Grain Financial Protection Board
2022-2023 Annual Report

Content

Message from the Chair

On behalf of the Grain Financial Protection Board (GFPB), we are pleased to present to you the Annual Report for the fiscal year ending March 31, 2023.

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 or program) was introduced in the mid-1980's following a series of grain elevator bankruptcies. The GFPP consists of two components:

1. The annual licensing of grain dealers and elevator operators under the *Grains Act.*

   Agricorp is under contract with the Ontario Ministry of Agriculture, Food and Rural Affairs (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 operator defaults on their obligation or if there is a storage shortfall.

The Board continued to focus on managing the Funds to ensure sustainability and providing grain 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 2021-22 actuarial report. As of March 31, 2023, all of the Funds have met the minimum target balances.

In the 2021-22 fiscal year, the Board conducted an actuarial review in line with its good governance practices to complete a review approximately every five years. This initiative involved a third-party vendor, to determine how potential claim payments and/or expenditures may impact the Funds. Given the changes in the cost-share model that occurred in 2020 and the increased program delivery costs coming out of the Funds, it was a good time for an actuarial review to examine any impact to the Funds. The Board shared the final report from the actuarial review vendor with stakeholders in September 2022 and then met with them in December 2022 to discuss the recommendations. In order to support the Board's ongoing responsibility to ensure that all four Funds remain actuarially sound, the Board has respectfully recommended to the Minister to consider changing the check-off fees for grain corn and canola. See page 7 for more details. These check-off fees are prescribed in a Minister's Regulation and therefore any changes would require Minister approval.

There were no claims received in 2022-23 to adjudicate and no dollars paid for claims from the Funds.

Work was done in 2022-23 to make it easier for producers to file a claim, including a simplified claim application form and a new information sheet (see page 12 for more details).The information sheet is available on agricorp.com to help producers understand the claim process, required timelines and make it easier for producers to file a claim.

The Board worked with the Minister of Agriculture, Food and Rural Affairs throughout the year on appointing members to the Board. In 2022-23, one member's term expired, one member was appointed to the Vice Chair role and one member was reappointed, bringing the compliment to 11 part-time members at fiscal year-end. For a list of the board members for the 2022-23 fiscal year, go to page 9 of this report.

Looking ahead to 2023-24, the Board has submitted recommendations to the Minister for consideration for any upcoming vacancies and will work actively to fill any in a timely manner. By continuing to work collaboratively with the Ministry, the Board will remain effective in its operations and ensure that appropriate governance is in place to fulfill its mandate.

The Board will also continue to focus on ensuring the sustainability of the Funds as we continue to meet our mandate.

Respectfully submitted,

Ron Campbell
Chair, Grain Financial Protection Board

Governance

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) as it "administers funds or other assets for beneficiaries named under statute".

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,* R.S.O. 1009, c. F. 10 (*FPPA)* and in accordance with the Memorandum of Understanding (MOU) between the Minister and the Chair.

The Board's mandate, strategies and activities have always been focused on prudent management of the Funds to ensure that 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 promoting the sustainability of agriculture in Ontario.

Memorandum of Understanding

The MOU reflects the relationship between the Grain Financial Protection Board and OMAFRA and establishes the accountability framework between the Minister and the Chair. The MOU outlines the responsibilities between the Minister, the Chair, the Deputy Minister and the Board as well the administrative, financial, and auditing arrangements with OMAFRA.

Effective December 2, 2021, the Chair and Minister affirmed the existing MOU (that was effective June 5, 2017). The MOU will be effective until it is revoked or a new MOU is signed by the Parties.

Board mandate, objectives and activities

The Board's primary focus is on the prudent management of the Funds and preparing for claims when they occur. The Board remains current on the claims procedure and is prepared to adjudicate claims when required. New Board members complete claims adjudication training which includes an overview of the claims adjudication guidelines. 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:

- *Ontario Regulation 70/12 (Payments From Funds For Grain Producers)*
- *Ontario Regulation 321/11 (Fees Payable to Boards)*
- *Ontario Regulation 467/19 (Boards' Payment of Expenses)*

The Board's mandate is set out in subsection 4 (1) of the *FPPA,*

4 (1) 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; and

(e) to carry out the functions, and exercise the powers, prescribed by regulation.

Minister's Letter of Direction

The Board Chair received the 2022-23 letter of direction from the Minister which outlined high-level, achievable expectations for the fiscal year. The Board has aligned its strategic approach and priorities to support these as follows:

- Ensure long-term sustainability and effective oversight, risk management and expenditure management of the Funds (e.g. use tactics such as an actuarial review).
- Support transparency and accountability by meeting all AAD provisions and requirements and identifying appropriate skills, knowledge and experience needed to support agency governance and accountability (i.e. agency attestation).
- Continue to support improved customer service by measuring and communicating the performance of the Funds to stakeholders.
- Continue to investigate and adjudicate claims in a fair and equitable manner.
- Continue to support the ministry's review of the financial protection programs to ensure they are aligned with the current agricultural risk management landscape and sector trends.

To achieve its mandate and the Minister's, the Board has established goals with corresponding objectives and activities. For 2022-23, the Board established the following five goals with results reported:

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 and for 2022-23 fiscal year the four Funds meet the minimum target balances.

