3. Board objectives and activities

The Board's primary focus is on the prudent management of the Funds and preparing for claims when they occur. Claims are infrequent; however, the Board remains current on the claims procedure and is prepared to adjudicate claims when required. The Board makes decisions on claims based on the evidence and the law and, if applicable, payments to producers and owners are made after the Board has approved a claim.

Mandate

The Board is responsible to the Minister and is constituted under the authority of the FPPA and its regulations:

- Reg. 70/12 Payments From Funds For Grain Producers
- Reg. 321/11 Fees Payable to Boards

The Board's legislative mandate is outlined in section 4 of the *FPPA* as:
It is the function of a board and it has power,

(a) to administer its fund
(b) to investigate all claims made to it under this Act and to determine the extent of their validity
(c) to grant or refuse the payment of claims or any part thereof and determine the amounts and manner of payment
(d) to recover any money to which it is entitled under this Act by suit in a court of competent jurisdiction or otherwise.

Mandate letter from Minister

In June 2016, a new requirement was added to the *Agencies & Appointments Directive* (AAD) that the Minister annually issues an agency mandate letter to the Chair of all board governed agencies to inform their business plan. The Grain Financial Protection Board Chair received the 2017-18 mandate letter from the Minister on November 2, 2016 and results against these expectations will be reported in the 2017-18 annual report.

Business Plan

To assist the Board with achieving their mandate , they have established goals with corresponding objectives and activities. For 2016-17, the Board established the following five goals:

1. **Long-term sustainability of the Funds** - The Board has hired Agricorp for the day to day administration of the Funds; however, the Board is ultimately responsible for the oversight and management of the Funds. The Board annually measures the performance of the Funds against established targets. The Board will request Actuarial Reviews on the Funds periodically or as required and they will only invest the Funds in instruments that are approved in the MOU, The Board has established an investment policy that is reviewed annually, and it also reviews financial statements yearly. All Board policies, guidelines and By-laws were reviewed and updated as required this year.
2. **Maintain an adjudication process that is simple, fair and accessible with minimal delays** - The Board has approved claim adjudication guidelines and has established operational procedures to assist with the processing of claims. These activities will assist the Board to ensure that the adjudication process is fair and has minimal delays. The Board received no claims in 2016-17.
3. **Ensure agreements and directives are understood and documentation required under the MOU is in place** -The Board reviews the documentation required under the MOU to ensure that it is both understood and that the appropriate documentation is on file to remain in compliance with the MOU. Legal counsel is available to assist the Board with any needed agreements.
4. **Ensure a high performing Board** - The Board regularly reviews tenures of members and works with OMAFRA and stakeholder groups to seek recommendations of qualified candidates for appointments to the Board. The Board also maintains an orientation manual and provides new members with training. This year, one new member was appointed and the position of Vice-Chair was filled.
5. **Consultation with Industry Stakeholders** - The Board participates in meetings with stakeholders as required. A stakeholder meeting was held on April 1, 2016 where it was determined to hold a meeting every three years or more frequently, as needed.

The affairs of the Board are subject to an annual audit by the Office of the Auditor General of Ontario. The Office of the Auditor General of Ontario typically makes audited financial statements available four months after the fiscal year end.

Board key activities

The Board held five meetings over the 2016-17 fiscal year that focused on:

- the actuarial review that was conducted;
- the revised Memorandum of Understanding (MOU);
- reviewing quarterly financial statements;
- business planning and risk assessment;
- the appointment process management including posting requirements for the Chair vacancy;
- staying current regarding stakeholder issues (stakeholder meeting held April 1);
- reviewing and updating the Statement of Investment policy; and
- reviewing and updating policies and by-laws.

Board staff

The Board does not have staff. In 2016-17, the Board has contracted with Agricorp for Governance/Secretariat and Financial Support Services. For 2017-18, the Board is in discussion with Agricorp to potentially enter into a multi-year service agreement with Agricorp.

Legal services

Legal services have been retained through Ministry of the Attorney General, Legal Services Branch, OMAFRA. The assigned lawyer provides the Board with advice regarding claims, legal assistance in any judicial reviews of Board decisions, and regarding the recovery of monies owed to the Board, and also assists in the continual education of Board members.

