



NSCLIC

NOVA SCOTIA CROP & LIVESTOCK
INSURANCE COMMISSION

2021-2022 Annual Report

The Nova Scotia Crop and Livestock
Insurance Commission





MESSAGE FROM THE BOARD CHAIR

In my first message as Chair, on behalf of my fellow board directors I would like to thank Bill MacLeod for his 15 plus years of service as the CEO and General Manager of the Nova Scotia Crop and Livestock Insurance Commission (NSCLIC). Bill had a deep understanding and passion for the agricultural industry and the NSCLIC. Bill was instrumental in leading the organization through two of its toughest crop years, 2018 and 2019, in the organization's 53 year history.

The 2021 growing season was generally favourable in most areas resulting in the lowest AgriInsurance claim rate in over 30 years. This low claim rate has helped NSCLIC stabilize premium rates for the 2022 growing season and will help ensure the long-term sustainability of our insurance programs.

Agriculture has significant risks and as a farmer I understand these risks. The programs offered by NSCLIC help farmers manage risks faced by the industry everyday. Having a reliable and stable income enables farmers to stay in business, make investments to improve their operations and effectively respond to changes in their business environment. Through my work as Chair, I find it a rewarding experience to ensure programs are responsive to industry needs with the accountability mechanisms in place to oversee administration.

John Vissers, Chair

MESSAGE FROM THE DIRECTOR BUSINESS RISK MANAGEMENT

NSCLIC supports a great industry, and I am proud to work for an organization that builds strong relationships with our clients. Internally we are committed to continuous improvement and responding to the changing needs of the industry.

I am pleased to say that government further supported the industry with an additional 10 percent reduction in producers' premiums in 2021-2022 to offset increased cost due to record claim years in 2018 and 2019. The low claim rate in 2021 has restored the crop insurance fund to a healthy position allowing NSCLIC to continue to offer affordable risk management tools into the future.

At the end of the day, we want to ensure that our programs are working for our clients. Our staff find it a privilege to serve the agricultural industry and strive to be a trusted partner in providing relevant risk management tools for their farming operations.

**Peggy Weatherbee, Director Business
Risk Management**



2021-22 BOARD OF DIRECTORS

The Board comprises a minimum of three members, appointed by the Governor in Council, as recommended by the Minister of Agriculture. Board members are agriculture, business, and community leaders who bring a broad range of experience and invaluable expertise to the organization's oversight. In 2021-22, the Board of Directors of the Nova Scotia Crop and Livestock Commission consisted of the following members.



John Vissers, Chair

MacKay Siding, Colchester County

Term: July 2, 2021 – July 1, 2024

John and his brother-in-law owned and operated a dairy and crop farm that was started by his father. Still living and working on the farm, the ownership and decision making has moved to the third generation, his son and nephew. John has always been an ambassador for the industry as demonstrated by winning the Nova Scotia Environmental Stewardship Award. John has over 20 years of experience serving as a board member, vice-president and president with various associations in the agriculture industry and the community. This is John's fourth term (first as Chair) with NSCLIC.



Rachael Cheverie, Vice Chair

Valley, Colchester County

Term: May 28, 2020 – May 27, 2023

Rachael works for the Nova Scotia Department of Agriculture and is the Director of Regional Services. Prior to joining the Department, Rachael was well known in the industry for her extension work in horticulture and pest management with over 20 years experience with the Prince Edward Island Department of Agriculture and Perennia Food and Agriculture. Rachael holds a BSc (Agr.) from MacDonald College, McGill (Soil Science) and MSc from the University of Guelph (Pest Management).

2021-22 BOARD OF DIRECTORS



Dr. Robert Prange

Wolfville, Kings County

Term: September 26, 2021 – September 27, 2024

Robert has had a long career as a Senior Research Scientist with Agriculture and Agri-Food Canada focused on horticultural crops and as Adjunct Professor at the Faculty of Agriculture, Dalhousie University. Robert has a BSc from Acadia University, MSc from the University of British Columbia and a PhD from the University of Guelph. Active in many areas of the horticultural industry serving on industry, scientific and community boards and associations, Robert is serving his third term on the NSCLIC board.