   As a good governance practice, the Board conducted an actuarial report in 2021-22 fiscal year. The report from the independent third party vendor indicated that the current check-off fees for grain corn and canola are not sufficient and therefore these Funds would deplete annually unless these check-off fees are increased in the near future. In order to support the Board's ongoing responsibility to ensure that all four Funds remain actuarial sound, the Board has respectfully recommended that the Minister change the check-off fees based on the recommendations from actuarial review as follows:
   - To increase the check-off fee for grain corn to \$0.019 per tonne sold (an increase from \$0.001 per tonne sold);
   - To increase the check-off fee for canola to \$0.417 per tonne sold (an increase from \$0.20 per tonne sold); and
   - No change to the check-off fees for soybean (currently \$0.10 per tonne sold) and wheat (currently \$0.05 per tonne sold).

   The next actuarial review is planned for 2026-27 fiscal year as it is a good governance practice to complete a review approximately every five years.

   The Board has an established *Statement of Investment Policy* (SIP) that is reviewed annually. The annual review of the SIP completed in August 2022, with no changes made.

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 (training materials) to assist with the processing of claims.

   Claim adjudication training is provided to members prior to the board adjudicating claim(s) to provide all members with an overview of the claims adjudication guidelines and end-to-end process. These tools assist the Board to ensure that the adjudication process is fair and has minimal delays.

   The Board received no claim applications in the 2022-23 fiscal year. See Appendix 1 for a history of claims.

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 and regarding claims as required. The Board met all obligations and timelines under the AAD. See pages 13 to 15 for details.

4. **Consultation with Industry Stakeholders -** The Board participates in meetings with

stakeholders as required, generally every two to three years or more frequently, as needed.

The Board shared the final report from the actuarial review vendor with stakeholders in September 2022 and then held a meeting with them on December 16, 2022 to discuss the recommendations from the report. Following the stakeholder meeting, the Board sent a letter to stakeholders seeking support to respectfully recommend for the Minister to consider an increase to the check-off fees for grain corn and canola based on the actuarial report.

5. **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 member's term expired, the Minister appointed a current member to the Vice Chair role following a job posting by the Public Appointments Secretariat (PAS) and one member was reappointed. See page 10 for a list of board members.

Board key activities

The Board held a total of 5 meetings in 2022-23 fiscal year: two hybrid meetings (in person and on-line Teams communication platform), one on-line (Team/ conference call) and two e-mail discussion/ approvals that focused on:

- reviewing quarterly financial statements;
- business planning and risk assessment;
- reviewing and making investment decisions;
- reviewing the results of the independent third party actuarial review;
- stakeholder meeting;
- improvements to the Board claim application form and a new information sheet; and
- reviewing and updating the Board's guidelines and policies including the SIP.

Board staff/ support

The Board does not have staff. The Board has entered into an agreement with Agricorp to provide the Board with Secretariat, Governance and Financial Services support. Staff that provide the services to the Board are not involved in the review and licensing of grain dealers/elevators. These functions are separate to avoid any perception of a possible conflict of interest when supporting the Board in its adjudicating of claims.

In 2017-18, the Board entered into a service agreement with Agricorp for Governance, Secretariat and Financial Support Services for three years, which included an option to extend it for two additional one-year terms. The Board exercised its option to extend the service agreement in 2019, 2020 and 2021. In February 2022, the Board agreed to extended the service agreement for another one-year term, with AgriCorp, as it was set to expire March 31, 2022. The extended agreement was signed March 2022 and expires on March 31, 2023.

Legal and investigative services

A Minister's regulation (O. Reg. 467/19) made under the *FPPA* requires the Board to pay legal and investigative costs effective April 1, 2020 (except costs related to any judicial reviews to the

Divisional Court of the Board's decisions on claims and any appeals beyond). The Board continues to use the ministry to support its legal and investigative services.

Legal services are provided by OMAFRA through the Ministry of the Attorney General, Legal Services Branch. The assigned lawyer provides the Board with confidential advice regarding agreements, claims, 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 on claims adjudication.

Investigative services are provided by the Regulatory Compliance Unit (RCU) within OMAFRA's Food Safety & Traceability Programs Branch for the Board upon request.

About the Board

Board structure

The *FPPA* requires that the Board be composed of no fewer than five members appointed by the Minister. Board members are generally appointed for terms of two or three years and may be reappointed.

The membership of the Board has been traditionally comprised of dealer and producer nominees from the grain industry: Ontario Canola Growers' Association, the Ontario Agri Business Association and the Grain Farmers of Ontario. All members, including the Chair and the Vice Chair positions, are filled by the Minister's appointment. The Board continued to work collaboratively with the Minister and stakeholders to address upcoming vacancies.

Appointees receive remuneration (i.e.: per diem) based on their role, as outlined in the AAD. This is paid by OMAFRA and not from the Funds. A summary of each member's 2022-23 remuneration as provided by OMAFRA (not including expenses) is noted below and is based on when they were submitted and processed.

