

Grain Financial Protection Board 2023-2024 Annual Report

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Message from the Chair

On behalf of the Grain Financial Protection Board (GFPB or Board), we are pleased to present to you the Annual Report for the fiscal year ending March 31, 2024.

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 Agribusiness (OMAFRA) to administer the program. Previously, and for the period referred in this Annual Report, OMAFA was known the Ontario Ministry of Agriculture Food and Rural Affairs.

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, 2024, all of the Funds have met the minimum target balances and the overall Fund balance increased from the previous year. The table on page 22 summarizes the results of each of the four Funds. There were no claims received in 2023-24 to adjudicate and no payments made for previous claims from the Funds.

Since 2019, the ministry has been leading a review of Ontario's legislation governing the Financial Protection Programs (Grain Financial Protection Program and the Ontario Beef Cattle Financial Protection Program). New legislation, the *Protecting Farmers from Non-Payment Act (Regulating Agricultural Product Dealers and Storage Operators)*, 2023 was passed in Spring 2023, as a result of the consultation with industry stakeholders but is not yet operational. Subject to the Minister's discretion, the Ministry is targeting a late Winter 2025 effective date for proclamation of the new statute and the new regulations under the Act coming into effect. The Ministry consulted with stakeholders (including the Board) on proposed regulatory changes in summer/fall 2023. Once changes are finalized and approved, the ministry will discuss with the Board any changes that may impact the Board which may then be incorporated into the Board's 2024-25 annual report and 2025-28 business plan. The Board is currently operating under the *Farm Products Payments Act*, R.S.O. 1009, c. F. 10 (*FPPA*) until the new Act is proclaimed and the new regulations are approved and operationalized per the Minister.

The Board worked with (at the time) the Minister of Agriculture, Food and Rural Affairs throughout the year on appointing members to the Board. In 2023-24, the previous Chair informed the Minister that he would complete his term as Chair and would not seek

reappointment. The Ministry posted an advertisement for the Chair position on the Public Appointments Secretariat (PAS) website as an opportunity for individuals to apply. After posting and subsequent screening/ evaluation per process, the Minister appointed me as Board Chair effective November 3, 2023 for a three-year term.

Additionally in 2023-24, two existing members were reappointed and one member's term expired. In February 2024, the Vice Chair informed the Minister of their resignation due to other time commitments associated within the industry. The ministry will post an advertisement for the Vice Chair on the PAS and work to fill this vacancy.

The total compliment is nine part-time members at the end of the fiscal year. For a list of the board members for the 2023-24 fiscal year, go to pages 12-13 of this report.

Looking ahead to 2024-25, the Board has committed to engaging an actuary due to environment changes that have occurred (i.e.: interest rates; commodity prices) since the last actuarial review was conducted in 2021/22. In the meantime, the Board will continue to monitor all the Funds to ensure they are growing or maintained at an appropriate level. Once consultations on the proposed regulatory amendments are complete, the Board will finalize next steps and timing to engage an actuary for the actuarial review.

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 GFPB 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 Agribusiness (the Minister), through the Chair, for setting goals, objectives, and the strategic direction for the Board. It operates under the authority of the *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 OMAFA 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 OMAFA.

Under the AAD, upon a change of either the Minister or the agency Chair, the MOU between the agency and the Minister is required to be affirmed within 6 months of the change. With the Minister’s appointment of a new Board Chair effective November 3, 2023 an affirmation letter was signed in April 2024 renewing the use of the existing MOU (dated June 2017), meeting the AAD requirement. No updates were made to the existing MOU. Updates may be required as a result of the legislative and proposed regulatory changes. The MOU will be in effect until it is revoked or a new MOU is signed by both 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

In October 2022, (at that time) Ontario's Minister of Agriculture, Food and Rural Affairs sent the 2023-24 letter of direction to the Board Chair setting out the Ontario government's and the Minister's expectations of the Board. The Ontario government wide expectations are addressed in the annual attestation memo sent to the Minister. The Board's 2023-2026 business plan addresses the Minister's expectations for 2023-2024 and results on expectations specific to the GFPB are reported on below.