R. Michael Walsh

Berwick, Kings County

Term: July 2, 2021 – July 1, 2025

After owning and operating his own apple farm for over 32 years, and spending 44 years in the industry, Michael has handed the reins over to his son. Michael has sat on the Board of Directors of Scotia Gold Cooperative and the Nova Scotia Fruit Growers Association in various executive positions. This is Michael's sixth term on the NSCLIC board.

ABOUT NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Nova Scotia Crop and Livestock Insurance Commission (NSCLIC) has provided risk management solutions for agriculture in the province for 53 years under the *Nova Scotia Crop Insurance Act*.

NSCLIC is responsible to administer the program under the supervision of the Minister of Agriculture. NSCLIC administers crop insurance coverage for 16 crop categories, a dairy, and a poultry livestock insurance program. In addition to the crop and livestock insurance plans, NSCLIC has administered the Canada/ Nova Scotia Wildlife Compensation Program since 2008. NSCLIC, under the supervision of the Minister of Agriculture, is responsible for the administration of the Crop and Livestock Insurance program, as described in the Canadian Agricultural Partnership, a Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy.

The governments of Nova Scotia and Canada each contribute to the administration expenses for crop insurance and wildlife compensation on a 60 percent federal and 40 percent provincial basis. In 2021-22, the government of Nova Scotia contributed approximately 28 percent of the crop insurance premium, the federal government contributed 36 percent and producers contributed the remaining 36 percent. Typically, producers would pay approximately 40 percent but in 2021-22 benefited from a 10 percent reduction in their cost covered by the province. Wildlife compensation payments are cost-shared 60 percent by the federal government and 40 percent by the province.

Producers are responsible for 100 percent of the premiums for livestock insurance while 100 percent of administration expenses are the responsibility of the province.



“The intended outcome of our programs is to stabilize farm incomes, and by doing so, support the economic growth of the province.”



OUR PROGRAMS

The core business of NSCLIC is the delivery of insurance products to the agriculture sector. Crop insurance plays a key role in stabilizing business incomes by providing opportunities to manage or transfer risk. Crop production is particularly risky in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of our programs is to stabilize farm incomes, and by doing so, support the economic growth of the province.

NSCLIC offers **production based**, individualized coverage for 16 crop categories. Producers are compensated when their yields fall below their coverage level due to natural perils beyond their control. Key program features are coverage for losses caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions. Coverage is based on clients' individual records with premium rates varying according to crop type, coverage level and value of crop. Producers can pick coverage from 70 to 90 percent of their historical yield, and for most plans, producers can pick between a high, low or medium price level.

In addition to the production based coverage, NSCLIC offers **non-yield-based plan**. The plan for forage is weather based where the guarantee is based on other specific measurables such as total precipitation (or lack of) for a specified area. Payment triggers are based on weather events that occur near or around the producer's farm. Our acreage loss plan for vegetables provides a production guarantee based on the cost of producing an acre of crop. Forage Establishment another non-yield plan where coverage is based on the cost to establish an acre of grass and/or legumes produced for livestock feed.

Some plans include features such as coverage for when the quality of the product makes it unmarketable. Also available are premium discounts and surcharges for performance. Additional discounts are available for blueberry producers who manage more than 1000 acres.

NSCLIC offers **livestock insurance** to the dairy and poultry industries. The dairy plan offers protection for cows, heifers, and calves for designated diseases and loss of income due to fire, disease and building collapse. The poultry plan provides protection for infectious laryngotracheitis (ILT) for broilers, pullets, layers, and breeders.

The **Wildlife Compensation** program provides Nova Scotia producers with coverage for losses to specified crops or livestock as a direct result of the activities of specified wildlife. To be eligible, producers must be registered under the Nova Scotia Farm Registration System.

2021-22 YEAR IN REVIEW

Overall, the 2021 growing season was good to growers but not challenge free. The season started off warm with temperatures in the 20s and 30s throughout June. July was cooler which slowed growth however, a warm fall extended the season for many producers. Rains were timely but the high humidity and early heat hastened maturity leading to soft fruit and disease and/or insect pressure. Despite the challenges, overall yields were above average and prices good.