In 2022-23, the Vice Chair's term expired. This role was vacant since August 2022. The Board sent a letter to the Minister asking that an existing member be considered for potential appointment for the Vice-Chair vacancy. Following a job posting by Public Appointments Secretariat (PAS), in February 2023 the Minister appointed an existing member to the Vice Chair role. In March 2023 one member was reappointed as a member to the Board. 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.

Listed below are the appointees for the fiscal year 2022-23 (April 1, 2022 to March 31, 2023).

Member Name	Position	Tenure	2022-23 Remuneration
Dave Buttenham	Chair	22-Mar-2011 – 17-Sept-2023	$1,657.50
Henry Van Ankum	Vice Chair	19-Apr-2012 – 30-Aug-2022 *term expired August 2022	$552.00
Jeff Harrison	Vice Chair	22-May-2019 – 23-Feb-2026 *appointed to Vice Chair Feb 2023	$504.00
Jennifer Macdonald	Member	13-Mar-2017 – 28-Mar-2026 *reappointed in March 2023	$504.00
Paul Hazzard	Member	21-Aug-2020 – 20-Aug-2023	$672.00
Lindsay Menich	Member	27-Oct-2017 – 26-Oct-2023	$504.00
Nadine Schwandt	Member	27-Oct-2017 – 26-Oct-2023	$336.00
Ron Campbell	Member	29-Jan-2018 – 04-Feb-2024	$504.00
Tyler McBlain	Member	21-Aug-2019 – 20-Aug-2024	$504.00
Jeff Barlow	Member	28-Mar-2022 – 27-Mar-2025	-
Keith Black	Member	28-Mar-2022 – 27-Mar-2025	-
Jennifer Doelman	Member	26-Jun-2019 – 25-Jun-2025	$672.00

Operational performance

The Board is focused on effectiveness, efficiency, and reliability. Over the past fiscal year, the Board implemented its business plan and has delivered on its goals and objectives. The table on pages 13 to 15 summarizes the Board's performance targets and results. The Board met or exceeded all of its objectives.

The Board remains compliant with directives, policies and agreements including meeting AAD requirements for the submission of the MOU, Business Plan and Annual Report to the Minister. These documents are translated and publicly posted by OMAFRA on its website following the Minister's approval.

Annual audit of financial transaction of the Board:

The Office of the Auditor General conducts an annual audit of the accounts and financial transactions of the Board. The audit of the 2022-23 fiscal year was completed in January 2024 with an unqualified opinion. The Funds (grain corn, soybean, wheat and canola) continue to meet the minimum target balances as outlined in the 2021-22 actuarial report (see page 13 for results).

Cost share model that became effective in 2020:
Since January 1, 2020, the Board have been required to pay for all program delivery costs (licencing, enforcement, fund management and claims adjudication) as part of the new Minister's regulation (O. Reg 467/19: Boards Payment of Expenses) made under the FPPA related to the administration of the *Grains Act*. Although the Board is required to pay all administrative program expenses from the Funds, they have no authority for licencing of individual dealers and/or elevator operators and enforcement under the *Grains Act*.

As well, since April 1, 2020, the Board began to pay investigative and most legal costs under the FPPA associated with the adjudication of claims. The Board is not required to pay expenses related to judicial reviews of its decisions. The Board continues to use the Ministry to support its legal and investigative services.

This cost share model resulted in an increase in Board expenses being paid from the Funds since that time.

Actuarial review as it relates to check-off fees and sustainability of the Funds:
The Board conducted an actuarial review with an independent third-party vendor in 2021-22 which is a good governance practice to complete a review approximately every five years. As a result of the actuarial review, an increase to the check-off fees for grain corn and canola was recommended. The Board shared the final report from the actuarial review with stakeholders in September 2022 and then met with key stakeholders in December 16, 2022 to discuss next steps of the recommendations.

In order to support the Board's ongoing responsibility to ensure that all four Funds remain actuarially sound, the Board has respectfully recommended that the Minister consider changing the check-off fees for grain corn and canola based on the recommendations from actuarial review. The main drivers of the increase are commodity price increases (as commodity prices have changed/ increased since 2016 and if claims are paid from the Funds they would be larger amounts) and changes to the cost share model that became effective in 2020.

Check-off fees are set out in Minister's regulation and therefore any changes would require Minister approval. The recommended increase for grain corn and canola will be discussed as part of the consultation process the ministry is leading through the financial protection program review.

The check-off fees paid by soybean and wheat producers were changed effective July 2013 as a result of the 2011 actuarial review (the soybean fee was increased from 2 to 10 cents and the wheat fee decreased from 10 to 5 cents). No changes were recommended to the fees payable by grain corn or canola at that time. Based on the 2016 actuarial review, again no changes were recommended to the fees, however it was suggested the Board monitor the levels of the funds relative to the targets, in particular if there are claims paid.

The Board will continue to monitor all four Funds annually and make the appropriate recommendations for changes as needed.

A review of the Financial Protection Programs:
Ontario's 2019 budget committed the government to a review the financial protection programs to ensure that grains (and beef cattle) producers have access to stable risk management tools that provide the confidence to invest in and grow their businesses. These discussions began in 2019 and were put on hold in 2020 due to COVID-19. The Ontario Ministry of Agriculture, Food and Rural Affairs' (OMAFRA) Farm Finance Branch (FFB) is the policy lead for the program review which resumed in early 2021 and they prepared a comprehensive package of legislative changes based on feedback received from the Board and industry / stakeholders. They are keeping the Board and stakeholders informed on its status.

