

# Livestock Owners Compensation Board

## Annual Performance Report 2022-23





## Chairperson's Message

The Honourable Elvis Loveless  
Department of Fisheries, Forestry and Agriculture  
Petten Building  
30 Strawberry Marsh Road  
P.O. Box 8700  
St. John's, NL A1B 4J6

Dear Minister Loveless:

I am pleased to submit the Annual Performance Report for the Livestock Owners Compensation Board (the LOCB), a category three public body under the **Transparency and Accountability Act**. This report covers the period April 1, 2022, to March 31, 2023.

The LOCB recognizes its legislative role under the **Livestock Insurance Act** (the Act) to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister of the Department of Fisheries, Forestry and Agriculture (FFA).

The LOCB has prepared this report to outline its activities during the 2022-23 fiscal year in fulfillment of the objective established under the 2020-23 Activity Plan. The 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 LOCB signifies its accountability for the preparation of this report and the results reported herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "C. MacDonald".

Cynthia MacDonald  
Chairperson

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## Overview

Livestock Insurance is a provincial program designed to provide insurance to compensate Newfoundland and Labrador producers for the death or injury of sheep, goats, dairy cattle or beef cattle caused by dogs or other predators. Producers, who register their animals for insurance by April 1 of each year and who pay the insurance premiums, are covered until March 31 of the following year in the event any of their animals are killed or severely injured by a predator.

The LOCB is appointed by the Provincial Government. Subsection 3(2) of the Act provides for the membership of the LOCB. The membership of the LOCB shall consist of not less than three and not more than five members to be appointed by the Lieutenant-Governor in Council to hold office at pleasure.

As of March 31, 2023, the LOCB consisted of the following members:

<b>Name</b>	<b>Title</b>	<b>Appointment Term</b>	<b>Community</b>
Cynthia MacDonald	Chairperson, Director of Agriculture Business Development, FFA	At Pleasure	Corner Brook
Janice Gill	Provincial Government Representative	February 10, 2023 – 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

Livestock owners throughout Newfoundland and Labrador are able to purchase insurance at reasonable rates for dairy cattle, beef cattle, sheep and goats through the Livestock Insurance Program (the Program). Livestock insurance offers financial protection against losses from predatory animal attacks. Losses due to other factors such as disease or fire are not covered by the Program.

The LOCB operates on a budget of \$10,550 annually, dependent upon the number of indemnity payments made in the year, and falls under the purview of FFA. Annual revenues in 2022-23 were \$10,662 and included administrative costs paid by the Provincial Government of \$10,613 and premiums received from livestock owners of approximately \$49. Annual expenditures in 2022-23 were \$10,615 which included

administration costs and bank fees. The LOCB revenues and expenditures vary from year to year due to changes in Program participation and the degree of livestock losses. Application packages, including premium/coverage rates, application forms and other Program details, were mailed to 140 eligible producers. Application information was emailed to Agricultural Development Officers for circulation to any interested producers. Two producers availed of the Program in 2022-23, and there were no indemnity claims.

Agricultural Development Officers employed by FFA carry out field work for the LOCB. The Program Manager is also employed by FFA. Administration expenses include of a salary allocation and professional services.

The trend in the provincial industry over the last two decades has been a gradual decrease in the number of animals insured under the Program, from more than 1,200 provincial animals in 1999-2000 to a low of 16 in 2022-23. The overall decrease in the number of animals insured and the downward trend in indemnity claims is likely a result of producers putting more focus on mitigating risk in the form of predator control fencing, use of guard animals and keeping their animals closer to their homes.

The 2022-23 premium and indemnity rates are detailed in Annex A. See Annex B for audited 2022-23 LOCB financial statements.

**Table 1: 2022-23 Livestock Insurance Specifics**

	Sheep	Lambs	Goats	Beef Cattle	Total
Insured Animals (#)	0	14	2	0	16
Premiums Collected (\$)	0	46	2	0	49
Coverage (\$)	0	1,750	200	0	1,950
Indemnity (\$)	0	0	0	0	0
Claims (#)	0	0	0	0	0

The LOCB headquarters is located in Corner Brook at 192 Wheeler's Road, with field offices located in Pynn's Brook and St. John's. This report is available in alternate formats. To contact the LOCB, please contact the Program Manager, Karen Kennedy, at 709-637-2473 or via email: [KarenKennedy@gov.nl.ca](mailto:KarenKennedy@gov.nl.ca).

### Lines of Business:

The LOCB provides compensation to owners of sheep, goats and cattle in the unfortunate event that their animals suffer injury or death by roaming dogs or other predators such as coyotes, lynx and bears. All types of predator attacks are compensated for provided that

the carcass of the injured or dead animal and corresponding ear tag are available for inspection. These Program requirements are necessary to reduce the moral hazard that may affect indemnity claims.