Investigative services

The Regulatory Compliance Unit of OMAFRA provides investigative services for the Board.

4. Board appointments

Board structure

The FPPA requires that the Board be composed of no fewer than five members appointed by the Minister. The membership of the Board has been traditionally comprised of nominees from each of the Ontario Canola Growers' Association, the Ontario Agri Business Association and the Grain Farmers of Ontario. Both the chair and the vice chair position are filled by the Minister's appointment.

In 2016-17 an existing Board member was appointed to the role of Vice Chair and one new female board member was appointed. Listed below are the appointees for the fiscal year 2016-17. Two Board members fulfilled their terms in 2016-17, and two additional Board members' terms have since expired as of April 2017, one of which was the former Board Chair. The Board has submitted recommendations to the Minister for these vacancies including for the Board Chair position.

Member Name	Position	Tenure
Jim Campbell	Chair *Position currently vacant	12-Apr-2005 - 03-Apr-2017 *fulfilled term April 2017
Henry Van Ankum	Vice Chair	19-Apr-2012 - 30-Aug-2019 *appointed Vice Chair Aug 2016
David Buttenham	Member *seeking reappointment	22-Mar-2011 - 21-Mar-2017 *fulfilled term Mar. 2017
Jeff Kobe	Member	19-Jul-2007 - 18-Jul-2016 *fulfilled term July 2016
Darcy Oliphant	Member	30-Jul-2011 - 29-Jul-2020
Barry Senft	Member	22-Apr-2011 - 21-Apr-2017 *fulfilled term April 2017
Mark Brock	Member	22-Aug-2012 - 22- Aug-2018
Markus Haerle	Member	29-Jun-2015-28-Jun-2018
Jennifer MacDonald	Member	13-Mar-2017-12-Mar-2020

5. Operational performance

The Board's operational performance is focused on effectiveness, efficiency, and reliability.
The Board conducted its annual review of the investment of the Funds in August 2016. This review showed that the corn, canola, and wheat Funds continue to meet the minimum target balances as outlined in the 2011 actuarial report. The soybean Fund had been below the minimum target balance the past few years but in 2015-16 and in 2016-17 with more growth it has met the target balance.

The Board annually reviews their established policies to ensure they are current. Minimal changes (not material) to the established policies were recommended this year. The Board also approved updates to their investment policy (Statement of Investment Policy), ensuring alignment with the MOU.

The Board annually reviews the claim adjudication guidelines to ensure members are familiar with the claim process. The Board infrequently (once every four or five years on average), receives claims and a regular review of the guidelines helps members stay up to date on the claims process and will assist with ensuring that the adjudication process is fair and has minimal delays. In 2016-17 the Board received no claims to adjudicate.
The Board conducted an actuarial review on the Funds in November 2016. As a best practice, actuarial reviews are done every five years to ensure that the Funds remain actuarially sound. The objective of this review was to determine the appropriate amount of producer check-off fees required in order for the four Funds to remain solvent under various scenarios and thus available to pay future claims as well as each Fund's equitable share of the current program costs. The review also included an assessment of the impacts to the Funds if the governance model was to change and all costs associated with the program were paid from the Funds. The Board will be considering the results and recommendations of this review during this business plan period and will to continue to monitor all the Funds annually and make the appropriate changes as needed. The next review would be scheduled for approximately 2021.

In 2016/17 the Board continued to work collaboratively with the Minister and stakeholder groups to fill a number of vacant positions, and is progressing towards meeting the Ontario government gender diversity target. One new female Board member was appointed and the position of Vice Chair was filled in August by an existing board member. The Board continues to monitor its vacancies and act proactively to make recommendations to ensure it has the appropriate governance in place to fulfill its mandate.

Over the past year, the Board implemented its business plan and has delivered on its goals and objectives. The table in Section 4 summarizes the Board's performance targets and results. The Board was able to either meet all of its objectives, or was able to implement strategies to assist it in meeting its objectives in the future.

6. Performance measures and targets

The Board's principal activities are to manage the Funds effectively and prepare for claims when they occur.

The Board's principal objectives for the period ending March 31, 2017 were as follows:

1. Maintain a solvent compensation Fund managed in the interest of grain producers
2. Conduct adjudicatory hearings and issue decisions in a fair and timely manner
3. Grant or refuse claims and seek recovery of amounts paid
4. Ensure that the Board is compliant with directives, policies, and agreements.

