

NEWFOUNDLAND AND LABRADOR  
LIVESTOCK OWNERS COMPENSATION BOARD

**Annual Performance Report**

April 01, 2012 - March 31, 2013



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## Chairperson's Message

Honourable Thomas Marshall, QC  
Minister of Natural Resources and Minister Responsible  
for the Forestry and Agrifoods Agency  
Natural Resources Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister:

I am pleased to submit the Annual Performance Report for the Newfoundland and Labrador Livestock Owners Compensation Board, a category 3 public body under the *Transparency and Accountability Act*. This report covers the period April 1, 2012 to March 31, 2013.

The Livestock Owners Compensation Board recognizes its legislative role under the *Livestock Insurance Act* to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister. The Board has prepared this report to outline its activities during the second year in fulfillment of the objective established under the 2011-14 Activity Plan.

My signature below is on behalf of the Livestock Owners Compensation Board and indicative of the Board's accountability for the results reported on its activities.

Respectfully submitted,

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

Cynthia MacDonald, P. Ag.  
Chairperson

## Overview

Section 3(2) of the *Livestock Insurance Act*, R.S.N.L. 1990, c.L-23 provides for the membership of the Newfoundland and Labrador Livestock Owners Compensation Board. The membership of the Board 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.

In 2012-13 The Board consisted of the following Board members:

**Cynthia MacDonald** – Chairperson, Director of Agriculture Business Development Division, Forestry and Agrifoods Agency, Department of Natural Resources

**Junior Eveleigh** – Producer Representative member (tenure ended June 2012)

**Elaine Wells** – Producer Representative member (tenure ended June 2012)

**Gerald Wicks** – Agriculture Development Officer, Agriculture Business Development Division, Forestry and Agrifoods Agency, Department of Natural Resources

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 to protect against losses from predatory animal attacks.

In 2012-13, 17 producers availed of the program with \$7,930 expended as livestock losses. The Board operates on a budget of approximately \$7,000 annually and falls under the umbrella of the Forestry and Agrifoods Agency. Agriculture Development Officers employed by the Forestry and Agrifoods Agency carry out field work for the Board and the Manager, who administers the program, is also employed by the Forestry and Agrifoods Agency. The Livestock Owners Compensation Board, headquartered in Corner Brook, may be reached at (709) 637-2077. Administration expenses consist of a salary allocation and auditor's fee. Revenues are premiums paid by applicants to the program.

The trend in the industry over the last decade has seen a gradual decrease in the number of animals insured under the Livestock Insurance Program from more than 1,200 animals in 1999-00 to just 398 in 2011-12. The decrease in the number of animals insured likely reflects smaller and fewer sheep flocks in the province. Over the same period of time, program revenues from premiums have declined by more than 70 per cent. 2012-13 saw a slight increase in uptake with 713 animals insured. Historically, indemnities paid exceeded premium revenues each year due to the increasing number of coyote attacks with the exception of 2011-12 where the trend reversed. Unfortunately, 2012-13 saw a return to indemnities exceeding premiums mainly due to the high incidence of dog attacks in the province.

### Table 1: 2012-13 Livestock Insurance Statistics

|                                | Sheep     | Lambs     | Goats  | Dairy Cattle | Total      |
|--------------------------------|-----------|-----------|--------|--------------|------------|
| <b>Insured Animals</b>         | 351       | 360       | 2      | 0            | 713        |
| <b>Premiums Collected (\$)</b> | 1,474.50  | 1,206.00  | 1.00   | 0            | 2,681.50   |
| <b>Coverage (\$)</b>           | 76,050.00 | 45,000.00 | 100.00 | 0            | 121,150.00 |
| <b>Claims</b>                  | 21        | 27        | 0      | 0            | 48         |
| <b>Indemnity Estimate (\$)</b> | 4,680.00  | 3,250.00  | 0      | 0            | 7,930.00   |

**Mandate:**

The mandate of the Livestock Owners Compensation Board is to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister. The Board shall;

- administer plans of livestock insurance established under the *Livestock Insurance Act* or the regulations,
- fix by order and publish in the Gazette a final date in each year for the receipt of applications for insurance under a plan,
- 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 the doing of other things on its behalf that the Board considers necessary,
- reinsure with another insurer the risk or a portion of it under a contract,
- 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.