Minister's expectations	Grain Financial Protection Board's results
Ensure that a strategic focus on the financial soundness of the Funds for Grain Producers is prioritized including using the results of the recently completed actuarial report to guide your sustainability strategies, and providing ongoing oversight of AgriCorp as it pertains to its role in	The 2021-22 actuarial review results recommended that the grain corn and canola check-off fee be increased in the near future. The Board discussed these recommendations with stakeholders on December 16, 2022. The Board sent a letter to the Minister recommending an increase in the check-off fees for grain corn (from \$0.001 to \$0.019 per tonne sold) and canola (from \$0.20 to \$0.417 per tonne sold) based on the results. Check-off fees are set under a Minister's Regulation. Therefore any changes to the check-off fee would require Minister's approval. The recommendation to increase the

Minister's expectations	Grain Financial Protection Board's results
managing assets GFPB is accountable for.	check-off fees is being addressed as part of the regulations through the financial protection program review. Based on stakeholder feedback and environmental changes (i.e. interest rates; commodity prices) since the last actuarial review in 2021-22 the Board has committed to engage an actuary in the 2024/25 fiscal year. The Board will review the performance of the Funds annually against established targets. Annually, the Board approves the budget as part of their business planning process which includes the GFPP administrative costs (licencing, inspection, enforcement) and services to the GFPB (governance, secretariat and financial services). The Board reviews and approves their financials (i.e. expenses) quarterly and have processes in place should expenses go beyond the annual budget.
Ensure the maintenance of an effective system of internal controls and compliance with applicable requirements to promote transparency and accountability. This includes effective oversight of expense management and controls to ensure efficiency and sustainability.	The Board reviews the documentation required under the AAD and 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. GFPB's financial statements are audited annually by the Office of the Auditor General of Ontario (OAGO). For the 2023-24 fiscal year, an unqualified audit opinion was received. Regular review and analysis occurs on a monthly basis with quarterly financial reports that are reviewed by a financial manager and Controller (as part of a third party service provider to the GFPB) who reports to the Board through the Board Chair. In 2023-24, the Board met all obligations and timelines under the AAD and provided this assurance to the Minister through the annual agency attestation in February 2024. See pages 16-18 for details.
Measuring and communicating to stakeholders the performance of the Funds for Grain Producers against established targets and have an established investment policy that is reviewed annually to ensure long-term sustainability of the Funds.	The Board participates in meetings with stakeholders as required - generally every two to three years, as needed. The last meeting was held in December 2022, which focused on the results of the 2021-22 actuarial study. The Board shared the GFPB 2022-23 annual report, the 2022-23 audited financials statements of the Funds and the 2024-27 Business Plan with stakeholders following Minister approval. The Board has an established Statement of Investment policy that was reviewed annually.
Continue to investigate and adjudicate all claims in a fair, equitable and timely manner with a focus on reducing burden and	The Board annually reviews their claim adjudication guidelines and has established operational procedures (training materials) to assist with the processing of claims.

Minister's expectations	Grain Financial Protection Board's results
improving the customer service experience. Expect the Board to make decisions on claims based on prudent and consistent adherence to established operational procedures, as well as effective customer service in supporting Ontario farmers with the processing of claims and ensuring that the adjudication process is fair and has minimal delays.	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 did not receive any claims to adjudicate in the 2023-24 fiscal year. See Appendix 1 for a history of claims.
Continue to engage with the ministry, as needed, to support the implementation of recommendations made through the review of the Financial Protection Programs to update/ modernize Board governance/ powers and procedures, among other things.	Since 2019, the ministry has lead a review of Ontario's legislation governing the Financial Protection Programs (Grain Financial Protection Program and the Ontario Beef Cattle Financial Protection Program). New legislation (Protecting Farmers from Non-Payment Act, 2023) was passed in Spring 2023 as a result of the consultation with industry stakeholders including the Board. It will be proclaimed and operationalized following the drafting of new regulation. The Board participated in these consultations (summer/fall 2023) and provided feedback on proposed changes. Subject to the Minister's direction, the Ministry is targeting a late Winter 2025 effective date for proclamation of the new statute and the new regulations under the Act. The Board continued to participate in industry consultation session and provide feedback with a view to ensuring that grain producers and owners continue to have access to stable risk management tools.
Supporting government priorities to modernize program delivery and drive agri-food sector innovation and resilience by using there lenses to inform the board's operational decisions and supporting ministry policy-development, as required, by leveraging the industry knowledge/ expertise of its members.	The Board is made up of stakeholders with extensive knowledge of the grain industry and continues to make itself available to support government priorities as required. As an example, the Board has been working with ministry to support the modernization of the financial protection programs.

To achieve its mandate and the Minister's, the Board has established goals with corresponding objectives and activities. For 2023-24, 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 2023-24 fiscal year the four Funds meet the minimum target balances.

The 2021-22 actuarial review results recommended that the grain corn and canola check-off fee be increased in the near future. The risk of not achieving the target surplus position for the grain corn and canola Funds is increasing over time which indicates that the funding is insufficient and recommends the grain corn and canola check-off fees be increased in the near future to ensure these Funds remain solvent.

