



A DECADE OF CULTIVATION

2010 – 2020

2020 Annual Report

Grain Farmers of Ontario



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THROUGH THE YEARS

MILESTONE HIGHLIGHTS



2010
Formation of Grain Farmers of Ontario from founding organizations



2012 - 2013
Grain Discovery Zone and Growing Connections trailers built for public outreach



2013
Professorship in wheat breeding established at the University of Guelph



2014
Opening of new facility at 679 Southgate

2010

2011

2012

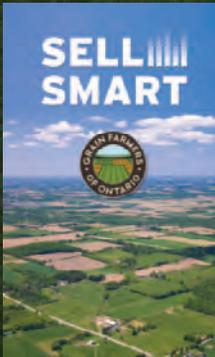
2013

2014

2015

2010 - 2011

The release of the SellSmart mobile app, providing local price information, and price alerts



2011

Established the Grains-In-Action program - a four-day course for agricultural leaders to gain knowledge, new experiences, and build relationships



2014

Farmers Feed Cities rebranded to Good in Every Grain as our public outreach campaign

**FARMERS
FEED
CITIES**

**GOOD - in - EVERY
GRAIN**



FROM 2010 TO the present, take a look back at the milestones that have defined a decade of success and growth for Grain Farmers of Ontario. ●



2015
New office space in Guelph



2016
Opening of the SGS Grains Analytical Lab in Guelph



2019
Trade mission to the European Union

2020
Celebrating 10 years

2015

2016

2017

2018

2019

2020

2015
Addition of barley and oats to the organization



2016
First Bi-annual Womens' Grain Symposium



2017
Ontario grain farmers recognized for their sustainability initiatives through the Sustainable Agriculture Initiative



2019
Ag's first big election campaign

Growth Priorities
Grain Farmers of Ontario
Our goal is to ensure the economic sustainability of agriculture and the necessary products and benefits it supplies.

- Trade War: For grain and oilseed farmers who are suffering from global trade disputes and competition from farmers who are receiving government subsidies in Canada and the U.S.
- Improved crop insurance and management programming that allows grain farmers to protect their operations beyond their control.
- Increased government funding for farm infrastructure.
- Enhanced involvement in domestic, provincial and international grain markets.
- Fully trade agreements including CUSMA and CPTPP.
- Continued farm-level efforts including conservation and soil health.
- Increased farm-level and government of Clean Farm Standards that recognize the commitment of farmers to produce clean, efficient and safe food in a low-carbon alternative to fossil fuels.

28,000 farm members
40,000 jobs created in Ontario
9 billion economic output annually

MISSION

To develop, defend, and promote an innovative and sustainable business environment which will allow our farmer-members the opportunity for profitable growth.

VISION

Our vision is to drive the Ontario grain industry to become a global leader.

CORE VALUES

We are committed to:

OUR FARMER-MEMBERS

We believe in working together to deliver excellent services that create real value for our farmer-members

OUR PEOPLE

We believe in providing an environment where people are respected and passionate about their work and are able to reach their full potential

OUR RESULTS

We believe in having a winning attitude that drives the achievement of our goals efficiently and effectively

OUR INNOVATION

We believe in innovation and having a collaborative, flexible, and adaptive approach

OUR HONESTY AND INTEGRITY

We believe in leading by example, demonstrating ethics, trust, transparency, and teamwork in all we do

STRATEGIC GOALS

We are committed to bringing value to our farmer-members by accomplishing the following goals.

Protect and grow markets by encouraging new uses for Ontario grains while ensuring a strong focus on mitigating potential risks to our domestic and export markets by partnering with stakeholders.

Target our research, innovation, and knowledge transfer initiatives to enhance our farmer-members' profitability.

Provide the means for our farmer-members to be economically sustainable while meeting their commitment to the environment and society.

Represent our farmer-members' interests in a committed, efficient, and cost-effective manner and be a trusted point of contact.

Influence provincial and federal governments to ensure a regulatory system that fosters a positive business environment for our farmer-members.

Shape and maintain a social license for our farmer-members.

A MESSAGE FROM MARKUS HAERLE, CHAIR



2020 WILL BE a year for the record books, unlike any other time in history. We witnessed and are living through a global pandemic with a global response and sharing of information; a global turn to protectionism; devastating natural disasters; political climates that shifted daily; and industries at terrible risk of survival.

For grain farmers, the risks involved in growing food have never been higher. A recent survey amongst Grain Farmers of Ontario's 28,000 farmer-members showed that 55 per cent fear that they will have an inability to cover the cost of production this year. And 61 per cent are concerned about their farm's ability to survive this economic downturn.

Understanding the need our farmer-members were experiencing and the real concern they had about their farms and family businesses, guided us throughout the year. Early on, we saw continued negative impact in our global export markets as trade disputes escalated and tensions rose – leading to that protectionism that is persisting globally even now.

Our largest trading partner is also our largest competitor, which means we have to maintain a balance in our relationship with the U.S. However, the U.S. government created a very uneven playing field for Ontario grain farmers with the Farm Aid package – first launched to help U.S. farmers survive trade issues – which has paid out more than \$36 billion to

farmers, and it looks like there is more to come. We immediately asked the federal government to create a Trade War Fund for agriculture in Canada to keep us competitive, but our requests were largely ignored or we received platitudes.

Still feeling the impacts of decreased demand from our global customers, our farmer-members soon had to deal with decreased domestic demand in ethanol and retail food due to COVID-19. At this point, government shifted all focus to pandemic response, understandably, but no consideration was given to grain farmers. We had little power to change the political priorities and bring them back to trade and competition issues. Agriculture is a vital industry, but we do not represent a voting block and our voices often go unheard.

We had to refine our asks, be aggressive, and keep pressure on our government somehow, or our farmer-members would be left once again risking everything to feed the world – with a safety net that was full of holes.

There was no longer room for Trade War Fund discussions. We reached out to our farmer-members and we were shown that their concern and fear was real. Grain Farmers of Ontario and the Board of Directors mindfully chose an aggressive strategy to gain government awareness for our issues and our asks. We ran strong advertisements and saw immediate results in discussions with the Ontario government and we were able to

meet with federal government on grain farming issues for the first time in years.

We narrowed the focus on our asks to the government to properly fund and manage the business risk management program AgriStability – not a bailout or payout program, simply a cost-shared business assurance program that farmers pay into as well.

The Ontario government has moved up their promise of an additional \$50 million for RMP to this year and has promised to be an advocate for us following our discussions with the federal government. But when we eased the pressure on the federal government, discussions were paused. This has led us to look at the coming year and the opportunities to keep pressure on the government to engage with us to ensure a level competitive playing field and to protect and support the domestic food supply chain.

We will keep going. This is the right time in history for us to continue to push and promote the need for grain farming to be appropriately supported by our government in partnership. If we lose momentum, we lose opportunity; and given the recovery the world is headed into, the opportunity will not come again any time soon. ●

Markus Haerle



A MESSAGE FROM CROSBY DEVITT, CEO

THE PAST YEAR has been one of transition and change and one in which we marked a milestone for our organization as Grain Farmers of Ontario celebrated its 10th anniversary in January 2020.

I am incredibly proud to be the leader of this organization, of the work our staff members accomplish, and the strength and dedication shown by our Board of Directors. During the last quarter of our fiscal year, we were faced with an unprecedented challenge as the COVID-19 pandemic created instability within our domestic and international value-chains, and caused significant financial uncertainty for many of our farmer-members.

Our ability to adapt and continue to serve our farmer-members speaks to the strength of our organization. In fact – we made it a priority to do everything we could to ensure farmers were supported through the pandemic. A government relations campaign increased our push for federal and provincial funding of business risk management programs. Our efforts at the provincial level led to a raise in the Ontario Risk Management Program (RMP) by \$50 million for the 2020 year, bringing the government's contribution to the fund to \$150 million annually. We increased our communications efforts to ensure

farmer-members knew the work we were doing on their behalf, where they could access pandemic support, and who they could turn to if they or their family or employees were struggling with mental health during this stressful time.

While COVID-19 had a major impact on us as farmers and as an organization, there is much we accomplished during this fiscal year prior to the pandemic that shouldn't be overlooked. On the market development front, we organized a trade mission to the United Kingdom and Belgium in June 2019 to strengthen and establish important trade relationships. We also participated in the provincial government's trade mission to South Korea and Japan with the Minister of Agriculture, Food and Rural Affairs, Ernie Hardeman; and the Cereals Canada trade promotion in Mexico and Colombia. This groundwork in good times is what serves us best when global markets are impacted by a major event.

The Research and Agronomy departments also had great success with their program to connect researchers to the farmers and fields that benefit from the work they do in the lab. They also saw great participation in a researcher forum held to address the gaps in Ontario field research. The feedback and

collaboration at this event provided a framework for research that will benefit our farmer-members in the years to come.

In September 2019, it was announced that Barry Senft would step down as chief executive officer on April 1, 2020. Senft led Grain Farmers of Ontario for a decade – leading the amalgamation of the three legacy organizations and providing a clear, new direction for a unified organization. For the past 10 years, Grain Farmers of Ontario has been that unified voice speaking to government and the broader agriculture industry on behalf of grain farmers. In this year of transition, it's important to note that we wouldn't have the recognition and standing we do as an organization if it wasn't for the strong leadership Senft provided.

As we head into the next decade, we know there will be challenges ahead – there always will be in farming, it is just the nature of the business. I am confident we will respond to any new challenges the same way we have always done so – with hard work, dedication, and a commitment to supporting our farmer-members. ●

Thunder Bay

Algoma

Sudbury

Manitoulin

BOARD OF DIRECTORS

Grain Farmers of Ontario is divided into 15 districts. A total of 150 delegates are elected across the province. Delegate representation within each district is based on production levels. Each district is represented by one director on the Board of Directors.

