

Ontario Pork Producers' Marketing Board Consolidated Financial Statements December 2, 2023



ONTARIO PORK

The Ontario Pork Producers’ Marketing Board

December 2, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of: The Ontario Pork Producers' Marketing Board

Opinion

We have audited the accompanying consolidated financial statements of The Ontario Pork Producers' Marketing Board, which comprise the general account consolidated statement of financial position and the trust account statement of financial position as at December 2, 2023, and the consolidated statements of operations, changes in 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 consolidated financial statements present fairly, in all material respects, the financial position of The Ontario Pork Producers' Marketing Board as at December 2, 2023 and the results of its 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 Ontario Pork Producers' Marketing Board 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Guelph, Ontario
March 7, 2024

Chartered Professional Accountants
Licensed Public Accountants

The Ontario Pork Producers' Marketing Board

Consolidated statement of operations
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Revenue		
Service fees - Universal Services	5,894,681	5,887,987
Service fees - Marketing Division	665,168	627,611
Interest	188,374	97,096
Government grants (Note 12)	2,381,034	34,808
Sundry (Note 10)	298,719	280,834
	9,427,976	6,928,336
Expenses		
Operations (Schedule A)	4,106,082	4,032,501
Consumer marketing (Schedule B)	585,874	590,796
Board secretariat (Schedule C)	753,702	716,093
Industry support (Schedule D)	4,319,532	1,555,107
	9,765,190	6,894,497
(Deficit) Surplus of revenue over expenses before other items	(337,214)	33,839
Other income/(expense)		
Forward pricing (Note 6)	47,763	113,049
Cybersecurity breach (Note 20)	(151,754)	-
Ontario Swine Research Facility Funding (Note 9)	(1,700,000)	-
	(1,803,991)	113,049
(Deficit)/Surplus of revenue over expenses	(2,141,205)	146,888

The Ontario Pork Producers' Marketing Board

General account

Consolidated statement of financial position

December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	2,219,540	2,625,497
Temporary investments (Note 4)	3,076,225	4,691,005
Accounts receivable (Note 5)	301,986	357,248
Due from trust account	3,421,570	1,441,947
Prepaid expenses and supplies	711,482	285,478
Forward pricing assets (Note 6)	96,447	140,131
	9,827,250	9,541,306
Capital assets (Note 7)	1,027,169	1,066,505
	10,854,419	10,607,811
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,983,809	620,981
Government remittances payable	74,731	-
Research projects payable	620,325	656,322
Forward pricing liabilities (Note 6)	89,586	103,335
	3,768,451	1,380,638
Net assets		
Funds invested in capital assets	1,027,169	1,066,505
Unrestricted funds	5,628,301	6,887,902
Internally restricted fund for research (Note 8)	426,519	708,486
Internally restricted fund for special projects (Note 9)	-	565,887
Unrealized (loss) on investments	3,979	(1,607)
	7,085,968	9,227,173
	10,854,419	10,607,811

The Ontario Pork Producers' Marketing Board

Consolidated statement of changes in net assets
year ended December 2, 2023 and December 3, 2022

	Beginning balance	(Deficit)/Surplus of revenue over expense	Net transfers	Unrealized loss on investments	Acquisition of capital assets	Ending balance
	\$	\$	\$	\$	\$	\$
Invested in capital assets	1,066,505	(93,336)	-	-	54,000	1,027,169
Unrestricted	6,887,902	(2,047,869)	847,854	(5,586)	(54,000)	5,628,301
Internally restricted						
For research (Note 8)	708,486	-	(281,967)	-	-	426,519
For special projects (Note 9)	565,887	-	(565,887)	-	-	-
Unrealized gain on investments	(1,607)	-	-	5,586	-	3,979
Total	9,227,173	(2,141,205)	-	-	-	7,085,968

The Ontario Pork Producers' Marketing Board

Consolidated statement of cash flows
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Operating activities		
(Deficit)/Surplus of revenue over expenses	(2,141,205)	146,888
Amortization of capital assets	93,336	80,848
Change in non-cash operating working capital	81,132	59,123
	(1,966,737)	286,859
Investing activities		
Decrease in temporary investments	1,614,780	721,494
Purchase of capital assets	(54,000)	(221,239)
	1,560,780	500,255
Net (Decrease)/Increase in cash	(405,957)	787,114
Cash, beginning of year	2,625,497	1,838,383
Cash, end of year	2,219,540	2,625,497
Changes in non-cash operating working capital of:		
Accounts receivable	55,262	(168,879)
Due from trust account	(1,979,623)	44,468
Forward pricing assets	43,684	(42,487)
Forward pricing liabilities	(13,749)	67,172
Prepaid expenses and supplies	(426,004)	165,182
Other current liabilities	2,401,562	(6,333)
	81,132	59,123