Applications for livestock insurance are mailed to the producers at the end of each fiscal year, for the upcoming fiscal year. Livestock owners must file identifying tag numbers with the LOCB at that time along with the premiums payable to the LOCB. The producers forward the completed application to LOCB headquarters. Any claims for livestock loss are reported to the Agricultural Development Officers who are responsible for verifying the claim and the tag number of insured livestock and taking pictures, where possible.

The majority of livestock insured under the Program are sheep due mainly to their vulnerability to attack on private and community pastures by roaming dogs and other predators such as coyotes, lynx and bears. A small number of goats and cattle have been insured under the Program. The relatively small number of cattle insured is due to their larger physical size compared to most predators.

The premium rates are announced by the Minister of FFA prior to the beginning of the new fiscal year. Producers pay one hundred per cent of the livestock insurance premium and the Department is responsible for the costs to administer the Program.

### **Vision:**

Through the Livestock Insurance Program, the LOCB protects investments in livestock. By easing the financial burden caused by livestock loss, the Program helps ensure resources are available for future generations and helps ensure prospects for future development. This contributes to the vision of FFA, stated as follows:

The vision of FFA 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 LOCB is to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister of FFA. The LOCB shall:

- Administer plans of livestock insurance established under the **Livestock Insurance Act** or the Regulations;
- Fix by order, and publish in the Gazette the prescribed amount in respect of each class of livestock that may be paid out of the fund for losses caused by dogs or predators;
- Conduct surveys and research programs relating to insurance and obtain statistics for the purposes of the Board;
- Evaluate and determine livestock 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 Board, and other tasks on its behalf that the Board considers necessary;
- Require an applicant for livestock insurance or an insured person to provide the information, statements and reports that the Board may require;
- Exercise the powers and perform the duties that are conferred or imposed upon it under the **Livestock 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; and
- Make the orders and directions that are necessary to enforce the observance of the **Livestock Insurance Act**, the Regulations or a plan.

For more details on the LOCB's legislated mandate, please refer to the Act located at <https://www.assembly.nl.ca/Legislation/sr/statutes/l23.htm>.

## Highlights and Partnerships

Throughout the 2022-23 fiscal year, the LOCB continued to partner with members of the livestock industry to promote and deliver a risk management product to livestock producers. The Program provides producers with the opportunity to implement financial safeguards in the event of an animal loss, and enhances the sector's capacity for agricultural growth and food self-sufficiency.

## Report on Performance

Administration of the Program was identified as the key priority of the LOCB in its 2020-23 Activity Plan.

Through the administration of the Program, the LOCB's activities during 2022-23 directly supported primary agriculture production, thus supporting government's commitments to increasing the province's food self-sustainability. Activities also contributed to overall agrifoods resource management and provided direct support to industry to help strengthen competitiveness, both factors that support the commitments of the Provincial Government toward food self-sustainability.

The objective and indicators below are derived from the LOCB's 2020-23 Activity Plan. This is the third and final year of the 2020-23 reporting period. For more information, please view the activity plan here: <https://www.gov.nl.ca/ffa/files/LOCBAActivityPlan2020-23.pdf>.

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**Issue: Management and Administration of the Livestock Insurance Program**

The primary issue of the LOCB is to deliver the Program to the livestock producers of Newfoundland and Labrador who choose to participate and to monitor the sustainability of the insurance fund, which accumulates premiums and pays indemnities.

**Objective:** By March 31, 2023, the Livestock Owners Compensation Board will have continued to offer an insurance plan to producers under the Act and performed ongoing monitoring and assessment of the insurance fund.

**Indicators:**

- **Registered all applications**

The LOCB sent paper and electronic applications to livestock producers and industry representatives prior to March 31, 2022. Two producers who were interested in participating in the Program returned completed applications by the application deadline of April 1, 2022. Upon receipt of these applications, participants were registered in the LOCB's databank.

- **Issued contracts**

For each of the two participants that registered with the Program in 2022-23, a contract was issued and a copy placed in the participant's file. The contract outlines the terms and conditions of the Program and the responsibilities of both the participant and the LOCB.

- **Inspected all livestock claims**

There were no livestock claims submitted in 2022-23.

- **Reviewed all claims**

There were no livestock claims submitted in 2022-23.

- **Communicated decisions to applicants and paid indemnities, where applicable**

As there were no claims for loss submitted in 2022-23, communication with applicants was minimal.

- **Monitored insurance fund for sustainability, recommended changes as necessary, and implemented approved changes**

During 2022-23, the Program Manager of the LOCB continued to monitor the insurance fund for sustainability. At the annual LOCB meeting in March 2023, the LOCB discussed how to incentivize the program to increase uptake moving forward.