DISTRICT 1 - ESSEX

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bkblack@hurontel.on.ca

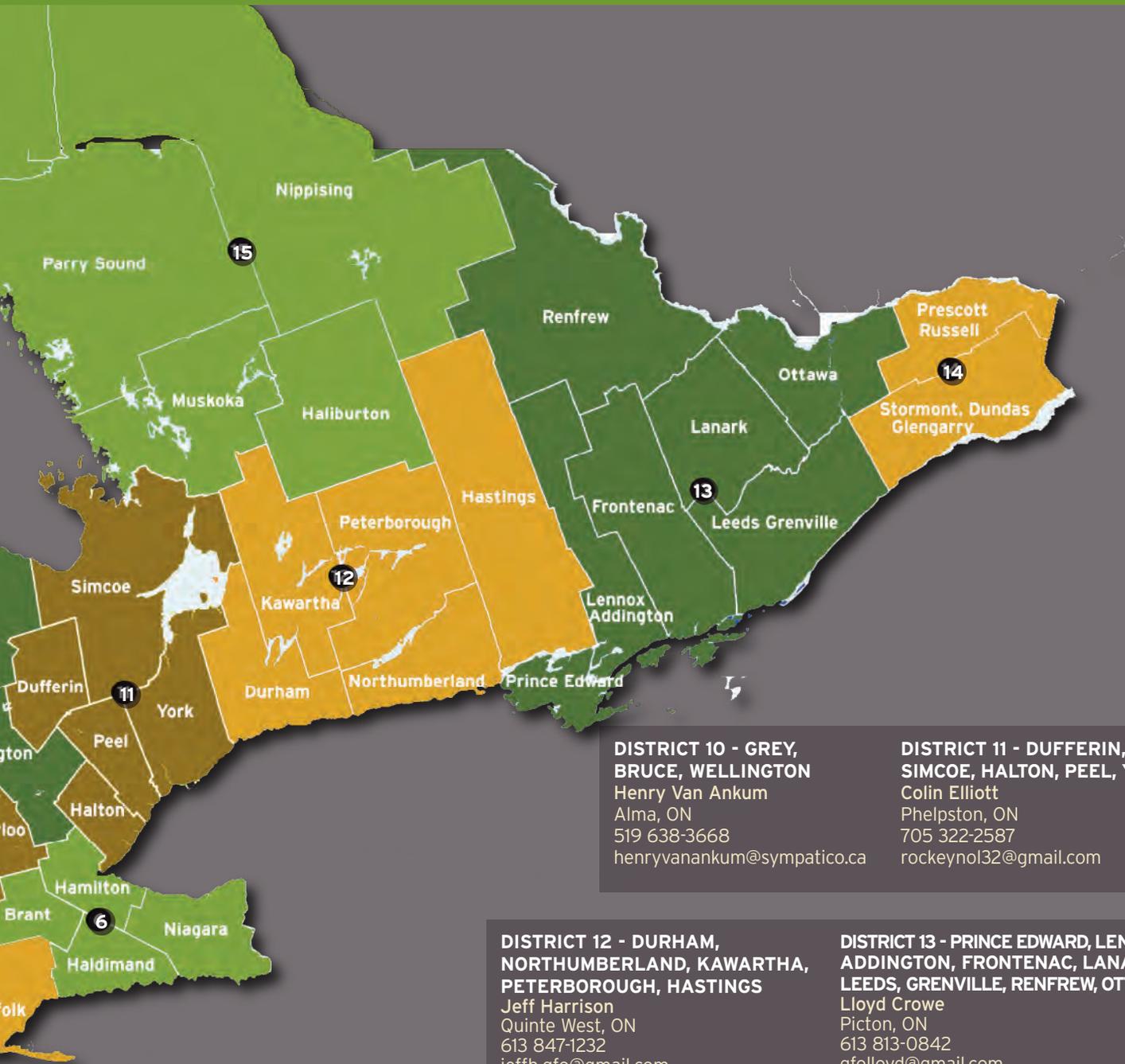
DISTRICT 9 - PERTH

Josh Boersen
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EXECUTIVE

Chair	Markus Haerle
Vice Chair	Brendan Byrne
Vice Chair	Scott Persall
Executive Member	Jeff Harrison





DISTRICT 10 - GREY, BRUCE, WELLINGTON
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DISTRICT 11 - DUFFERIN, SIMCOE, HALTON, PEEL, YORK
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DISTRICT 12 - DURHAM, NORTHUMBERLAND, KAWARTHA, PETERBOROUGH, HASTINGS
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DISTRICT 13 - PRINCE EDWARD, LENNOX, ADDINGTON, FRONTENAC, LANARK, LEEDS, GRENVILLE, RENFREW, OTTAWA
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CROP REPRESENTATION

Grain Farmers of Ontario represents five grain crops: barley, corn, oats, soybeans, and wheat. Production numbers are seeded acres and harvested tonnes based on 2019 Statistics Canada data. Grain Farmers of Ontario represents 28,000 farmer-members and most grow a rotation of crops.

Barley

- 134,200 tonnes
- 101,700 acres
- 2,147 farmer-members



Corn

- 8,640,600 tonnes
- 2,202,500 acres
- 19,883 farmer-members





Oats

- 104,700 tonnes
- 93,100 acres
- 1,574 farmer-members



Soybeans

- 3,708,200 tonnes
- 3,114,500 acres
- 24,359 farmer-members



Wheat*

- 1,521,700 tonnes
- 1,098,900 acres
- 18,176 farmer-members

*includes spring and winter wheat

AGRONOMY

GRAIN FARMERS OF ONTARIO

GRAIN FARMERS OF ONTARIO

agronomists support the broader efforts of Grain Farmers of Ontario to be a grain industry leader and ensures we provide value to our farmer-members. Collaboration with other departments and external groups is an important part of our work.

Some of the external partnerships we participate in include the Ontario Corn Committee (OCC), Ontario Soybean and Canola Committee (OSACC), and the Ontario Cereal Crop Committee (OCCC). We also work with the field crop specialists at the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and collaborate on several external steering teams that require a farmer perspective with technical knowledge, including, Soils at Guelph, Soils Network, LEAP, 4R Nutrient Stewardship, Resilient Fields, Soil Action Group, and Power of Soils Project.

Grain Farmers or Ontario's Agronomy department is keeping an eye on emerging

insects and diseases that may cause harm to Ontario crops. We alert farmer-members to these new threats and work with our partners to bring solutions. Tar spot is one example of a disease that we are watching for – it has not yet been reported in Ontario but it has been identified in Michigan and Ohio border counties. We are also concerned about the spread of herbicide resistant weeds. Herbicide resistant waterhemp is spreading across the province much the way Canada fleabane did over the past decade, and we are carefully monitoring the spread of Palmer amaranth.

From year to year, disease and insect pressures change due to changes in environmental factors such as temperature and precipitation. A drier year will lead to less disease pressure, but higher insect pressure; a wetter year brings on the incidence of disease and reduces the number of insects.

Within Grain Farmers of Ontario, the Research team is supported with an agronomic assessment of research project proposals as well as the development of other agronomic concepts that promotes overall crop quality and productivity.

Agronomy also works with the Market Development and Government Relations departments to provide an agronomic interpretation of regulations and requirements that affect crop protection products, traits, seed treatments, and other products that are used on the farm for the production of grain.

Communication with farmer-members is also a major focus for the Agronomy

department and over the past year we have contributed weekly updates to the GrainTALK e-news, developed agronomy-focused webinars, and created agronomy alerts and watches (one page information sheets) based on current or emerging concerns for Ontario field crops.

In order to provide the best information to our farmer-members, it is important that we stay engaged with and foster relationships with researchers working to improve grain crops in the field and in the lab. The Go With The Grain researcher tour was a way to show these researchers, technicians, and grad students how their work impacts grain farmers and the entire grain value chain. The tour showcased farm, retail, and export locations.

2019 FALL FIELD OBSERVATIONS

Some winter wheat planting was underway in mid-September in fields that were left fallow over the summer (due to the inability to plant during the wet 2019 spring) or in fields where early crop harvest occurred.

Expectations were low for the soybean harvest given the late planting date across much of the province. However, soybean maturity benefited from additional heat in September and matured quickly. Harvest began in early October but the favourable weather did not hold out and intermittent rains prevented some farmers from getting the crop off in a timely manner. Some soybean fields remained unharvested into the end of November.

By the first of November only a small amount of corn had been harvested in the province.

YEAR IN REVIEW

- 33 researchers participated in the Go With The Grain researcher tour in August 2019.
- Grain Farmers of Ontario is involved in 18 soil groups and agriculture organizations.
- 9 GrainTALK agronomy webinars.



HIGHLIGHTS

- Agronomy became an independent department in 2019.
- The department consists of a senior agronomist and an agronomist who assist all departments in understanding the crops we represent and the issues farmer-members face during the growing season. The agronomists also represent Grain Farmers of Ontario and share the voice of our farmer-members with a number of industry groups and organizations.



GO WITH THE GRAIN RESEARCHER TOUR.

This was limited to earlier planted fields or dry areas of the province that allowed the corn crop to mature before local frosts occurred. The majority of the provincial crop was late planted and continued grain filling into the month of October and either hadn't seen black layer (physiological maturity) or had just black layered in October.

Rains and snow into November kept combines out of the field, and when they did harvest it was wetter than normal – meaning farmers had to rely on grain dryers to reduce the moisture level in the crop before it could be sold or stored. Some farmers rely on propane to fuel their dryers, and a propane shortage created by a rail strike, had many farmers worried they wouldn't be able to operate their dryers.

Corn harvest continued sporadically throughout the winter months, with several farmers choosing to leave their crop in the field until

spring and many unharvested fields were damaged by strong winds during winter storms.

2020 SPRING FIELD OBSERVATIONS

While the 2019 corn harvest lingered into the spring for some farmers, weather conditions were favourable for an early start to the planting season in some areas. Farmers began planting spring cereals at the end of March and through April. Corn planting was well established by May, however cooler soil temperatures delayed corn emergence. Soybean farmers waiting for warmer conditions to plant were further delayed by snow and rain in mid-May. The cold led to uneven emergence in the corn crop and slowed the growth of the winter wheat crop. Warm temperatures through June bolstered the wheat crop and dry conditions prevented disease from developing and spreading; however, insects such as aphids, army worm, and cereal leaf beetles became a concern ahead of harvest. ●



COMMUNICATIONS

GRAIN FARMERS OF ONTARIO

GRAIN FARMERS OF ONTARIO'S

Communications Department is responsible for keeping our farmer-members informed about the work we are doing on their behalf and for engaging with consumers to educate them about how Ontario grains are grown and the many food, fibre, and fuel uses for barley, corn, oats, soybeans, and wheat.

CONSUMER OUTREACH

IN SUMMER 2019 and into the fall, Grain Farmers of Ontario's Communications team was able to leverage events and digital content to connect with the public, and to find new ways to educate consumers about their food and how it is grown. We focused on youth, with clear, fact-based content and engaging activations for youth, parents, and educators. We saw increased engagement at all events,

with very clear messages for the public that aligned to the events and to our target audiences.

Grain Farmers of Ontario invited a select group of food journalists and influencers to a day of farm tours and discussions about conventional and organic farming. The dialogue that day centered around the world-class growing practices that all of our farmer-members employ and the safe, healthy, delicious food that is grown here in Ontario. Several of the participants had never been to a grain farm, or seen a sprayer or combine up close and the feedback was very positive.

The communications team leveraged some of these new relationships to build out a year of TV appearances by nutritionists talking about healthy grains and naming the Good in Every Grain program as a key resource for good, credible information on grains and healthy diets.

The healthy grains discussion continued at community fairs and large events such as Canada Day on Parliament Hill, the Honda Indy, the Gourmet Food and Wine Expo, and Taste Canada. Every year, Grain Farmers of Ontario has a large booth at the Canadian National Exhibition (CNE), where we connect with hundreds of consumers one-on-one over two weeks. In 2019, we included a small tractor in our booth and the public could not get over the size of a "small" machine and were drawn to it – taking pictures with family and friends and asking numerous questions.

At the Honda Indy we connected with people sharing on social media about ethanol and

Ontario corn, but engaged more directly with the crowds and saw increased conversations and goodwill. This was reflected in all of our event sponsorships, where we negotiated more direct engagements such as a lunch with the culinary students at Taste Canada, and a speaking keynote at the Automobile Journalists Association of Canada.

Another consumer-outreach success was our Good in Every Grain blog post, "What's So Scary About GMO?" The article was well-read and we built an advertising campaign around it to displace some of the negative and inaccurate articles about GMOs that consumers see online. The article ended up getting more than two million impressions and we followed it with an article explaining the benefits of glyphosate that also had an ad campaign associated with it.

A renewed focus on education led to Grain Farmers of Ontario partnering with Beef Farmers of Ontario and Mushroom Farmers of Ontario to bring nutritionists and agriculture advocates into high school classrooms to discuss food and how it is grown and raised. For the first time, we participated in career events with our partner AgScape and we sent out more than 30,000 classroom seed growing kits to Ontario teachers.

FARMER-MEMBER ENGAGEMENT

For the first half of fiscal 2020, Grain Farmers of Ontario used industry events, as well as our own hosted events, to connect with our farmer-members and showcase the work being done on their behalf. From Canada's Outdoor Farm Show, to the London Farm Show, to the International Plowing Match, the East Central

YEAR IN REVIEW

- Grain Discovery Zone educational trailer visited about 30 fairs and events during the summer and fall 2019.
- Recognition from the Canadian Agri-Marketing Association (CAMA) at Best of CAMA 2019: Winner: Crisis communications – DON in corn. Winner: PR Campaign Tactic for General Public – Grade 3 Teacher's Kits. Certificate of Merit: PR Campaign Tactic for General Public – Crop-Up Restaurants.