The Ontario Pork Producers' Marketing Board

Trust account

Statement of financial position

December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Assets		
Cash	9,775,557	1,883,570
Accounts receivable from processors	3,773,262	3,695,259
	13,548,819	5,578,829
Liabilities		
Due to general account	3,421,570	1,441,947
Payable to producers, transporters and others	10,127,249	4,136,882
	13,548,819	5,578,829

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

1. Nature of operations

The Ontario Pork Producers' Marketing Board ("Ontario Pork") represents Ontario's pork producers. Ontario Pork provides universal services to all producers. Additionally, Ontario Pork provides a marketing option that includes centralized selling to processors and settlement to producers and transporters for those producers who wish to use the service.

As Ontario Pork is an agricultural organization, from which no part of the income is available for the personal benefit of any member, it is exempt from income tax pursuant to Section 149(1)(e) of the Income Tax Act.

The Farm Products Marketing Act, Regulation 400 Section 9 (b) requires Ontario Pork to maintain separate accounts for the deposit of (i) money received by the local board in trust for any other person and (ii) levies or charges imposed by the local board pursuant to powers exercised under authority granted under the Agricultural Products Marketing Act (Canada). The Trust Account Statement of Financial Position (non-consolidated) reflects all monies received from the sale of hogs on behalf of producers and the distribution of monies to producers after deducting all charges and necessary and proper disbursements and expenses.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

a) Principles of consolidation

The consolidated financial statements include the general and trust accounts of Ontario Pork. The Ontario Pork Grading Authority (OPGA) is a controlled entity of Ontario Pork. However, the accounts of the OPGA have not been included in the accompanying financial statements. Consequently, the accounts of the OPGA have been disclosed in the accompanying notes to these financial statements (Note 16).

b) Revenue recognition

Ontario Pork follows the restricted fund method of accounting for contributions. Revenues in the form of fees from producers are recorded when services are performed. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions, interest income and sundry income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Forward Pricing Program

Ontario Pork offers a Forward Pricing Program to producers which enables producers to establish firm prices for future shipments of hogs.

Prices are based on the prices in effect at the Chicago Mercantile Exchange for future shipments and producers may arrange this coverage for any number of hogs based on their own expected shipments.

Ontario Pork contracts with the producers and enters into Lean Hog and Canadian Dollar contracts with the Chicago Mercantile Exchange.

Ontario Pork constantly monitors contracts with producers and the Chicago Mercantile Exchange to ensure that risks are offset and no significant speculative positions are taken.

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

2. Summary of significant accounting policies (continued)

d) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for related party transactions which are recorded at cost and measured using the carrying amount or exchange amount depending on the circumstances.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for temporary investments, forward pricing assets and liabilities which are measured at fair value. Changes in fair value are recognized in the consolidated statement of operations.

Cost in a related party transaction with repayment terms is determined using its undiscounted cash flows, less any impairment losses previously recognized by the transferor.

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 the consolidated statement of operations. 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 the consolidated statement of operations.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. The organization recognizes its transaction costs in the consolidated statement of operations 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.

e) Effective interest method

Ontario Pork uses the effective interest method to recognize interest income or expense which includes premiums or discounts earned or incurred for financial instruments.

f) Derivative financial instruments

Derivative financial instruments are recognized on the consolidated statement of financial position at their fair value with changes in fair value recognized in the consolidated statement of operations.

g) Foreign currency

Monetary assets and liabilities are translated using the rate of exchange in effect at the end of the year. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average exchange rates prevailing during the year, except for amortization, which is translated at historical rates. Exchange gains or losses are shown in Schedule A.

h) 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 their 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.

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

2. Summary of significant accounting policies (continued)

i) Capital assets

Capital assets are recorded at historical cost. Computer software is expensed in the year of purchase.

