

Newfoundland and Labrador Crop Insurance Agency

Annual Performance Report 2025–2026





Chairperson's Message

Honourable Pleaman Forsey
Minister of Forestry, Agriculture and Lands
Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6

Dear Minister Forsey:

I am pleased to submit the Annual Performance Report for the Newfoundland and Labrador Crop Insurance Agency (NLCIA), a category three public body under the **Transparency and Accountability Act**. This report covers the period April 1, 2025, to March 31, 2026.

The NLCIA provides producers with the opportunity to insure crop losses due to natural perils, which will help mitigate the financial risks that a producer would normally face. The NLCIA recognizes its legislative role under the **Crop Insurance Act** (the Act) to establish and carry out a crop insurance plan under the direction, supervision and control of the Minister of the Department of Forestry, Agriculture and Lands (FAL).

The NLCIA has prepared this report to outline its activities during the 2025–2026 fiscal year in fulfillment of the objective established under the 2023–2026 Activity Plan. The Provincial Government's commitment to increasing the province's food self-sufficiency has been considered in the preparation of this report.

As Chairperson, my signature on behalf of the NLCIA signifies its accountability for the preparation of this report and the results reported herein.

Respectfully submitted,

Janice Gill
Chairperson

Table of Contents

Overview 1

Highlights and Partnerships 5

Report on Performance 5

Opportunities and Challenges 7

Annex A: 2025–2026 Premium Base Rates 9

Annex B: 2025–2026 Financial Statements 10

Overview

The Newfoundland and Labrador Crop Insurance Agency (NLCIA) is a Crown Corporation of the Government of Newfoundland and Labrador.

In March 2023, officials from both the Provincial and Federal Governments signed the Sustainable Canadian Agricultural Partnership. A subsection of this agreement states the parameters of, and allows for the cost-sharing of, the AgrilInsurance program. The NLCIA provides an affordable and effective AgrilInsurance program for vegetable producers and operates within the Act.

In accordance with the Act, the membership of the NLCIA shall consist of not less than three, and not more than seven members to be appointed by the Lieutenant-Governor in Council to hold office at pleasure.

As of March 31, 2026, the NLCIA consisted of the following members:

Name	Title	Appointment Term	Community
Janice Gill	Chairperson, Director of Agriculture Business Development, FAL	October 2, 2025 – Until no longer in position	Corner Brook
James Dawson	Vice-Chairperson Provincial Government Representative	September 11, 2025 -Until no longer in position	Corner Brook
Afton Lambert	Provincial Government Representative	February 10, 2023 – Until no longer in position	Corner Brook
Nathan Dennis	Producer Representative	February 16, 2023 – February 16, 2027	Cormack
Melvin J. Rideout	Producer Representative	February 10, 2023 – February 10, 2027	Cormack

The NLCIA operates under the umbrella of FAL with an annual budget of approximately \$355,000 which includes revenue received from the Federal Government of Canada. Annual revenues of \$332,740 include premiums from insured producers, the Provincial Government's share of premiums and late payment fees. Program revenues are dependent on program uptake and fluctuate yearly. Annex A shows the base premium rates for 2025–2026. Annual expenditures of \$353,026 include administration costs and

indemnity payments to producers for crop losses. As the NLCIA is part of the national AgrilInsurance program, the administration costs of the program are cost-shared on a 60:40 Federal-Provincial basis. The annual financial statements of the NLCIA (see Annex B) are prepared and audited by the Office of the Auditor General of Newfoundland and Labrador.

Two Agriculturalist II employees with FAL assisted the NLCIA with field inspections in 2025–2026. The Financial Officer who administers the NLCIA is also an employee of FAL.

In 2025–2026, FAL launched a pilot program for a Basket of Crops Insurance Program for field produced cucurbits. This is a non-yield-based program that will compensate producers based on cost of production. The deductible per acre is 10 per cent based on a cost of production of \$2,000 per acre. Premium per acre is \$360. Crops covered under this program include cucumber, pumpkin, melon, summer squash, winter squash and zucchini.

In years where crop losses occur due to insurable perils, financial compensation may be provided to help alleviate the financial strain these losses may cause. The amount of compensation paid to producers is dependent upon the coverage value chosen by the producer at the beginning of the crop season.

AgrilInsurance premiums are paid on a cost-shared basis, with producers paying 40 per cent, the Federal Government paying 36 per cent and the Provincial Government paying 24 per cent. These premiums are deposited into a fund from which indemnities are drawn. Premiums collected in 2025–2026 totaled \$50,993, which includes the Provincial and Federal Governments' share of premiums, as well as the producers' premiums.