HIGHLIGHTS

- GrainTALK is developed as a communications brand to connect e-newsletter, podcasts, webinars, radio spots, and farm tours.
- March Classic creates an outstanding legacy: speakers Chris Hadfield, Rick Mercer, Jean Charest, and Joe Clark; up to 1,000 attendees; industry support.
- Consumer outreach campaign is transitioned from Farmers Feed Cities to the grain-focused Good in Every Grain in 2014.
- Growing Connections 52' trailer and Grain Discovery Zone small event trailer built to introduce the public to grain farmers and educate them on the uses of Ontario grain.
- Public trust became a strategic goal for communications which led to innovative campaigns with social media influencers and the '52 weeks of #YourFarmers' campaign.

Farm show, our Annual General Meeting, and January district meetings, we made sure to be where our farmer-members were.

The Communications team worked to keep farmer-members informed about several major issues that impacted their businesses and our organization – including the week-long CN Railway strike. The strike paused propane shipments from the west and hurt farms that rely on propane for grain drying, and the wet harvest meant drying was a necessity. It was vital to communicate with our farmer-members and we used every resource at our disposal: the Ontario Grain Farmer magazine, our website, mail outs, emails, social media, print media, TV and radio media, and the GrainTALK podcast and e-newsletter.

The beginning of the COVID-19 pandemic prevented our ability to attend or host in-person events from March through the end of the fiscal year. For the first time in 10 years, we were forced to cancel our premier event, the March Classic, and our semi-annual meeting of delegates. Months of work was shifted and the communications team began looking at digital content and online avenues for connecting with our farmer-members and

our industry partners, who are vital to the success of the March Classic each year.

One area that needed improvement was the GFO.ca website and we have refreshed its look and feel to help promote the work being done on our farmer-members' behalf more clearly and to make the most-looked-for items, such as the Daily Commodity Report, the Research Project Database, the latest press releases and updates, and marketing information easier to find.

We continue to be focused on driving new content digitally, especially as people were working more from home and becoming more comfortable with tools for connecting and communicating virtually. We will continue to build a broad suite of webinars with varying levels of technical information to help our farmer-members of varying experience level. Our engagement on social networks such as Twitter and Facebook continues to grow as we see more and more farmer-members use these tools for communicating.

Although, we look forward to seeing our farmer-members in person, we also want to ensure we are ready for the future and the changing needs of our farmer-members and the public when it comes to communications. ●

342 million
people reached
across all platforms

5,000
media
mentions

100,000
visitors to
our websites

12.9K
followers
on Twitter

1 million
people reached
through Good
in Every Grain

47,140
followers across
all platforms

1,160
average
monthly
engagements



CANADIAN NATIONAL EXHIBITION 2019.

FINANCE & ADMINISTRATION

GRAIN FARMERS OF ONTARIO

GRAIN FARMERS OF ONTARIO'S

Finance and Administration departments provide a solid foundation for the organization to operate on. There is a strong focus on finding more effective or efficient ways to operate our accounting and database systems in order to improve our workflows.

We have explored ways to transform more of the paperwork to a digital form. With financial payments, Finance has focused on eliminating paper cheques from all

payment processes by encouraging electronic funds transfer for vendors, established pre-authorized payments with recurring service vendors, and expanded the use of our corporate card program by encouraging increased use of the corporate card.

On the revenue side, the Finance department continued to increase the number of grain dealers that elected to remit check-off fees to our financial institution while we also continued to electronically deposit all paper cheques received at the office into our bank accounts. These efforts contributed to our ability to manage cash flow in our operating accounts and optimize our investments, and more importantly they reduced staff time on transactional paper shuffling where possible.

The team also reviewed processes surrounding dealer reporting and focused on planning upgrades to our database system. A software update for the database system, which is used to track farmer-member data, was undertaken with work continuing into the next fiscal period.

We are also considering how we can work with dealers to streamline the dealer reporting process and provide more electronic reporting capacity to dealers and reduce the volume of paper-based reports. It is evident that this is an opportunity to focus on next. The time savings from processing the volume of paper cheques, dealer reports that are mailed to the office, and then subsequently manually transposed and recorded into a computer system are likely to be significant. We believe that there are

efficiencies that can be gained and enable us to deliver more timely aggregate monthly commodity volumes and pricing information to our economic and market development team members, Statistics Canada, and support the administration and licensing efforts of the Grain Financial Protection Program.

Following a review of Grain Farmers of Ontario's payroll system and Human Resources processes, a new hosted ADP system has been selected that will streamline these processes and provide some efficiencies for the organization. It will combine human resources, staff information, and expenses into one system and provide a portal for staff, and eventually delegates, to view and update their information. The work on this system and training will be completed in the next fiscal period.

We are fortunate that over the past 10 years there were conscious decisions and investments made to be able to maintain business continuity with the software, network, and computer systems that all staff are able to utilize from their homes.

The effectiveness of the technology we use was tested and proven during the COVID-19 pandemic which forced the closure of our office building. All staff members were transitioned to working from home and were able to access important files and resources using a Virtual Private Network (VPN). A new VPN server was implemented just before the pandemic shutdown, and the reliability and effectiveness of this technology allowed staff to remain fully functional in their jobs.

YEAR IN REVIEW

2019-2020 Year-End Reporting Statistics

- Active Dealer Count: 257
- Reports processed: approx. 15,000
- Cash Receipts Received: 3,032
- Transactions Processed: 155,669
- Bankers Boxes filled: approx. 16
- Producer Verification Letters: 673

Increased use of digital communication

- 16 Zoom meetings per month and 176 participants per month from March to May.
- An increase of 433% in number of meetings conducted virtually through Zoom compared to the start of fiscal 2020.



HIGHLIGHTS

- Sustained financial strength to pursue and execute strategic and annual operating plans even when confronted with crop uncertainty and fiscal restraint with a check-off of \$1.65/acre.
- Consistent focus on advocacy, research, market development, communication, grain marketing, and ability to attract and retain staff.
- International, national, regional, and provincial representation.
- 2014: Acquisition of the office building at 679 Southgate and funding of equipment in the Grains Analytical Testing Laboratory.
- 2016: Funding of equipment in the Grains Analytical Testing Laboratory



We also implemented the use of Zoom meetings and Microsoft Teams to allow for video communication amongst staff and with outside contacts and partners. This same video conference technology was used to continue the operations of our Board of Directors who held regular meetings to ensure all important business was addressed.

This was important to the organization during the last two quarters as we were able to ensure the financial records were complete and accurate, that we could support and collaborate with all the managers to develop the new fiscal year budget, prepare financial forecasts for our fiscal results, and that we could ensure our financial audit could be completed efficiently while staff worked remotely. ●

TOTAL TONNES ASSESSED THROUGH CASH RECEIPTS (JULY 2019 TO JUNE 2020). DIFFERENCES BETWEEN TONNES ON WHICH FEES ARE PAID AND TOTAL PRODUCTION (NOTED ON PAGE 12-13) RELATE TO TIMING OF SALES AND ON-FARM USAGE.

56,510 tonnes
Barley



6,327,153 tonnes
Corn

48,738 tonnes
Oats



3,510,521 tonnes
Soybeans

1,486,012 tonnes
Wheat



GOVERNMENT RELATIONS

GRAIN FARMERS OF ONTARIO

THE FOCUS OF Government Relations is to ensure our farmer-members remain competitive. Leveling the playing field for Ontario grain farmers competing with farmers in the United States has been our number one priority. We have worked to secure Business Risk Management (BRM) programs that work for grain farmers. We have highlighted the unfair costs to farmers

created by the carbon tax and called for its elimination. We have pushed the federal government to recognize the impact of China blocking soybean shipments. These concerns have been on the agenda of every meeting Grain Farmers of Ontario's Board of Directors and staff have had with Ministers and members of provincial and federal parliament.

The COVID-19 pandemic drastically shifted the spending priorities of all levels of government and Grain Farmers of Ontario stepped up its efforts even more to get the provincial and federal governments to understand the support our farmer-members need. We initiated two member surveys to get real-time data about the economic situation facing our farmer-members and shared that with politicians and the public. We launched ads on the radio, television, Facebook, YouTube, and Instagram.

As a result of our efforts, the provincial government put \$50 million into the Ontario Risk Management Program and made a commitment to increasing the AgriStability program to 85% with no Reference Margin Limit if the federal government agrees.

Removing the additional cost of the carbon tax on grain drying has been an important part of our conversations with the federal government during the past year. This tax increases grain drying costs by \$12 million. Corn and soybeans need to be dried to the proper moisture content in order to be marketed or stored. After inaction by the government, we turned to the opposition parties and the Senate for help with this issue. There are currently two bills before the House of Commons and the Senate to eliminate this tax.

Another great success this year was the Pesticide Act changes put in place right before the spring planting season. The changes are science-based regulations which have eliminated unnecessary red tape that slowed down the access to new crop protection products. Once a product is approved by the federal Pest Management Regulatory Agency (PMRA), it is approved for use in Ontario. The categorization of the product that regulates the users is automatic. PMRA has the scientific assessment already in-place to make sure that human health and the environment is protected.

Some restrictions remained in place for farmers who use neonicotinoid seed treatments, however, the paperwork was eliminated for both farmers and retailers. Products no longer need to be on a list in August, farmers need a special license but that license does not have to be renewed, farmers no longer need to set traps and count bugs, nor do they need to produce mountains of paperwork drawing out maps.

Government and industry stakeholders are coming to Grain Farmers of Ontario for facts and analysis on the grain sector. Government Relations staff have created calculators that can show exactly how much a farmer paid in carbon tax. We have models on how one type of price insurance program would work versus another and what would happen if you change one variable. These models and calculators are invaluable when speaking to government.

This year, we commissioned Doyletech to conduct a comprehensive review of the economic contribution of Ontario's grains and oilseeds. The econometrics model

YEAR IN REVIEW

- Farmers now have access to the same pesticides, at the same time, as farmers in other provinces.
- 76% of Ontario grain farmers are worried about unlevel competition created by U.S. farm subsidies (\$36 billion in 2020).
- The Ontario government invested \$50 million into the provincial RMP program without any additional premiums required by farmers.
- More than three million people viewed Grain Farmers of Ontario's advertisement about government relations policies.
- Grain farmers contribute \$3 billion to municipal, federal, and provincial governments.



HIGHLIGHTS

- Government Relations was established as its own department in 2013, assigning dedicated resources and additional staff to influencing government policy.
- The political and regulatory agenda has become more complex.
- Ontario grain farmers have faced increasing debt, lower commodity prices, and unreliable government support.
- Grain Farmers of Ontario has established itself as a recognizable body by government officials and other agricultural organizations now seek to partner with us because we increase their chances of success with government.

showed that the grains industry is getting bigger, employing more people, and paying more to municipal, provincial, and federal taxes. We commissioned a study showing the impacts of the China trade war on soybean prices. And compared and contrasted the U.S. support to what Canadian farmers are getting from their BRM programs.

A variety of interactions beyond one-on-one meetings with decision makers were employed this year. At the International Plowing Match in September 2019, the Board of Directors had an opportunity to speak with Premier Doug Ford and more than 100 Ontario MPPs, as well as Jagmeet Singh, leader of the federal NDP, at Grain Farmers of Ontario's VIP lunch and plowing match.

Our annual reception in Ottawa in partnership with Les Producteurs de grains du Québec and the Atlantic Grains Council took place in February 2020. More than 100 federal politicians and Parliament Hill staff, including Minister of Agriculture and Agri-Food Canada Marie-Claude Bibeau and Senator Rob Black, attended the event. Grain Farmers of Ontario's provincial

reception at Queen's Park was postponed until fall 2020 due to the restrictions placed on public gatherings as a result of COVID-19.