Improvements to the Board claim application form and a new information sheet:
The GFPB and Agricorp collaborated to make it easier for farmers to file a claim, including a new simplified claim application form. The claim application form which was available on agricorp.com provides customers with the ability to complete and submit claim form electronically. The new information sheet is available on agricorp.com will help farmers better understand the claim process and required timelines. Understanding the process can make it easier to file a claim and reduces the burden of any unnecessary administrative steps for the farmer. This was shared and communicated to stakeholders December 2022 at the GFPB-Stakeholder meeting.

Performance measures and targets

The Board's principal objectives for the fiscal year ending March 31, 2023 were as follows:

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

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

Performance measure	**Baseline**	**Actual 2022-23**	**Target 2022-23**	**Target 2023-24**	**Target 2024-25**	**Target 2025-26**
Objective 1: To maintain a solvent compensation Fund managed in the best interests of grain owners and producers.						
Annual financial audit achieves an unqualified audit opinion in accordance with Canadian generally accepted accounting principles	Unqualified	Achieved	Unqualified	Unqualified	Unqualified	Unqualified
Minimum Target Fund Balances are maintained as per 2021/22 Actuarial Review.						
• **Grain Corn** target Fund balance	Minimum Fund balance $5,750,000 maintained	Achieved: Balance $5,973,020	Minimum Fund balance $5,750,000 maintained	Minimum Fund balance $5,750,000 maintained	Minimum Fund balance $5,750,000 maintained	Minimum Fund balance $5,750,000 maintained
• **Wheat** target Fund balance	Minimum Fund balance $3,250,000 maintained	Achieved: Balance $4,621,021	Minimum Fund balance $3,250,000 maintained	Minimum Fund balance $3,250,000 maintained	Minimum Fund balance $3,250,000 maintained	Minimum Fund balance $3,250,000 maintained
• **Canola** target Fund balance	Minimum Fund balance $1,000,000 maintained	Achieved: Balance $1,088,580	Minimum Fund balance $1,000,000 maintained	Minimum Fund balance $1,000,000 maintained	Minimum Fund balance $1,000,000 maintained	Minimum Fund balance $1,000,000 maintained
• **Soybean** target Fund balance	Minimum Fund balance $4,500,000 maintained	Achieved: Balance $6,686,259	Minimum Fund balance $4,500,000 maintained	Minimum Fund balance $4,500,000 maintained	Minimum Fund balance $4,500,000 maintained	Minimum Fund balance $4,500,000 maintained
Receipt and review Fund financial statements from Agricorp	Quarterly	Achieved	Quarterly	Quarterly	Quarterly	Quarterly
Objective 2: To conduct adjudicatory proceedings and issue decisions in a fair and timely manner.						

Performance measure	Baseline	Actual 2022-23	Target 2022-23	Target 2023-24	Target 2024-25	Target 2025-26
Claims processed with minimal delays	Claimants notified within 2 calendar days, dealer and elevators within 4 days of receipt of claim	Not applicable as there were no claims adjudicated by the Board in 2022-23.	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	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	Not applicable as there were no claims adjudicated by the Board in 2022-23.	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	Claims are reviewed individually, and follow adjudication guidelines established
Claimants received notification of Board decision	Within 10 calendar days of a Board decision	Not applicable as there were no decision letters issued as there were no claims to adjudicate in 2022-23.	Within 10 days of a Board decision	Within 10 days of a Board decision	Within 10 days of a Board decision	Within 10 days of a Board decision
Objective 3: To grant or refuse claims and to seek recovery of overpayments.						
Claims are reviewed to determine their validity	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Not applicable as there were no claims adjudicated by the Board in 2022-23.	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	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	Not applicable as there were no claims adjudicated therefore no payouts from the Funds in 2022-23 to recover.	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	Legal counsel is consulted when proceeding with any recovery action
Objective 4: To ensure that the Board is compliant with directives, policies and agreements.						
Updated MOU in place	Updated as per the *Agencies and Appointments Directive* section 1.9.1	Not applicable as there was not a need to update the MOU (ie: no change in Chair and/or Minister). Continued use of existing MOU	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)	Updated as per the *Agencies and Appointments Directive* section 1.9.1 (if applicable)

Performance measure	Baseline	Actual 2022-23	Target 2022-23	Target 2023-24	Target 2024-25	Target 2025-26
		effective June 5, 2017.				
Submit Annual Report to Minister	Annually	Achieved; met AAD requirement. Report was submitted to Minister through the OMAFRA liaison on January 13, 2023 within 90-days of completing the financial audit (December 16, 2022) thereby 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.	Within 90 days of the agency's receipt of the audited financial statement meeting AAD requirements.
Submit Business Plan to Minister	Annually	Achieved. Submitted 2023-2026 Business Plan on March 1, 2023.	March 2022	March 2023	March 2024	March 2025
Submit Quarterly Risk Assessment Report to OMAFRA	Quarterly	Achieved. Submitted to Ministry liaison.	Quarterly	Quarterly	Quarterly	Quarterly
Submit Agency Attestation to Minister (New requirement since 2015-16)	Annually	Achieved. Submitted to Agency liaison on March 13, 2023.	Annually	Annually	Annually	Annually

Analysis of financial performance

The Office of the Auditor General of Ontario finalized an audit of the 2022-23 financial statements in January 2024 and the Board submitted the Annual Report to the Minister shortly thereafter. The GFPB's fiscal year is April 1 to March 31.

