



NSCLIC

NOVA SCOTIA CROP & LIVESTOCK
INSURANCE COMMISSION

2022-2023 Annual Report

The Nova Scotia Crop and Livestock
Insurance Commission





MESSAGE FROM THE BOARD CHAIR

As a long-time farmer and Board Chair of the Nova Scotia Crop and Livestock Insurance Commission (NSCLIC), I can absolutely say weather is unpredictable, and seems to be getting even more so. Industry must find ways to mitigate the risks. Periods of drought, intense rains that drop a month worth of rain in a few hours and powerful storms are becoming more prevalent.

Over the years, farmers have managed those risks using various tools such as irrigation, frost protection, seeding extra acres, and crop insurance. With rising input costs, low availability of labour, and rising interest rates, some of those tools are not as cost effective as they used to be. NSCLIC's role as a provider of effective and affordable risk management tools is more important now than ever.

Looking towards the future, NSCLIC must be ready to take on the challenge of playing a bigger role in industry's risk management strategy. There is lots of work to be done, from finding more ways to do business online to reviewing our programs and regulations to ensure they are meeting today's needs and increasing NSCLIC's profile in the farming community. I am pleased to say NSCLIC has started this process through consultations with industry, by developing a new logo and plans to launch a new website in 2023.

John Vissers, Chair

MESSAGE FROM THE DIRECTOR BUSINESS RISK MANAGEMENT

The conclusion of NSCLIC's fifty-fourth year of operation coincided with the end of the Canadian Agriculture Partnership Agreement (CAP). I am pleased to announce that a new five-year agreement, Sustainable Canadian Agricultural Partnership (Sustainable CAP) with Agriculture and Agri-Food Canada took effect on April 1, 2023, ensuring the continuation of the AgriInsurance and Wildlife Compensation Program for another five years through cost-shared funding.

The year started with a government-wide review of Agencies, Boards and Commissions. The review of the NSCLIC did not result in any recommended changes, but it has delayed implementation of our new marketing plan and launch of the new website. I am also pleased to say that in recognition of increased input costs, Government has agreed to continue the additional 10 percent reduction in producers' premiums in 2022-2023.

For the first time since being introduced in 1998, the apple storage rider was triggered by the 2021 crop. An internal browning issue was first noticed in the late winter/ early spring as the apples were brought out from the controlled atmosphere storage. By the end of June 2022 there was enough data to conclude claims were warranted. Nearly \$1 million in payments were issued to 30 growers.

Despite the devastation caused by post-tropical storm Fiona, crop insurance claims were not as significant as we anticipated. The apple crop was relatively unaffected due to the path of the storm, the wild blueberry harvest was complete, and most grain crops were harvested before the late September storm. These factors resulted in a large number of small dollar-value claims.

Having completed my first full year as the Director of Business Risk Management and Chief Operating Officer of the Nova Scotia Crop and Livestock Insurance Commission, I am truly impressed by the dedication of the staff and Board. Post-tropical storm Fiona forced us out of our main offices in Bible Hill for a full week. Staff, many with no power at home either, continued to find ways to serve clients using cell phones and/or working from other government offices that had power. I feel privileged to work with such dedicated individuals.

Peggy Weatherbee, Director Business Risk Management



2022-23 BOARD OF DIRECTORS

The Board consists of 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 2022-23, the Board of Directors of NSCLIC 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 John's 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. With over 20 years experience with the Prince Edward Island Department of Agriculture and Perennia Food and Agriculture prior to joining the Department, Rachael is well known in the industry for her extension work in horticulture and pest management. Rachael holds a BSc (Agr.) from MacDonald College, McGill (Soil Science) and MSc from the University of Guelph (Pest Management).

2022-23 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 an 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 second 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 Scotian Gold Cooperative and the Nova Scotia Fruit Growers Association in various executive positions. This is Michael's fourth term on the NSCLIC board.