Government Relations has utilized new tactics to garner the attention of politicians in order to see action on our priority areas. Grain Farmers of Ontario created an advertisement that was shown on social media during the federal election. This got the issues facing our farmer-members on the election agenda and discussions with the political parties led to the Liberal government making a commitment to address the AgriStability program.

Cooperation amongst farm groups during the COVID-19 outbreak helped all of our efforts with government. We are proud to have worked with Beef Farmers of Ontario, Canadian Pork, Ontario Pork, Grain Growers of Canada, Les Producteurs de grains du Québec, Atlantic Grains Council, Canadian Canola Growers, the Canola Council of Canada, Ontario Sheep, the National Sheep Network, Ontario Fruit and Vegetable Growers' Association, and Canadian Horticultural Council, and the Canadian Federation of Agriculture. ●



ANNUAL FPT CONFERENCE IN QUEBEC CITY



2019 INTERNATIONAL PLOWING MATCH.

MARKET DEVELOPMENT

GRAIN FARMERS OF ONTARIO

EACH YEAR THE Market Development department works to expand and create new market opportunities for Ontario grain. This is done by developing relationships with domestic and international end users, working with industry partners, building consumer awareness, working with Canadian Trade Commissioners stationed abroad, and

by showcasing the world class sustainability of Ontario grains.

MARKET UTILIZATION

Understanding exactly where Ontario grain goes is critical to determining priorities for market development initiatives. In order to gain a better understanding of this, Grain Farmers of Ontario recently completed a new utilization study, in partnership with Synthesis Agri-Food Network. This new report is an update to the original report conducted in 2016 which helped set a baseline for Ontario's grain markets. The new updated report highlights areas of growth within existing markets, helps to identify new opportunities, as well as showcasing markets that may be experiencing challenges that need to be addressed. One area that has seen significant growth since 2016 is that of corn exports specifically to the European Union (EU). Now more than one million metric tonnes of corn are exported to the EU.

DOMESTIC MARKET EXPANSION AND GROWTH

Domestic markets continue to play a vital role for Ontario grain, making up 72 per cent of market utilization. For barley, corn, oats, and wheat they represent the largest markets with most of the grain going into the feed and ethanol industries.

One way in which Grain Farmers of Ontario continues to work to build domestic market opportunities is through our Grains Innovation Fund. This annual funding program works with companies and organizations that are developing new or reformulated products or processes that drive the utilization of

Ontario grain. This past year funding was provided to a wide range of products including the development of new healthy pita chips, expanding the distribution of Ontario soybean-based tempeh, the development of Ontario oat-based food products, the expansion of breakfast cereal production, and looking at alternative markets for wheat straw.

Grain Farmers of Ontario is continuing to define strategies for the domestic food sector. While challenges associated with COVID-19 have delayed some of the initiatives, work continues on the development of an Ontario Grain Label that will allow companies to highlight, on their products, the local grain that is being used. Based on consumer research we know there is a strong interest by consumers who want to support and purchase locally produced products. We also know that during the challenges of COVID-19 one trend that has remained strong is that of supporting local products.

Work is also being conducted on developing resources for companies within the food sector to more easily identify suppliers of Ontario grain.

INTERNATIONAL MARKET EXPANSION AND GROWTH

This past year has seen continued challenges on the trade front. With ongoing trade tensions between the U.S. and China as well as Canada and China we continue to see Canadian commodities shut out of key markets.

Grain Farmers of Ontario led, and participated in, several international trade development activities over the past year promoting the opportunities that are available with Ontario grain.

YEAR IN REVIEW

- \$135,000 in funding was provided through the Grains Innovation Fund to six projects driving the utilization of Ontario grain.
- More than 30 articles published and multiple posts on social by EU Journalists on the sustainability of Ontario grains
- Presented to more than 50 automotive journalists on the positive impacts of ethanol as part of the Automobile Journalists Association of Canada annual event
- 4R Verified: 429,5666 acres of farmland including 1,711 4R growers
- Launch of Field to Market Canada - a national sustainability initiative in fall of 2019



HIGHLIGHTS

- Development of Grains Analytical Testing Laboratory – joint venture with SGS Canada.
- \$1.2 million invested through the Grains Innovation Fund to 45 projects, driving 1.1 million metric tonnes of grain utilization (based on projections).
- Led and participated in more than 40 international trade missions.
- Leveraged more than \$1.2 million in government funding to enhance market development activities.
- Led the development of Soy Canada.

One key activity, which was a first for the organization, was the hosting of seven agriculture journalists from Spain, Ireland, the Netherlands, and the United Kingdom on a three-day incoming sustainability trade mission. The objective of the mission was to highlight the commitment Ontario grain farmers have to sustainability and the practices they undertake each day to ensure this. The EU represents one of the largest markets for Ontario grain and has a strong focus on sustainability with many companies making public declarations regarding sustainable sourcing. The mission provided the opportunity for the journalists to see firsthand the use of technology, genetics, and research on the farm that allow Ontario grain farmers to continue to be economically sustainable while operating in a manner that meets their commitment to the environment and society.

Grain Farmers of Ontario also participated in several outgoing international trade missions hosted by government and industry partners such as the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Soy Canada, and Cereals Canada. These included missions

to Japan and Korea, the EU, and Latin America with a focus on wheat exports.

Grain Farmers of Ontario continues to work with Canadian Trade Commissioners posted abroad sharing information on the production, quality, and functionality of Ontario grain. Canadian Trade Commissioners are key assets in export markets as they provide in-depth knowledge on what markets are looking for as well as highlight the opportunities that are available within Canada.

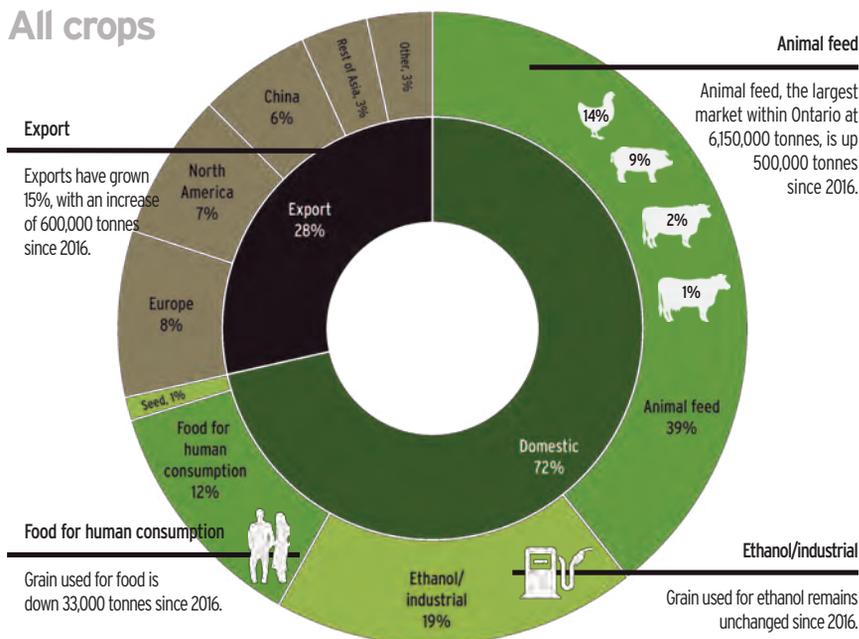
SUSTAINABILITY

Sustainability remains a priority item for Grain Farmers of Ontario as sustainability demands continue to evolve around the world. Initially, sustainability began with multi-national corporations setting sustainable strategies to ensure raw ingredients were sourced with sustainability in mind. Within these sustainable sourcing strategies, companies often set targets to communicate to stakeholders their commitments to sustainable sourcing by a particular date. While sustainability targets remain, the sustainability landscape has evolved. Many companies are now interested

in specific sustainability themes and how to see impactful change on the landscape to drive sustainable agricultural outcomes. Companies are now working with farmers on farm to implement projects that look at biodiversity, soil health, water quality or quantity, and even carbon and climate change.

Grain Farmers of Ontario continues to remain active with the Sustainable Agriculture Initiative (SAI) Platform, which is the primary global food and drink value chain initiative for sustainable agriculture. Grain Farmers of Ontario is playing an integral role in the refinement of the Farm Sustainability Assessment (FSA) tool which is the farmer sustainability tool that is part of the SAI Platform. We also remain very active within Field to Market Canada (formerly the Canadian Field Print Initiative), an industry led organization that is focused on the development of market-driven, science, and outcomes-based metrics and tools measuring the environmental performance of Canadian crop production. ●

All crops



MARKETING

GRAIN FARMERS OF ONTARIO

WINTER WHEAT ACRES were disappointing in the 2019 crop year. Nearly 35 per cent of the planted acres were abandoned or planted into other crops.

Winter wheat was seeded into less than ideal conditions in fall 2018 as wet weather delayed the soybean harvest. Some wheat fields weren't planted until well into October, leaving little time for the crop to establish itself, and some of the crop didn't emerge until spring 2019. Multiple freeze-thaw cycles

over the winter created a thick ice cover that killed off the wheat in many fields right across the province. Prolonged cool and wet conditions in March and April 2019 made the situation even worse and struggling stands didn't survive.

Many farmers who had forward contracts had to look into buying their contracts out or rolling them to the 2020 crop year. The lack of acres meant that some farmers were over committed on their wheat sales. As a result, the forward contracting program did see a decline in acres for this year; 5,400 tonnes of wheat were marketed through forward contracting this crop year.

Most of the remaining wheat acres were committed to price contracts as there had been many pricing opportunities over the past 18 months to lock in decent prices, and as a result the pool program did not see much participation this year. For the 2019 crop year

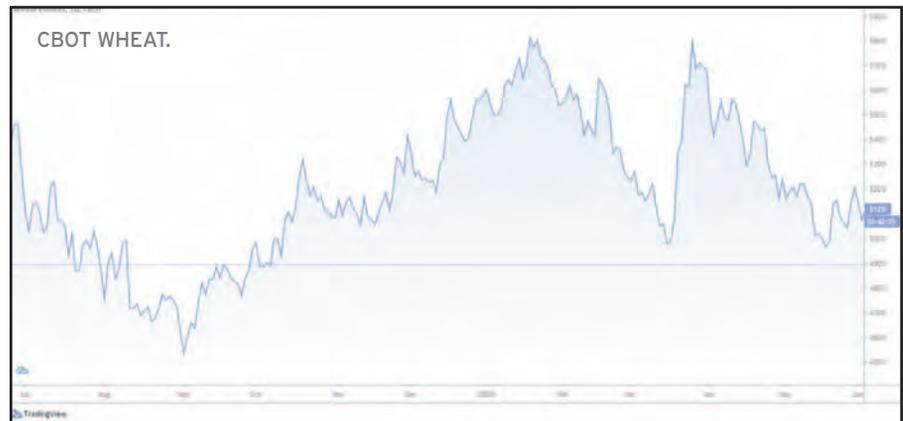
pool deliveries totaled 3,308 tonnes. The majority of which was soft red wheat.

Local Basis levels were strong at harvest (fall 2019) to ensure enough grain stayed in Ontario to fulfil local flour and feed demand. The average yield for winter wheat was 76.8 bushels per acre. For spring wheat, the average yield was 58.5 bushels per acre.

