



An agency of the Government of Ontario

## Management's responsibility for financial reporting

The accompanying financial statements have been prepared by management. The financial statements have been prepared 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, such as provisions for claims that are necessarily based on management's best estimates and which 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 of Agricorp 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.

Original signed by

---

Doug LaRose  
Chief Executive Officer

Original signed by

---

Becky Philpott  
Chief Financial Officer

June 19, 2024



## INDEPENDENT AUDITOR'S REPORT

To Agricorp

### Opinion

I have audited the financial statements of Agricorp, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and fund balances, remeasurement gains and losses 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 Agricorp as at March 31, 2024, and the results of its operations, its remeasurement gains and losses 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 Agricorp 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 Agricorp's 2024 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.

I obtained the 2024 Annual Report prior to the date of this auditor's report. 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 in this auditor's report. 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 Agricorp'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 Agricorp either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Agricorp'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 Agricorp'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 Agricorp'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 Agricorp 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.



Jeremy Blair, CPA, CA, LPA  
Assistant Auditor General

# Agricorp

## Statement of financial position

As at March 31, 2024

(In thousands of dollars)	General Fund	Production Insurance Fund	Management Program Fund	Risk Fund	2024	Restated (note 2) 2023
<b>Current assets</b>						
Cash	\$ 8,209	\$ 98,651	\$ 28,685	\$ 135,545	\$ 126,816	
Short term investments (note 7)	1,177	480,575	129,586	611,338	697,578	
Accounts receivable (note 6)	2,486	26,719	1,991	31,196	25,057	
Funds under administration (note 4)	26,551	-	-	26,551	19,949	
Prepaid expenses	1,184	-	-	1,184	1,137	
<b>Total current assets</b>	<b>39,607</b>	<b>605,945</b>	<b>160,262</b>	<b>805,814</b>	<b>870,537</b>	
Long term investments (note 7)	-	471,418	-	471,418	253,760	
Capital assets (note 8)	4,056	-	-	4,056	6,769	
<b>Total assets</b>	<b>\$ 43,663</b>	<b>\$ 1,077,363</b>	<b>\$ 160,262</b>	<b>\$ 1,281,288</b>	<b>\$ 1,131,066</b>	
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	4,723	842	2,126	7,691	9,152	
Funds under administration (note 4)	26,551	-	-	26,551	19,949	
Unearned premiums	-	19,294	-	19,294	25,314	
Deferred contributions (note 11)	1,196	-	-	1,196	1,155	
Provision for claims	-	9,900	129,685	139,585	16,183	
<b>Total current liabilities</b>	<b>32,470</b>	<b>30,036</b>	<b>131,811</b>	<b>194,317</b>	<b>71,753</b>	
Deferred contributions - capital assets (note 11)	4,056	-	-	4,056	6,769	
<b>Total liabilities</b>	<b>36,526</b>	<b>30,036</b>	<b>131,811</b>	<b>198,373</b>	<b>78,522</b>	
<b>Fund balances</b>						
Unrestricted funds	7,137	-	-	7,137	6,394	
Restricted funds	-	1,047,577	28,451	1,076,028	1,046,404	
Accumulated remeasurement gains (losses)	-	(250)	-	(250)	(254)	
<b>Total liabilities and fund balances</b>	<b>\$ 43,663</b>	<b>\$ 1,077,363</b>	<b>\$ 160,262</b>	<b>\$ 1,281,288</b>	<b>\$ 1,131,066</b>	

Commitments and contingencies (note 14)