Despite COVID-19 constraints and restrictions, producers were able to build on the previous years' experience and navigate the barriers for the arrival of temporary foreign workers without major problems. Farm labour shortages remained but not to the extent of 2020.

Throughout the pandemic, NSCLIC continued to work with producers. We were able to quickly adapt to new working methods ensuring our staff could work in safe environments and providing seamless delivery of programs.

NSCLIC wrote just under \$75.5 million in crop coverage in 2021 and collected premiums of over \$3.35 million. **Total indemnities paid were just under \$638,000** resulting in a surplus of over \$2.7 million. This was NSCLIC lowest loss ratio since the 1988 crop year. The loss ratio of 0.19 was significantly different from the 3.80 experienced in 2018 which was the highest year in NSCLIC history. The overall loss ratio for crops is 1.16, meaning over NSCLIC's 53 year history, producers have received \$1.16 for every dollar collected in premiums. Considering producers only pay a portion of the premiums, the value of the program as a Business Risk Management Tool is evident.



Fund Balance

April 1, 2021

\$5,562,989

March 31, 2022

\$8,341,182

Fund Revenue 2021-2022



Producer
Premiums
\$1,244,525



Provincial
Premiums
\$941,522



Federal
Premiums
\$1,213,114



Interest
Earned
\$33,875

Total: \$3,433,036

Insurance plans (2021-2022)

TOTAL
COVERAGE
\$233,629,717

TOTAL
PREMIUM
\$3,401,783

TOTAL
INDEMNITIES
\$659,464

2021-2022
LOSS
RATIO
0.19

LIFETIME
LOSS
RATIO
1.16

Dairy
Livestock
Insurance



73
HERDS

\$30,328.65
TOTAL PREMIUM
\$21,756.26
CLAIMS PAID



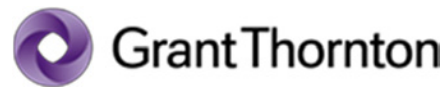
\$128,346,205.92
TOTAL COVERAGE
\$19,289.53
TOTAL PREMIUM

Poultry
Livestock
Insurance

Wildlife
Compensation

74
CLAIMS

\$81,235
CLAIMS PAID



Financial Statements

Nova Scotia Crop and Livestock Insurance Commission

March 31, 2022

Contents

	Page
Management's responsibility for financial reporting	1
Independent auditor's report	2-3
Statement of financial position	4
Statement of operations and changes in fund balances	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to the financial statements	8-13
Schedule A: Schedule of premium revenue and indemnity claims	14
Schedule B: Schedule of expenses	15

Management's Responsibility for the Financial Statements

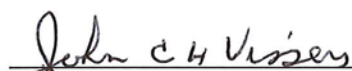
These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Members of the Commission are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercised these responsibilities through the Commission and its Audit Committee. Members of the Commission review and approve internal financial statements, on a monthly basis, and external audited financial statements yearly.

The external auditor, Grant Thornton, conducts an independent examination, in accordance with Canadian auditing standards, to express their opinion on the financial statements. The external auditors have full and free access to financial management of the Nova Scotia Crop and Livestock Insurance Commission and meet when required.

On behalf of the Nova Scotia Crop and Livestock Insurance Commission;



John Vissers
Chair



Peggy Weatherbee
CEO

May 25, 2022

Independent auditor's report

Grant Thornton LLP
733 Prince Street
Truro, NS
B2N 1G7

T +1 902 893 1150
F +1 902 893 9757
www.GrantThornton.ca

To the Members of Nova Scotia Crop and Livestock Insurance Commission

Opinion

We have audited the accompanying financial statements of the Nova Scotia Crop and Livestock Insurance Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2022, the statement of operations and changes in fund balances, statement of changes in net financial assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2022, and the results of operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 Commission 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.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules included on Pages 14-15 have been presented for the purposes of additional information and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Commission'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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission'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 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 Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