ABOUT NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

NSCLIC has provided risk management solutions for agriculture in the province for 54 years under the *Crop and Livestock Insurance Act*.

Under the supervision of the Minister of Agriculture, NSCLIC administers the crop insurance plans for 16 crop categories as well as dairy, and poultry livestock insurance plans. In addition to the crop and livestock insurance plans, NSCLIC has administered the Canada/Nova Scotia Wildlife Compensation Program since 2008.

NSCLIC is responsible for the administration of the Crop and Livestock Insurance program as described in the Canadian Agricultural Partnership (CAP), a Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy. The CAP agreement expired on March 31, 2023, and has been replaced by a new five-year agreement called the Sustainable Canadian Agricultural Partnership (Sustainable CAP) on April 1, 2023.

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 2022-23, 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 2022-23 10 percent of client premium costs were 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 plans. 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 is 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.

2022-23 YEAR IN REVIEW

The 2022 growing season started with a war in Ukraine that resulted in high fuel and fertilizer costs for Nova Scotia producers. The soft fruit industry sustained some winter damage due to cold temperatures and late spring frosts, while other sectors dealt with other challenges such as insects and pests, not enough rainfall or too much rainfall at one time. For the most part, 2022 was shaping up to be a good year for most growers until September 23, 2023, when post-tropical storm Fiona made landfall in Nova Scotia. While the eastern and northern areas of the province were hardest hit, all regions of the province were impacted. January was unseasonably warm, with limited snowfall. In February 2023, Nova Scotia was impacted with a major cold snap where temperatures dropped to minus 26 C and lower. The impacts of this event will be significant for the 2023 soft fruit and stone fruit crop harvest.

While Fiona had significant impacts on infrastructure, the impact to crop insurance was minimal. The lowbush blueberry harvest was complete, and Fiona's path through eastern and northern parts of the province meant the majority of the tree fruit producers were relatively unscathed. While many producers pushed to complete their grain harvest ahead of the storm, there was still a lot of corn standing when Fiona hit. There was substantial damage to the corn crop but only about 30% of the provincial crop was insured.

NSCLIC wrote a record breaking \$90 million in crop coverage in 2022 and another \$128 million in livestock coverage. The largest increases were found in soybeans, corn, grapes, lowbush blueberries, and tree fruit due to increased market prices. With higher market prices there is a corresponding premium increase of \$400,000 totaling over \$3.75 million. Total indemnities paid were \$2.81 million resulting in a surplus of over \$940,000. The overall loss ratio for crops is 1.13, meaning over NSCLIC's 54-year history, producers have received \$1.13 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.

Coverage under the Dairy Livestock Insurance Plan decreased again in 2022-2023. The number of herds insured has decreased steadily since the mid 1990's as farms consolidated. The plan is also showing a slow decrease in insured animals over the last twenty years. The plan collected \$26,638 in premiums and paid \$50,800 in claims for an overall loss ratio of 1.15.

Due to incremental increases in quota over time, the number of kilograms and number of birds insured under the Poultry Insurance plan has increased by over 2 million. Premiums collected in 2022-2023 was \$19,784 and there were no claims paid.

Since its introduction in 2008, the Wildlife Compensation Program has paid out almost \$2 million in claims. In 2022-2023, there were 63 claims for a total of \$104,936. Twenty percent of these wildlife claims were for bear damage in corn while 30 percent of claims were from birds who were able to access grapes after post-tropical storm Fiona.

Fund Revenue 2022-2023



**Producer
Premiums**

\$1,386,480



**Provincial
Premiums**

\$1,056,468



**Federal
Premiums**

\$1,361,736



**Interest
Earned**

\$238,829

Total: \$4,043,523

Fund Balance

April 1, 2022

\$8,341,182

March 31, 2023

\$9,520,283

Crop Insurance Loss Ratio

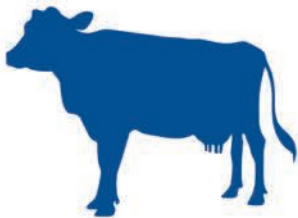


2022-2023



Since 1968

Claims Paid



**Dairy Livestock
Insurance**

\$50,800



**Crop
Insurance**

\$2,811,153



**Wildlife
Compensation**

\$104,936



Financial Statements

Nova Scotia Crop and Livestock Insurance
Commission

March 31, 2023

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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
Director Business Risk Management

June 20, 2023

Independent Auditor's Report

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, 2023, 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, 2023, 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.