The Board discussed these recommendations with stakeholders on December 16, 2022. The Board sent a letter to the Minister respectfully recommending a change in the check-off fees for grain corn (from \$0.001 to \$0.019 per tonne sold) and canola (from \$0.20 to \$0.417 per tonne sold) based on the results. Check-off fees are required pursuant to a Minister's Regulation under the FPPA and therefore any changes to the check-off fee would require Minister's approval. The recommendation is being addressed as part of the regulations through the financial protection program review.

The Board has committed to engage an actuary in the 2024/25 fiscal year due to stakeholder feedback and environmental changes (i.e. interest rates; commodity prices) since the last actuarial review occurred in 2021-22.

The Board has an established *Statement of Investment Policy* (SIP) that is reviewed annually. The annual review of the SIP was completed in January 2024, with no changes made.

2. **Maintain an adjudication process that is simple, fair and accessible with minimal delays** – The Board annually reviewed their 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 2023-24 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 AAD and MOU to ensure that it is both understood and that the appropriate documentation is on file to remain in compliance with both. Legal counsel is available to assist the Board with any needed agreements and regarding claims as required.

In 2023-24, the Board met all obligations and timelines under the AAD and provided this assurance to the Minister through the annual agency attestation in February 2024. See pages 16 to 18 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 last meeting was held in December 2022, which focused on the results of the 2021-22 actuarial study.

The Board shared the 2022-23 Annual Report and the 2024-27 Business Plan with stakeholders following Minister approval.

5. **Ensure a high-performing Board** – The Board regularly reviews tenures of members at board meetings and works with OMAFA and stakeholder groups to fill any vacancies. The Board works with OMAFA six to nine months in advance of a member's term expiring to allow time to go through the process for potential reappointment and/or to fill any vacancy. For vacancies, the Board requests the stakeholder group to identify candidates of qualified candidates for potential appointment by the Minister to the Board. The Board also maintains an orientation manual and provides new members with training.

This year, two members were reappointed and two member's terms expired, including the previous Chair. The Chair role was vacant as of September 18, 2023 and the ministry posted a job advertisement on the PAS for this vacancy for existing members and public to apply to. After posting and subsequent screening/ evaluation per process, the Minister appointed a current Board member to the position of Chair effective November 3, 2023. The Vice Chair role became vacant as of February 26, 2024, as they resigned due to other time commitments within the industry. See page 12 to 13 for a list of board members.

Board key activities

The Board held a total of 5 meetings in 2023-24 fiscal year: one hybrid meeting (in person and on-line Teams communication platform), two on-line (Team conference call) and two e-mail discussion/ approvals that focused on:

- reviewing and approving quarterly financial statements;
- business planning and risk assessment;
- reviewing and making investment decisions;
- continuing to support the ministry's review of the financial protection program by participating in industry consultation session; 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 multi-year service agreement with Agricorp for Governance, Secretariat and Financial Support Services. This service agreement has been extended four additional one-year terms. In January 2024, the Board approved a decision to extend the service agreement for an additional one year term that expires on March 31, 2025..

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).

Legal services are provided to the Board by the Ministry of the Attorney General, Civil Law Division, OMAFA Legal Services Branch. Council provides the Board with privileged and 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 OMAFA's Food Safety & Traceability Programs Branch for the Board upon request.

About the Board

Board structure

Ontario Regulation 70/12 (Payments From Funds For Grain Producers) under 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., a per diem) based on their role, as outlined in the AAD. These are paid by OMAFA and not from the Funds. A summary of each member's 2023-24 remuneration as provided by OMAFA (not including expenses) is noted below and is based on when they were submitted and processed.

In 2023-24, the previous Chair's term expired September 17, 2023. To ensure continuity of board operations, the Vice-Chair fulfilled the duties of the Board Chair from September 18, 2023, to November 2, 2023. After posting on the PAS website and subsequent screening/evaluation per process, the Minister appointed Ron Campbell to the Board Chair position, effective November 3, 2023.

Additionally, in 2023-2024 fiscal year, two members were reappointed as members and two members term expired. In February 2024, the Vice Chair role became vacant as they resigned due to other time commitments within the industry. The position was posted on the PAS in March 2024 as an opportunity for individuals to apply.

The Board continues to monitor its appointed positions and to 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 2023-24 (April 1, 2023 to March 31, 2024).