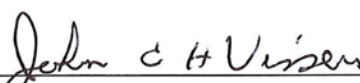
Chartered Professional Accountants

Truro, Canada
May 25, 2022

STATEMENT OF FINANCIAL POSITION

	2022	2021
Financial Assets		
Cash	\$198,596	\$ 283,941
Investments (Note 3)	8,181,060	5,150,653
Trade Receivable (Note 4)	<u>1,505,549</u>	<u>691,019</u>
	<u>9,885,205</u>	<u>6,125,613</u>
 Liabilities		
Deferred revenue (Note 5)	1,533,263	560,667
Deposits for insurance	<u>15,065</u>	<u>1,957</u>
	<u>1,548,328</u>	<u>562,624</u>
 Net Financial Assets (Page 6)	 <u>8,336,877</u>	 <u>5,562,989</u>
 Non-Financial Assets		
Tangible capital assets (Note 6)	<u>4,305</u>	<u>-</u>
 Fund Balances	 <u>\$ 8,341,182</u>	 <u>\$ 5,562,989</u>

On Behalf of the Commission



 Member



 Member

The accompanying notes and schedules are an integral part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

	Budget	Funds			Total 2022	Total 2021
		Crop	Livestock	General		
Revenue						
Insurance premiums (Schedule A)	\$ 3,720,000	\$ 3,350,412	\$ 48,749	\$ 81,235	\$ 3,480,396	\$ 3,296,569
Interest income	<u>20,000</u>	<u>28,279</u>	<u>5,596</u>	<u>-</u>	<u>33,875</u>	<u>22,488</u>
	<u>3,740,000</u>	<u>3,378,691</u>	<u>54,345</u>	<u>81,235</u>	<u>3,514,271</u>	<u>3,319,057</u>
Expenses						
Indemnity claims (Schedule A)	3,050,000	637,708	21,756	81,235	740,699	2,002,562
Bad debt recovery	5,000	(316)	-	-	(316)	(2,936)
Administrative expenses (Note 10) (Schedule B)	1,065,000	897,928	18,605	8,734	925,267	930,547
Amortization expense	<u>-</u>	<u>615</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>3,555</u>
	<u>4,120,000</u>	<u>1,535,935</u>	<u>40,361</u>	<u>89,969</u>	<u>1,666,265</u>	<u>2,933,728</u>
Surplus (deficit) before government contributions	(380,000)	1,842,756	13,984	(8,734)	1,848,006	385,329
Government contributions (Note 8)	<u>1,065,000</u>	<u>902,848</u>	<u>18,605</u>	<u>8,734</u>	<u>930,187</u>	<u>930,547</u>
Net operating surplus (deficit)	685,000	2,745,604	32,589	-	2,778,193	1,315,876
Fund balances, beginning of year	<u>\$ 5,563,000</u>	<u>4,442,223</u>	<u>1,120,766</u>	<u>-</u>	<u>5,562,989</u>	<u>4,247,113</u>
Fund balances, end of year (Note 7)	<u>\$ 6,248,000</u>	<u>\$ 7,187,827</u>	<u>\$ 1,153,355</u>	<u>\$ -</u>	<u>\$ 8,341,182</u>	<u>\$ 5,562,989</u>

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	Budget	2022	2021
Net Financial Assets, beginning of year	<u>\$ 5,563,000</u>	<u>\$ 5,562,989</u>	<u>\$ 4,243,558</u>
Changes in the year			
Net operating surplus	\$ 685,000	2,778,193	1,315,876
Acquisition of Capital Assets		(4,920)	-
Amortization	<u>-</u>	<u>615</u>	<u>3,555</u>
Total changes in the year	<u>685,000</u>	<u>2,773,888</u>	<u>1,319,431</u>
Net Financial Assets, end of year	<u>\$ 6,248,000</u>	<u>\$ 8,336,877</u>	<u>\$ 5,562,989</u>

The Commission does not budget for certain non-cash items such as amortization.