The following indicators define the outcomes the Board committed to achieving. These indicators are the basis for measuring and evaluating impact.

Performance Measure	Baseline	Target 16/17	Actual 16/17	Target 17/18	Target 18/19	Target 19/20
Objective 1: To maintain a solvent compensation Fund managed in the interest of grain producers.						
Annual financial audit achieves an unqualified audit opinion in accordance with Canadian generally accepted accounting principles	Unqualified	Unqualified	Achieved	Unqualified	Unqualified	Unqualified
Minimum Target Fund Balances are maintained as per Actuarial Review. Note soybean fund is the only one that has an annual growth target due to the fact that it had been below the minimum fund balance the past few years.						
Grain Corn target Fund balance	Minimum Fund balance $4,600,000 maintained	Minimum Fund balance $4,600,000 maintained	Achieved- Balance $5,981,975	Minimum Fund balance $4,600,000 maintained	Minimum Fund balance $4,600,000 maintained	Minimum Fund balance $4,600,000 maintained
Wheat target Fund balance	Minimum Fund balance $2,200,000 maintained	Minimum Fund balance $2,200,000 maintained	Achieved- Balance $3,676,332	Minimum Fund balance $2,200,000 maintained	Minimum Fund balance $2,200,000 maintained	Minimum Fund balance $2,200,000 maintained
Canola target Fund balance	Minimum Fund balance $900,000 maintained	Minimum Fund balance $900,000 maintained	Achieved- Balance $1,013,745	Minimum Fund balance $900,000 maintained	Minimum Fund balance $900,000 maintained	Minimum Fund balance $900,000 maintained
Soybean target Fund balance	Minimum Fund balance $4,400,000 maintained	Minimum Fund balance $4,400,000 maintained	Achieved - Balance $4,761,874 Check-off fees increased in 2014 and Fund is increasing as a result	Minimum Fund balance $4,400,000 maintained	Minimum Fund balance $4,400,000 maintained	Minimum Fund balance $4,400,000 maintained
	2% Annual growth in Fund balance	2% Annual growth in Fund balance	Achieved. Met its target balance in 2015/16 and 2016/17 therefore this target is no longer needed.	N/A	N/A	N/A
Receipt and review Fund financial statements from Agricorp	Quarterly	Quarterly	Achieved	Quarterly	Quarterly	Quarterly

Performance Measure	Baseline	Target 16/17	Actual 16/17	Target 17/18	Target 18/19	Target 19/20
Objective 2: To conduct adjudicatory hearings and issue decisions in a fair and timely						

manner.						
Claims processed with minimal delays	Claimants notified within 2 days, dealer and elevators within 4 days of receipt of claim	Claimants notified within 2 days, dealer and elevators within 4 days of receipt of claim	Achieved - no claims submitted in 2016/17.	Claimants notified within 2 days, dealer and elevators within 4 days of receipt of claim	Claimants notified within 2 days, dealer and elevators within 4 days of receipt of claim	Claimants notified within 2 days, dealer and elevators within 4 days of receipt of claim
Claims are adjudicated fairly	Claims are reviewed individually, and follow adjudication guidelines established	Claims are reviewed individually, and follow adjudication guidelines established	Achieved - no claims submitted in 2016/17.	Claims are reviewed individually, and follow adjudication guidelines established	Claims are reviewed individually, and follow adjudication guidelines established	Claims are reviewed individually, and follow adjudication guidelines established
Claimants received notification of Board decision	Within 10 days of a Board decision	Within 10 days of a Board decision	Achieved - no claims submitted in 2016/17.	Within 10 days of a Board decision	Within 10 days of a Board decision	Within 10 days of a Board decision

Performance Measure	Baseline	Target 16/17	Actual 16/17	Target 17/18	Target 18/19	Target 19/20
Objective 3: To grant or refuse claims and to seek recovery of amounts paid.						
Claims are reviewed to determine their validity	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Achieved - no claims submitted in 2016/17.	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Board refers to FPPA and uses legal counsel as required to determine validity of claims
Recover any money to which the Board is entitled to under the *FFPA*	Legal counsel is consulted when proceeding with any recovery action	Legal counsel is consulted when proceeding with any recovery action	Achieved - no claims submitted in 2016/17.	Legal counsel is consulted when proceeding with any recovery action	Legal counsel is consulted when proceeding with any recovery action	Legal counsel is consulted when proceeding with any recovery action