Futures markets declined through summer 2019 and into September and then rallied into the new year. Spreads were tight through harvest as well, not really offering much incentive to hold onto grain. Minneapolis futures trade below CBOT wheat for much of the year. Usually we see MGEX trading at a premium to Chicago wheat. Canadian dollar futures traded in a range of 75 to 77 cents through much of the marketing year. Though we did see the Canadian dollar fall hard during the month of March 2020 to levels just above 68 cents. ●

YEAR IN REVIEW

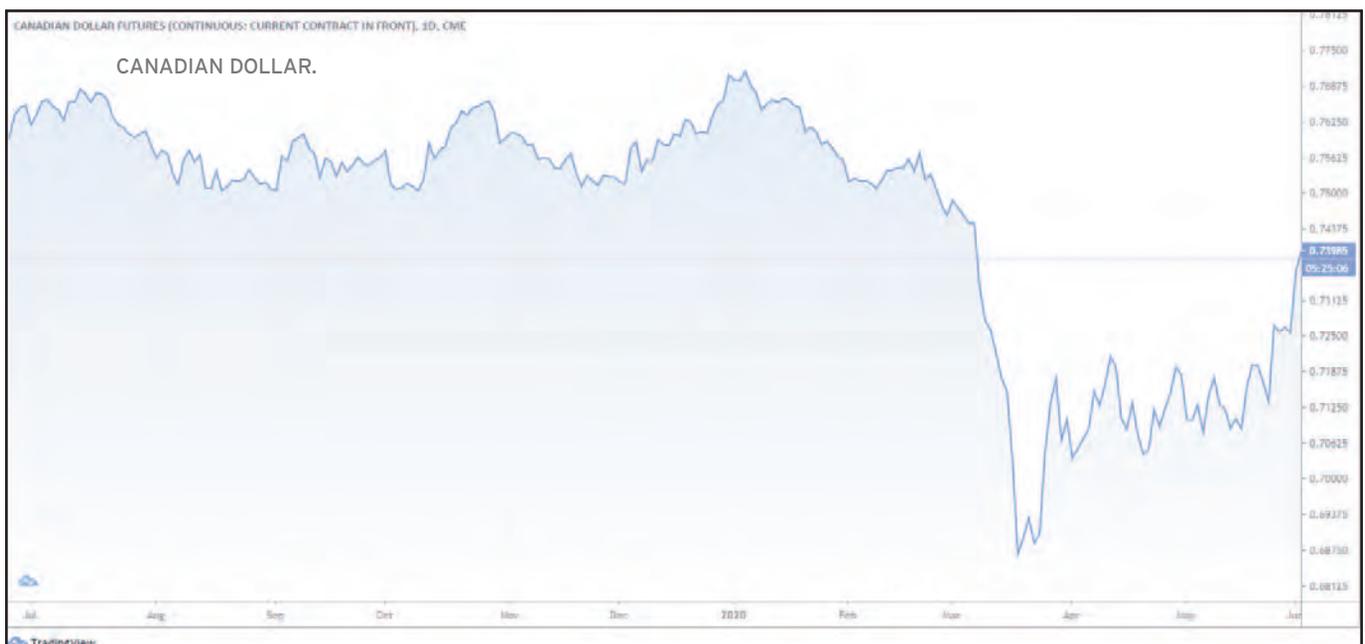
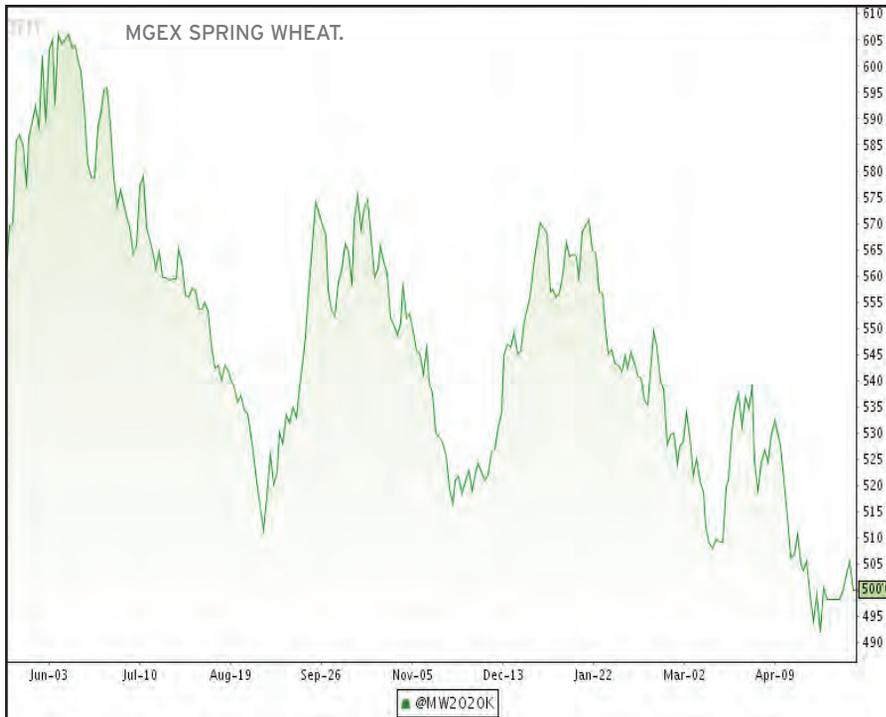
- The 2019 marketing season revolved around the low harvested acreage of Ontario winter wheat. Contracts were cancelled or rolled to further out delivery periods. Local cash prices were strong as we moved into the harvest period. 80% (estimate) of the Ontario winter wheat was priced prior to harvest this year.
- CBOT wheat futures were trading at a premium to Kansas City futures and Minneapolis futures for much of the marketing year.
- High protein feed wheat from the west into the Quebec market helped place a ceiling on feed values in eastern Ontario for much of the marketing year.





HIGHLIGHTS

- The Wheat Pool program (including pre-pool and post-pool contract options) and basis contracts (through forward contracting programs) are offered to provide flexibility to farmer-members selling wheat.
- Market intelligence provided to farmer-members and staff through weekly columns in newspapers, articles in magazines, and marketing seminars.
- Wheat marketing is funded through a wheat marketing fund that is not associated with check-off fees.



MEMBER RELATIONS

GRAIN FARMERS OF ONTARIO

THE GOAL OF Member Relations is to stay connected with the current issues, concerns, and needs of our farmer-members to ensure we are providing representation and value. To do this, Member Relations takes advantage of every opportunity to meet with farmer-members, from industry gatherings to local meetings, in-person or over the phone. In addition to our Annual General Meeting

and March Classic, Grain Farmers of Ontario strives to connect with our farmer-members at several other events that we hold throughout the year.

Delegates from our 15 districts are elected yearly during our January District Meetings and that is why we encourage all farmer-members to attend their meeting and make their voices heard and have their vote count. The district meetings are also an opportunity for Grain Farmers of Ontario to update farmer-members on what we have done on their behalf and how we have spent their check-off fees. We have increased the number of farmer-members in attendance at the district meetings the past two years due to more proactive communications and targeted outreach within each district.

Our district delegates form the core of our connection to the grassroots membership. The resolutions that are put forward in each district keep us focused on what matters to farmer-members at the day-to-day farm level and in the long-term for the sustainability of their farm business. Research, market development, government relations, finance, and communications committees give some of our delegates another opportunity to guide the actions of our organization and hold us accountable. Member Relations attends as many district delegate meetings as possible throughout the year.

Grain Farmers of Ontario is a forward-looking organization and encourages the participation of young farmers. We recognize that there is an aging farm population in Ontario and the younger generation is beginning to take on more responsibility with the family farm business. We encourage farmers under the

age of 35 to put their name forward as a district alternate (an elected person called upon to attend meetings and vote on behalf of delegates who are unable to attend).

The Grains in Action program is designed to connect with young farmers, educate them about the role of our organization, and provide them with a broader perspective of the grain value chain in Ontario. The three-day program includes a variety of tour stops at end-use facilities, export terminals, and research facilities. New in 2020, the program included stops at P&H Milling in Acton and the Suncor Ethanol Plant.

Grain Farmers of Ontario is an affiliate of the American Soybean Association (ASA) and as such is able to send a farmer-member (or couple) to attend the ASA Young Leader Program every year. This leadership program provides a fresh perspective on the soybean industry and encourages new voices to speak out to ensure its successful future. Chris and Rachel Renwick, farmer-members from Wheatley, were selected as the participants for 2019-2020 program.

The COVID-19 pandemic impacted the ability of Member Relations to meet with farmer-members in person; however, the lines of communication remained open. Member Relations fielded numerous calls about support resources, received feedback on the Government Relations campaign to improve funding for Business Risk Management programs, and listened to farmer-members struggling with the added cost of the carbon tax. District meetings were held online using video conferencing to ensure continuity and achieve local objectives.

YEAR IN REVIEW

- 21 new delegates elected, one new director elected. Of 150 delegates, 16 are female (80% of our districts have female representation).
- 32 participants in Grains in Action.
- Approximately 15,000 kms driven across the province to meet with farmer-members and delegates.
- Focus on Farmer Wellness: four webinars created (100 views), three podcasts on mental health (400 listens), Twitter Wellness Wednesdays (81,000 impressions and 1,000 engagements)
- Farm HR Support: new webpage (www.gfo.ca/hr-on-the-farm) developed to provide quick access to resources including the Agri-HR ToolKit through a partnership with the Canadian Agricultural Human Resource Council.



HIGHLIGHTS

- Grains in Action, launched in 2011, has become an industry leading educational program about the Ontario grain industry and encourages young farmers to get involved in our organization. The program has seen 405 participants.
- Helped farmer-members through challenges including DON outbreak in corn, restrictions on neonicotinoid treated seeds, and extreme weather events.
- The bi-annual Women's Grain Symposium, launched in 2016, provides a forum for women in the agriculture industry to learn and network.

Grain Farmers of Ontario farmer-members are integral to the communities in which they live. Many of them are employers, they are involved in school and church groups. When there was an increased demand at food banks across the province as people lost their jobs due to COVID-19, our districts stepped up with donations to their local food banks. A \$100,000 donation was also made by Grain Farmers of Ontario to Feed Ontario's COVID-19 Emergency Food Box Program.

With the assistance of the Human Resources department, we have placed an emphasis on farmer-wellness over the past year. This was implemented early in the fiscal year, ahead of the COVID-19 pandemic, but was a timely offering given the added stress farmers were put under as a result of not only public health restrictions but market impacts as well.

The goal of the farmer wellness project is to foster awareness and provide resources to support the mental health and physical health of our farmer-members.

Support resources are listed on our website www.gfo.ca/farmerwellness, including a directory of psychologists who have a farm background and understand the cycles a farmer goes through in a year as well as the difficulties they face. There is also a directory of Canadian Mental Health Association (CMHA) locations listed by Grain Farmers of Ontario Districts, as well as links to provincial and federal programs.

Human resources information is also being provided to our farmer-members. Specific resources were highlighted to help cope with COVID-19 and its impact on farm businesses; however, general business resources form the core of new webpages devoted to HR (www.gfo.ca/hr-on-the-farm). This includes compliance with laws and regulations (HR policies), health and safety, recruitment, selection and retention, and succession planning.

Member Relations will continue to foster an open dialogue with farmer-members to support the viability of Ontario farms through the COVID-19 pandemic and beyond. ●



2020 GRAINS IN ACTION PARTICIPANTS.

RESEARCH

GRAIN FARMERS OF ONTARIO

GRAIN FARMERS OF ONTARIO'S

Research Department generates value for our farmer-members through strategic research investments and by engaging with researchers and research stakeholders in universities, government, and industry to improve research capacity and outcomes.

Our investments are guided by our research priority areas – Agronomy and Production; Weed, Disease, and Insect Pests; Crop Utilization and Crop Quality; and Breeding and Genetics. Specific issues of concern are also identified by our staff, agronomists, and Research Committee members. Over the past year, we have focused on integrated weed, disease, and insect pest management

strategies; quantifying the impact of standard field practices on soil health and developing strategies to improve or maintain soil health; and developing integrated management strategies for Gibberella ear rot to reduce the occurrence of vomitoxin (DON) in corn.