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## Opportunities and Challenges

In recent years, there has been some interest from goat producers who are planning to grow and expand their production units. This represents an opportunity for increased client base for the Program. In the past five years, the LOCB has updated the goat compensation rates to be more reflective of industry prices making the program more appealing to current goat producers. As the provincial beef cattle industry grows, there may be a demand for predation insurance to protect calves from predator attacks.

As the Agricultural Development Officers become aware of new livestock producers, they forward contact information to the LOCB for spring mail-outs of Program applications, which helps ensure that all new producers are made aware of the Program. Information related to livestock insurance is posted on the Government of Newfoundland and Labrador webpage, as well as FFA's Facebook and 'X' accounts.

As producers move towards more intensive and indoor production practices the requirement for protection against predators tends to diminish. Animals may be kept inside barns to protect from predators which results in limited losses due to predator attacks.

## Annex A:

### 2022-23 Premium and Compensation Rates for Livestock Insurance

#### SHEEP

CLASS	BASE PREMIUM	COMPENSATION
Grade Ram	\$4.20	\$210.00
Grade Ewe	\$4.20	\$210.00
Grade Ram Lamb	\$3.35	\$125.00
Grade Ewe Lamb	\$3.35	\$125.00
Registered Ram	\$4.50	\$450.00
Registered Ewe	\$4.00	\$400.00
Registered Ram Lamb	\$6.00	\$600.00
Registered Ewe Lamb	\$5.30	\$530.00

#### GOATS

CLASS	BASE PREMIUM	COMPENSATION
Grade Bucks	\$2.00	\$200.00
Grade Does	\$2.00	\$200.00
Grade Buck Kids	\$1.00	\$100.00
Grade Doe Kids	\$1.00	\$100.00
Registered Bucks	\$2.50	\$250.00
Registered Does	\$2.50	\$250.00
Registered Buck Kids	\$2.00	\$200.00
Registered Doe Kids	\$2.00	\$200.00

#### BEEF CATTLE

CLASS	BASE PREMIUM	COMPENSATION
Grade Bulls	\$4.00	\$400.00
Grade Cows	\$4.00	\$400.00
Grade Heifers/Steers (1-2 yr)	\$2.00	\$200.00
Grade Calves (M/F < 1yr)	\$0.70	\$70.00
Registered Bulls	\$6.50	\$650.00
Registered Cows	\$6.50	\$650.00
Registered Heifers/Steers (1-2 yr)	\$4.00	\$400.00
Registered Calves (M/F < 1yr)	\$1.00	\$100.00

**DAIRY CATTLE**

<b>CLASS</b>	<b>BASE PREMIUM</b>	<b>COMPENSATION</b>
Grade Bulls	\$5.00	\$500.00
Grade Cows	\$5.00	\$500.00
Grade Heifers/Steers (1-2 yr)	\$3.00	\$300.00
Grade Calves (M/F < 1yr)	\$0.70	\$70.00
Registered Bulls	\$7.50	\$750.00
Registered Cows	\$7.50	\$750.00
Registered Heifers/Steers (1-2 yr)	\$5.00	\$500.00
Registered Calves (M/F < 1yr)	\$1.50	\$150.00

<b>COST</b>		<b>MINIMUM TRIGGER</b>
Tier 1	Base Premium	–
Tier 2	Base Premium + \$1 additional for each head insured	3 claims or 8 animals in previous insured year
Tier 3	Base Premium + \$2 additional for each head insured	4 claims or 10 animals in previous insured year
Tier 4	Base Premium + \$3 additional for each head insured	5 or more claims or more than 10 animals in previous insured year

**Tier 2 Duration:**

Insured would stay at Tier 2 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Tier 3 Duration:**

Insured would stay at Tier 3 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Tier 4 Duration:**

Insured would stay at Tier 4 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Annex B:**  
**2022-23 Livestock Owner's Compensation Board Financial Statements**

**LIVESTOCK OWNERS COMPENSATION BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

Office of the Auditor General

## Management's Report

### Management's Responsibility for the Livestock Owners Compensation Board 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.

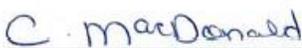
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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 of Directors. The Board of Directors 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 Livestock Owners Compensation Board 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 Livestock Owners Compensation Board.

On behalf of the Livestock Owners Compensation Board.



Ms. Cynthia MacDonald, P.Ag.  
Director of Agriculture Business Development



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Livestock Owners Compensation Board,  
Corner Brook, Newfoundland and Labrador

### Opinion

I have audited the financial statements of the Livestock Owners Compensation Board, which comprise the statement of financial position as at March 31, 2023 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 Livestock Owners Compensation Board as at March 31, 2023, 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 Livestock Owners Compensation Board 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.