This figure is slightly lower than the total of the premiums collected in 2024–2025 (\$64,399). Premium rates for 2025–2026 decreased overall across all crops; there was a decrease in insured acreage from 104.74 acres in 2024–2025 to 92.59 acres insured in 2025–2026.

In 2025–2026, there were eight producers enrolled in AgrilInsurance program, one of those under the Basket of Crops Insurance program, with \$74,103 incurred in crop losses up to March 31, 2026.

The 2025 cropping season saw extreme drought conditions in eastern locations, leading to slow growth, small plants, and in some cases lack of germination. Drought conditions in central led to poor growth, while drought conditions affected yields and frost damage

prevented fruit set in the western region.

Root maggot damage occurred in all regions despite precautions taken to mitigate the impact. Root maggot resistance to chemical control is an issue throughout the province.

Moose damage occurred in eastern and western regions, and storage losses were experienced in the western region due to field borne disease, which was masked by hot dry weather but proliferated in storage.

Indemnities for 2025–2026 were higher than indemnities traditionally paid out in previous years.

Lines of Business:

The sole line of business of the NLCIA is the delivery of AgrilInsurance to horticulture producers in the province.

The AgrilInsurance program is voluntary and producers who decide to enroll each year do so by applying before the April 30 deadline. Currently, there are insurance plans in place for potato, cabbage, carrot (separate plans are available for carrot grown on mineral soil and peat land), parsnip, rutabaga, beet and a basket of crops for cucurbits.

Vision:

Through the AgrilInsurance program, the Newfoundland and Labrador Crop Insurance Agency protects investments in crop production. By easing the financial burden in times of crop loss, the AgrilInsurance program helps ensure resources are available for future generations and helps ensure prospects for future development. This contributes to the vision of FAL, stated as follows:

The vision of FAL is that of sustainable renewable resources that are responsibly developed for the social, cultural, ecological and economic well-being of the province.

Mandate:

The mandate of the NLCIA is to establish and carry out a crop insurance plan under the direction, supervision and control of the Minister of FAL.

The Agency shall:

- Administer plans of crop insurance established under the **Crop Insurance Act** or the

Regulations.

- Conduct surveys and research programs relating to insurance and obtain statistics for the purposes of the Agency.
- Evaluate and determine crop losses and pay claims under a plan.
- Enter into agreements with or retain persons for the soliciting and receiving of applications; for instance, the collecting of premiums and the adjusting of claims under plans for and on behalf of the Agency and perform other tasks on its behalf that the Agency considers necessary.
- Reinsure with another insurer the risk or a portion of it under a contract.
- Require an applicant for crop insurance or an insured person to provide the information, statements and reports that the Agency may need.
- Exercise powers and perform the duties that are conferred or imposed upon it under the **Crop Insurance Act** or another Act.
- Perform the other functions and discharge the other duties that are assigned to it by the Lieutenant-Governor in Council.
- Make the orders and directions that are necessary to enforce the observance of the **Crop Insurance Act**, the Regulations or a plan.

For more details on the Agency's legislated mandate, please refer to the **Crop Insurance Act** located at <http://www.assembly.nl.ca/legislation/sr/statutes/c39.htm>.

Contact Information:

For more information, or to request a copy of this plan in an alternate format, please contact the NLCIA at:

Newfoundland and Labrador Crop Insurance Agency

P.O. Box 2006

192 Wheeler's Road

Corner Brook, NL A2H 6J8

Tel: 709-637-2077

Email: jennifereustace@gov.nl.ca

Web: <https://www.gov.nl.ca/fal/programs-and-funding/programs/prodinsur/>

Highlights and Partnerships

The NLCIA program has multiple partnerships with other entities including producers, Agriculture and Agri-Food Canada (AAFC) and industry associations. The NLCIA continued its partnership with AAFC during 2025–2026 by administering cost-shared programming within Newfoundland and Labrador and continuing to work with AAFC on AgrilInsurance program development.

The NLCIA partners with industry by having two industry representative members on the NLCIA. Through these partnerships, the province can promote and deliver this Business Risk Management program, which provides producers with the ability to mitigate financial losses due to crop failure, thus providing more financial stability for their businesses in the event of a crop loss, which in turn contributes to food self-sufficiency.

Report on Performance

In the NLCIA 2023–2026 Activity Plan, the administration of the AgrilInsurance program was identified as the key priority for the 2023–2026 planning period. The NLCIA's work is in line with the Provincial Government's commitment to increasing the province's food self-sustainability. The AgrilInsurance program provides producers with an opportunity to mitigate financial instability due to crop loss.