Every year, the Research Department issues a call for proposals for researchers to request funding for their projects. During the 2020 fiscal year, 72 project ideas were reviewed and 17 were approved for funding. Of these projects, five were integrated disease and weed management proposals, one addressed soil health, and two were DON mitigation projects.

Recently-launched projects include:

- Intensive wheat management to reduce lodging (Dave Hooker)
- Herbicides and cover crops for improved corn establishment (Francois Tardif)
- Increasing lodging resistance in oats for enhanced quality and yield (Joshua Nasielski)
- New Ontario solutions for wild oats control in spring wheat and barley (Francois Tardif)
- Understanding soil suppressiveness towards the sudden death syndrome / soybean cyst nematode disease complex (Owen Wally and Lori Phillips)

Grain Farmers of Ontario is pleased to see dedicated research happening in eastern and northern Ontario through the new MacSon Professorship in Northern and Eastern Ontario Agronomy at the University of Guelph held by Dr. Joshua Nasielski. As a result of this new position, we have been able to start funding additional agronomy research in these regions.

The Grain Farmers of Ontario Professorship in Wheat Breeding at the University of Guelph has recently been filled. Dr. Helen Booker, who previously led the Flax Genetics and Breeding Program at the University of Saskatchewan, will hold the professorship as of September 2020. The position is intended to drive the development of well-adapted, improved wheat varieties for Ontario's grain farmers. The role combines research in plant breeding and genetics and teaching undergraduate and graduate level courses. The position was left vacant after the passing of Dr. Ali Navabi in 2019. Grain Farmers of Ontario provided feedback into the year-long selection process for the new candidate.

RENEWED FOCUS

In order to enhance the efficiency and effectiveness of Ontario grains research for its farmer-members, Grain Farmers of Ontario led the development of the Ontario Grains Researcher Forum in February 2020. More than 70 researchers participated in the two-day forum from a diverse range of institutions and organizations, including Carleton University, University of Guelph, Lakehead University, Agriculture and Agri-Food Canada (AAFC), the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), and the private sector.

The goal was to identify research gaps and solutions to address them. Five main areas were discussed along with collaborations and funding program structures that would be needed to facilitate the research.

1. Identifying soil health parameters and practices affecting crops under various stresses. Healthy soils are essential for the long-term viability of Ontario agriculture and

YEAR IN REVIEW

Research investment (2019-2020):

- Total number of active projects: 62
- Total value of research projects underway (all funding sources, start to finish): \$30,877,254.67
- \$1.85 million in direct research funding
- Partner funding was leveraged at a ratio of: 1 : 3.3, for a total value of nearly \$7.9 million.

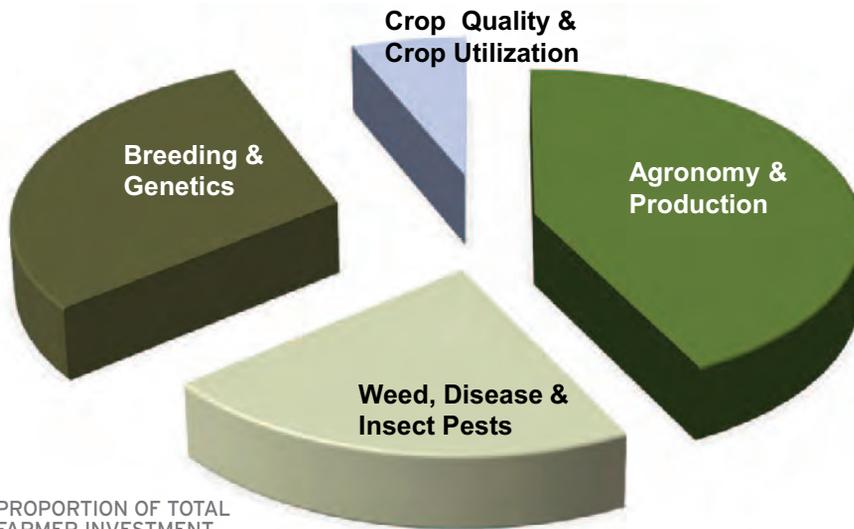


HIGHLIGHTS

- \$16 million invested since 2010 leveraging over \$48 million in government and industry funding (total value of research over \$64 million).
- 225 research projects invested in since 2010.
- Our investment helped effective weed management solutions to be identified and made accessible to farmers through the Pest Manager App.
- Grain Farmers of Ontario has identified many DON mitigation practices and is a supporter of the Crop Protection Network which has developed new disease management solutions and extension publications.
- More than 100 varieties of barley, oat, non-GM soybean, and wheat released for Ontario farmers through our involvement in the Canadian Field Crop Research Alliance.
- Our investment in long-term cropping system projects identified effective agronomic practices that help stabilize and improve soil health and crop productivity.



ONTARIO GRAINS RESEARCHER FORUM.



PROPORTION OF TOTAL FARMER INVESTMENT.

farmers are wanting to better understand how to maintain and improve soil health on farm in ways that keep farms economically and environmentally sustainable.

2. Improving nitrogen and phosphorus management for improved crop productivity and reduced environmental losses. Nitrogen (N) and phosphorus (P) are key nutrients in Ontario grain production systems, they are essential for productive crops and healthy soils but contribute significantly to the cost of grain production. N and P also have the potential for environmental losses (water, soil, air). There is a need to improve their efficiency on farm within the broader farming system.
3. Integrated weed management approaches to manage and prevent herbicide-resistant weeds. The emergence of herbicide resistance has been escalating in recent years and represents a current and long-term risk to grain farming in Ontario, given new herbicide options are limited. Creative cropping system approaches are needed to provide farmers with practical tools to mitigate risks associated with the loss of herbicide effectiveness.
4. Mitigating DON in Ontario grain crops (corn, wheat, barley). Grain Farmers of Ontario

and its legacy organizations have been investing for decades into research to mitigate DON in Ontario's grains. Grain farmers still face years of high DON levels, such as the Gibberella ear rot epidemic of 2018.

5. Leveraging new variable rate technologies and statistics to answer novel site-specific agronomy research questions. Agronomy research results for farmers are most relevant when research projects effectively address multiple soil types, environments, and farming scenarios at a larger scale than just small plot research. Variable rate precision agriculture technologies are being adopted on farms and new statistical methods for comparing management zone outcomes are being developed. There is a need to provide a solid understanding of within-field dynamics to support management zone systems on farm.

In addition to identifying these gaps, researchers who participated in the forum used the event as an opportunity to network and explore interdisciplinary approaches and research coordination. ●

FINANCIAL STATEMENTS

For the year ended May 31, 2020

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Independent Auditor's Report



To the Members of Grain Farmers of Ontario

Opinion

We have audited the accompanying financial statements of Grain Farmers of Ontario, which comprise the statement of financial position as at May 31, 2020 and the statements of operations and distribution of earnings to producers for the 2019 crop accounts for pool A soft white, pool B hard red winter, pool C hard red spring, pool E and F soft red and common red and pool G wheat graded feed, and the statements of operations and net assets wheat marketing fund, unrestricted and internally-restricted operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Grain Farmers of Ontario as at May 31, 2020 and results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis of Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not for profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Guelph, Ontario
August 12, 2020

A handwritten signature in black ink that reads 'RLB LLP'.

Chartered Professional Accountants
Licensed Public Accountants

Statement of Financial Position

As at May 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 2,908,864	\$ 3,143,359
Investments (note 16)	21,914,797	22,980,255
Accounts receivable	927,991	876,678
Prepaid expenses	733,895	851,574
Inventory	46,069	8,296
Open hedge position, future crop year	<u>1,268</u>	<u>103,505</u>
	<u>26,532,884</u>	<u>27,963,667</u>
CAPITAL ASSETS (note 4)	<u>5,039,777</u>	<u>5,438,882</u>
	<u>\$ 31,572,661</u>	<u>\$ 33,402,549</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 705,907	\$ 1,347,137
Government remittances payable	21,185	282
Deferred revenue (note 5)	102,181	85,932
Deferred hedge revenue	100,245	246,090
Liability to producers (note 6)	<u>111,513</u>	<u>272,577</u>
	<u>1,041,031</u>	<u>1,952,018</u>
NET ASSETS		
Unrestricted net assets (note 15)	9,743,494	10,637,849
Unrestricted net assets invested in capital assets (note 15)	5,039,777	5,438,882
Internally restricted research fund (statement 8)	1,085,716	1,023,350
Internally restricted market development fund (statement 8)	345,718	330,276
Externally restricted wheat marketing fund (statement 7)	<u>14,316,925</u>	<u>14,020,174</u>
	<u>30,531,630</u>	<u>31,450,531</u>
	<u>\$ 31,572,661</u>	<u>\$ 33,402,549</u>
APPROVED ON BEHALF OF THE BOARD:		
	Director	
	Director	

See notes to the financial statements.

Statement of Operations and Distribution of Earnings to Producers

Pool A Soft White

For the year ended May 31, 2020

	2019 Crop		2018 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	<u>29</u>		<u>620</u>	
REVENUE				
Sales	\$ 7,439	\$ 260.45	\$ 149,347	\$ 240.92
Hedging activity (net)	<u>(405)</u>	<u>(14.19)</u>	<u>3,725</u>	<u>6.01</u>
	<u>7,034</u>	<u>246.26</u>	<u>153,072</u>	<u>246.93</u>
EXPENSES				
Elevation	0	0.00	684	1.10
Inspection and treating	0	0.00	122	0.20
Interest and service charges	70	2.46	840	1.35
Storage	22	0.76	1,365	2.20
Administration	<u>297</u>	<u>10.41</u>	<u>4,948</u>	<u>7.99</u>
	<u>389</u>	<u>13.63</u>	<u>7,959</u>	<u>12.84</u>
EARNINGS DISTRIBUTED TO PRODUCERS				
	<u>\$ 6,645</u>	<u>\$ 232.63</u>	<u>\$ 145,113</u>	<u>\$ 234.09</u>
EARNINGS ALLOCATED AS FOLLOWS:				
Initial plus interim payments	\$ 5,713	\$ 200.00	\$ 127,081	\$ 205.00
Final payment (note 6)	<u>932</u>	<u>32.63</u>	<u>18,032</u>	<u>29.09</u>
	<u>\$ 6,645</u>	<u>\$ 232.63</u>	<u>\$ 145,113</u>	<u>\$ 234.09</u>

See notes to the financial statements.

Statement of Operations and Distribution of Earnings to Producers

Pool B Hard Red Winter

For the year ended May 31, 2020

	2019 Crop		2018 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	<u>270</u>		<u>471</u>	
REVENUE				
Sales	\$ 76,959	\$ 284.64	\$ 119,971	\$ 254.95
Hedging activity (net)	<u>(3,837)</u>	<u>(14.19)</u>	<u>2,828</u>	<u>6.01</u>
	<u>73,122</u>	<u>270.45</u>	<u>122,799</u>	<u>260.96</u>
EXPENSES				
Elevation	1,800	6.66	1,467	3.12
Inspection and treating	315	1.16	385	0.82
Interest and service charges	666	2.47	638	1.35
Storage	2,793	10.33	683	1.45
Other recovery	0	0.00	(634)	(1.35)
Administration	<u>2,815</u>	<u>10.41</u>	<u>3,756</u>	<u>7.99</u>
	<u>8,389</u>	<u>31.03</u>	<u>6,295</u>	<u>13.38</u>
EARNINGS DISTRIBUTED TO PRODUCERS				
	<u>\$ 64,733</u>	<u>\$ 239.42</u>	<u>\$ 116,504</u>	<u>\$ 247.58</u>
EARNINGS ALLOCATED AS FOLLOWS:				
Initial plus interim payments	\$ 55,427	\$ 205.00	\$ 105,880	\$ 225.00
Protein payments at delivery	1,229	4.55	2,660	5.65
Final payment (note 6)	<u>8,077</u>	<u>29.87</u>	<u>7,964</u>	<u>16.93</u>
	<u>\$ 64,733</u>	<u>\$ 239.42</u>	<u>\$ 116,504</u>	<u>\$ 247.58</u>

See notes to the financial statements.