Member Name	Position	Tenure	2023-24 Remuneration
Ron Campbell	Chair	3-Nov-2023 – 2-Nov-2026 *appointed to Chair November 2023	\$866.50
	Member	29-Jan-2018 – 3-Nov-2023	
Dave Bутtenham	Chair	22-Mar-2011 – 17-Sept-2023 *fulfilled term expired Sept 2023	\$1,270.75
Jeff Harrison	Vice Chair	24-Feb-2023 – 26-Feb-2024 *resigned Feb 2024	\$920
	Member	22-May-2019 – 24-Feb-2023	
Jennifer Macdonald	Member	13-Mar-2017 – 28-Mar-2026	\$504.00
Paul Hazzard	Member	21-Aug-2020 – 20-Aug-2026 *reappointed August 2023	\$924.00
Lindsay Menich	Member	27-Oct-2017 – 26-Oct-2023 *fulfilled term in Oct 2023	\$336.00
Nadine Schwandt	Member	27-Oct-2017 – 26-Oct-2026 *reappointed in Oct 2023	\$672.00

Tyler McBlain	Member	21-Aug-2019 – 20-Aug-2024	\$336.00
Jeff Barlow	Member	28-Mar-2022 – 27-Mar-2025	\$1,092.00
Keith Black	Member	28-Mar-2022 – 27-Mar-2025	-
Jennifer Doelman	Member	26-Jun-2019 – 25-Jun-2025	\$504.00

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 16 to 18 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 OMAFA on its website following the Minister's approval.

Annual audit of financial transaction of the Board:

The OAGO conducts an annual audit of the accounts and financial transactions of the Board. The audit of the 2023-24 fiscal year was completed in January 2025 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 16-18 for results).

A review of the Financial Protection Programs:

Since 2019, the ministry has been leading a review of Ontario's legislation governing the Financial Protection Programs (Grain Financial Protection Program and the Ontario Beef Cattle Financial Protection Program). New legislation, the Protecting Farmers from Non-Payment Act (*Regulating Agricultural Product Dealers and Storage Operators*), 2023, was passed in Spring 2023 as a result of the consultation with industry stakeholders but is not yet proclaimed or operational. It will be proclaimed and operationalized following the drafting of new regulation.

The Ministry consulted with industry on proposed changes to inform drafting of regulations and subject to the Minister's direction, are targeting a winter 2025 effective date for proclamation of the new statute and the new regulations under the Act coming into effect. Once changes are finalized and approved, the ministry will discuss with the Board any changes that may impact it which may be incorporated into the Board's 2024-25 annual report and 2025-28 business plan. The Board is currently operating under the FPPA until the new Act is proclaimed and its regulations are approved by the Minister and operationalized.

Actuarial review as it relates to check-off fees and sustainability of the Funds:

The 2021-22 actuarial review results recommended that the grain corn and canola check-off fee be increased in the near future. The risk of not achieving the target surplus position for the grain corn and canola Funds increases over time. These recommendations were shared and discussed with stakeholders on December 16, 2022. The Board sent a letter to the Minister respectfully recommending a change in the check-off fees for grain corn (from \$0.001 to \$0.019 per tonne sold) and canola (from \$0.20 to \$0.417 per tonne sold) based on the results. Check-off fees are outlined in Minister's Regulation. Therefore any changes to the check-off fees would require Minister approval. The recommendation to increase the check-off fees is being addressed as part of the regulations through the financial protection program review.

The Board has committed to engaging an actuary in the 2024/25 fiscal year due to stakeholder feedback and environmental change (i.e. interest rates; commodity prices) since the last actuarial review in 2021-22 was conducted. Once the Board receive feedback from the Ministry on the results of the consultations on the proposed regulatory amendments, the Board will finalize next steps and timing to engage an actuary for the actuarial review.

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

The soybean and wheat check-off fees paid by 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). At that time there were no changes recommended to the check-off fees payable by grain corn or canola. Based on the 2016 actuarial review, again no changes were recommended to the fees, however it was suggested that the Board monitor the levels of the funds relative to the targets, in particular if there are claims paid.

Performance measures and targets

The Board's principal objectives for the fiscal year ending March 31, 2024 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	Target 2023-24	Actual 2023-24	Target 2024-25	Target 2025-26	Target 2026-27
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	Unqualified	Achieved	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	Minimum Fund balance \$5,750,000 maintained	Achieved: Balance \$6,044,600	Minimum Fund balance \$5,750,000 maintained	Minimum Fund balance \$5,750,000 maintained	Minimum Fund balance \$5,750,000 maintained
• Soybean target Fund balance	Minimum Fund balance \$4,500,000 maintained	Minimum Fund balance \$4,500,000 maintained	Achieved: Balance \$7,137,604	Minimum Fund balance \$4,500,000 maintained	Minimum Fund balance \$4,500,000 maintained	Minimum Fund balance \$4,500,000 maintained
• Canola target Fund balance	Minimum Fund balance \$1,000,000 maintained	Minimum Fund balance \$1,000,000 maintained	Achieved: Balance \$1,124,448	Minimum Fund balance \$1,000,000 maintained	Minimum Fund balance \$1,000,000 maintained	Minimum Fund balance \$1,000,000 maintained
• Wheat target Fund balance	Minimum Fund balance \$3,250,000 maintained	Minimum Fund balance \$3,250,000 maintained	Achieved: Balance \$4,913,909	Minimum Fund balance \$3,250,000 maintained	Minimum Fund balance \$3,250,000 maintained	Minimum Fund balance \$3,250,000 maintained
Receipt and review Fund financial statements from Agricorp	Quarterly	Quarterly	Achieved	Quarterly	Quarterly	Quarterly