Through the administration of the AgrilInsurance program, the NLCIA's activities during 2025–2026 directly supported primary agriculture production. Activities also contributed to agricultural resource management and provided direct support to industry to help strengthen competitiveness, both which are factors that support the government's commitments toward improving the province's food self-sustainability.

The objective and indicators below are derived from the NLCIA's 2023–2026 Activity Plan. This is the third and final year of the 2023–2026 planning period. For more information, please view the plan at: <https://www.gov.nl.ca/fal/files/CropActivityPlan2023-2026.pdf>.

Issue: Management and Administration of the AgrilInsurance Program

The primary issue of the NLCIA is to deliver the AgrilInsurance program to the horticultural producers of Newfoundland and Labrador who choose to participate and to assess the feasibility of offering new insurance plans (i.e., for additional crop products), upon request by industry. The NLCIA is committed to supporting sustainability and best management practices within the provincial industry. The NLCIA will report on the same objective and

indicators each year of the planning period, as noted in the 2023–2026 Activity Plan.

Objective 2025–2026: By March 31, 2026, the Newfoundland and Labrador Crop Insurance Agency will have delivered insurance plans to producers and helped support sustainability/best management practices on farms.

Indicators:

- **Provided advisory services to producers, as required, regarding sustainability/best management practices on farms such as crop rotation and/or green manure plans for participating producers.**

Throughout 2025–2026, Agriculturalist II staff members provided agriculture advisory services to enrolled producers on a continuous basis as needed or requested by producers, such as proper crop rotation management, general agricultural advice, scouting for disease and pest issues and testing where necessary.

During 2025–2026, crop rotation and/or green manure plans were requested and reviewed as part of producer application requirements. Plans were requested from seven returning applicants. One applicant was new to the Basket of Crops Insurance Program and was not required to provide crop rotation plans in 2025–2026 as it was their first year of enrolment.

- **Reviewed applications and issued Contracts of Insurance to approved applicants within 30 days.**

By March 31, 2025, the NLCIA mailed application packages to 160 potentially eligible producers. Completed applications were submitted by seven producers by the April 30, 2025, deadline. Upon receipt of these applications, the prospective participants were registered into the NLCIA's Crop Insurance databank. The Basket of Crops Insurance program was not released until the end of April with applications due by May 15, 2025. One application was received within that time frame.

The eight applications and related crop rotations submitted by applicants during 2025–2026 were reviewed by NLCIA staff. All eight applications met requirements and were approved.

Contracts for AgrilInsurance were issued for each of the eight approved applicants during 2025–2026. Six contracts were issued within 30 days of the receipt of the application and two contracts were issued after the 30 days. One was issued 35 days

and this slight delay in issuing this contract was due to logistical complications related to a new insurance program.

The second contract was issued 37 days; this delay was due to a staff vacancy. Upon signature and return to the NLCIA program manager, all signed contracts were filed in producer client files. The contracts detail the terms and conditions of the program, the responsibilities of both the participant and the NLCIA, the crops and perils covered, planting deadlines, harvesting deadlines, price options and coverage levels. The contracts also included the methodology for determining premiums owed by the participant and the deadline date for premium payments.

- **Reviewed all claims and communicated decisions to applicants within 30 days**

During the 2025–2026 harvest season, Agriculturist II staff members harvested all test digs in each field. Total marketable yield for each insured crop was calculated using the test dig data. Test dig harvest and yield calculations were completed for each crop and each participant. The yield calculations were compared to the guaranteed production amount for each participant to determine if the insured producer was in a claim position.

At the Annual General Meeting, the members of the NLCIA reviewed 12 claims made by producers for crop losses incurred in 2025–2026. Of the 12 claims, 10 were approved, with indemnity payments of \$74,103. The Program Manager communicated the decisions of the NLCIA to the respective participants within 30 days.

- **Organized hearings as appeals are received and communicated decisions to appellants within 60 days**

Producers who participate in the program and do not agree with the decisions of the NLCIA with respect to their claims have a right to appeal. The participants are given two weeks to file a notice of intent to appeal, followed by appointing an arbitrator agreeable to both parties. No appeals were submitted in 2025–2026.

Opportunities and Challenges

Ongoing research and development aimed at expanding coverage to include important crops that were not previously insured presents a key opportunity for the future growth of the AgriInsurance program. Producers have expressed interest in obtaining coverage for crops that currently fall outside the program's scope. As the province experiences shifting

climatic conditions that are increasingly suitable for warmer-season crops, producers are seeking the option to insure these non-traditional crops. As a result, a basket of crops insurance plan for cucurbits were developed and approved for delivery in the 2025–2026 crop year.