Statement of Operations and Distribution of Earnings to Producers

Pool C Hard Red Spring

For the year ended May 31, 2020

	2019 Crop		2018 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	<u>990</u>		<u>1,392</u>	
REVENUE				
Sales	\$ 265,385	\$ 268.18	\$ 371,311	\$ 266.79
Hedging activity (net)	<u>(14,044)</u>	<u>(14.19)</u>	<u>8,363</u>	<u>6.01</u>
	<u>251,341</u>	<u>253.99</u>	<u>379,674</u>	<u>272.80</u>
EXPENSES				
Elevation	8,713	8.80	3,841	2.76
Inspection and treating	572	0.58	641	0.46
Interest and service charges	2,440	2.47	1,886	1.35
Storage	3,412	3.45	11,482	8.25
Administration	<u>10,302</u>	<u>10.41</u>	<u>11,110</u>	<u>7.99</u>
	<u>25,439</u>	<u>25.71</u>	<u>28,960</u>	<u>20.81</u>
EARNINGS DISTRIBUTED TO PRODUCERS				
	<u>\$ 225,902</u>	<u>\$ 228.28</u>	<u>\$ 350,714</u>	<u>\$ 251.99</u>
EARNINGS ALLOCATED AS FOLLOWS:				
Initial plus interim payments	\$ 184,065	\$ 186.00	\$ 320,105	\$ 230.00
Protein payments at delivery	10,804	10.92	24,745	17.78
Final payment (note 6)	<u>31,033</u>	<u>31.36</u>	<u>5,864</u>	<u>4.21</u>
	<u>\$ 225,902</u>	<u>\$ 228.28</u>	<u>\$ 350,714</u>	<u>\$ 251.99</u>

See notes to the financial statements.

Statement of Operations and Distribution of Earnings to Producers

Pool E and F Soft Red and Common Red

For the year ended May 31, 2020

	2019 Crop		2018 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	<u>1,894</u>		<u>5,717</u>	
REVENUE				
Sales	\$ 505,775	\$ 267.02	\$ 1,395,818	\$ 244.14
Hedging activity (net)	<u>(26,882)</u>	<u>(14.19)</u>	<u>34,355</u>	<u>6.01</u>
	<u>478,893</u>	<u>252.83</u>	<u>1,430,173</u>	<u>250.15</u>
EXPENSES				
Inventory adjustment	330	0.17	399	0.07
Elevation	4,651	2.46	11,197	1.96
Inspection and treating	1,084	0.57	1,683	0.29
Interest and service charges	4,670	2.47	7,746	1.35
Storage	8,137	4.30	8,726	1.53
Other recovery	(1,640)	(0.87)	(780)	(0.14)
Administration	<u>19,719</u>	<u>10.41</u>	<u>45,637</u>	<u>7.99</u>
	<u>36,951</u>	<u>19.51</u>	<u>74,608</u>	<u>13.05</u>
EARNINGS DISTRIBUTED TO PRODUCERS	<u>\$ 441,942</u>	<u>\$ 233.32</u>	<u>\$ 1,355,565</u>	<u>\$ 237.10</u>
EARNINGS ALLOCATED AS FOLLOWS:				
Initial plus interim payments	\$ 375,044	\$ 198.00	\$ 1,114,848	\$ 195.00
Final payment (note 6)	<u>66,898</u>	<u>35.32</u>	<u>240,717</u>	<u>42.10</u>
	<u>\$ 441,942</u>	<u>\$ 233.32</u>	<u>\$ 1,355,565</u>	<u>\$ 237.10</u>

See notes to the financial statements.

Statement of Operations and Distribution of Earnings to Producers

Pool G Wheat Graded Feed

For the year ended May 31, 2020

	2019 Crop		2018 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	<u>126</u>		<u>0</u>	
REVENUE				
Sales	\$ 31,221	\$ 248.46	\$ 0	\$ 0.00
Hedging activity (net)	<u>(1,783)</u>	<u>(14.19)</u>	<u>0</u>	<u>0.00</u>
	<u>29,438</u>	<u>234.27</u>	<u>0</u>	<u>0.00</u>
EXPENSES				
Interest and service charges	310	2.46	0	0.00
Administration	<u>1,308</u>	<u>10.41</u>	<u>0</u>	<u>0.00</u>
	<u>1,618</u>	<u>12.87</u>	<u>0</u>	<u>0.00</u>
EARNINGS DISTRIBUTED TO PRODUCERS	\$ <u>27,820</u>	\$ <u>221.40</u>	\$ <u>0</u>	\$ <u>0.00</u>
EARNINGS ALLOCATED AS FOLLOWS:				
Initial plus interim payments	\$ 23,247	\$ 185.00	\$ 0	\$ 0.00
Final payment (note 6)	<u>4,573</u>	<u>36.40</u>	<u>0</u>	<u>0.00</u>
	\$ <u>27,820</u>	\$ <u>221.40</u>	\$ <u>0</u>	\$ <u>0.00</u>

See notes to the financial statements.

Statement of Operations and Net Assets Wheat Marketing Fund

For the year ended May 31, 2020

	2019 Crop Amount	2018 Crop Amount
REVENUE		
Sales	\$ 1,584,188	\$ 2,416,150
Inventory, ending	46,069	8,296
Inventory, beginning	<u>(8,296)</u>	<u>(90,170)</u>
	1,621,961	2,334,276
Hedging activity (net)	<u>151,099</u>	<u>95,025</u>
	<u>1,773,060</u>	<u>2,429,301</u>
EXPENSES		
Inventory adjustment	845	556
Elevation	14,961	18,006
Inspection and treating	3,210	2,813
Interest and service charges	13,414	12,129
Storage	24,782	45,154
Other recovery	(10,065)	3,022
Administration	<u>195,549</u>	<u>169,408</u>
	<u>242,696</u>	<u>251,088</u>
BALANCE, before wheat acquired	1,530,364	2,178,213
Cost of wheat acquired	<u>1,588,730</u>	<u>2,288,911</u>
BALANCE, after wheat acquired	(58,366)	(110,698)
Interest earned	<u>355,117</u>	<u>317,808</u>
EXCESS OF REVENUES OVER EXPENSES for the year	296,751	207,110
WHEAT MARKETING FUND, beginning of year	<u>14,020,174</u>	<u>13,813,064</u>
WHEAT MARKETING FUND, end of year	<u>\$ 14,316,925</u>	<u>\$ 14,020,174</u>

See notes to the financial statements.

Statement of Unrestricted and Internally-Restricted Operations and Net Assets

For the year ended May 31, 2020

	BUDGET 2020 (note 11)	General (note 15) (Unrestricted)	Research Fund (Internally restricted)
REVENUES			
License fees	\$ 9,273,418	\$ 6,410,362	\$ 1,850,000
Grant and partner funding	1,262,483	503,431	672,583
Grain Financial Protection	494,214	431,680	0
Advertising	500,000	247,731	0
Rental income (note 14)	246,443	246,443	0
Investment income	255,000	214,168	0
Expense recovery	17,000	33,805	0
March annual conference	281,400	346	0
Gain on disposal of capital assets	0	0	0
	<u>12,329,958</u>	<u>8,087,966</u>	<u>2,522,583</u>
EXPENSES			
Research and market development	3,030,900	255,786	2,460,217
Communication and public awareness	2,640,857	2,786,461	0
Salaries and wages	2,680,340	2,594,871	0
Director per diem and expenses	571,280	553,631	0
Employee benefits	488,780	461,634	0
Memberships	442,526	438,900	0
Grain Financial Protection	494,214	431,680	0
Amortization	459,340	425,353	0
Consulting and subcontracting services	425,529	281,763	0
Office	265,587	250,615	0
Employee expenses	346,510	228,831	0
Data processing	173,667	176,108	0
Facility expenses (note 14)	188,286	168,052	0
March annual conference and events	410,500	123,137	0
District expenses	90,000	85,420	0
Delegate per diem and expenses	195,400	70,741	0
Legal and audit	42,822	35,975	0
Equipment rental and maintenance	12,848	12,468	0
	<u>12,959,386</u>	<u>9,381,426</u>	<u>2,460,217</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES for the year	(629,428)	(1,293,460)	62,366
BALANCE, beginning of year	<u>17,430,357</u>	<u>16,076,731</u>	<u>1,023,350</u>
BALANCE, end of year	<u>\$ 16,800,929</u>	<u>\$ 14,783,271</u>	<u>\$ 1,085,716</u>

See notes to the financial statements.

Market Development Fund (Internally restricted)	ACTUAL 2020	ACTUAL 2019
\$ 123,500	\$ 8,383,862	\$ 10,294,095
0	1,176,014	612,244
0	431,680	464,881
0	247,731	438,791
0	246,443	167,818
0	214,168	271,086
0	33,805	8,738
0	346	229,555
0	0	20,201
<u>123,500</u>	<u>10,734,049</u>	<u>12,507,409</u>
108,058	2,824,061	2,650,863
0	2,786,461	2,092,466
0	2,594,871	2,474,472
0	553,631	571,111
0	461,634	459,509
0	438,900	415,913
0	431,680	464,881
0	425,353	339,114
0	281,763	218,620
0	250,615	230,747
0	228,831	297,984
0	176,108	173,413
0	168,052	246,817
0	123,137	326,832
0	85,420	81,992
0	70,741	189,319
0	35,975	46,856
0	12,468	10,262
<u>108,058</u>	<u>11,949,701</u>	<u>11,291,171</u>
15,442	(1,215,652)	1,216,238
<u>330,276</u>	<u>17,430,357</u>	<u>16,214,119</u>
<u>\$ 345,718</u>	<u>\$ 16,214,705</u>	<u>\$ 17,430,357</u>



Statement of Cash Flows

For the year ended May 31, 2020

	2020	2019
OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenses, unrestricted and internally-restricted operations	\$ (1,215,652)	\$ 1,216,238
Excess of revenues over expenses, wheat marketing fund	296,751	207,110
Items not requiring an outlay of cash		
Amortization of capital assets	425,353	339,114
Gain on disposal of capital assets	0	20,201
Change in non-cash working capital (note 12)	<u>(780,157)</u>	<u>(505,660)</u>
	<u>(1,273,705)</u>	<u>1,277,003</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(26,248)	(2,732,057)
Change in investments	<u>1,065,458</u>	<u>(5,401,585)</u>
	<u>1,039,210</u>	<u>(8,133,642)</u>
NET CHANGE IN CASH	(234,495)	(6,856,639)
CASH, beginning of year	<u>3,143,359</u>	<u>9,999,998</u>
CASH, end of year	<u>\$ 2,908,864</u>	<u>\$ 3,143,359</u>

See notes to the financial statements.

Notes to the Financial Statements

For the year ended May 31, 2020

1. ACT OF INCORPORATION AND MANDATE

Grain Farmers of Ontario is incorporated under the regulations of the Farm Products Marketing Act. The association was formed to represent producers of corn, soybeans and wheat in the Province of Ontario. On July 1, 2015, the regulations were amended to include producers of barley and oats. The association is a non-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes under Section 149 (1)(e) of the Income Tax Act.

2. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations. Summarized below are the policies considered significant for Grain Farmers of Ontario.

REVENUE

Revenue from wheat sales is recognized in the accounts under the terms and value defined in the sales contract. Sales are recognized when the contract has been signed and the inventory has been committed.

License fee revenue is recognized on the date of sale.

Grant and partner funding revenue is recognized when the corresponding research expense has been incurred.

Interest is recognized as revenue when earned.