Amortization is provided in order to write off the cost of these assets over their estimated useful lives using the following rates and methods:

<u>Asset Type</u>	<u>Amortization Rate</u>
Buildings	5% declining-balance
Building improvements for leased premises	Term of lease (5 years)
Promotional vehicles	30% declining-balance
Computers	3-year straight-line
Other computer systems	33% declining-balance
Office furniture and equipment	20% declining-balance
Office furniture and equipment after 2014	5-year straight-line

j) Research

Ontario Pork expenses the full cost of research projects in the period it commits the funds for specific projects. Unspent funds are recorded as research projects payable.

k) Net assets internally restricted for research

A set amount of the annual service fee is designated for research. Any unspent amounts are internally restricted for research and are only transferred to unrestricted net assets when the research expenditures have been incurred. The management of Ontario Pork may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

l) Net assets internally restricted for special projects

Ontario Pork established a reserve for special projects. To be eligible for funding from this reserve, projects must benefit all Ontario pork producers, be separate from the daily activities of Ontario Pork, have the ability to leverage matching funds from other sources and have the potential for providing a return on investment. These internally restricted amounts are not available without prior approval of the board of directors.

m) Grants

Government grant revenue and expense are recorded as the related projects are completed, grant approvals are received and collection is reasonably assured. Government grants related to assets are recorded as reductions in the related assets.

n) Use of estimates

In preparing Ontario Pork's financial statements in accordance with Canadian accounting standards for not for profit organizations, management is required 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 reported amounts of revenue and expenses during the period. Significant estimates used within these financial statements include amortization of capital assets and accrued liabilities. Actual results could differ from these estimates.

o) Fiscal year-end

Ontario Pork's year-end is the Saturday closest to November 30.

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

3. Marketing division

Ontario Pork has administratively and physically separated the operating facilities of the Ontario Pork Universal Services Division and the Ontario Pork Marketing Division. This separation includes maintaining confidential pricing and financial information of the Marketing Division. Direct expenses are charged to the Marketing Division, while shared expenses are allocated to ensure they accurately reflect the costs incurred to operate the respective divisions. Ontario Pork has consulted with the Ontario Farm Products Marketing Commission which has accepted this approach as reasonable.

The revenue information for the Marketing Division is disclosed separately. The balance of the financial information of the Universal Services and Marketing Divisions is reported in aggregate in these consolidated financial statements.

4. Temporary investments

	2023	2022
	\$	\$
Bonds and guaranteed investment certificates held in Canadian funds, valued at market, bearing rates varying from 1.08% to 4.81%. (2022 - 0.81% to 2.00%)		
General Account	3,076,225	4,691,005

5. Accounts receivable

	2023	2022
	\$	\$
Trade	301,986	354,189
Other	-	3,059
Grants	-	-
	301,986	357,248

6. Forward pricing assets and liabilities

Ontario Pork has entered into foreign currency contracts and lean hog contracts with an independent broker and with producers as previously described in the Forward Pricing Program policy included in Note 2 (c). Included in Forward Pricing liabilities are foreign currency contracts and lean hog commodity contracts with a net market value of \$89,586 (2022 - \$103,335). Included in Forward Pricing assets is the net position of contracts held with producers relating to the Forward Pricing Program with a total market value of \$96,447 (2022 - \$140,131).

	2023	2022
	\$	\$
Realized gain	39,723	73,153
Unrealized gain	6,860	36,796
Forward pricing fees/other	1,180	3,100
Forward pricing gain	47,763	113,049

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

7. Capital assets

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	205,445	-	205,445	205,445
Buildings and building improvements	1,802,401	1,173,134	629,267	662,386
Promotional vehicles	159,388	42,615	116,773	122,928
Computers and computer systems	2,758,953	2,706,709	52,244	45,289
Office furniture and equipment	669,463	646,023	23,440	30,457
	5,595,650	4,568,481	1,027,169	1,066,505

8. Internally restricted fund for research

	2023	2022
	\$	\$
Balance, beginning of year	708,486	554,109
Amounts assessed in service fees transferred into the fund during the year	589,412	619,349
Grant amounts transferred into fund during the year (Note 12)	2,381,034	34,808
Rescinded research projects	45,165	35,829
Research expended (Note 12)	(2,658,642)	(267,754)
Research other expense	(638,936)	(267,855)
Balance, end of year	426,519	708,486

Included in Research other expense are amounts paid to Swine Innovation Porc, LRIC and the University of Saskatchewan.