See accompanying notes to financial statements

Approved on behalf of the Board

Original signed by

Johanna Chevalier on behalf of Jason Verkaik  
Board Chair

Original signed by

Dominic Morrissey  
Finance and Audit Committee Chair

# Agricorp

## Statement of operations and fund balances

Year ended March 31, 2024

(In thousands of dollars)	General Fund	Production Insurance Fund	Risk Management Program Fund	2024	Restated (note 2) 2023
<b>Revenue</b>					
Funding – provincial government (notes 10 and 15)	\$ 20,839	\$ 52,852	\$ 111,457	\$ 185,148	\$ 183,495
Funding – federal government (note 10)	19,760	79,234	-	98,994	95,026
Premiums from producers	-	92,545	32,739	125,284	113,305
Consulting and other services	1,639	-	-	1,639	1,911
Investment income	561	42,153	9,542	52,256	27,983
<b>Total revenue</b>	<b>42,799</b>	<b>266,784</b>	<b>153,738</b>	<b>463,321</b>	<b>421,720</b>
<b>Expenses</b>					
Claims	-	112,763	256,467	369,230	276,951
Reinsurance (note 12)	-	21,687	-	21,687	27,656
Administration (notes 13 and 17)	42,056	-	-	42,056	39,644
Bad debts (recovery)	-	(20)	-	(20)	38
<b>Total expenses</b>	<b>42,056</b>	<b>134,430</b>	<b>256,467</b>	<b>432,953</b>	<b>344,289</b>
<b>Excess of revenue over expenses</b>	<b>743</b>	<b>132,354</b>	<b>(102,729)</b>	<b>30,368</b>	<b>77,431</b>
Fund balances, beginning of year	6,394	915,223	131,180	1,052,797	975,367
<b>Fund balances, end of year</b>	<b>\$ 7,137</b>	<b>\$ 1,047,577</b>	<b>\$ 28,451</b>	<b>\$ 1,083,165</b>	<b>\$ 1,052,798</b>

See accompanying notes to financial statements

# Agricorp

## Statement of remeasurement gains and losses

Year ended March 31, 2024

<u>(In thousands of dollars)</u>	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains (losses), beginning of year	\$ (254)	\$ -
Unrealized gains (losses) on investments	4	(254)
<b>Accumulated remeasurement losses, end of year</b>	<b>\$ (250)</b>	<b>\$ (254)</b>

*See accompanying notes to financial statements*

# Agricorp

## Statement of cash flows

### Year ended March 31, 2024

(In thousands of dollars)	General Fund	Production Insurance Fund	Risk Management Program Fund	2024	Restated (note 2) 2023
<b>Operating activities</b>					
Excess of revenue over expenses	\$ 743	\$ 132,354	\$ (102,729)	\$ 30,368	\$ 77,431
<b>Items not requiring an outlay of cash</b>					
(Increase) decrease in accrued interest	(64)	(34,373)	(7,280)	(41,717)	(19,360)
Amortization of capital assets	(2,776)	-	-	(2,776)	(2,831)
Amortization of deferred contributions - capital assets	2,776	-	-	2,776	2,831
<b>Changes in non-cash working capital</b>					
Accounts receivable	(529)	(6,668)	1,058	(6,139)	(3,438)
Prepaid expenses	(47)	-	-	(47)	(41)
Accounts payable and accrued liabilities	1,933	(3,439)	45	(1,461)	(770)
Unearned premiums	-	(6,021)	-	(6,021)	5,501
Deferred contributions	41	-	-	41	42
Provision for claims	-	(4,800)	128,202	123,402	(42,381)
<b>Cash provided by operating activities</b>	<b>2,077</b>	<b>77,053</b>	<b>19,296</b>	<b>98,426</b>	<b>16,984</b>
<b>Financing activities</b>					
Increase in deferred contributions - capital assets	63	-	-	63	555
<b>Cash provided by financing activities</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>555</b>
<b>Investing activities</b>					
Purchases of investments	-	(825,000)	(20,000)	(845,000)	(443,069)
Proceeds of investments	-	734,825	20,478	755,303	301,543
<b>Cash provided by (used for) investing activities</b>	<b>-</b>	<b>(90,175)</b>	<b>478</b>	<b>(89,697)</b>	<b>(141,526)</b>
<b>Capital activities</b>					
Purchase of capital assets	(63)	-	-	(63)	(555)
<b>Cash used in capital activities</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(63)</b>	<b>(555)</b>
Total increase (decrease) in cash	2,077	(13,122)	19,774	8,729	(124,542)
Cash, beginning of year	6,132	111,773	8,911	126,816	251,358
<b>Cash, end of year</b>	<b>\$ 8,209</b>	<b>\$ 98,651</b>	<b>\$ 28,685</b>	<b>\$ 135,545</b>	<b>\$ 126,816</b>