Grant Thornton LLP


Chartered Professional Accountants

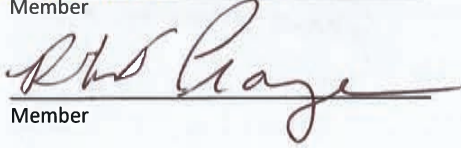
Truro, Canada
June 20, 2023

STATEMENT OF FINANCIAL POSITION

	2023	2022
Financial Assets		
Cash	\$ 287,207	\$ 198,596
Investments (Note 3)	10,174,199	8,181,060
Trade Receivable (Note 4)	<u>201,357</u>	<u>1,505,549</u>
	<u>10,662,763</u>	<u>9,885,205</u>
Liabilities		
Deferred revenue (Note 5)	1,142,924	1,533,263
Deposits for insurance	<u>1,401</u>	<u>15,065</u>
	<u>1,144,325</u>	<u>1,548,328</u>
Net Financial Assets (Page 6)	<u>9,518,438</u>	<u>8,336,877</u>
Non-Financial Assets		
Tangible capital assets (Note 6)	<u>1,845</u>	<u>4,305</u>
Fund Balances	<u>\$ 9,520,283</u>	<u>\$ 8,341,182</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 2023	Total 2022
		Crop	Livestock	General		
Revenue						
Insurance premiums (Schedule A)	\$ 2,380,000	\$ 3,755,031	\$ 49,653	\$ 104,936	\$ 3,909,620	\$ 3,480,396
Interest income	<u>24,000</u>	<u>196,567</u>	<u>42,262</u>	<u>-</u>	<u>238,829</u>	<u>33,875</u>
	<u>2,404,000</u>	<u>3,951,598</u>	<u>91,915</u>	<u>104,936</u>	<u>4,148,449</u>	<u>3,514,271</u>
Expenses						
Indemnity claims (Schedule A)	2,407,000	2,811,152	50,800	104,936	2,966,888	740,699
Bad debt recovery	5,000	-	-	-	-	(316)
Administrative expenses (Note 10) (Schedule B)	1,058,000	1,004,039	20,647	7,596	1,032,282	925,267
Amortization expense	<u>-</u>	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>2,460</u>	<u>615</u>
	<u>3,470,000</u>	<u>3,817,651</u>	<u>71,447</u>	<u>112,532</u>	<u>4,001,630</u>	<u>1,666,265</u>
Surplus (deficit) before government contributions	(1,066,000)	133,947	20,468	(7,596)	146,819	1,848,006
Government contributions (Note 8)	<u>1,058,000</u>	<u>1,004,039</u>	<u>20,647</u>	<u>7,596</u>	<u>1,032,282</u>	<u>930,187</u>
Net operating surplus (deficit)	(8,000)	1,137,986	41,115	-	1,179,101	2,778,193
Fund balances, beginning of year	<u>\$ 8,342,000</u>	<u>7,187,827</u>	<u>1,153,355</u>	<u>-</u>	<u>8,341,182</u>	<u>5,562,989</u>
Fund balances, end of year (Note 7)	<u>\$ 8,334,000</u>	<u>\$ 8,325,813</u>	<u>\$ 1,194,470</u>	<u>\$ -</u>	<u>\$ 9,520,283</u>	<u>\$ 8,341,182</u>