The AgrilInsurance program continues to face several challenges, including balancing premium rates to ensure long-term sustainability, boosting participation among producers, dealing with adverse weather conditions during the planting season, and servicing a large and geographically dispersed farming population across the province.

Annex A:

2025–2026 Premium Base Rates

The base rates in the table below are set by AAFC using average production and yield data from past participants in the AgrilInsurance program. The base rates are used to calculate premium rates for producers that are interested in participating in the AgrilInsurance program and are presented below as a percentage of crop coverage.

Table 1: AgrilInsurance 2025–2026 Premium Base Rates

Crop	Coverage Levels		
	60%	70%	80%
Beet	25.57%	27.85%	31.10%
Cabbage	16.32%	19.02%	21.77%
Carrot-mineral	19.42%	24.25%	28.51%
Carrot-peat	17.94%	22.41%	26.35%
Parsnip	23.61%	27.65%	30.68%
Potato	6.42%	9.79%	12.94%
Rutabaga	17.04%	21.44%	25.59%

Annex B:

2025–2026 Financial Statements

**NEWFOUNDLAND AND LABRADOR
CROP INSURANCE AGENCY**

FINANCIAL STATEMENTS

MARCH 31, 2026

Management's Report

Management's Responsibility for the Newfoundland and Labrador Crop Insurance Agency Financial Statements

The 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 for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Newfoundland and Labrador Crop Insurance Agency in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Crop Insurance Agency.

On behalf of the Newfoundland and Labrador Crop Insurance Agency.



Ms. Janice Gill

Chairperson of Newfoundland and Labrador Crop Insurance Agency



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Newfoundland and Labrador Crop Insurance Agency (the Agency), which comprise the statement of financial position as at March 31, 2026 and the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2026, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (cont.)

- 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 Agency'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 Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



DENISE HANRAHAN, CPA, MBA, ICD.D
Auditor General

September 25, 2026
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
STATEMENT OF FINANCIAL POSITION
As at March 31

2026

2025

FINANCIAL ASSETS

Cash	\$ 109,081	\$ 131,788
Accounts receivable (Note 5)	2,292	6
	111,373	131,794

LIABILITIES

Accounts payable	-	135
	-	135

Net financial assets	111,373	131,659
-----------------------------	----------------	----------------

NON-FINANCIAL ASSETS	-	-
-----------------------------	----------	----------

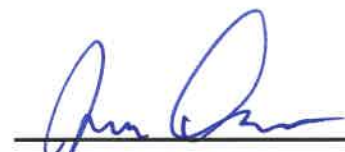
Accumulated surplus	\$ 111,373	\$ 131,659
----------------------------	-------------------	-------------------

Contractual rights (Note 8)

The accompanying notes are an integral part
of these financial statements

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2026 Budget	2026 Actual	2025 Actual
	Unaudited (Note 9)		
REVENUES			
Government of Canada (Note 6)	\$ 195,000	\$ 185,793	\$ 152,090
Province of Newfoundland and Labrador (Note 6)	130,000	123,862	101,393
Premiums from insured persons	30,000	20,397	25,760
Recovery of bad debt	-	2,288	-
Late payment fees	-	400	100
	355,000	332,740	279,343
EXPENSES (Note 7)			
AgrilInsurance Program	60,000	74,103	34,485
Administration	280,020	278,923	214,844
	340,020	353,026	249,329
Annual surplus (deficit)	14,980	(20,286)	30,014
Accumulated surplus, beginning of year	131,659	131,659	101,645
Accumulated surplus, end of year	\$ 146,639	\$111,373	\$ 131,659

The accompanying notes are an integral part
of these financial statements

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

1. Nature of operations

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the Crop Insurance Act. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund to provide insurance to farmers of the Province to restrict the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Agency.

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Agency is classified as an Other Government Organization as defined by the Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Agency does not prepare a statement of change in net financial assets and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Agency does not prepare a statement of re-measurement gains and losses as the Agency does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Agency's financial instruments recognized in the statement of financial position consist of cash, accounts receivable and accounts payable. The Agency generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Agency subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at cost include accounts payable.

The carrying values of cash, accounts receivable and accounts payable approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in bank.

(d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador premium contributions and Government of Canada premium contributions) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

There is no revenue from non-recurring activities with performance obligations presented in these financial statements.

(e) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Indemnity claims under the AgrilInsurance Program are reported on an accrual basis. Indemnity claims are paid to insured persons upon approval by the Board of Directors of submitted insurance claims.

The Agency is administered as a division of the Department of Forestry, Agriculture and Lands. Expenses related to salaries and administration costs are paid directly by the Department of Forestry, Agriculture and Lands and the Department of Transportation and Infrastructure and are reflected in these financial statements as expenses of the Agency and as revenue from the Province and the Government of Canada.