Performance Measure	Baseline	Target 16/17	Actual 16/17	Target 17/18	Target 18/19	Target 19/20
Objective 4: To ensure that the Board is compliant with directives, policies and agreements.						
Updated MOU in place (expiry March 8, 2016)	Updated as per the Agencies and Appoint-ments Directive section 1.9.1	Not applicable	MOU was reviewed and signed.	Updated as per the Agencies and Appointments Directive section 1.9.1 (if applicable)	Updated as per the Agencies and Appointments Directive section 1.9.1 (if applicable)	Updated as per the Agencies and Appointments Directive section 1.9.1 (if applicable)
Submit Annual Report	Annually	Within 90 days of the agency's receipt of the audited financial statement.	Achieved; met AAD requirement. Report was submitted in October 2, 2017 within 90-days of completing the financial audit (Sept. 18, 2017) meeting the AAD requirements.	Within 90 days of the agency's receipt of the audited financial statement meeting AAD requirements.	Within 90 days of the agency's receipt of the audited financial statement meeting AAD requirements.	Within 90 days of the agency's receipt of the audited financial statement meeting AAD requirements.
Submit Business Plan	Annually	March 2017	Achieved. Submitted on Feb. 24, 2017.	March 2018	March 2019	March 2020

Submit Quarterly AAD	Quarterly	Quarterly	Achieved	Quarterly	Quarterly	Quarterly
Submit Quarterly Risk Assessment Report	Quarterly	Quarterly	Achieved. Submitted to Ministry liaison	Quarterly	Quarterly	Quarterly
Submit Agency Attestation New requirement for 2015/16	Annually	Annually	Achieved. Submitted to Agency liaison on March 27, 2017.	Annually	Annually	Annually

7. Analysis of financial performance

The Office of the Auditor General of Ontario finalized an audit of the 2016-17 financial statements in September 2017 and the Board submitted the Annual Report to the Minister shortly there after.

Annually, the Board conducts a full review of their investment strategies, including the investigation of alternate strategies, to ensure that returns are maximized within the investment framework. The Board concluded that they are maximizing their return on investments, and no changes in investment strategies were recommended this year.

The amount of interest earned this year is 3% per cent below what was earned last year which is less than 1% below the budget. The average return on investment is 1.67% which is slightly below last year return of 1.76%. This is considered an acceptable rate of return given the current low interest rate environment.

	Budget	**Actual**	**Budget**	**Actual**
Fiscal Year	**2015/16**	**2015/16**	**2016/17**	**2016/17**
Revenue				
Fees	375,000	432,092	375,000	498,255
Investment Interest	242,246	255,307	248,027	246,430
Claim Recoveries	0	7,617	0	0
Total Revenue	621,246	695,016	623,027	744,685
Expenses				
Claims	263,000	7,617	263,000	0
Governance/Secretariat Services	45,000	28,050	60,000	15,963
Financial Services	30,000	15,183	45,000	27,701
Professional fees (Actuarial)	N/A	N/A	60,000	37,500
Financial Responsibility Review (see Note 1)	168,940[1]	172,112[1]	168,940[1]	168,701[1]
Total Expense	506,940	222,962	596,940	249,865
Net Balance (Total Revenue - Expenses)	114,306	472,054	26,087	494,820
Fund Balance Beginning of Year	14,466,962	14,466,962	14,581,268	14,939,016
Adjustment on the adoption of the financial instrument standard	0	0	0	0
Fund Balance End of Year	$14,073,260	$14,939,016	$14,607,355	$15,433,836

Notes:
[1] Expenses included in financial responsibility review includes the Cost of Determining Financial responsibility, one FRRC member and other administration (ie: bank charges).