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

	Budget	2023	2022
Net Financial Assets, beginning of year	<u>\$ 8,337,000</u>	<u>\$ 8,336,877</u>	<u>\$ 5,562,989</u>
Changes in the year			
Net operating surplus	\$ (8,000)	1,179,101	2,778,193
Acquisition of Capital Assets		-	(4,920)
Amortization	-	<u>2,460</u>	<u>615</u>
Total changes in the year	<u>(8,000)</u>	<u>1,181,561</u>	<u>2,773,888</u>
Net Financial Assets, end of year	<u>\$ 8,329,000</u>	<u>\$ 9,518,438</u>	<u>\$ 8,336,877</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

	2023	2022
Operating Activities		
Net operating surplus	\$ 1,179,101	\$ 2,778,193
Amortization of tangible capital assets	2,460	615
Net change in non-cash working capital balances related to operations (Note 11)	900,189	171,174
Change in accrued interest on investments	<u>(102,685)</u>	<u>(23,526)</u>
Cash provided by operating activities	<u>1,979,065</u>	<u>2,926,456</u>
Capital Activities		
Acquisition of tangible capital assets	<u>-</u>	<u>(4,920)</u>
Investing Activities		
Acquisition of investments	(6,997,334)	(6,006,881)
Proceeds from disposal of investments	<u>5,106,880</u>	<u>3,000,000</u>
Cash used in investing activities	<u>(1,890,454)</u>	<u>(3,006,881)</u>
Increase (decrease) in cash during year	88,611	(85,345)
Cash, beginning of year	<u>198,596</u>	<u>283,941</u>
Cash, end of year	<u>\$ 287,207</u>	<u>\$ 198,596</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, 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 has adopted Handbook Section PS3450 "Financial instruments" and is required to designate its financial instruments into one of the following two categories: (i) fair value; or (ii) cost or amortized cost.

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, which approximates fair value, with the exception of its investment in promissory notes, which are initially, and subsequently, measured at fair value.

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

2. Significant accounting policies (continued)

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").

Remeasurement gains and losses

Under PSAS, the Commission is required to present a statement of remeasurement gains and losses. As the Commission has no remeasurement gains and losses, this statement has not been presented.

3. Investments

The Commission invests with the Province excess funds to be used to pay future indemnity claims. On March 31, 2023, these funds were invested in various promissory notes maturing in 2023, 2024, 2025 and 2027 with annual yields ranging from 2.77% to 4.72%.

Investments as of March 31

Date issued	Maturity date	Term (# of days)	Interest rate	2023		2022	
				Total including accrued interest		Total including accrued interest	
Oct 27, 2017	Oct 27, 2022	1826	2.18%	\$ -		\$ 660,007	
Mar 5, 2021	Mar 7, 2023	733	0.45%	-		1,507,251	
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	
Oct 27, 2022	Oct 27, 2023	365	4.30%	680,391		-	
Mar 7, 2023	Mar 7, 2025	731	4.49%	1,518,036		-	
Aug 19, 2022	Aug 18, 2023	364	3.50%	1,026,784		-	
Aug 19, 2022	Aug 18, 2023	364	3.50%	1,026,783		-	
Aug 19, 2022	Aug 18, 2023	364	3.50%	1,026,783		-	
Mar 25, 2022	Mar 25, 2027	1826	2.77%	1,542,363		1,500,797	
Mar 25, 2022	Mar 25, 2027	1826	2.77%	1,542,363		1,500,797	
Feb 13, 2023	Feb 13, 2024	365	4.72%	1,810,696		-	
				\$ 10,174,199		\$ 8,181,060	

4. Trade Receivables

	Current	Past due 31 - 90 days	Past due > 90 days	Total 2023	Total 2022
Province of Nova Scotia	\$185,755	\$ -	\$ -	\$185,755	\$1,441,511
Federal Government	\$11,083	\$ -	\$ -	\$11,083	\$59,079
Producer	\$4,519	\$ -	\$ -	\$4,519	\$4,959
Total Receivables	\$201,357	\$ -	\$ -	\$201,357	\$1,505,549