The Province and the Government of Canada have entered into a cost-shared agreement in which administration expenses are funded 60% by the Government of Canada and 40% by the Province.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

2. Summary of significant accounting policies (cont.)

(f) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Financial risk management

The Agency recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The Agency is exposed to credit risk and liquidity risk through its financial instruments. The Agency is not exposed to market risk. There was no significant change in the Agency's exposure to these risks or its processes for managing these risks from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Agency's main credit risk relates to cash and accounts receivable. The Agency's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Agency is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Agency is exposed to credit risk related to its accounts receivable. The Agency has policies and procedures for the monitoring and collection of its accounts receivable so as to mitigate potential credit losses. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts as disclosed in Note 5.

Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its financial liabilities as they come due. The Agency's exposure to liquidity risk relates mainly to its accounts payable. The Agency manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

4. Related party transactions

The Agency is administered by employees of the Department of Forestry, Agriculture and Lands. Estimated salaries and other costs of \$278,923 (2025 - \$214,844) applicable to the operation of the Agency have been paid or are payable by the Department of Forestry, Agriculture and Lands and the Department of Transportation and Infrastructure and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada. The Province recovered \$167,354 (2025 - \$128,906) of these administration expenses from the Government of Canada under the Canada-Newfoundland and Labrador Agrilnsurance Agreement of the Canadian Agricultural Partnership.

The premium contributions of \$30,732 (2025 - \$38,639) have been paid or are payable by the Department of Forestry, Agriculture and Lands and are reflected in these financial statements as revenue in the form of payments made by the Province and the Government of Canada. The Province recovered \$18,439 (2025 - \$23,183) of the premiums contributions from the Government of Canada under the Canada-Newfoundland and Labrador Agrilnsurance Agreement of the Canadian Agricultural Partnership.

Transactions with the Department of Forestry, Agriculture and Lands are in the normal course of business measured at the exchange amount.

The Agency received insurance premiums of \$11,321 (2025 - \$8,703) from a company which has a Board member of the Agency as a director of that company. The Agency paid an insurance claim of \$60,388 (2025- \$14,436) to that company. Transactions with the company are in the normal course of business and are measured at the exchange amount.

5. Accounts receivable

	<u>2026</u>	<u>2025</u>
Premiums from insured persons	\$ 3,608	\$ 3,608
Due from Province	4	6
	3,612	3,614
Less: provision for doubtful accounts	1,320	3,608
	\$2,292	\$ 6

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

6. Premium contributions and administrative expenses

	<u>2026</u>	<u>2025</u>
Government of Canada		
Premium contributions	\$ 18,439	\$ 23,183
Payments for administration	167,354	128,907
	<u>\$ 185,793</u>	<u>\$ 152,090</u>

	<u>2026</u>	<u>2025</u>
Province of Newfoundland and Labrador		
Premium contributions	\$ 12,293	\$ 15,456
Payments for administration	111,569	85,937
	<u>\$ 123,862</u>	<u>\$ 101,393</u>

7. Expenses by object

The following is a summary of expenses by object:

	<u>2026</u> <u>Budget</u> Unaudited (Note 9)	<u>2026</u> <u>Actual</u>	<u>2025</u> <u>Actual</u>
Bad debt expense	\$ -	\$ -	\$ -
Bank charges	20	4	6
Board expenses	500	290	500
Computer	-	965	965
Equipment supplies	2,000	868	1,356
Indemnity claims	60,000	74,103	34,485
Purchased services	9,500	2,172	8,120
Salaries and employee benefits	250,000	259,805	187,475
Supplies	8,000	5,339	7,458
Transportation and communication	10,000	9,480	8,964
	<u>\$ 340,020</u>	<u>\$ 353,026</u>	<u>\$ 249,329</u>

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2026

8. Contractual rights

The operations of the Agency will be cost-shared under the Canada - Newfoundland and Labrador AgrilInsurance Agreement of the Canadian Agricultural Partnership - a five-year federal, provincial and territorial agreement from 2023-24 to 2027-28. AgrilInsurance is a part of the Business Risk Management suite of programs and provides insurance against production losses for specified perils.

The administration cost of the AgrilInsurance Program will be jointly funded under the AgrilInsurance Agreement between Agriculture and Agri-Food Canada and the Department of Forestry, Agriculture and Lands on a 60:40 percent basis respectively. The total premium costs will be shared between the federal government, the provincial government and the producer on a 36:24:40 percent basis respectively.

9. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Board of Directors. Budgeted figures included in the financial statements are not audited.