See accompanying notes to financial statements

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### 1. Nature of operations

*The AgriCorp Act, 1996* established Agricorp as a provincial Crown corporation without share capital on January 1, 1997. As an agency of the Ontario government, Agricorp's mandate is to deliver government business risk management programs to Ontario's agriculture industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). These programs are as follows:

#### Production Insurance Fund

Production Insurance was established in 1966 and currently operates pursuant to the *Agricultural Products Insurance Act (Ontario, 1996)*. For over 100 commercially grown crops in Ontario, Production Insurance provides insured producers with financial protection against yield reduction caused by insured perils.

#### Risk Management Program Fund

The Risk Management Program Fund was established in 2021 for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components. Ontario's Risk Management Program (RMP) helps producers manage risks beyond their control, like fluctuating costs and market prices using an insurance-like model.

#### Additional Programs

##### a) Business Risk Management Programs

These programs, as detailed under note 3, are administered by Agricorp on behalf of OMAFRA and the Government of Canada ("federal government"). The rules regarding payments to customers are determined by the programs and in formal agreements with Agricorp. The funds paid out under these programs flow from either the Government of Ontario ("provincial government") or federal government or both, through Agricorp to qualified applicants, and are held in segregated accounts in funds under administration.

##### b) Other

Agricorp is responsible for the delivery of Farm Business Registration, the Provincial Premises Registry and the Farm Property Class Tax Rate Program. These programs, as detailed under note 3 and note 4, are administered on behalf of OMAFRA in accordance with their respective program delivery agreements.

As an agency of the Ontario provincial government, Agricorp is exempt from income taxes.

### 2. Change in accounting policy

On April 1, 2023, Agricorp implemented *Public Sector Accounting Standard Section 3400 Revenue (PS 3400)*, in accordance with the transitional provisions set out in the Standard and the requirements for changes in accounting policies in Public Sector Accounting Standard Section 2120, *Accounting Changes*. The impacts of implementing PS 3400 are described below.

PS 3400 establishes standards on how to account for and report common types of revenues in the public sector that are not addressed in an individual standard in the PSA Handbook. Specifically, PS 3400 differentiates between revenue arising from transactions that include performance obligations ('exchange transactions') and transactions that do not have performance obligations ('non-exchange transactions').

Agricorp adopted that standard on April 1, 2023 and applied the requirements of the standard retroactively with restatement of the prior period.

The impact on Agricorp's revenue streams are as follows:



# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

Producer premiums for Production Insurance are recognized during the period of insurance for the agricultural product coverage purchased based on the transferred insured risks concluding when the related agricultural products are harvested

Producer premiums for the Risk Management Program are recognized over the period of coverage of the respected programs for the selected products and coverage levels.

Government contributions are recognized as revenue when invoiced based on funding agreement terms.

Agricorp's accounting policies for its revenue streams are disclosed in detail in note 3(d) below. The effect of the change on the prior year financial statements is as follows:

(In thousands of dollars)	As previously reported	Adjustment	Restated April 1, 2022
Accounts receivable	\$ 21,771	\$ (139)	\$ 21,632
Unearned premiums	33,301	(13,476)	19,825
Restricted funds - Production Insurance Fund	893,364	13,336	906,700
Total Fund Balance	962,031	13,336	975,367

(In thousands of dollars)	As previously reported	Adjustment	Restated March 31, 2023
Accounts receivable	\$ 25,149	\$ (92)	\$ 25,057
Unearned premiums	46,351	(21,037)	25,314
Restricted funds - Production Insurance Fund	1,025,459	20,945	1,046,404
Funding - provincial government	181,207	2,288	183,495
Funding - federal government	91,594	3,432	95,026
Premiums from producers	111,462	1,843	113,305
Claims	276,997	(46)	276,951

### 3. Significant accounting policies

#### a) Basis of accounting

The financial statements of Agricorp 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 the Chartered Professional Accountants of Canada (CPA Canada). Agricorp has also elected to apply the section 4200 standards for Government Not-For-Profit Organizations.