Objective 2: To conduct adjudicatory proceedings and issue decisions in a fair and timely manner.						
Claims processed with minimal delays	Claimants notified within 2 calendar 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	Not applicable. No claims were adjudicated by the Board in 2023-24.	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	Not applicable. No claims were adjudicated by the Board in 2023-24.	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	Within 10 days of a Board decision	Not applicable. No decision letters were issued as there were no claims to adjudicate in 2023-24.	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	Board refers to FPPA and uses legal counsel as required to determine validity of claims	Not applicable. No claims were adjudicated by the Board in 2023-24.	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 FPPA	Legal counsel is consulted when proceeding with any recovery action	Legal counsel is consulted when proceeding with any recovery action	Not applicable. No claims were adjudicated therefore no payouts from the Funds in 2023-24 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
Objective 4: To ensure that the Board is compliant with directives, policies and agreements.						
Updated MOU in place	Updated as per the <i>Agencies and Appointments Directive</i> section 1.9.1	Updated as per the <i>Agencies and Appointments Directive</i> section 1.9.1 (if applicable)	Achieved: In April 2024 the Chair and the Minister affirmed the continued use of the existing June 2017 MOU.	Updated as per the <i>Agencies and Appointments Directive</i> section 1.9.1 (if applicable)	Updated as per the <i>Agencies and Appointments Directive</i> section 1.9.1 (if applicable)	Updated as per the <i>Agencies and Appointments Directive</i> section 1.9.1 (if applicable)
Submit Annual Report to Minister	Annually	Within 90 days of the agency's receipt of the	Achieved; met AAD requirement.	Within 90 days of the agency's receipt of the	Within 90 days of the agency's receipt of the	Within 90 days of the agency's receipt of the

		audited financial statement meeting AAD requirements.	Report was submitted to Minister through the OMAFA liaison on February 6, 2024 within 90-days of completing the financial audit (January 18, 2024) thereby meeting the AAD requirements.	audited financial statement meeting AAD requirements.	audited financial statement meeting AAD requirements.	audited financial statement meeting AAD requirements.
Submit Business Plan to Minister	Annually	March 2024	Achieved. Submitted 2024-2027 Business Plan on March 1, 2024.	March 2025	March 2026	March 2027
Submit Quarterly Risk Assessment Report to OMAFA	Quarterly	Quarterly	Achieved. Submitted to Ministry liaison.	Quarterly	Quarterly	Quarterly
Submit Agency Attestation to Minister (New requirement since 2015-16)	Annually	Annually	Achieved. Submitted to Agency liaison on February 16, 2024.	Annually	Annually	Annually

Analysis of financial performance

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. Legal Services also reviews any board agreements, governance documents and provides any other advice as requested by the Board. 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 (a cost previously covered by the Ministry).

The OAGO finalized an audit of the 2023-24 financial statements in January 2025 and the Board submitted the Annual Report to the Minister shortly thereafter. The GFPB's fiscal year is April 1 to March 31.

Overall balance of the Funds (funds for producers of grain corn, soybeans, canola and wheat)

The overall balance of the Funds at the end of 2023-24 fiscal year is \$19.22 million which is an increase of over \$851 thousand from the previous fiscal year. The following is a summary of the four Funds at the end of 2023-24 fiscal compared to previous fiscal:

- the Grain Corn Fund balance had a slight increase from \$5.97M to \$6.04M;
- the Soybean Fund balance increased from \$6.69M to \$7.14M;
- the Wheat Fund balance increased from \$4.62M to \$4.91M; and
- the Canola fund balance had a slight increase from \$1.08M to \$1.12M.

The check-off fees received are slightly higher than previous year and the investment income is higher from the previous year due to some higher interest rates earned on investments that matured in 2023-24.

Overall, the revenue generated in 2023-24 covered the expenses and there were no claims in 2023-24 fiscal year. The 2023-24 total fund balance increased from last fiscal year.

Revenue

Revenue from producer check-off fees that are received when a producer sells one of the four commodities, is slightly higher in 2023-24 compared to 2022-23.

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.