Industry research expense recorded in Schedule D is comprised of :

	2023	2022
	\$	\$
Rescinded research projects	45,165	35,829
Research expended (Note 12)	(2,658,642)	(267,754)
Research other expense	(638,936)	(267,855)
Total research expense	(3,252,413)	(499,780)

9. Internally restricted fund for special projects

	2023	2022
	\$	\$
Balance, beginning of year	565,887	558,617
Expended - Ontario Swine Research Facility Funding	(565,887)	-
Amounts transferred into the fund during the year (Interest)	-	7,270
Balance, end of year	-	565,887

The Board of Directors approved 20% co-funding of the new Ontario Swine Research Centre in Elora. The centre was completed in 2023 and this fund is now exhausted.

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

10. Toronto Stockyards Land Development Fund

	2023	2022
	\$	\$
Balance, beginning of year	-	-
Amounts transferred into fund during the year	268,810	240,956
Funds expended	(268,810)	(240,956)
Balance, end of year	-	-

The amount received during the fiscal year is included in sundry revenue of \$298,719 (2022 - \$280,834) in the consolidated statement of operations.

In 2003, the board of directors established an internally restricted fund dedicated to research, development and industry education and approved the transfer of funds received from the Toronto Stockyards Land Development Board to this fund. A portion of these funds was used in 2023 for industry outreach events, swine research and health issues.

11. Credit facility agreement

Ontario Pork has entered into one credit facility agreement with a Canadian financial institution, facility (1). Facility (1) includes an unsecured authorized operating line of credit of up to \$3,500,000 due on demand. Canadian and USD dollar advances on facility (1) bear interest at prime plus 0.30%. At year-end, draws on facility (1) are \$Nil (2021 - \$Nil) and there were no draws on the facility during the year.

12. Government grants and research expenditures

	2023	
	Government grants	Research expenditures
	\$	\$
Economics	-	-
Innovation	-	35,000
Production	-	192,508
Social trends and perception	-	-
Emergency Preparedness	2,381,034	2,381,034
Other	-	50,100
	2,381,034	2,658,642

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

12. Government grants and research expenditures (continued)

	2022	
	Government grants	Research expenditures
	\$	\$
Economics	-	117,000
Innovation	-	-
Production	-	87,646
Social trends and perception	-	28,300
Emergency Preparedness	34,808	34,808
Other	-	-
	34,808	267,754

13. Grants

Grants and memberships reported in Schedule D consist of the following:

	2023	2022
	\$	\$
OAC Awards Committee	-	500
Ontario Agri-Commodity Council	1,000	1,000
Ontario Agricultural Hall of Fame	1,000	1,000
Ontario Federation of Agriculture	1,500	500
Ontario Junior Barrow Show	3,000	3,000
Ontario Swine Research Facility Opening	5,468	-
Ontario Pork Industry Council	1,239	-
Farm & Food Care	1,800	1,800
Sundry	3,049	3,689
	18,056	11,489

14. Canadian Pork Council

	2023	2022
	\$	\$
General fees	915,572	960,313

The Canadian Pork Council (CPC) assessments are based on the number of pigs subject to provincial levies. This includes export weanling and feeder pigs in addition to slaughter animals. In 2023, the CPC funding was \$0.155 for market hogs and \$0.033 for weanling and feeder pigs exported (2022 - \$0.155 and \$0.033 respectively).

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

15. Defined contribution pension plan

The salary and employee benefits (Schedule A) includes the total plan expense for the organization's defined contribution pension plan as follows:

	2023	2022
	\$	\$
Defined contribution pension plan	119,293	121,939

16. Ontario Pork Grading Authority

The Farm Products Marketing Act, R.S.O. 1990, c. F.9, Section 7 (31) provides Ontario Pork the authority to grade hogs. Ontario Pork has delegated its authority for the grading of hogs to the Ontario Pork Grading Authority (OPGA), an independent not for profit organization. Ontario Pork is related to OPGA through the collection of grading fees. The OPGA provides a grading system and health data collection services. Ontario Pork producers maintain a 50% interest in the net assets of this organization. The other 50% interest is shared by two larger processors. The organization is governed by a five-member board consisting of two representatives from federal processing plants in Ontario, one representative from Meat and Poultry Ontario and two representatives from Ontario Pork. Ontario Pork also provides office and administration services to the OPGA. The financial statements of the OPGA are not consolidated in the financial statements of Ontario Pork. The following are the assets, liabilities, revenues and expenses from the audited financial statements of the OPGA for the year ended September 30, 2023.