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.

## **Independent Auditor's Report (cont.)**

### **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 Livestock Owners Compensation Board'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 Livestock Owners Compensation Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Livestock Owners Compensation Board'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.
- 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 Livestock Owners Compensation Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report (cont.)**

- 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 Livestock Owners Compensation Board'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 Livestock Owners Compensation Board 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.



**SANDRA RUSSELL, CPA, CA**  
**Deputy Auditor General**

August 22, 2023  
St. John's, Newfoundland and Labrador

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
As at March 31

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ 15,199	\$ 15,152
	<b>15,199</b>	<b>15,152</b>
<b>LIABILITIES</b>		
	-	-
<b>Net financial assets</b>	<b>15,199</b>	<b>15,152</b>
<b>NON-FINANCIAL ASSETS</b>		
	-	-
<b>Accumulated surplus</b>	<b>\$ 15,199</b>	<b>\$ 15,152</b>

The accompanying notes are an integral part  
of these financial statements

Signed on behalf of the Board:

C. MacDonald  
Chairperson

Jana Gib  
Member

Office of the Auditor General

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31

	2023 Budget	2023 Actual	2022 Actual
	Unaudited (Note 6)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Payments on behalf of the Board (Note 4)	\$ 10,000	\$ 10,613	\$ 10,405
Premiums from livestock owners	550	49	330
	<u>10,550</u>	<u>10,662</u>	<u>10,735</u>
<b>EXPENSES (Note 5)</b>			
Indemnity claims	500	-	-
Administration	10,005	10,615	10,408
	<u>10,505</u>	<u>10,615</u>	<u>10,408</u>
Annual surplus	45	47	327
Accumulated surplus, beginning of year	15,152	15,152	14,825
Accumulated surplus, end of year	<u>\$ 15,197</u>	<u>\$ 15,199</u>	<u>\$ 15,152</u>

The accompanying notes are an integral part  
of these financial statements

Office of the Auditor General

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**1. Nature of operations**

The Livestock Owners Compensation Board operates under the authority of the Livestock Insurance Act. The purpose of the Livestock Owners Compensation Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. 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 Livestock Owners Compensation Board.

The Livestock Owners Compensation Board 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 Livestock Owners Compensation Board 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 Livestock Owners Compensation Board does not prepare a statement of change in net financial assets (debt) and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Livestock Owners Compensation Board does not prepare a statement of re-measurement gains and losses as the Livestock Owners Compensation Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

**(b) Financial instruments**

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

The Livestock Owners Compensation Board subsequently measures all of its financial assets at cost. Financial assets measured at cost include cash.

The carrying value of cash approximates current fair value due to the nature associated with this instrument.

**(c) Cash**

Cash includes cash in bank.

Office of the Auditor General

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**2. Summary of significant accounting policies (cont.)**

**(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 (Payments on behalf of the Board) 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.

**(e) Expenses**

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

The Livestock Owners Compensation Board is administered as a division of the Department of Fisheries, Forestry and Agriculture. Expenses related to salaries are paid directly by the Department of Fisheries, Forestry and Agriculture and are reflected in these financial statements as expenses of the Livestock Owners Compensation Board and as revenue from the Province.

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

**(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 are the allocation of salaries to the Livestock Owners Compensation Board for employees of the Department of Fisheries, Forestry and Agriculture that administer its programs.

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.

Office of the Auditor General

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

**3. Financial risk management**

The Livestock Owners Compensation Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The only risk that the Livestock Owners Compensation Board is exposed to through its financial instruments is liquidity risk. There was no significant change in the Livestock Owners Compensation Board's exposure to this risk or its processes for managing this risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Livestock Owners Compensation Board will be unable to meet its financial liabilities as they come due. The Livestock Owners Compensation Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

**4. Related party transactions**

The Livestock Owners Compensation Board is administered by employees of the Department of Fisheries, Forestry and Agriculture. Estimated salary costs of \$10,613 (2022 - \$10,405) applicable to the operation of the Livestock Owners Compensation Board have been paid by the Department of Fisheries, Forestry and Agriculture and are reflected in these financial statements as expenses of the Livestock Owners Compensation Board and as revenue from the Province. These transactions are in the normal course of business measured at the exchange amount.

**5. Expenses by object**

The following is a summary of expenses by object:

	<u>2023</u> <u>Budget</u> <u>Unaudited</u> <u>(Note 6)</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Bank charges	\$ 5	\$ 2	\$ 3
Indemnity claims	500	-	-
Salaries (Note 4)	10,000	10,613	10,405
	<u>\$ 10,505</u>	<u>\$ 10,615</u>	<u>\$ 10,408</u>

**6. 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 unaudited.

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