Agricorp uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative revenues and expenses, as well as for all unsegregated activities. The Production Insurance Fund is used to account for activities specific to the Production Insurance program. The Risk Management Program Fund is used to account for activities specific to the Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful life of the assets, with a half-year amortization taken in the year of acquisition and disposition. The estimated useful lives of the assets are as follows:

Furniture and fixtures	4 years
Computer hardware	3 years
Computer software	2 years
Customized software	5 years
Leasehold improvements	5 years

### c) Employee future benefits

Agricorp provides defined retirement benefits and other future benefits for substantially all retirees and employees. These future benefits include pension plan and accumulated sick leave.

#### i) Pension plan

Eligible employees are members of the Public Service Pension Plan (“PSPP”). The PSPP is a multi-employer defined benefit pension plan.

The Province of Ontario, who is the sole sponsor of the PSPP, determines Agricorp’s annual payments to the plan and is responsible for ensuring that the pension fund is financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of Agricorp. Therefore, Agricorp’s contributions are accounted for as if the PSPP was a defined contribution plan with Agricorp’s contributions being expensed in the period they come due.

#### ii) Accumulated sick leave

Agricorp provides a non-vested sick leave benefit to all full-time and part-time employees. Employees are granted five days of sick leave per year. Unused sick leave days are eligible to accumulate up to 47 days, which can only be used to supplement the short term disability benefit. Employees are not paid for unused sick leave.

### d) Revenue recognition

Agricorp accounts for government contributions using the deferral method of accounting. Government contributions used for the purchase of capital assets are deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets. All other government funding is recognized when the stipulations of the related funding agreement have been met as described below by fund and when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Within the Production Insurance Fund, government contributions are recognized as revenue when Agricorp enters into eligible production insurance contracts and the Producer premium is collected. Producer premiums are recognized during the period of insurance for the agricultural product coverage purchased based on the transferred insured risks concluding when the related agricultural products are harvested. Producer premiums received for coverage beginning April 1 of the following year are classified as unearned premiums on the statement of financial position.

Within the Risk Management Program Fund, government contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Individual producers apply for coverage under the RMP Livestock and RMP Grains and Oilseeds

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

programs selecting products and percentages of coverage. Producer premiums are recognized over the period of coverage of the respective programs for the selected products and coverage levels.

Consulting and other services revenue is recognized once the performance obligation is met through the performance of services, collection of the relevant receivable is reasonably assured and persuasive evidence of an arrangement exists.

Investment income is recognized as earned; amounts not yet received are included in the carrying value of investments.

### e) Financial instruments

Agricorp's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

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. Investments include cash equivalents, Guaranteed Investment Certificates (GICs), term deposits and bonds. Cash equivalents, GICs and term deposits are recorded at cost plus accrued interest, which approximates fair value.

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 gain or loss on investments is adjusted through the statement of remeasurement gains and losses. When an asset is sold, 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.

Agricorp is required to classify fair value measurements using a fair value hierarchy, which indicates 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.

### f) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and deferred contributions, and provision for claims. Actual results could differ from those estimates.

### g) Provision for claims

The provision for claims liability represents management's estimate of the total cost of Production Insurance claims and RMP Fund benefit claims outstanding at year-end. Measurement of this provision is uncertain as not all of the necessary information for reported claims is always available as of the year-end date and therefore estimates are made as to the value of these claims.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### 4. Funds under administration

Agricorp processes and disburses payments to producers enrolled in agricultural business risk management and other programs. These programs are generally administered on behalf of OMAFRA for producers in the province and cover joint federal-provincial, federal-only and provincial-only programs. Individual program delivery agreements are in place for each program.