	Budget	**Actual**	**Budget**	**Actual**
Cost of Determining Financial Responsibility	$156,240	$156,240	$156,240	$156,240
FRRC (see Note 2)	$12,500	$15,752[2]	$12,500	$12,403[2]

Other Administration	$200	$120	$200	$58

[2] Expenses included in FRRC are invoices from the firm of Graham, Scott and Enns LLP and from Gee,Lambart and Courtney less the revenue recovered from other revenue (eg.dealer FRRC fees).

Financial Statements of the Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Year Ended March 31, 2017

Management's responsibility for financial reporting

The accompanying financial statements have been prepared by management, in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the accuracy, integrity and objectivity of the information contained in the financial statements. The financial statements include some amounts that are necessarily based on management's best estimates and have been made using careful judgment.

In discharging its responsibility for the integrity and fairness 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 systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board meets regularly to oversee the financial activities and annually reviews the financial statements.

These financial statements have been audited by the Auditor General of Ontario . The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

Signed by:

Erich Beifuss
CFO, Agricorp

Valerie Smith
Finance Manger, Agricorp

September 18, 2017

Independent Auditor's Report

To the Grain Financial Protection Board and to the Minister of Agriculture, Food and Rural Affairs

I have audited the accompanying financial statements of the Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola and Wheat), which comprise the statement of financial position as at March 31, 2017, and the statements of operations and fund balances, remeasurement gains and losses and changes in cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management' s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola and Wheat) as at March 31, 2017 and the results of its operations, their remeasurement gains and losses and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.
Toronto, Ontario
September 18, 2017

Susan Klein, CPA, CA, LPA Assistant Auditor General

The Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Statement of financial position as at March 31,2017

	Grain Corn		Soybeans		Canola	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Current Assets						
Cash	$69,360	$114,982	$391,189	$297,124	$1,431	$12,933
Short term investements (note 4)	5,296,086	4,166,396	3,906,133	3,083,707	940,280	653,070
Accounts Receivable (note 3)	4,110	1,111	20,624	39,617	907	300
Total current assets	5,369,556	4,282,489	4,317,946	3,420,448	942,618	666,303
Long term investements (note 4)	642,045	1,790,769	477,393	1,135,020	74,666	348,018
Assets	$6,011,601	$6,073,258	$4,795,339	$4,555,468	$1,017,284	$1,014,321
Liabilities and fund balances						
Accounts payable	26,914	79,688	31,915	101,561	2,977	8,126
Total liabilities	26,914	79,688	31,915	101,561	2,977	8,126
Fund balances	5,981,975	5,975,106	4,761,784	4,442,789	1,013,745	1,002,635
Accumulated remeasurement gains	2,712	18,864	1,640	11,118	562	3,560
Liabilities, fund balances, and accumulated remeasurement gains	$6,011,601	$6,073,258	$4,795,339	$4,555,468	$1,017,284	$1,014,321

	Wheat		Total	
	2017	**2016**	**2017**	**2016**
Current Assets				
Cash	$172,653	$85,160	$634,633	$510,199
Short term investements (note 4)	3,276,855	2,252,937	13,419,354	10,156,110
Accounts Receivable (note 3)	6,456	8,486	32,097	49,514
Total current assets	3,455,964	2,346,583	14,086,084	10,715,823
Long term investements (note 4)	227,342	1,203,023	1,421,446	4,476,830
Assets	$3,683,306	$3,549,606	$15,507,530	$15,192,653
Liabilities and fund balances				
Accounts payable	5,016	18,819	66,822	208,194

Total liabilities	5,016	18,819	66,822	208,194
Fund balances	3,676,332	3,518,486	15,433,836	14,939,016
Accumulated remeasurement gains	1,958	12,301	6,872	45,443
Liabilities, fund balances, and accumulated remeasurement gains	$3,683,306	$3,549,606	$15,507,530	$15,192,653

See accompanying notes to financial statements

The Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Statement of operations and fund balances - Year ended March 31, 2017