The accompanying notes and schedules are an integral part of these financial statements

STATEMENT OF CASH FLOWS

	2022	2021
Operating Activities		
Net operating surplus	\$ 2,778,193	\$ 1,315,876
Amortization of tangible capital assets	615	3,555
Net change in non-cash working capital balances related to operations (Note 11)	171,174	1,191,273
Change in accrued interest on investments	<u>(23,526)</u>	<u>(18,445)</u>
Cash provided by operating activities	<u>2,926,456</u>	<u>2,492,259</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(4,920)</u>	<u>-</u>
Investing Activities		
Acquisition of investments	(6,006,881)	(4,500,000)
Proceeds from disposal of investments	<u>3,000,000</u>	<u>-</u>
Cash used in investing activities	<u>(3,006,881)</u>	<u>(4,500,000)</u>
Decrease in cash during year	(85,345)	(2,007,741)
Cash, beginning of year	<u>283,941</u>	<u>2,291,682</u>
Cash, end of year	<u>\$ 198,596</u>	<u>\$ 283,941</u>

The accompanying notes and schedules are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 3(1) of the Nova Scotia Crop and Livestock Insurance Act (Act). Section 8(1) of the Act establishes Funds which are in the custody and control of the Commission to be used to administer crop and livestock insurance plans, as well as wildlife compensation, and conduct programs relating to these plans.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

These financial statements are prepared using the following significant accounting policies:

Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets estimated useful life, which for office furniture and equipment is five years and for computer hardware and software is two years. The Commission expenses tangible capital assets under \$1,500.

Revenue

Revenue is recorded on an accrual basis. The main components of revenue are insurance premiums, interest income, and government grants for insurance premiums and administrative expenses. Insurance premium revenue is recognized when certificates for insurance are issued. Premium revenue relating to coverage subsequent to year end is deferred. Government grants for insurance premiums and administrative expenses are recognized as revenue in the period during which the grants are authorized and eligibility criteria are met, except when and to the extent the transfer includes stipulations that give rise to an obligation that meets the definition of a liability. The Commission receives contributions from the Province of Nova Scotia for the purchase of assets, which is recognized in revenue upon acquisition.

Indemnity claims

Expenses for indemnity claims are recorded when the loss incurred by the producer is verified and authorized.

Financial Instruments

The Commission's financial instruments consist of investments in promissory notes, accounts receivable, deferred revenue, cash and deposits for insurance. The Commission measures its financial instruments at cost or amortized cost, with the exception of its investment in promissory notes, which are initially, and subsequently, measured at fair value.

Budget Figures

The budget figures contained in these financial statements were approved by the Province in its original fiscal plan. The budgeted figures presented are consistent with Public Sector Accounting Standards ("PSAS").

Use of Estimates and measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Key estimates for the Commission include the allowance for doubtful accounts. Any Provincial write off affecting the allowance for doubtful accounts may impact the fund surplus in future years.

NOTES TO THE FINANCIAL STATEMENTS

3. Investments

The Commission invests with the Province excess funds to be used to pay future indemnity claims. On March 31, 2022, these funds were invested in various promissory notes maturing in 2022, 2023 and 2027 with annual yields ranging from 0.29% to 2.77%.

Investments as of March 31

Date issued	Maturity date	Term (# of days)	Interest rate	2022		2021	
				Total including accrued interest	Total including accrued interest	Total including accrued interest	Total including accrued interest
Oct 27, 2017	Oct 27, 2022	1826	2.18%	\$ 660,007	\$ 645,957		
Aug 21, 2020	Aug 20, 2021	364	0.23%	-	1,001,399		
Aug 21, 2020	Aug 20, 2021	364	0.23%	-	1,001,399		
Aug 21, 2020	Aug 21, 2021	364	0.23%	-	1,001,399		
Mar 5, 2021	Mar 7, 2023	733	0.45%	1,507,251	1,500,499		
Aug 20, 2021	Aug 19, 2022	364	0.29%	1,004,070	-		
Aug 20, 2021	Aug 19, 2022	364	0.29%	1,004,069	-		
Aug 20, 2021	Aug 19, 2022	364	0.29%	1,004,069	-		
Mar 25, 2022	Mar 25, 2027	1826	2.77%	1,500,797	-		
Mar 25, 2022	Mar 25, 2027	1826	2.77%	1,500,797	-		
				\$ 8,181,060	\$ 5,150,653		