Revenue
Revenue from producer check-off fees that are received when a producer sells one of the four commodities, is marginally lower in 2022-23 compared to 2021-22.

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 conducts a review of their investment portfolio every quarter as well as when an investment is maturing. The Board makes any changes necessary to ensure that they are maximizing their return on investments.

The Bank of Canada's interest rate dropped in March 2020 to 0.25% and remained unchanged until March 2022 when it was increased to 0.5% The rate continued to increase through 2022-23. The impact of these rate increases will not be reflected immediately in the Board's investments as the Board uses a laddering strategy to reduce the influence of interest changes and to maximize returns. The interest earned on investments in 2022-23 provide a higher rate of return by 103 basis points or 56%. The average return on investment in 2022-2023 was 2.88%, as compared to 1.85% in 2021-22. The rate of return for fiscal year 2023-24 is expected to slightly improve from fiscal year 2022-23.

Total revenue for 2022-23 was $1,030,252, compared to $811,709 in 2021-22. The increase from the previous year is due to increased investment income over the prior year that have provided a higher rate of return.

The Board will continue to monitor the check-off fees and annual growth rate of all four Funds to ensure they continue to meet the targeted Fund balances. All four Funds continue to maintain the minimum target Fund balances as per the 2021-22 actuarial reviews.

Expenses
The Board continues to effectively manage expenses over the past several years.
Since November 2010 and as indicated in the current MOU, the Board is obliged to pay the person or persons who are responsible for determining whether grain dealer license applicants and grain dealer licensees are financially responsible (determining financial responsibility). Agricorp provides these program services.

In 2022-23, there were no claims received to adjudicate and no money paid from the Funds.

The expenses for Governance, Secretariat and Financial Services were slightly higher in 2022-23 at $52,973 compared to $42,234 in 2021-22 fiscal year. This increase from the previous year is primarily due to some of the meetings being held in-person (i.e.: more administrative support is required to ensure a successful board meeting such as printing materials, on-site support/set-up), support for the stakeholder meeting that the Board held and more transactions for investments due to maturities occurring in 2022-23 fiscal year.

Effective January 1, 2020, as part of the new Minister's regulation (O. Reg. 467/19: Boards Payment of Expenses) made under the FPPA, the Board and industry have been required to pay for all expenses relating to the administration of both the FFPA (expenses related to fund management and claims adjudication) and the *Grains Act* (expenses related to annually determining financial responsibility of dealers, licensing, inspections and enforcement). This change resulted in an increase in Board expenses as of January 1, 2020. The expenses in 2022-23 for determining financial responsibility / licensing and enforcement (program administrative costs) were $494,598 which is a slight increase compared to $462,312 in 2021-22. Generally the program administrative costs do fluctuate slightly on an annual basis for operational items such as issues with licensing, elevator/dealer defaults, and providing information required for claim adjudication. The costs align with the 5-year average for program delivery costs for the GFPP.

Since April 1, 2020, the Board is paying the costs for legal services associated with the administration of the *FPPA* and investigative costs. Legal Services also reviews any board agreements, governance documents and provides any other advice as requested by the Board. This is a new expense reflected in the Board's financials for 2020-21 onward (a cost previously covered by the Ministry). The expenses in 2022-23 were $322, compared to $248 in 2021-22 (comparable expense to the previous year). In 2021-22 and 2022-23 fiscal years, there were no claims therefore, there were no legal services expenditures for claims adjudication and no expenses for investigative services. The legal expense was for general legal advice/ services to the Board (i.e.: review and provide advice regarding updated claim application form).

Total expenses for 2022-23 were $547,893 compared to $539,044 in 2021-22.

The following expenses are paid by the Board to related parties:

- Governance/ Secretariat services, Financial services and Determining Financial Responsibility/ Licencing & Enforcement are paid to Agricorp; and
- Board Legal and Investigative services are paid to OMAFRA.

Financial table: The numbers have been rounded-up to the nearest dollar for ease of reporting purposes only.

	Budget ($)	Actual ($)	Budget ($)	Actual ($)
Fiscal Year	2021-22	2021-22	2022-23	2022-23
Revenue				
Fees from producers	448,000	502,735	486,000	498,839
Investment income	271,000	308,974	289,000	531,413
Claim Recoveries	0	0	0	0
Total Revenue	**719,000**	**811,709**	**775,000**	**1,030,252**
Expenses				
Expenses related to the *Grains Act*/ Program • Financial responsibility review, licencing & enforcement (see Note 1)	530,000	462,312	485,000	494,598
Expenses related to the *Farm Products Payments Act* • Financial services	33,000	26,097	33,700	32,353
• Governance/Secretariat Services	52,000	16,137	47,000	20,620
• Board Legal and Investigative services	60,000	248	14,000	322
• Professional fees (e.g.: actuarial review)	14,000	34,250	0	0
Claims paid	263,000	0	263,000	0
Total Expenses	**952,000**	**539,044**	**842,700**	**547,893**
Net Balance (Total Revenue – Expenses)	(233,000)	272,665	(67,700)	482,359
Fund Balance Beginning of Year	17,155,145	17,613,856	17,886,521	17,886,521
Fund Balance End of Year	**16,922,145**	17,886,521	**17,819,521**	**18,368,880**