	Grain Corn		Soybeans		Canola	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue						
Fees from producers	$6,468	$6,505	$364,711	$347,792	$6,755	$5,711
Investment income	98,073	105,099	72,921	72,938	16,857	17,344
Claim recoveries		2,153		5,464		
Total Revenue	104,541	113,757	437,632	426,194	23,612	23,055
Expenses						
Financial responsibilitiy review	65,944	65,887	80,096	83,925	8,444	6,735
Governance and secretariat	6,240	10,655	7,580	13,675	798	1,122
Financial services	25,488	5,767	30,961	7,402	3,260	607
Claims paid		2,153		5,464		
Total expenses	97,672	84,462	118,637	110,466	12,502	8,464
Excess of revenue over expenses	6,869	29,295	318,995	315,728	11,110	14,591
Fund balances, beginning of year	5,975,106	5,945,811	4,442,789	4,127	1,002,635	988,044
Fund balances, end of year	$5,981,975	$5,975,106	$4,761,784	$4,442,789	$1,013,745	$1,002,635

	Wheat		Total	
	2017	**2016**	**2017**	**2016**
Revenue				
Fees from producers	$120,321	$72,084	$498,255	$432,092
investment income	58,579	59,926	246,430	255,307
Claim recoveries				7,617
Total Revenue	178,900	132,010	744,685	695,016
Expenses				
Financial responsibilitiy review	14,217	15,565	168,701	172,112
Governance and secretariat	1,345	2,598	15,963	28,050
Financial services	5,492	1,407	65,201	15,183
Claims paid				7,617
Total expenses	21,054	19,570	249,865	222,962
Excess of revenue over expenses	157,846	112,440	494,820	472,054
Fund balances, beginning of year	3,518,486	3,406,046	14,939,016	14,466,962

Fund balances, end of year	$3,676,332	$3,518,486	$15,433,836	$14,939,016

See accompanying notes to financial statements

The Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Statement of remeasurement gains and losses - Year ended March 31,2017

	Grain Corn		Soybeans		Canola	
	2017	2016	2017	2016	2017	2016
Accumulated remeasurement gains, beginning of year	$18,464	$48,918	$11,118	$27,722	$3,560	$7,934
Unrealized (losses) on investments	(13,196)	(25,054)	(7,939)	(14,208)	(2,725)	(3,846)
Realized (gains) reclassified to the statement of operations and fund balances	(2,556)	(5,400)	(1,539)	(2,396)	(273)	(528)
Net change for the year	(15,752)	(30,454)	(9,478)	(16,604)	(2,998)	4,374)
Accumulated remeasurement gains, end of year	$2,712	$18,464	$1,640	$11,118	$562	$3,560

	Wheat		Total	
	2017	2016	2017	2016
Accumulated remeasurement gains, beginning of year	$12,301	$26,846	$45,443	$111,420
Unrealized (losses) on investments	(9,511)	(12,842)	(33,371)	(55,950)
Realized (gains) reclassified to the statement of operations and fund balances	(832)	(1,703)	(5,200)	(10,027)
Net change for the year	(10,343)	(14,545)	(38,571)	(65,977)
Accumulated remeasurement gains, end of year	$1,958	$12,301	$6,872	$45,443

See accompanying notes to financial statements

The Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Statement of cash flows - Year ended March 31, 2017

See accompanying notes to financial statements

	Grain Corn		Soybeans		Canola	
	2017	2016	2017	2016	2017	2016
Cash provided by operating activities						
Excess of revenue over expenses	$6,869	$29,295	$318,995	$315,728	$11,110	$14,591
Items not requiring an outlay of cash						
Realized (gains) on investments	(2,556)	(5,400)	(1,539)	(2,396)	(273)	(528)
Changes in non-cash working capital						
Accounts receivable	(2,999)	(680)	18,993	(12,355)	(607)	200
Accounts payable	(52,774)	58,971	(69,647)	76,093	(5,149)	6,691
Total	(55,773)	58,291	(50,654)	63,738	(5,756)	6,891
Total investing activity						
Net proceeds (purchase) of investments	5,838	4,193	(172,737)	(147,694)	(16,583)	(14,254)
Increase in cash	(45,622)	86,379	94,065	229,376	(11,502)	6,700
Cash, beginning of year	114,982	28,603	297,124	67,748	12,933	6,233