4. Trade Receivables

	Current	Past due 31 - 90 days	Past due > 90 days	Total 2022	Total 2021
Province of Nova Scotia	\$1,439,361	\$2,150	\$ -	\$1,441,511	\$530,199
Federal Government	\$18,727	\$40,352	\$ -	\$59,079	\$157,485
Producer	\$4,959	\$ -	\$ -	\$4,959	\$3,335
Total Receivables	\$1,463,047	\$42,502	\$ -	\$1,505,549	\$691,019

5. Deferred Revenue

Deferred revenue of the Commission consists of prepaid deposits for premiums that have been paid during 2021-22, which relate to 2022-23 insurance coverage. Included in this balance are refundable deposits on premiums paid by insured clients of \$37,552 (2021 - \$38,592). Included in deferred revenue for the year-ended March 31, 2022 is \$1,495,711 (\$70,964 remaining from 2021) of funds from the Province of Nova Scotia (2022 - \$1,424,747, 2021 - \$522,075) to cover expected provincial premium increases for 2022-23 and is based on premium rate increases approved by the Commission prior to year-end.

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible capital assets

	2022	2021
Cost of Equipment		
Opening cost	\$ 26,066	\$ 26,066
Additions	4,920	-
Disposals	<u>-</u>	<u>-</u>
Closing cost	<u>30,986</u>	<u>26,066</u>
Accumulated amortization		
Opening balance	26,066	22,511
Disposals	-	-
Amortization expense	<u>615</u>	<u>3,555</u>
Closing balance	<u>26,681</u>	<u>26,066</u>
Net book value	<u>\$ 4,305</u>	<u>\$ -</u>

7. Fund Balances

The Commission uses the terminology “Fund Balance” which differs from the PSAB standard terminology “Accumulated Surplus” as it is considered more appropriate for users of these financial statements.

The Livestock Fund balance consists of dairy livestock insurance of \$835,304 (2021 - \$822,641) and poultry insurance of \$318,051 (2021 - \$298,125). A claim for indemnity under either the Dairy Livestock Insurance Plan or the Poultry Insurance Plan is limited to the extent of the assets in the Livestock Insurance Fund balance held by the Commission.

The general fund includes the wildlife compensation program.

8. Government contributions

Insurance premiums

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. For the crop year 2021-22 the Province of Nova Scotia contributed an additional 10%, equaling \$132,779 (2021 - \$118,428) to the producers share of the premiums. If an insurance premium contains a high-cost portion, the Federal and Provincial governments pay a reduced proportion of the high-cost portion of the insurance premium. The proportion of the insurance premium that is high-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance programs or in non-refundable deposits.

8. Government contributions (continued)***Administrative expenses***

The financial statements include the total cost of administrative expenses which are initially paid by the Provincial government, and then subsequently reimbursed by the Federal government for their contribution. For the 2021-22 fiscal year, the Federal government contributed 60%, (2021 - 60%) of the total administrative expenses for the crop insurance program, with the Provincial government funding the remainder. The Provincial government funds all the administrative costs of the livestock and poultry insurance programs.

Capital Assets

Capital assets are cost-shared, (60% Federal Government, 40% Provincial Government) administrative expenses. The Commission expenses capital assets under \$1,500 and capitalizes those over \$1,500.

Wildlife program

The compensation payments and administrative expenses of the wildlife compensation program are funded 60% by the Federal government and 40% by the Provincial government.

9. Indemnity claims***Winter Grain***

Winter Grain is planted in the fall, but not harvested until the following fall. Crop yields can fluctuate dramatically depending on factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to the crop planted in the current year, if any, have not been incurred until well after the fiscal year end. Indemnity expenses for Winter Grain and related payables will be recorded in the year that the loss of yield, if any, is incurred.

Maple Syrup

In certain cases, indemnity expenses for Maple Syrup production losses related to premiums collected in the current fiscal year will not be incurred until after year end. Maple Syrup yields will fluctuate based on weather conditions. Indemnity expenses and related payables for Maple Syrup will be recorded in the year that the loss of yield, if any, is incurred.