All remaining revenue is recognized as earned and collection is reasonably assured.

INVENTORY

The wheat inventories are valued at the net realizable value, which is the estimated selling price less the estimated costs necessary to make the sale.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is calculated using the following rates and methods:

Building	4% declining balance
Office furniture and fixtures	5 year straight line
Computer equipment	3 year straight line
Equipment	3 year straight line
Lab equipment	8 year straight line
Passenger vehicle and trailers	4 year straight line

IMPAIRMENT OF LONG LIVED ASSETS

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

DEFERRED REVENUE

Deferred revenue represents research grants received in advance relating to expenses for a future year. The revenue has been deferred and will be recognized in the appropriate fiscal year as the related expenses are incurred.

FOREIGN CURRENCY TRANSLATION

Purchased futures contracts are translated into Canadian dollars at exchange rates prevailing at the date of purchase. Gains and losses generated through the liquidation of futures and options are translated into Canadian dollars at exchange rates prevailing at the date of liquidation. Exchange adjustments resulting from the translation of these transactions are allocated to the appropriate pool account. Other income and expenses are translated at the daily exchange rates in effect during the year.

Monetary assets and liabilities denominated in United States dollars are translated at the exchange rate in effect at the statement of financial position date. Exchange adjustments arising from conversion of foreign currency denominated monetary assets or liabilities are recorded in appropriate pool or forward contract accounts.

Notes to the Financial Statements

For the year ended May 31, 2020

2. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The association initially measures its financial assets and liabilities at fair value. The association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, open hedge positions on current and future crop year and deferred hedge revenue, which are measured at fair value. Changes in fair value are recognized in net surplus.

Impairment

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

Transaction costs

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

CASH FORWARD CONTRACTS

Grain Farmers of Ontario enters into cash forward contracts with producers to purchase wheat at a contracted price on a defined delivery date. The position taken by Grain Farmers of Ontario as a result of the cash forward contracts is hedged through the sale of futures contracts that approximate the price, quantity and delivery term. Any gains or losses relating to the cash forward contracts or the designated futures are recognized upon the sale of the wheat.

FUTURES AND OPTIONS

In order to manage its exposure to currency and price risks, the association uses futures and options. Premiums paid and received on the settlement of futures and options, relating to the current crop year, are included in the revenue of each pool or forward contract account. The premiums paid or received on settlement of futures and options, relating to future crop years, are deferred and recognized on the statement of financial position in the appropriate crop year.

The association formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the statement of financial position or to specific firm commitments or forwarded transactions.

The association also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective. Realized and unrealised gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under current assets or liabilities on the statement of financial position and recognized in income in the year in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealised gain or loss on such derivative instrument is recognized in income.

INVESTMENTS

In accordance with the Farm Products Marketing Act, the organization has deposited funds in low risk investments. The organization accounts for its investments at fair value without any adjustment for transaction costs it may incur on the sale or other disposal.

2. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTEREST AND BANK CHARGES

Interest expense and charges incurred by the association and the interest revenue earned are calculated on an accrual basis. Interest expenses and revenues related to the operation of the pools and forward contract programs are allocated to the separate pools and forward contract account on the basis of relative tonnage.

GENERAL AND ADMINISTRATIVE EXPENSES

License fees were set to cover administration, research and market development activities, and other producer programs to the benefit of all producers.

INVESTMENT REVENUE AND EXPENSE ALLOCATION

A proportionate amount of revenues and expenses related to investments are allocated to the wheat marketing fund and general fund based on prior year's fund balance.

WHEAT MARKETING GENERAL AND ADMINISTRATIVE EXPENSES

A proportionate amount of general and administrative expenses are allocated to wheat marketing in the pool and contract accounts. These allocations include salaries, benefits, employee expenses, and a proportion of the general office expenses, professional and consulting services, rent and maintenance. Allocations to the pool and contract accounts are based on delivered and contracted tonnage during the year.

FUND ACCOUNTING

Grain Farmers of Ontario follows the restricted fund method of accounting for contributions.

Unrestricted net assets

The unrestricted fund reports resources available for the association's general operating activities. The purpose of the unrestricted net assets is to fund future general operations.

Wheat marketing fund

This externally restricted fund reports resources that have been accumulated through the purchase and sale of wheat through the forward contracting program as well as resources transferred from the predecessor organizations. This fund was established for the purpose of mitigating risk in the fluctuation in the price of wheat purchased or sold, as permitted through Regulation 485-09 of the Ontario Farm Products Marketing Act.

Research fund

This internally restricted fund reports resources set aside for future expenditures for ongoing research projects. The purpose of the internally restricted research fund is to segregate research activity to more accurately reflect the funds raised externally, the costs incurred, and the use of unrestricted revenue in research.

Market development fund

This internally restricted fund reports resources set aside for future expenditures for ongoing market development activities. The purpose of the internally restricted market development fund is to segregate market development activity to more accurately reflect the projects and partnerships that Grain Farmers of Ontario is developing.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses for the reporting year. Significant estimates include the valuation of wheat inventory and the useful lives of capital assets. Actual results could differ from those estimates.

Notes to the Financial Statements

For the year ended May 31, 2020

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the association's exposure to these risks did not change in 2020 compared to the previous period. The association does not have a significant exposure to any individual customer or counterpart.

Credit risk

The major concentration of credit risk arises from the association's accounts receivable. The majority of the accounts receivable are from organizations in the agricultural and food processing industry. The association manages the risk through evaluation and monitoring processes.

Market risk

Market risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market prices. Some of the company's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association is exposed to interest rate risk as a result of the fixed coupon rates on its bonds. Should market interest rates fluctuate significantly from these fixed coupon rates, the fair value of the bonds will be correspondingly affected.

Currency risk

The currency risk refers to the risk that lies in its cash forward contracts with producers. Cash forward contracts are denominated in United States dollars (USD). To manage currency risk, the association purchases Canadian dollar futures to protect itself from potential exchange losses. The open positions at May 31, 2020 have a hedge value of \$(32,579) (2019 - \$(17,578)). Foreign exchange gains in the year were \$4,502 (2019 - \$41,017).

Other price risk

The association entered into cash forward contracts with producers for future delivery. The association has hedged its exposure through the sale of wheat futures or cash forward sales. The open positions at May 31, 2020 have a hedge value of \$33,847 (2019 - \$121,084).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Land	\$ 208,000	\$ 0	\$ 208,000	\$ 208,000
Building	5,061,441	765,973	4,295,468	4,497,925
Office furniture and fixtures	285,163	259,574	25,589	35,246
Computer equipment	515,434	427,634	87,800	132,369
Equipment	138,200	72,939	65,261	111,328
Lab equipment	599,999	300,000	299,999	374,999
Passenger vehicle and trailers	446,575	388,915	57,660	79,015
	<u>\$ 7,254,812</u>	<u>\$ 2,215,035</u>	<u>\$ 5,039,777</u>	<u>\$ 5,438,882</u>

5. DEFERRED REVENUE

Deferred revenue consists of:

	2020	2019
Deferred research revenue	<u>\$ 102,181</u>	<u>\$ 85,932</u>

6. LIABILITY TO PRODUCERS

The liability to producers represents the final payment per pool. The final payment is approved by the Board of Directors of Grain Farmers of Ontario.

	2020	2019
Wheat pool A – Soft White	\$ 932	\$ 18,032
Wheat pool B – Hard Red Winter	8,077	7,964
Wheat pool C – Hard Red Spring	31,033	5,864
Wheat pool E and F – Soft Red and Common Red	66,898	240,717
Wheat pool G – Wheat Graded Feed	4,573	0
	<u>\$ 111,513</u>	<u>\$ 272,577</u>

7. CREDIT FACILITIES

The association can borrow to fund operations under its operating line, which bears interest at CIBC prime. The available operating line fluctuates during the year, depending on the need for funds, and \$nil was available at May 31, 2020. The association has pledged investments valued at a minimum of \$5 million as security on this operating line, in addition to the general security agreement on the facility. The operating line was not utilized at year end.

8. INITIAL PAYMENT GUARANTEE

The initial payment to producers participating in the pools is guaranteed by the federal government under the Agricultural Marketing Programs Act.

9. WHEAT MARKETING FUND

The balance after wheat acquired is mainly the result of basis and hedging gains and losses on cash forward contracts. Futures are sold to hedge the association's position on the cash forward contracts. The nature of the wheat marketing program will result in residual gains or losses in the cash forward contracting for cash account. The association has determined that gains should be set aside as a reserve to offset future losses.

10. EMPLOYEE BENEFITS

The association offers a defined contribution post retirement benefit plan to its employees. The total expense for the association's defined contribution plan is \$152,647 (2019 - \$143,467).

11. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Board. They have not been audited or reviewed by the auditor.

12. ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS

Net Change in non cash working capital	2020	2019
Change in accounts receivable	\$ (51,313)	\$ (156,678)
Change in prepaid expenses	117,679	(423,801)
Change in inventory	(37,773)	81,874
Change in open hedge position, current crop year	0	(3,907)
Change in open hedge position, future crop year	102,237	(127,624)
Change in accounts payable and accrued liabilities	(641,230)	558,957
Change in government remittances payable	20,903	(25,670)
Change in deferred revenue	16,249	(129,641)
Change in deferred hedge revenue	(145,845)	237,086
Change in liability to producers	(161,064)	(516,256)
	<u>\$ (780,157)</u>	<u>\$ (505,660)</u>

Notes to the Financial Statements

For the year ended May 31, 2020

13. CONTRACTUAL OBLIGATIONS

The minimum amounts payable under long term operating leases and contracts, exclusive of certain operating costs, including the net research project and market development commitments for which the association is responsible to fund, are as follows:

2021	\$ 2,835,130
2022	1,259,134
2023	941,483
2024	258,650
2025	<u>125,000</u>
	5,419,397
Thereafter	<u>72,917</u>
	<u>\$ 5,492,314</u>

14. RENTAL INCOME AND FACILITY EXPENSES

In fiscal 2014, the association entered into a joint venture agreement with Southgate Properties (Guelph) Inc. The joint venturers were the beneficial and registered owners of 679 Southgate Drive in Guelph, Ontario, and shared ownership in the management of the building. Operation of the joint venture commenced on January 1, 2014. The association held a 50% interest in the joint venture and received revenue and expenses each year related to this interest. The building and the land owned by the association were 50% of the market value on the date of commencement of the joint venture. The association had the option to purchase the remaining 50% interest in the property on January 1, 2019. Accordingly, as of April 15, 2019, the association has purchased the residual interest in the joint venture and now fully owns the property.

15. GENERAL FUND BALANCES

The general fund is comprised of the following net asset balances at year end:

	2020	2019
Unrestricted net assets	\$ 9,743,494	\$ 10,637,849
Net assets invested in capital assets	<u>5,039,777</u>	<u>5,438,882</u>
Total General Fund net assets	<u>\$ 14,783,271</u>	<u>\$ 16,076,731</u>

16. INVESTMENTS

Investments are comprised of a number of individual portfolios all holding low risk investments in accordance with the Farm Products Marketing Act. Investments held in these portfolios include investment savings accounts and guaranteed investment certificates, maturities ranging from June 2020 to December 2023, with interest rates ranging from 2.14% to 3.6%.

17. MATERIAL UNCERTAINTY DUE TO COVID-19

During the year and subsequent to year end, the impact of the Novel Coronavirus (COVID-19) in Canada and on the global economy increased significantly. This global pandemic has disrupted economic activities and has resulted in the organization cancelling events and gatherings, as well as affecting the members of the organization in their own operations. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Further, the timing and amounts realized on the organization's assets as well as its future ability to deliver all programming may be impacted by the evolving circumstances of the virus.

NOTES

GRAIN FARMERS OF ONTARIO



CONTACT US

Leadership team

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