Cash, end of year	$69,360	$114,982	$391,189	$297,124	$1,431	$12,933

	Wheat		Total	
	2017	2016	2017	2016
Cash provided by operating activities				
Excess of revenue over expenses	$157,846	$112,440	$494,820	$472,054
Items not requiring an outlay of cash				
Realized (gains) on investments	(832)	(1,703)	(5,200)	(10,027)
Changes in non-cash working capital				
Accounts receivable	2,030	(6,840)	17,417	(19,675)
Accounts payable	(13,803)	12,927	(141,373)	154,682
Total	(11,773)	6,087	(123,956)	135,007
Total investing activity				
Net proceeds (purchase) of investments	(57,748)	(52,149)	(241,230)	(209,904)
Increase in cash	87,493	64,675	124,434	387,130
Cash, beginning of year	85,160	20,485	510,199	123,069
Cash, end of year	$172,653	$85,160	$634,633	$510,199

The Grain Financial Protection Board (Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Notes to the financial statements - Year ended March 31, 2017
1. Establishment of the Funds

The Grain Financial Protection Board (the Board) was established in 1984 as an agency of the Ontario Government under the Farm Products Payments Act. It is an agency responsible for administering the funds for producers of grain corn, soybeans, canola and wheat (the Funds). The Funds were established to operate on a not-for-profit basis on behalf of the producers:

- Producers of Grain Corn - established November 3, 1984;
- Producers of Soybeans - established November 3, 1984;
- Producers of Canola - established July 22, 1989; and
- Producers of Wheat - established December 13, 2004. The Ontario Wheat Producers' Marketing Board made a $1 million non?recurring unrestricted contribution to establish the Fund.

The purpose of the Funds through regulations made under the Farm Products Payments Act is to protect producers (of grain corn, soybean, canola and wheat) against losses resulting from dealer payment default. Effective July 1, 2012, producers can be reimbursed 95% of an approved claim for any defaults by dealers. The Board attempts to recover any claims paid from the dealers.

As a board-governed provincial agency, the Grain Financial Protection Board is exempt from income taxes.

2. Significant accounting policies

a) Basis of accounting

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada (CPA Canada). The Board has also elected to apply the section 4200 standards for Government Not-For-Profit Organizations. These financial statements are, in management's opinion, properly prepared within reasonable limits of materiality, statutory requirements and the framework of the accounting policies summarized below.

b) Revenue recognition

The Funds' revenue comprises of producer check-off fees paid under the Farm Products Payments Act and investment income. Check-off fees are paid to either the Ontario Canola Growers Association (OCGA) or the Grain Farmers of Ontario (GFO), as designated by the Regulation. The OCGA and GFO then remit the fees to the Board.

All transactions are recorded on the accrual basis except for claim recoveries, which are recorded when received due to the inherent uncertainty regarding the amounts and timing of the recovery.

c) Expense allocation

Expenses, including claims, are allocated to the four funds based on the proportionate value of each crop sold, except for Canola. The Canola allocation of expenses is set at a minimum of 5% (2016 - 4%).

d) Financial instruments

The Funds' financial instruments consist of cash, investments, accounts receivable and accounts payable.

All financial instruments are recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record short?term demand deposit type investments at amortized cost, which approximates fair value and all other investments at fair value. Guaranteed Investment Certificates (GIC's) are valued based on cost plus accrued interest, which approximates fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and fund balances.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and fund balances. Any unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and fund balances.

The Board is required to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
Level 2 - observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

e) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable and allocation of expenses across funds. Actual results could differ from those estimates.

3. Accounts receivable

Accounts receivable represent producer check?off fees due from the GFO or OCGA.

4. Investments

a) Portfolio profile at fair value and maturity profile

2017	Grain Corn	Soybeans	Canola	Wheat	Total
Short-term (<1 year)					
Province of Ontario	1,182,517	715,203	244,706	853,974	2,996,400
Financial institutions - deposits held	1,263,970	1,185,293	296,840	849,957	3,596,060
Financial institutions - guaranteed investment certificates	2,849,599	2,005,637	398,734	1,572,924	6,826,894
	5,296,086	3,906,133	940,280	3,276,855	13,419,354
Long-term (1-3 years)					
Financial institutions - guaranteed investment certificates	642,045	477,393	74,666	227,342	1,421,446
	642,045	477,393	74,666	227,342	1,421,446
Total	$5,938,131	$4,383,526	$1,014,946	$3,504,197	$14,840,800