10. Administrative expenses

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife compensation program are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock and poultry plans, and wildlife compensation program, are allocated to the crop insurance plan.

NOTES TO THE FINANCIAL STATEMENTS

11. Net change in non-cash working capital balances related to operations

	2022	2021
Increase (decrease) in cash from changes in:		
Receivables	\$ (814,530)	\$ 675,257
Accrued interest receivable	-	1,451
Deferred revenue	972,596	522,741
Deposits for insurance	<u>13,108</u>	<u>(8,176)</u>
	<u>\$ 171,174</u>	<u>\$ 1,191,273</u>

12. Financial instruments

The Commission is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Commission has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Commission does not have a significant exposure to any individual client. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks.

There have been no changes compared to previous years with respect to the exposures to risk and how they arise, the Commission's objectives, policies, and processes for managing the risks and the methods used to measure the risks.

13. Related party transactions

The Commission is related in terms of common ownership to all Province of Nova Scotia created departments, agencies, boards and commissions. The Commission enters into transactions with these entities in the normal course of business measured at the exchange amount. Related parties also include key management personnel having the authority and responsibility for planning, directing, and controlling the activities of the Commission. This includes Senior Executives, and members of the Commission and their close family members. The following disclosure is in addition to the related party disclosure provided elsewhere in these financial statements.

Administrative expenses include \$30,000 (2021 - \$30,000) for rent and \$44,240 (2021 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and the Department of Finance and Treasury Board respectively.

14. Economic dependence

The Commission is economically dependent upon the ongoing and future funding from the Province of Nova Scotia and the Government of Canada.

15. Insurance coverage

The Commission's insurance coverage is based on actuarially sound premium rate methodologies as required by its Act and the Canadian Agricultural Partnership (CAP) cost sharing agreement. All premium rates include a self-sustainability factor to ensure premiums calculated are adequate to cover expected liabilities.

The total insurance coverage issued during the 2021-22 fiscal year was \$233,574,867 (2021 - \$196,136,554), comprised of crop insurance of \$79,384,424 (2021 - \$58,783,882), livestock insurance of \$25,844,237 (2021 - \$26,359,562) and poultry insurance of \$128,346,206 (2021 - \$110,993,110). Indemnity payable by the Commission under the livestock and poultry plans is limited to the extent of the assets in the Livestock Insurance Fund Balance held by the Commission. This represents the maximum potential exposure of the Commission for all certificates issued under its insurance plans and is provided for information purposes.

16. Pension and post-retirement benefits

All full-time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability or other obligations related to the pension. The pension expense incurred in the current year was \$50,479 (2021 - \$50,580).

Employees of the Commission participate in the Public Service Superannuation Fund (The "Plan"), a contributory defined benefit pension plan which provides pension benefits based on length of service and earnings. Full time employees are eligible to receive a long service award as well as ongoing health and dental benefits upon retirement, as outlined in the collective agreement. Payments for this award, and these benefits, are the responsibility of the Province. The Commission is not responsible for any unfunded liability, payments, expenses, or other obligations related to these benefits. The total paid out by the Province to Commission staff was \$54,862 (2021 - \$0).

17. Public Sector Compensation Disclosure Act

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Commission or in a statement prepared for the purposes of the Act and certified by its auditors. The Commission has chosen to disclose this required information as part of its audited financial statements.