Program payments are calculated according to program requirements and the program delivery agreements. Funding is provided by the federal and/or provincial governments and all funds are segregated in accounts under administration by program until payments are processed for the producers.

Funds for these programs are held in accounts with Canadian banks, bankers' acceptance or bank discount notes and all are highly liquid. As Agricorp only administers these programs, no recognition is made for program revenue, expense, receivables or payables. Costs associated with the delivery of these programs are included in Administration expenses (see note 17).

#### a) AgriStability

The AgriStability program was established to provide agricultural producers with financial protection against large declines in farm margin. To participate, producers must enroll in the program and pay administration and enrollment fees based on their reference margin for specified prior years. Producers are also required to submit an application that includes production data and farming income (or loss) reported for income tax purposes. The program has existed under several federal, provincial and territorial frameworks and is currently under the *Sustainable Canadian Agricultural Partnership*, which came into effect April 2023.

AgriStability is cost shared by the federal and provincial governments at a basis of 60% and 40% respectively.

#### b) Risk Management Program (RMP)

RMP helps producers offset losses caused by low commodity prices and fluctuating production costs. RMP is fully funded by the provincial government and is an advance against Ontario's share of the AgriStability program thereby reducing the provincial share of AgriStability payments.

The Risk Management Program Fund (the "RMP Fund") for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components was established pursuant to a Minister's Order to continue the Risk Management Program starting with program year 2021 with both Ontario contributions and Producer Premiums deposited into the RMP Fund. Funds related to pre-2021 program years for Livestock and Grains and Oilseeds continue to be presented as Funds Under Administration until fully disbursed in accordance with the program delivery guidelines for those years. There have been no changes to the Self-Directed Risk Management: Edible Horticulture.

RMP includes the following plans:

#### **RMP: Grains and Oilseeds (RMP-GO)**

The plan provides Ontario grain and oilseed producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums, provide a premises identification number and participate in Production Insurance, if available for their crop.

#### **RMP for livestock (RMP-LS)**

RMP for livestock includes individual plans for cattle, hogs, sheep and veal. The plans provide producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums and provide a premises identification number.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### **RMP - Self-Directed Risk Management: Edible Horticulture (RMP-SDRM)**

Under the terms of the plan, producers of edible horticulture deposit a percentage of their allowable net sales into an account, and a contribution is made into the account by the provincial government. Funds can be withdrawn to cover risks to the farm business, such as a reduction in income or other farm-related expenses or losses. To participate, producers must make a deposit into their SDRM account and provide a premises identification number.

### **c) Winery Agri-Tourism COVID-19 Relief Initiative (Winery Agri-Tourism)**

The Winery Agri-Tourism COVID-19 Relief Initiative provides financial support to eligible wineries and cideries whose on-site sales were impacted while provincial measures were in place to stop the spread of COVID-19. Agricorp administers this program on behalf of OMAFRA. This program is fully funded by the provincial government.

### **d) Other programs**

Agricorp administers other programs on behalf of OMAFRA, the federal government and industry groups, some of which are in the process of being wound down. These programs are funded in accordance with their program delivery agreements. Other programs include:

### **Farm Business Registration (FBR)**

In accordance with the *Farm Registration and Organizations Funding Act, 1993*, farm businesses in Ontario whose gross farm income is equal to or greater than \$7,000 are required to register their farm business. In return for the registration, the farm business pays a reduced property tax rate on agricultural land and is granted membership in an accredited farm organization of their choice. Agricorp collects these fees and remits them, less an administrative charge, to the chosen accredited farm organization.