2016	Grain Corn	Soybeans	Canola	Wheat	Total
Short-term (<1 year)					

Other Provincial Governments	1,252,542	754,247	133,853	407,551	2,548,193
Financial institutions - deposits held	383,027	611,688	96,099	339,416	1,430,230
Financial institutions - guaranteed investment certificates	2,530,827	1,717,772	423,118	1,505,970	6,177,687
	4,166,396	3,083,707	653,070	2,252,937	10,156,110
Long-term (1-3 years)					
Province of Ontario	1,173,674	706,755	242,477	846,194	2,969,100
Financial institutions - guaranteed investment certificates	617,095	428,265	105,541	356,829	1,507,730
	1,790,769	1,135,020	348,018	1,203,023	4,476,830
Total	$5,957,165	$4,218,727	$1,001,088	$3,455,960	$14,632,940

b) Fair value hierarchy

2017	Level	Grain Corn	Soybeans	Canola	Wheat	Total
Cash equivalents	1	$1,263,970	$1,185,293	$296,840	$849,957	$3,596,060
Guaranteed investment certificates	2	3,491,644	2,483,030	473,400	1,800,266	8,248,340
Bonds	1	1,182,517	715,203	244,706	853,974	2,996,400
Total		$5,938,131	$4,383,526	$1,014,946	$3,504,197	$14,840,800

2016	Level	Grain Corn	Soybeans	Canola	Wheat	Total
Cash equivalents	1	$383,027	$611,688	$96,099	$339,416	$1,430,230
Guaranteed investment certificates	2	3,147,922	2,146,036	528,660	1,862,799	7,685,417
Bonds	1	2,426,216	1,461,003	376,329	1,253,745	5,517,293
Total		$5,957,165	4,218,727	1,001,088	$3,455,960	$14,632,940

There were no transfers of investments between Level 1 and Level 2.

5. Financial instruments risk management

a) Market risk

Market risk is the risk that changes in market prices will affect the fair value of reported assets and liabilities. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Funds are not exposed to significant currency or equity risk as they do not transact in foreign currency or hold equity financial instruments. The Funds operate within the constraints of the investment policy, which restricts the investments to highly liquid, high-grade instruments such as deposit notes, bonds, debentures, and other forms of indebtedness, issued by federal and provincial governments, and domestic financial institutions.

b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Funds' financial position, operations and cash flow. Fluctuations in interest rates have a direct impact on the market valuation of the Funds' fixed income securities portfolio. The average return on investments is 1.67% (2016 - 1.75%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile.

Although investments are generally held to maturity, realized gains or losses could result if liquidation of long-term investments is required to meet obligations. There have been no significant changes from the previous year in the exposure to risk or to policies, procedures and methods used to measure the risk.

The Board's bond portfolio has an interest rate of 2.13% (2016 - 1.95% to 2.13%), with a maturity of June 2017 (2016 - June 2016 to June 2017). As at March 31, 2017, a 1% fluctuation in interest rates, with all other variables held constant, would increase/decrease the value of bonds by an estimated

$5,172 (2016 - $39,144)

c) Credit risk

Credit risk is the risk that other parties fail to perform as contracted. The Funds are exposed to credit risk principally through balances receivable from the OCGA and GFO, as well as through its investment securities.

Credit risk on balances receivable arises from the possibility that the entities that owe money to the Funds may not fulfill their obligation. Collectability is reviewed regularly and an allowance for doubtful accounts, if necessary, is established to recognize the impairment risks identified.

Credit risk on investment securities arises from the Funds' position in term deposits, corporate debt securities, and government bonds. Board investment policy restricts the types of investments to high-grade Canadian debt instruments, which significantly reduces credit risk.

6. Related party transactions

Effective November 1, 2010, a Memorandum of Understanding between the Board and the Minister of Agriculture, Food and Rural Affairs established that the Funds are financially responsible for expenses related to governance, secretariat, financial services, and financial responsibility review. The Board has entered into an agreement to acquire these services from Agricorp. These expenses are included in the statement of operations and fund balances and total $199,903 (2016 - $199,474). Certain administrative expenses, specifically the costs of Board meetings, are absorbed by OMAFRA, and are not included in the statement of the operations and fund balances.

7. Comparative figures

Certain 2016 figures reclassified to conform to current year's presentation.

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