For the year ended March 31, 2022, the following employees received compensation of \$100,000 or more:

Bill MacLeod, CEO, \$142,446

PREMIUM REVENUE AND INDEMNITY CLAIMS

SCHEDULE A

	Premium Revenue			Total Premium		Indemnity Claims	
	Producer	Federal	Provincial	2022	2021	2022	2021
Crop Insurance							
Spring Grain	\$ 12,124	\$ 9,645	\$ 7,778	\$ 29,547	\$ 29,795	\$ 18,838	\$ 25,326
Winter Grain	10,584	8,788	6,966	26,338	26,204	6,248	12,844
Tree Fruit	731,119	764,843	591,130	2,087,092	1,707,703	313,085	388,180
Corn	86,483	86,483	67,265	240,231	223,367	2,802	28,245
Weather Derivative	24,766	24,766	19,262	68,794	91,221	-	8,629
Blueberries	191,429	183,753	143,772	518,954	502,961	103,480	944,993
Strawberries & Raspberries	185	185	144	514	446	15,024	-
Maple	12,124	11,593	9,076	32,793	32,577	-	37,851
Forage	153	138	92	383	2,178	-	-
Soybeans	29,209	29,209	22,719	81,137	61,361	7,458	65,727
Vegetables	2,664	2,664	2,072	7,400	20,296	38,106	32,513
Acreage Loss	63,377	63,377	49,293	176,047	182,219	132,667	109,235
Grapes	31,559	27,670	21,953	81,182	72,253	-	63,095
Potato	-	-	-	-	14,705	-	-
	<u>1,195,776</u>	<u>1,213,114</u>	<u>941,522</u>	<u>3,350,412</u>	<u>2,967,286</u>	<u>637,708</u>	<u>1,716,638</u>
Livestock Insurance							
Livestock	29,111	-	-	29,111	29,604	21,756	8,000
Poultry	<u>19,638</u>	-	-	<u>19,638</u>	<u>21,755</u>	-	-
	<u>48,749</u>	-	-	<u>48,749</u>	<u>51,359</u>	<u>21,756</u>	<u>8,000</u>
Wildlife Compensation	-	<u>48,741</u>	<u>32,494</u>	<u>81,235</u>	<u>277,924</u>	<u>81,235</u>	<u>277,924</u>
Total	<u>\$ 1,244,525</u>	<u>\$ 1,261,855</u>	<u>\$ 974,016</u>	<u>\$3,480,396</u>	<u>\$3,296,569</u>	<u>\$ 740,699</u>	<u>\$ 2,002,562</u>

EXPENSES

SCHEDULE B

	Insurance			Totals	
	Crop	Livestock	Wildlife/General	2022	2021
Operations – Insurance Processing	\$ 86,695	\$ 1,801	\$ 1,551	\$ 90,047	\$ 89,714
Operations - Adjusting	172,505	3,559	1,890	177,954	171,980
Audit (Field)	150,134	3,096	1,563	154,793	149,403
Policy Administration	83,709	1,725	804	86,238	80,686
Finance	102,063	2,095	598	104,756	102,700
Research, Development/Underwriting	120,123	2,468	795	123,386	141,020
Program Sales and Promotion	4,694	100	190	4,984	5,262
Human Resources	51,299	1,055	395	52,749	52,616
Systems Maintenance and Support	101,276	2,085	883	104,244	107,066
Accommodations	<u>30,350</u>	<u>621</u>	<u>65</u>	<u>31,036</u>	<u>30,100</u>
Total Expenses funded by Government (Note 10)	<u>902,848</u>	<u>18,605</u>	<u>8,734</u>	<u>930,187</u>	<u>930,547</u>
Administrative Expenses related to					
Tangible Capital Assets	<u>(4,920)</u>	<u>-</u>	<u>-</u>	<u>(4,920)</u>	<u>-</u>
Administrative Expenses	<u>897,928</u>	<u>18,605</u>	<u>8,734</u>	<u>925,267</u>	<u>-</u>
Indemnity claims – Schedule A	637,708	21,756	81,235	740,699	2,002,562
Bad debts	(316)	-	-	(316)	(2,936)
Amortization	<u>615</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>3,555</u>
	<u>638,007</u>	<u>21,756</u>	<u>81,235</u>	<u>740,998</u>	<u>2,003,181</u>
TOTAL EXPENSES	<u>\$ 1,535,935</u>	<u>\$ 40,361</u>	<u>\$ 89,969</u>	<u>\$ 1,666,265</u>	<u>\$ 2,933,728</u>





NSCLIC

NOVA SCOTIA CROP & LIVESTOCK
INSURANCE COMMISSION

Helping you weather all seasons