Notes:
[1] Expenses included in financial responsibility review includes the Determining Financial responsibility, two Financial Responsibility Review Committee (FRRC) and other administration (i.e.: bank charges). FRRC are invoices from the firm of Graham, Scott and Enns LLP and from Gee, Lambart and Courtney less any dealer FRRC fees.
As of March 1, 2020, the Board is paying for all administrative program delivery costs including determining financial responsibility, licensing and enforcement.

Appendix 1: History of claims (as of March 31, 2023).

Fiscal Year (Apr. 1 - Mar. 31)	# of claims reviewed by Board/ decision made	# of Claims Paid	Total Claim Amount Paid from Funds	Dollars Recovered to the Funds	Amount Paid Out by the Funds
1985-1986	264	92	$1,059,602.00	$312,699.00	$746,903.00
1986-1987	7	6	$27,603.04	$26,280.00	$1,350.04
1987-1988	Nil	Nil	-	-	-
1988-1989	2	2	$15,806.69	$0.00	$15,806.69
1989-1990	13	13	$249,748.02	$0.00	$249,748.02
1990-1991	20	18	$279,367.75	$2,000.00	$277,367.75
1991-1992	Nil	Nil	-	-	-
1992-1993	11	11	$266,814.40	$40,000.00	$226,814.40
1993-1994	27	24	$270,500.59	$0.00	$270,500.59
1994-1995	5	1	$15,993.09	$8,000.00	$7,993.09
1995-1996	Nil	Nil	-	-	-
1996-1997	51	45	$434,282.39	$0.00	$434,282.39
1997-1998	Nil	Nil	-	-	-
1998-1999	Nil	Nil	-	-	-
1999-2000	21	21	$57,786.98	$0.00	$57,786.98
2000-2001	Nil	Nil	-	-	-
2001-2002	Nil	Nil	-	-	-
2002-2003	Nil	Nil	-	-	-
2003-2004	8	8	$147,204.67	$11,379.00	$135,825.67
2004-2005	Nil	Nil	-	-	-
2005-2006	Nil	Nil	-	-	-
2006-2007	Nil	Nil	-	-	-
2007-2008	Nil	Nil	-	-	-
2008-2009	19	18	$731,797.00	$267,000.00	$464,797.00
2009-2010	Nil	Nil	-	-	-
2010-2011	Nil	Nil	-	-	-
2011-2012	3	0	$0.00	$0.00	$0.00
2012-2013	Nil	Nil	-	-	-
2013-2014	Nil	nil	-	-	-
2014-2015	Nil	Nil	-	-	-
2015-2016	5	4	$7,617.23	$7,617.23	$0.00
2016-2017	Nil	Nil	-	-	-
2017-2018	15	2	$29,132.89	$29,132.89	$0.00
2018-2019	8	0	$0.00	$0.00	$0.00
2019-2020	Nil	Nil	-	-	-
2020-2021	1	0	-	-	-
2021-2022	Nil	Nil	-	-	-
2022-2023	Nil	Nil	-	-	-
Total	480	265	$3,593,283.74	$704,108.12	$2,889,175.62

Appendix 2: Audited financial statements for year ending March 31, 2023.

Financial Statements of

The Grain Financial Protection Board

(Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)

Year Ended March 31, 2023

Financial Statements of

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

Year Ended March 31, 2023

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.

Becky Philpott
Chief Financial Officer, Agricorp

Aron Nonkes
Controller, Agricorp

January 18, 2024

INSERT AGO REPORT HERE

The Grain Financial Protection Board
(Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)
Statement of financial position
As at March 31, 2023

	Grain Corn		Soybeans		Canola		Wheat		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Current assets										
Cash	$ 275,324	$ 600,638	$ 502,127	$ 889,951	$ 112,519	$ 101,742	$ 183,740	$ 310,584	$ 1,073,710	$ 1,902,915
Short term investments (note 4)	4,014,354	2,860,344	4,425,459	2,771,487	765,577	501,754	3,200,407	2,061,884	12,405,797	8,195,469
Accounts receivable (note 3)	455	517	18,259	23,887	2,650	2,321	2,643	3,572	24,007	30,297
Total current assets	**4,290,133**	**3,461,499**	**4,945,845**	**3,685,325**	**880,746**	**605,817**	**3,386,790**	**2,376,040**	**13,503,514**	**10,128,681**
Long term investments (note 4)	1,750,934	2,609,913	1,808,591	2,742,921	216,396	477,026	1,260,677	2,119,410	5,036,598	7,949,270
Total assets	**6,041,067**	**6,071,412**	**6,754,436**	**6,428,246**	**1,097,142**	**1,082,843**	**4,647,467**	**4,495,450**	**18,540,112**	**18,077,951**
Liabilities										
Accounts payable	68,047	67,597	68,177	88,456	8,562	9,571	26,446	25,806	171,232	191,430
Total liabilities	**68,047**	**67,597**	**68,177**	**88,456**	**8,562**	**9,571**	**26,446**	**25,806**	**171,232**	**191,430**
Fund balances	5,973,020	6,003,815	6,686,259	6,339,790	1,088,580	1,073,272	4,621,021	4,469,644	18,368,880	17,886,521
Liabilities and fund balances	**6,041,067**	**6,071,412**	**6,754,436**	**6,428,246**	**1,097,142**	**1,082,843**	**4,647,467**	**4,495,450**	**18,540,112**	**18,077,951**