NOTES TO THE FINANCIAL STATEMENTS

5. Deferred Revenue

Deferred revenue of the Commission consists of prepaid deposits for premiums that have been paid during 2022-23, which relate to 2023-24 insurance coverage. Included in this balance are refundable deposits on premiums paid by insured clients of \$36,747 (2022 - \$37,552). Included in deferred revenue for the year-ended March 31, 2023, is \$1,106,177 (2022 - \$1,495,711) of funds from the Province of Nova Scotia (2023 - \$175,000, 2022- \$931,177) to cover expected provincial premium increases and 10% discount on premiums given to Producers by the Province of Nova Scotia for 2023-24 and is based on premium rate increases approved by the Commission prior to year-end.

6. Tangible capital assets

	2023	2022
Cost of Equipment		
Opening cost	\$ 30,986	\$ 26,066
Additions	-	4,920
Disposals	<u>(6,395)</u>	<u>-</u>
Closing cost	<u>24,591</u>	<u>30,986</u>
Accumulated amortization		
Opening balance	26,681	26,066
Disposals	(6,395)	-
Amortization expense	<u>2,460</u>	<u>615</u>
Closing balance	<u>22,746</u>	<u>26,681</u>
Net book value	<u>\$ 1,845</u>	<u>\$ 4,305</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 \$853,965 (2022 - \$835,304) and poultry insurance of \$340,505 (2022 - \$318,051). 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 2022-23 the Province of Nova Scotia contributed an additional 10%, equaling \$148,644 (2022 - \$132,779) to the producers share of the premiums. If an insurance premium contains a high-cost segment, the Federal and Provincial governments pay a reduced proportion of the high-cost segment of the insurance premium. The proportion of the insurance premium that is high-cost varies by plan and coverage level depending on the base premium 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 non-refundable deposits.

NOTES TO THE FINANCIAL STATEMENTS

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 2022-23 fiscal year, the Federal government contributed 60%, (2022 - 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

	2023	2022
Increase (decrease) in cash from changes in:		
Receivables	\$ 1,304,192	\$ (814,530)
Deferred revenue	(390,339)	972,596
Deposits for insurance	<u>(13,664)</u>	<u>13,108</u>
	<u>\$ 900,189</u>	<u>\$ 171,174</u>

12. Financial instruments

Credit risk

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 significant exposure to any individual client.

Liquidity risk

The Province of Nova Scotia provides funding and cash management services to the Commission. There is minimal risk that funds will be unavailable to meet indemnity claim commitments as they arise.

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. It is management's opinion that the Commission is not exposed to any significant market 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 (2022 - \$30,000) for rent and \$44,240 (2022 - \$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.

NOTES TO THE FINANCIAL STATEMENTS

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 2022-23 fiscal year was \$259,033,797 (2022 - \$233,574,867), comprised of crop insurance of \$90,053,713 (2022 - \$79,384,424), livestock insurance of \$27,694,921 (2022 - \$25,844,237) and poultry insurance of \$141,285,163 (2022 - \$128,346,206). This represents the maximum potential exposure of the Commission for all certificates issued under its insurance plans and is provided for information purposes. Livestock and poultry exposure is limited to the balance of the livestock fund of \$1,194,470 (2022 - \$1,153,355).

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 \$58,748 (2022 - \$50,479).

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 \$nil (2022 - \$54,862).