The following summarizes the transactions related to the funds under administration:

<b>(In thousands of dollars)</b>	<b>Opening balance 2024</b>	<b>Funding, federal government</b>	<b>Funding, provincial government</b>	<b>Other</b>	<b>Payments</b>	<b>Closing balance 2024</b>
AgriStability	\$ 11,724	\$ 49,474	\$ 26,711	\$ 1,624	\$ (74,335)	\$ 15,198
RMP-GO	2	-	-	-	-	2
RMP-LS	27	-	-	(26)	-	1
RMP-SDRM	7,397	-	34,758	(221)	(33,207)	8,727
Winery Agri-Tourism	10	-	-	-	(7)	3
Other programs	789	5,240	32,292	(87)	(35,614)	2,620
<b>Total</b>	<b>\$ 19,949</b>	<b>\$ 54,714</b>	<b>\$ 93,761</b>	<b>\$ 1,290</b>	<b>\$ (143,163)</b>	<b>\$ 26,551</b>

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

(In thousands of dollars)	Opening balance 2023	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2023
AgriStability	\$ 8,441	\$ 42,053	\$ 22,847	\$ 1,190	\$ (62,807)	\$ 11,724
RMP-GO	235	-	(184)	(43)	(6)	2
RMP-LS	1,890	-	(625)	(1,024)	(214)	27
RMP-SDRM	9,348	-	34,753	1,643	(38,347)	7,397
Winery Agri-Tourism	30	-	8,526	1	(8,547)	10
Other programs	673	14	21,484	120	(21,502)	789
<b>Total</b>	<b>\$ 20,617</b>	<b>\$ 42,067</b>	<b>\$ 86,801</b>	<b>\$ 1,887</b>	<b>\$ (131,423)</b>	<b>\$ 19,949</b>

The Other column in the tables above includes items such as producer fees and premiums, and changes in program receivables and payables.

### 5. Additional programs

Included in Administration expenses (see note 17) are costs associated with the delivery of several other programs in accordance with individual program delivery agreements. Additional programs include:

#### *Provincial Premises Registry (PPR)*

Established in 2008, the PPR registers unique parcels of land in Ontario associated with agri-food activities. The PPR collects information, such as agri-food business locations and activities and emergency contacts, and maintains a current database for access by the Ministry for emergency response and preparedness. As part of the National Agri-Food Traceability System, all provinces are responsible for having a premises registration system in place to enable the swift response to incidents and emergencies that could harm agri-food businesses and consumers. This program is administered on behalf of OMAFRA.

#### *Farm Property Class Tax Rate Program (FPCTRP)*

Under FPCTRP, eligible farm properties pay a reduced property tax rate for their acreage. Agricorp delivers the program, completes eligibility assessments for all valued and assessed farm properties, and reports the properties that meet all the requirements to the Municipal Property Assessment Corporation (MPAC) on behalf of OMAFRA. MPAC in turn forwards this information to the local municipalities. The municipality will then tax the properties that meet the requirements at the farm rate.

### 6. Accounts receivable

Accounts receivable are comprised primarily of amounts due from the federal and provincial governments and from producers.

(In thousands of dollars)	2024	Restated (note 2) 2023
Funding – federal government	\$ 6,345	\$ 7,816
Funding – provincial government	5,719	6,987
Other	19,132	10,274
<b>Sub total</b>	<b>31,196</b>	<b>25,077</b>
Less allowance for doubtful accounts	-	(20)
<b>Total</b>	<b>\$ 31,196</b>	<b>\$ 25,057</b>

Amounts due from the federal and provincial governments are generally receivable within 90 days.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### 7. Investments

#### a) Portfolio profile

(In thousands of dollars)	2024	2023
<b>Short-term</b>		
Financial institutions – cash and equivalents	\$ 289,611	\$ 158,082
Financial institutions – guaranteed investment certificates	295,963	539,496
Financial institutions – bonds	25,764	-
<b>Total short-term</b>	<b>611,338</b>	<b>697,578</b>
<b>Long-term</b>		
Financial institutions – guaranteed investment certificates	446,182	203,750
Financial institutions – bonds	25,236	50,010
<b>Total long-term</b>	<b>471,418</b>	<b>253,760</b>

All long-term investments mature within 1-3 years.