See accompanying notes to financial statements

Approved on behalf of the Board

Ron Campbell
Board Chair

Jeff Harrison
Board Vice-Chair

The Grain Financial Protection Board
(Funds for Producers of Grain Corn, Soybeans, Canola, Wheat)
Statement of operations and fund balances
Year ended March 31, 2023

	Grain Corn		Soybeans		Canola		Wheat		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue										
Fees from producers	$ 7,760	$ 7,630	$ 373,685	$ 352,711	$ 11,591	$ 7,089	$ 105,803	$ 135,305	$ 498,839	$ 502,735
Investment income	178,882	107,421	190,634	105,174	31,220	18,842	130,677	77,537	531,413	308,974
Claim recoveries	-	-	-	-	-	-	-	-	-	-
Total revenue	**186,642**	**115,051**	**564,319**	**457,885**	**42,811**	**25,931**	**236,480**	**212,842**	**1,030,252**	**811,709**
Expenses										
Financial responsibility review, licensing and enforcement	196,552	163,249	196,929	213,624	24,730	23,116	76,387	62,323	494,598	462,312
Financial services	12,563	8,958	12,583	11,593	1,726	1,417	5,481	4,129	32,353	26,097
Governance and secretariat	8,194	5,698	8,210	7,457	1,031	807	3,185	2,175	20,620	16,137
Legal and investigation	128	88	128	115	16	12	50	33	322	248
Actuarial fees	-	12,094	-	15,826	-	1,713	-	4,617	-	34,250
Claims paid	-	-	-	-	-	-	-	-	-	-
Total expenses	**217,437**	**190,087**	**217,850**	**248,615**	**27,503**	**27,065**	**85,103**	**73,277**	**547,893**	**539,044**
Excess (deficiency) of revenue over expenses	**(30,795)**	**(75,036)**	**346,469**	**209,270**	**15,308**	**(1,134)**	**151,377**	**139,565**	**482,359**	**272,665**
Fund balances, beginning of year	6,003,815	6,078,851	6,339,790	6,130,520	1,073,272	1,074,406	4,469,644	4,330,079	17,886,521	17,613,856
Fund balances, end of year	**$ 5,973,020**	**$ 6,003,815**	**$ 6,686,259**	**$ 6,339,790**	**$ 1,088,580**	**$ 1,073,272**	**$ 4,621,021**	**$ 4,469,644**	**$ 18,368,880**	**$ 17,886,521**

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, 2023

	Grain Corn 2023	Grain Corn 2022	Soybeans 2023	Soybeans 2022	Canola 2023	Canola 2022	Wheat 2023	Wheat 2022	Total 2023	Total 2022
Operating Activities										
Excess (deficiency) of revenue over expenses	$ (30,795)	$ (75,036)	$ 346,469	$ 209,270	$ 15,308	$ (1,134)	$ 151,377	$ 139,565	$ 482,359	$ 272,665
Non-cash items										
(Increase) decrease in accrued interest on investments	(65,647)	(13,928)	(80,931)	(11,427)	(11,193)	(1,963)	(54,426)	(6,380)	(212,197)	(33,698)
Working Capital										
Decrease (increase) in accounts receivable	62	(70)	5,628	(4,784)	(329)	(1,317)	929	(407)	6,290	(6,578)
Increase (decrease) in accounts payable	450	14,727	(20,279)	29,225	(1,009)	2,991	640	12,884	(20,198)	59,827
Cash provided from (utilized by) operating activities	**(95,930)**	**(74,307)**	**250,887**	**222,284**	**2,777**	**(1,423)**	**98,520**	**145,662**	**256,254**	**292,216**
Investing Activities										
Purchase of investments	(1,954,000)	(1,985,000)	(2,184,000)	(2,320,000)	(152,000)	(400,000)	(1,350,000)	(1,905,000)	(5,640,000)	(6,610,000)
Proceeds from investments	1,724,616	1,850,000	1,545,289	2,390,000	160,000	396,000	1,124,636	1,880,000	4,554,541	6,516,000
Cash provided from (utilized by) investing activities	**(229,384)**	**(135,000)**	**(638,711)**	**70,000**	**8,000**	**(4,000)**	**(225,364)**	**(25,000)**	**(1,085,459)**	**(94,000)**
Increase (decrease) in cash	**(325,314)**	**(209,307)**	**(387,824)**	**292,284**	**10,777**	**(5,423)**	**(126,844)**	**120,662**	**(829,205)**	**198,216**
Cash, beginning of year	600,638	809,945	889,951	597,667	101,742	107,165	310,584	189,922	1,902,915	1,704,699
Cash, end of year	**$ 275,324**	**$ 600,638**	**$ 502,127**	**$ 889,951**	**$ 112,519**	**$ 101,742**	**$ 183,740**	**$ 310,584**	**$ 1,073,710**	**$ 1,902,915**

See accompanying notes to financial statements

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* (FPPA). 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, established through regulations, under the FPPA is to protect producers (of grain corn, soybeans, 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.