Changes to interest rates affects the Board's revenues. With the increase in investment interest rates since March 2022 the Board has capitalized on strong rates for some short term investments (i.e.: 1 to 3 year terms). As a result of this, the Board's investment income over the prior year has provided a higher rate of return. While interest rates are rising in the short term,

there is an inverted investment curve at indicating lower rates for longer terms (i.e. 3 to 5 years). The Board's strategy with investments considers a laddering approach when possible to reduce the influence of interest changes and to maximize revenue returns. The interest earned on investments in 2023-24 provide a higher rate of return by 162 basis points or 56%. The average return on investment in 2023-2024 was 4.5% which is higher than 2022-23 at 2.88% due to the higher rates on investments.

Total revenue for 2023-24 was \$1,349,939, compared to \$1,030,252 in 2022-23. The increase from the previous year is due to increased investment income over the prior year that has 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.

The expenses in 2023-24 for determining financial responsibility / licensing and enforcement (program administrative costs) were \$442,317 which is a slight decrease compared to \$494,598 in 2022-23. 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.

The expenses for Governance, Secretariat and Financial Services were slightly higher in 2023-24 at \$55,892 compared to \$52,973 in 2022-23 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.

In 2023-24, there were no claims received to adjudicate and no money paid from the Funds.

The Board's legal and investigative services expenses in 2023-24 were \$49, compared to \$322 in 2022-23 (comparable expense to the previous year). In 2022-23 and 2023-24 fiscal years, there were no claims. Therefore, there were no legal services expenditures for claims adjudication and no expenses for investigative services.

Total expenses for 2023-24 were \$498,258 compared to \$547,893 in 2022-23. For a breakdown of revenue and expenses by Fund, see page 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 OMAFA.

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

	Budget (\$)	Actual (\$)	Budget (\$)	Actual (\$)	Variance to Budget (\$)
Fiscal Year	2022-23	2022-23	2023-24	2023-24	2023-24
Revenue					
Fees from producers	486,000	498,839	498,000	512,092	14,092
Investment income	289,000	531,413	793,000	837,847	44,847
Claim Recoveries	0	0	0	0	0
Total Revenue	775,000	1,030,252	1,291,000	1,349,939	58,939
Expenses					
Expenses related to the <i>Grains Act/ Program</i> Financial responsibility review, licencing & enforcement (see Note 1)	485,000	494,598	536,000	442,317	(93,683)
Expenses related to the <i>Farm Products Payments Act</i> Financial services	33,700	32,353	33,700	36,673	2,973
Governance/Sec retariat Services	47,000	20,620	47,000	19,219	(27,781)
Board Legal and Investigative services	14,000	322	10,000	49	(9,951)
Professional fees (e.g.: actuarial review)	0	0	0	0	0
Claims paid	263,000	0	347,000	0	(347,000)
Total Expenses	842,700	547,893	973,700	498,258	(475,442)
Net Balance (Total Revenue – Expenses)	(67,700)	482,359	317,300	851,681	534,381
Fund Balance Beginning of Year	17,886,521	17,886,521	18,368,880	18,368,880	0
Fund Balance End of Year	17,819,521	18,368,880	18,686,180	19,220,561	534,381

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.

Breakdown by Fund (Actual)	Grain Corn (\$)		Soybeans (\$)		Canola (\$)		Wheat (\$)		Total (\$)	Total (\$)
Fiscal Year	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Revenue										
Fees from producers	7,760	7,607	373,685	349,037	11,591	11,018	105,803	144,430	498,839	512,092
Investment income	178,882	267,607	190,634	310,719	31,220	49,892	130,677	209,629	531,413	837,847
Claim Recoveries	0	0	0	0	0	0	0	0	0	0
Total Revenue	186,642	275,214	564,319	659,756	42,811	60,910	236,480	354,059	1,030,252	1,349,939
Expenses										
Expenses related to the <i>Grains Act/ Program</i> Financial responsibility review, licencing & enforcement	196,552	181,084	196,929	185,354	24,730	22,115	76,387	53,764	494,598	442,317
Expenses related to the <i>Farm Products Payments Act</i> Financial services	12,563	14,662	12,583	14,982	1,726	1,964	5,481	5,065	32,353	36,673
Governance/Secretariat Services	8,194	7,868	8,210	8,054	1,031	961	3,185	2,336	20,620	19,219
Board Legal and Investigative services	128	20	128	21	16	2	50	6	322	49
Professional fees (e.g.: actuarial review)	0	0	0	0	0	0	0	0	0	0
Claims paid	0	0	0	0	0	0	0	0	0	0
Total Expenses	217,437	203,634	217,850	208,411	27,503	25,042	85,103	61,171	547,893	498,258
Net Balance (Total Revenue – Expenses)	(30,795)	71,580	346,469	451,345	15,308	35,868	151,377	292,888	482,359	851,681
Fund Balance Beginning of Year	6,003,815	5,973,020	6,339,790	6,686,259	1,073,272	1,088,580	4,469,644	4,621,021	17,886,521	18,368,880
Fund Balance End of Year	5,973,020	6,044,600	6,686,259	7,137,604	1,088,580	1,124,448	4,621,021	4,913,909	18,368,880	19,220,561

Appendix 1: History of claims (as of March 31, 2024).