#### b) Fair value hierarchy

(In thousands of dollars)	Level	2024	2023
Cash and equivalents	1	\$ 289,611	\$ 158,082
Bonds	1	51,000	50,010
Guaranteed investment certificates	2	742,145	743,246
<b>Total investments</b>		<b>\$1,082,756</b>	<b>\$ 951,338</b>

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

### 8. Capital assets

(In thousands of dollars)	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Furniture and fixtures	\$ 871	\$ 871	\$ -	\$ -
Computer hardware	4,209	3,833	376	664
Leasehold improvements	966	945	21	6
Computer software	13,081	13,081	-	1
Customized software	12,196	8,537	3,659	6,098
<b>Total</b>	<b>\$ 31,323</b>	<b>\$ 27,267</b>	<b>\$ 4,056</b>	<b>\$ 6,769</b>

### 9. 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. Agricorp is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Agricorp operates within investment guidelines constraints set out by legislation that restricts Agricorp's investments to highly liquid, high-grade investments, such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on Agricorp's financial position, operations and cash flow.

The average return on investments is 4.02% (2023 – 2.87%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile. Although investments are generally held to maturity, realized gains or losses could result if actual Production Insurance claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations. The potential impact to investment values had the prevailing interest rates changed by 50 basis points is estimated at \$13.3 million (2023 – \$9.9 million). 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

#### *General*

Credit risk is the risk that other parties fail to perform as contracted. Agricorp's exposure to credit risk is principally through balances receivable from the federal and provincial governments and producers as well as through its investment securities.

#### *Reinsurance*

Agricorp is exposed to credit risk on the reinsurance contracts that are placed with reinsurers. In order to minimize this risk, Agricorp places reinsurance with a number of different reinsurers and evaluates the financial condition of each of these reinsurers in order to minimize exposure to a significant loss from any one reinsurer in the event of insolvency.

#### *Collectability*

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

#### *Investments*

Credit risk on investment securities arises from Agricorp's positions in term deposits, corporate debt securities and government bonds. Legislation restricts the types of investments Agricorp may hold to high-grade Canadian debt instruments and investments approved by the Minister of Finance, which significantly reduces credit risk.

## 10. Funding – provincial and federal

### a) General Fund

Agricorp provides administration services on a cost recovery basis to process and disburse payments to producers enrolled in agricultural business risk management and other programs. The provincial and federal governments have agreed to share the costs of administering Production Insurance, and AgriStability at the ratio of 60% and 40% respectively. The costs to administer RMP-GO, RMP-LS, RMP-SDRM, VQA-WSP, Winery Agri-Tourism, PPR and FPCTRP are funded by the provincial government.

### b) Production Insurance Fund

Premiums from producers represent 40% of the total funding of the Production Insurance program. The federal and provincial governments fund the remaining contributions at a basis of 60% and 40% respectively.



# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### c) Risk Management Program Fund

The provincial government funds the Risk Management Program in addition to premiums received by producers.

### 11. Deferred contributions

Included in the General fund are deferred contributions related to funding received for operating expenses of a future period as well as for funding received for the purchase of capital assets. All contributions recognized in the year are included in Funding – provincial and federal government in the Statement of operations and fund balances. The nature and amount of changes in these balances are as follows.

(In thousands of dollars)	Opening Balance 2024	Contributions	Recognized	Closing Balance 2024
<b>Short-term</b>				
Deferred contributions - operating expenses	\$ 1,155	\$ 2,359	\$ 2,318	\$ 1,196
<b>Long-term</b>				
Deferred contributions - capital assets	6,769	63	2,776	4,056
<b>Total deferred contributions</b>	<b>\$ 7,924</b>	<b>\$ 2,422</b>	<b>\$ 5,094</b>	<b>\$ 5,252</b>

(In thousands of dollars)	Opening Balance 2023	Contributions	Recognized	Closing Balance 2023
<b>Short-term</b>				
Deferred contributions - operating expenses	\$ 1,113	\$ 2,011	\$ 1,969	\$ 1,155
<b>Long-term</b>				
Deferred contributions - capital assets	9,045	555	2,831	6,769
<b>Total deferred contributions</b>	<b>\$ 10,158</b>	<b>\$ 2,566</b>	<b>\$ 4,800</b>	<b>\$ 7,924</b>