Under Ontario Regulation 467/19, the Board is responsible for all expenses relating to the administration of the FPPA and the Grains Act.

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.

b) Revenue recognition

The Funds' revenue includes fees from producers paid under the FPPA, investment income and claim recoveries. Fees from producers are paid to either the Ontario Canola Growers Association (OCGA) or the Grain Farmers of Ontario (GFO), as designated by Regulation. Revenue is recognized when fees from producers are receivable from the OCGA and GFO. Investment income is recognized as earned and amounts not yet received are included in the carrying value of investments. Claim recoveries are recorded when entitled to receive payment, unless uncertainty exists regarding the amounts and timing of the recovery. When uncertainty exists, claim recoveries are recorded when received.

c) Expense allocation

Expenses, other than legal and investigation and claims paid, are allocated to the four funds based on the proportionate value of each crop sold, with a minimum set at 5% (2022 – 5%). Legal and investigation and claims paid are allocated to the Fund of the commodity being claimed.

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 investments at fair value. Guaranteed Investment Certificates (GICs) are recorded at 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. A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

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 when realized.

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 funds. Actual results could differ from those estimates.

3. Accounts receivable

Accounts receivable represent fees from producers due from the GFO or OCGA.

4. Investments

2023	Fair Value Hierarchy	Grain Corn	Soybeans	Canola	Wheat	Total
Short-term (< 1 year)						
Financial institutions - deposits	Level 1	$ 1,405,205	$ 1,505,815	$ 395,088	$ 1,138,186	$ 4,444,294
Financial institutions - GICs	Level 2	2,609,149	2,919,644	370,489	2,062,221	7,961,503
Total short-term		**$ 4,014,354**	**$ 4,425,459**	**$ 765,577**	**$ 3,200,407**	**$ 12,405,797**
Long-term (1 - 5 year)						
Financial institutions - GICs	Level 2	1,750,934	1,808,591	216,396	1,260,677	5,036,598
Total long-term		**$ 1,750,934**	**$ 1,808,591**	**$ 216,396**	**$ 1,260,677**	**$ 5,036,598**
Total investments		**$ 5,765,288**	**$ 6,234,050**	**$ 981,973**	**$ 4,461,084**	**$ 17,442,395**

2022	Fair Value Hierarchy	Grain Corn	Soybeans	Canola	Wheat	Total
Short-term (< 1 year)						
Financial institutions - deposits	Level 1	$ 2,146,343	$ 2,144,270	$ 380,860	$ 1,591,953	$ 6,263,426
Financial institutions - GICs	Level 2	714,001	627,217	120,894	469,931	1,932,043
Total short-term		**$ 2,860,344**	**$ 2,771,487**	**$ 501,754**	**$ 2,061,884**	**$ 8,195,469**
Long-term (1 - 5 year)						
Financial institutions - GICs	Level 2	2,609,913	2,742,921	477,026	2,119,410	7,949,270
Total long-term		**$ 2,609,913**	**$ 2,742,921**	**$ 477,026**	**$ 2,119,410**	**$ 7,949,270**
Total investments		**$ 5,470,257**	**$ 5,514,408**	**$ 978,780**	**$ 4,181,294**	**$ 16,144,739**

Transfers of investments between Level 1 and Level 2 totaled $1,375,000 (2022- $1,617,023).

The Fund's portfolio has interest rates ranging from 1.25% to 5.73% (2022 – 1.2 % to 3.41%) with maturities ranging from June 2023 to February 2026 (2022 – June 2022 to February 2025).

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.

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

5. Financial instruments risk management (continued)

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

The Board entered into an agreement with Agricorp, a provincial agency under common control by the Province of Ontario, to provide financial responsibility review, licensing, enforcement, financial, governance and secretariat services. These services provided by Agricorp amounted to $543,356 (2022 – $500,482) and are included in the respective expenses on the Statement of Operations and Fund Balances.

The Board is responsible to pay for expenses related to legal and investigation services provided by the Ministry of Agriculture, Food and Rural Affairs (OMAFRA). In the current year, legal and investigative services amounted to $322 (2022 – $248) and are included in expenses on the Statement of Operations and Fund Balances.

7. Comparative figures

Certain comparative figures have been reclassified to conform to the basis of financial presentation adopted in the current year.

INDEPENDENT AUDITOR’S REPORT

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

Opinion

I have audited the financial statements of the Grain Financial Protection Board (the Funds for Producers of Grain Corn, Soybeans, Canola, Wheat) (the Board), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor’s report thereon, in the Board’s 2022-23 Annual Report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario January 18, 2024	Jeremy Blair, CPA, CA, LPA Assistant Auditor General