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	-	-	-
2023-2024	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, 2024.

Financial Statements of

The Grain Financial Protection Board

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

Year Ended March 31, 2024

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
Becky Philpott (Jan 24, 2025 10:58 EST)

Becky Philpott
Chief Financial Officer, Agricorp

Aron Nonkes
Aron Nonkes (Jan 24, 2025 10:53 EST)

Aron Nonkes
Controller, Agricorp

January 24, 2025

INDEPENDENT AUDITOR'S REPORT

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

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, 2024, 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, 2024 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 2023-24 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 24, 2025

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

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

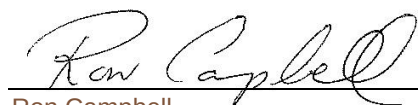
Statement of financial position

As at March 31, 2024

	Grain Corn		Soybeans		Canola		Wheat		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Current assets										
Cash	\$ 199,177	\$ 275,324	\$ 388,767	\$ 502,127	\$ 117,611	\$ 112,519	\$ 63,325	\$ 183,740	\$ 768,880	\$ 1,073,710
Short term investments (note 4)	3,838,769	4,014,354	4,259,588	4,425,459	697,734	765,577	2,985,092	3,200,407	11,781,183	12,405,797
Fees from producers receivable	596	455	19,682	18,259	1,052	2,650	5,780	2,643	27,110	24,007
Total current assets	4,038,542	4,290,133	4,668,037	4,945,845	816,397	880,746	3,054,197	3,386,790	12,577,173	13,503,514
Long term investments (note 4)	2,113,613	1,750,934	2,579,658	1,808,591	321,187	216,396	1,891,645	1,260,677	6,906,103	5,036,598
Total assets	6,152,155	6,041,067	7,247,695	6,754,436	1,137,584	1,097,142	4,945,842	4,647,467	19,483,276	18,540,112
Liabilities										
Accounts payable	107,555	68,047	110,091	68,177	13,136	8,562	31,933	26,446	262,715	171,232
Total liabilities	107,555	68,047	110,091	68,177	13,136	8,562	31,933	26,446	262,715	171,232
Fund balances	6,044,600	5,973,020	7,137,604	6,686,259	1,124,448	1,088,580	4,913,909	4,621,021	19,220,561	18,368,880
Liabilities and fund balances	6,152,155	6,041,067	7,247,695	6,754,436	1,137,584	1,097,142	4,945,842	4,647,467	19,483,276	18,540,112

See accompanying notes to financial statements

Approved on behalf of the Board



Ron Campbell
Board Chair



Jeff Barlow
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, 2024

	Grain Corn		Soybeans		Canola		Wheat		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
Fees from producers	\$ 7,607	\$ 7,760	\$ 349,037	\$ 373,685	\$ 11,018	\$ 11,591	\$ 144,430	\$ 105,803	\$ 512,092	\$ 498,839
Investment income	267,607	178,882	310,719	190,634	49,892	31,220	209,629	130,677	837,847	531,413
Claim recoveries (note 5)	-	-	-	-	-	-	-	-	-	-
Total revenue	275,214	186,642	659,756	564,319	60,910	42,811	354,059	236,480	1,349,939	1,030,252
Expenses										
Financial responsibility review, licensing and enforcement	181,084	196,552	185,354	196,929	22,115	24,730	53,764	76,387	442,317	494,598
Financial services	14,662	12,563	14,982	12,583	1,964	1,726	5,065	5,481	36,673	32,353
Governance and secretariat	7,868	8,194	8,054	8,210	961	1,031	2,336	3,185	19,219	20,620
Legal and investigation	20	128	21	128	2	16	6	50	49	322
Claims paid (note 5)	-	-	-	-	-	-	-	-	-	-
Total expenses	203,634	217,437	208,411	217,850	25,042	27,503	61,171	85,103	498,258	547,893
Excess (deficiency) of revenue over expenses	71,580	(30,795)	451,345	346,469	35,868	15,308	292,888	151,377	851,681	482,359
Fund balances, beginning 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
Fund balances, end of year	\$ 6,044,600	\$ 5,973,020	\$ 7,137,604	\$ 6,686,259	\$ 1,124,448	\$ 1,088,580	\$ 4,913,909	\$ 4,621,021	\$ 19,220,561	\$ 18,368,880