PREMIUM REVENUE AND INDEMNITY CLAIMS

SCHEDULE A

	Premium Revenue			Total Premium		Indemnity Claims	
	Producer	Federal	Provincial	2023	2022	2023	2022
Crop Insurance							
Spring Grain	\$ 10,959	\$ 9,257	\$ 7,389	\$ 27,605	\$ 29,547	\$ 27,869	\$ 18,838
Winter Grain	11,213	9,310	7,556	28,079	26,338	14,233	6,248
Tree Fruit	797,322	834,186	644,715	2,276,223	2,087,092	1,375,080	313,085
Corn	97,168	97,168	75,575	269,911	240,231	433,564	2,802
Weather Derivative	31,030	31,030	24,135	86,195	68,794	-	-
Blueberries	229,098	226,360	176,362	631,820	518,954	574,404	103,480
Strawberries & Raspberries	59	59	46	164	514	-	-
Maple	11,866	11,315	8,862	32,043	32,793	-	15,024
Forage	155	140	115	410	383	-	-
Soybeans	41,147	41,147	32,003	114,297	81,137	8,999	7,458
Vegetables	2,991	2,990	2,326	8,307	7,400	24,272	38,106
Acreage Loss	60,875	60,875	47,347	169,097	176,047	131,945	132,667
Grapes	42,944	37,899	30,037	110,880	81,182	220,786	-
	<u>1,336,827</u>	<u>1,361,736</u>	<u>1,056,468</u>	<u>3,755,031</u>	<u>3,350,412</u>	<u>2,811,152</u>	<u>637,708</u>
Livestock Insurance							
Livestock	29,406	-	-	29,406	29,111	50,800	21,756
Poultry	20,247	-	-	20,247	19,638	-	-
	<u>49,653</u>	<u>-</u>	<u>-</u>	<u>49,653</u>	<u>48,749</u>	<u>50,800</u>	<u>21,756</u>
Wildlife Compensation	<u>-</u>	<u>62,962</u>	<u>41,974</u>	<u>104,936</u>	<u>81,235</u>	<u>104,936</u>	<u>81,235</u>
Total	<u>\$ 1,386,480</u>	<u>\$ 1,424,698</u>	<u>\$ 1,098,442</u>	<u>\$ 3,909,620</u>	<u>\$ 3,480,396</u>	<u>\$ 2,966,888</u>	<u>\$ 740,699</u>

EXPENSES

SCHEDULE B

	Insurance			Totals	
	Crop	Livestock	Wildlife/General	2023	2022
Operations – Insurance Processing	\$ 110,370	\$ 2,284	\$ 1,561	\$ 114,215	\$ 90,047
Operations - Adjusting	159,091	3,278	1,508	163,877	177,954
Audit (Field)	116,564	2,401	1,072	120,037	154,793
Policy Administration	88,799	1,825	629	91,253	86,238
Finance	155,330	3,185	727	159,242	104,756
Research, Development/Underwriting	143,055	2,933	645	146,633	123,386
Program Sales and Promotion	32,268	669	531	33,468	4,984
Human Resources	60,386	1,239	304	61,929	52,749
Systems Maintenance and Support	105,733	2,170	594	108,497	104,244
Accommodations	29,628	605	6	30,239	-
Capital	<u>2,815</u>	<u>58</u>	<u>19</u>	<u>2,892</u>	<u>31,036</u>
Total Expenses funded by Government (Note 10)	<u>1,004,039</u>	<u>20,647</u>	<u>7,596</u>	<u>1,032,282</u>	<u>930,187</u>
Administrative Expenses related to Tangible Capital Assets	-	-	-	-	(4,920)
Administrative Expenses	<u>1,004,039</u>	<u>20,647</u>	<u>7,596</u>	<u>1,032,282</u>	<u>925,267</u>
Indemnity claims – Schedule A	2,811,152	50,800	104,936	2,966,888	740,699
Bad debts	-	-	-	-	(316)
Amortization	<u>2,460</u>	-	-	<u>2,460</u>	<u>615</u>
	<u>2,813,612</u>	<u>50,800</u>	<u>104,936</u>	<u>2,969,348</u>	<u>740,998</u>
TOTAL EXPENSES	<u>\$ 3,817,651</u>	<u>\$ 71,447</u>	<u>\$ 112,532</u>	<u>\$ 4,001,630</u>	<u>\$ 1,666,265</u>





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