### 12. Reinsurance agreement

Agricorp uses reinsurance in the normal course of Production Insurance operations to manage its risk exposure. Coverage involving a number of reinsurance companies was purchased for the 2023 production year. Under the terms of the 2023 production year agreement, the reinsuring companies would assume losses between 16% and 26% on \$4.9 billion insured liability (2022 production year – 14% - 27% on \$5.5 billion). As actual claims were less than the minimum threshold of \$770 million (2022 production year – \$776 million), there was no reinsurance recovery for the 2023 production year (2022 - no recovery).

### 13. Pension

The PSPP is a contributory defined benefit plan. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB).

Contributions to PSPP made during the year by Agricorp amounted to \$2M (2022 - \$1.8M). Administration expenses on the statement of operations and fund balances include pension expense as part of salaries and benefits within administration costs.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### 14. Commitments and contingencies

#### a) Commitments

Agricorp is committed to office space for the next two years. The lease agreement with Ministry of Infrastructure Ontario was mutually terminated on March 31, 2024. Effective April 1, 2024, as a result of a change in legislation arising from the *Reducing Inefficiencies Act 2023*, Agricorp becomes a user of the Ministry of Infrastructure Ontario's (MOI) General Real Estate Portfolio (GREP).

The minimum aggregate costs are:

(In thousands of dollars)	Total
2025	1,121
2026	1,121
<b>Total</b>	<b>\$ 2,242</b>

Agricorp signed an agreement in December 2023 committing to purchase reinsurance through a number of carriers for the 2024 production year. The estimated cost for this agreement is \$27.7 million (2023 - \$32.6 million)

#### b) Contingencies

During the normal course of business, certain claims or program payments may be denied by Agricorp. As a result, various claims or proceedings have been, or may be, initiated against Agricorp. The disposition of the matters that are pending or asserted is not expected by management to have a material effect on the financial position of Agricorp or on its results of operations.

### 15. Related party transactions

Agricorp rents office space from the Ministry of Infrastructure Ontario for a total cost for the year of \$ 1.0 million (2023 - \$1.0 million) included in facilities within administration expenses.

Effective March 31, 2024, the lease agreement between Agricorp and the Ministry of Infrastructure Ontario was mutually terminated. Effective April 1, 2024, Agricorp becomes a user of the Ministry of Infrastructure Ontario's (MOI) General Real Estate Portfolio (GREP).

Agricorp earned revenue of \$53 million (2023 - \$51 million) from OMAFRA as their share of the Production Insurance contributions, \$21 million (2023 - \$ 21 million) for operating funding from OMAFRA and \$111 million (2023- \$111 million) from OMAFRA as Ontario's portion for the Risk Management Program Fund contributions.

### 16. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was \$12,648 (2023 - \$9,668). *The Public Sector Salary Disclosure Act, 1996* requires Agricorp to disclose employees paid an annual salary in excess of \$100,000. Complete disclosure for Agricorp is included in the "Public Sector Salary Disclosure 2023: Crown Agencies" listing on the Government of Ontario website: <https://www.ontario.ca/public-sector-salary-disclosure/2023/all-sectors-and-seconded-employees/>.

# Agricorp

## Notes to the financial statements

Year ended March 31, 2024

### 17. Administration

(In thousands of dollars)	2024	2023
Salaries and benefits	\$ 31,887	\$ 30,039
Equipment and maintenance	3,782	3,150
Facilities	1,220	1,063
Amortization	2,776	2,831
Consulting and professional	1,027	1,193
Telephone and postage	673	659
Office	361	385
Vehicle and travel	185	175
Other	145	149
<b>Total</b>	<b>\$ 42,056</b>	<b>\$ 39,644</b>

### 18. Comparative figures

Certain figures have been reclassified to conform to the current year's presentation.