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, 2024

	Grain Corn		Soybeans		Canola		Wheat		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Operating Activities										
Excess (deficiency) of revenue over expenses	\$ 71,580	\$ (30,795)	\$ 451,345	\$ 346,469	\$ 35,868	\$ 15,308	\$ 292,888	\$ 151,377	\$ 851,681	\$ 482,359
Non-cash items										
(Increase) decrease in accrued interest on investments	(80,094)	(65,647)	(99,196)	(80,931)	(24,948)	(11,193)	(73,653)	(54,426)	(277,891)	(212,197)
Working Capital										
Decrease (increase) in accounts receivable	(141)	62	(1,423)	5,628	1,598	(329)	(3,137)	929	(3,103)	6,290
Increase (decrease) in accounts payable	39,508	450	41,914	(20,279)	4,574	(1,009)	5,487	640	91,483	(20,198)
Cash provided from (utilized by) operating activities	30,853	(95,930)	392,640	250,887	17,092	2,777	221,585	98,520	662,170	256,254
Investing Activities										
Purchase of investments	(2,672,000)	(1,954,000)	(3,377,000)	(2,184,000)	(377,000)	(152,000)	(2,371,000)	(1,350,000)	(8,797,000)	(5,640,000)
Proceeds from investments	2,565,000	1,724,616	2,871,000	1,545,289	365,000	160,000	2,029,000	1,124,636	7,830,000	4,554,541
Cash provided from (utilized by) investing activities	(107,000)	(229,384)	(506,000)	(638,711)	(12,000)	8,000	(342,000)	(225,364)	(967,000)	(1,085,459)
Increase (decrease) in cash	(76,147)	(325,314)	(113,360)	(387,824)	5,092	10,777	(120,415)	(126,844)	(304,830)	(829,205)
Cash, beginning of year	275,324	600,638	502,127	889,951	112,519	101,742	183,740	310,584	1,073,710	1,902,915
Cash, end of year	\$ 199,177	\$ 275,324	\$ 388,767	\$ 502,127	\$ 117,611	\$ 112,519	\$ 63,325	\$ 183,740	\$ 768,880	\$ 1,073,710

See accompanying notes to financial statements

The Grain Financial Protection Board

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

Notes to the financial statements

Year ended March 31, 2024

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. Adoption of new accounting standard – PS 3400, *Revenue*

On April 1, 2023, the Board adopted a new accounting standard, Public Sector Accounting Standards Section 3400, *Revenue*. This standard establishes how to account for and report common types of revenues in the public sector that are not addressed in an individual standard in the Public Sector Accounting Handbook. Specifically, this new standard differentiates between revenue arising from transactions that include performance obligations ('exchange transactions') and transactions that do not have performance obligations ('non-exchange transactions'). The Board applied the requirements of the standard retroactively and it had no impact on these financial statements.

3. 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, investment income and claim recoveries.

Ontario Regulation 321/11 under the FPPA prescribes fees payable to the Board on the sale of grain from a producer to a licensed dealer. These fees from producers are paid to either the Ontario Canola Growers Association (OCGA) or the Grain Farmers of Ontario (GFO) and are subsequently remitted to the Board. 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.

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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% (2023 – 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.

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4. Investments

2024	Fair Value Hierarchy	Grain Corn	Soybeans	Canola	Wheat	Total
Short-term (< 1 year)						
Financial institutions - deposits	Level 1	\$ 1,486,317	\$ 1,592,691	\$ 417,829	\$ 1,203,901	\$ 4,700,738
Financial institutions - GICs	Level 2	2,352,452	2,666,897	279,905	1,781,191	7,080,445
Total short-term		\$ 3,838,769	\$ 4,259,588	\$ 697,734	\$ 2,985,092	\$ 11,781,183
Long-term (1 - 5 year)						
Financial institutions - GICs	Level 2	2,113,613	2,579,658	321,187	1,891,645	6,906,103
Total long-term		\$ 2,113,613	\$ 2,579,658	\$ 321,187	\$ 1,891,645	\$ 6,906,103
Total investments		\$ 5,952,382	\$ 6,839,246	\$ 1,018,921	\$ 4,876,737	\$ 18,687,286

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

The Fund's portfolio has interest rates ranging from 2.38% to 6.50% (2023 – 1.25 % to 5.73%) with maturities ranging from June 2024 to March 2027 (2023 – June 2023 to February 2026).

5. Claims

There were no claims paid or claim recoveries in 2024 (2023 - \$nil).

6. 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.

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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.

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.

7. 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 \$493,943 (2023 – \$543,356) 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 Agribusiness (OMAFRA). In the current year, legal and investigative services amounted to \$50 (2023 – \$322) and are included in expenses on the Statement of Operations and Fund Balances.