	2023	2022
	\$	\$
Assets	415,562	434,553
Liabilities	69,339	60,044
Net assets	346,223	374,509
Revenues	822,356	796,378
Expenses	849,642	829,349
(Deficit) of revenue over expenses	(27,286)	(32,971)

Supplemental cash flow information

Cash flows derived from/(used by):

Operating activities	18,437	(17,614)
Investing activities	(6,835)	-
Financing activities	-	(3,643)
Increase (Decrease) in cash	11,602	(21,257)
Cash, beginning of year	111,977	133,234
Cash, end of year	123,579	111,977

The Ontario Pork Producers' Marketing Board

Notes to the consolidated financial statements

December 2, 2023

17. Commitments

Ontario Pork leases office equipment with future minimum annual payments as follows:

	\$
2024	14,108
2025	9,451
2026	9,451
2027	9,451
2028	5,208
Total	<u>47,669</u>

18. Financial instruments

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

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Currency risk

Ontario Pork realizes a portion of its transactions in USD and is exposed to foreign exchange fluctuations. At year-end, USD cash balances total USD \$715,949 (2022 – USD \$80,367). All balances are recorded in Canadian dollars at year-end at an exchange rate of 1.3494 (2022 – 1.34485).

Credit risk

Credit risk is the risk that counterparties fail to perform as contracted. Ontario Pork is exposed to credit risk through its trade accounts receivable and the Forward Pricing Program. Ontario Pork is exposed to a concentration of credit risk, as are all customers in the meat packing industry.

19. Comparative figures

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

20. Cybersecurity breach

On November 10, 2023, Ontario Pork's operations were subjected to a cybersecurity incident. The costs incurred during this fiscal year, with respect to this incident, are summarized in these financial statements.

The Ontario Pork Producers' Marketing Board

Consolidated schedule of operations expenses - Schedule A
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Amortization - capital assets	93,336	80,848
Audit fees	54,350	49,820
Bank charges	29,877	25,806
Cleaning	32,568	30,725
Computer software, supplies and internet	78,029	71,961
Consulting - information systems	19,893	14,840
Consulting - other	127,120	123,076
Courier	27,837	19,544
Dues and subscriptions	17,217	17,774
Foreign exchange (gain) loss	(11,372)	6,579
Forward pricing (gain) costs	(16,741)	12,041
General office and other	38,394	39,857
Insurance	66,125	58,067
Legal fees	140,484	164,862
Light, heat and water	29,780	29,577
Machine and systems rental	15,012	4,893
Postage	12,792	18,650
Realty taxes	61,587	60,109
Repairs and maintenance	74,314	131,638
Salaries and employee benefits (Note 15)	3,012,230	2,880,906
Stationery and supplies	17,994	10,873
Telephone	47,287	47,464
Training and professional development	15,088	24,599
Travel	122,881	107,992
	4,106,082	4,032,501

The Ontario Pork Producers' Marketing Board

Consolidated schedule of consumer marketing expenses - Schedule B
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Advertising/other	339,342	419,095
Consumers' events	33,990	36,391
Education	115,097	89,502
Promotion - retail trade	25,196	18,443
Public relations	16,441	21,015
Retail and nutrition promotion	55,808	6,350
	585,874	590,796

The Ontario Pork Producers' Marketing Board

Consolidated schedule of board secretariat expenses - Schedule C
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Delegates' remuneration	104,736	87,828
Directors' expenses	119,767	90,500
Directors' remuneration	244,946	251,790
General office and other	562	752
Grants - counties	70,279	68,541
Liability insurance	10,959	10,291
Meetings - annual and other	151,008	149,606
Benefits	51,445	56,785
	753,702	716,093

The Ontario Pork Producers' Marketing Board

Consolidated schedule of industry support expenses - Schedule D
year ended December 2, 2023 and December 3, 2022

	2023	2022
	\$	\$
Animal care	42,041	8,184
Canadian Pork Council (Note 14)	915,572	960,313
Foodbank	20,000	40,000
Grants and memberships (Note 13)	18,056	11,489
Industry Events	39,741	18,142
Research (Note 8)	3,252,413	499,780
Swine Health Ontario	31,709	17,199
	4,319,532	1,555,107



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