**Vision:**

Through the Livestock Insurance Program, the Newfoundland and Labrador Livestock Owners Compensation Board protects investments in livestock. By easing the financial burden caused by livestock loss, the Livestock Insurance Program helps ensure resources are available for future generations and helps ensure prospects for future development. This contributes to the vision of the Department of Natural Resources, stated as follows:

“The vision of the Department of Natural Resources is of a province that realizes the full benefit from the sustainable development of its natural resources.”

**Mission:**

Planning guidelines associated with the *Transparency and Accountability Act* encourages small public bodies like the Livestock Owners Compensation Board, to consider the development of mission statements. A mission statement should represent the priority focus area of a public body over two planning cycles (six years) and should be accompanied by measures and indicators that will help evaluate success at the end of the six-year period. The planning guidelines provide the flexibility, however, for small public bodies to determine for themselves whether the development of mission statements adds value to planning efforts.

During the development of its 2011-14 Activity Plan, the Livestock Owners Compensation Board determined that its mandate accurately represents its priority focus and, therefore, a mission statement would be unduly repetitive. As a result, the Board opted to forgo the development of its own mission statement and, instead, to illustrate its role in supporting the mission of the Forestry and Agrifoods Agency, part of the Department of Natural Resources.

The Forestry and Agrifoods Agency’s mission, along with associated measures and indicators, was developed as part of its 2011-14 strategic planning exercise. The mission statement is as follows:

“By March 31, 2017, the Forestry and Agrifoods Agency will have supported programs and services to strengthen and sustain forestry, agriculture and agrifoods industry development in an innovative and economically beneficial manner.”

The Livestock Owners Compensation Board contributes to agricultural and agrifoods resource development by administering the Livestock Insurance Program, thereby helping protect livestock farmers from financial losses. In this manner it provides general support to the Forestry and Agrifoods Agency’s mission. The Livestock Owners Compensation Board has no material impact on achievement of specific measures and indicators associated with the mission and, as such, no specific results are included in this report.

To view the complete mission of the Forestry and Agrifoods Agency, refer to its 2011-14 Strategic Plan which can be found on the Department of Natural Resources’ website at [www.gov.nl.ca/nr](http://www.gov.nl.ca/nr).

## **Lines of Business**

The Livestock Owners Compensation Board 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 Board at that time along with the premiums payable to the Livestock Owners Compensation Board. The producers forward the completed application to the Agriculture Development Officers who verify the livestock tag numbers. Any claims for livestock loss are reported to the Agriculture Development Officers who are responsible for verifying the claim and the tag number of the 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 Natural Resources in March prior to the beginning of the new fiscal year. Producers pay one hundred per cent of the livestock insurance premium and the Department of Natural Resources is responsible for the costs to administer the Livestock Insurance Program. Appendix A shows the premium and indemnity rates for 2012-13.

## **Outcomes of Activities**

In its 2011-14 Activity Plan, the administration of the Livestock Insurance Program was identified as the key priority of the Board for the 2011-14 planning period. As identified in the plan, the Board's work is in line with the overall strategic directions of government.

Through the administration of the Livestock Insurance Program, the Board's activities during 2012-13 directly supported primary agriculture production, thus supporting government's broader strategic direction toward agriculture and agrifoods innovation, promotion and development. Activities also contributed to overall agrifoods resource management and provided direct support to industry to help strengthen competitiveness, both factors which support the strategic direction toward agriculture and agrifoods resource sustainability.

The Board's 2011-14 Activity Plan can be found on the Publications section of the Department

of Natural Resources website at [www.nr.gov.nl.ca](http://www.nr.gov.nl.ca).

### **Issue 1: Management and Administration of the Livestock Insurance Program**

The primary issue of the Newfoundland and Labrador Livestock Owners Compensation Board is to deliver the Livestock Insurance 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, 2013 the Newfoundland and Labrador 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.

**Measure:** Offered insurance plan and monitored fund.

#### **Indicators:**

- **All applications registered**  
The Livestock Owners Compensation Board sent applications to all livestock producers by March 1, 2012. Producers who were interested in participating in the program returned 17 completed application by April 1, 2012. Upon receipt of these applications, participants were registered to the Board's databank.
- **All contracts issued**  
A contract between the Board and each of 17 participants was issued and a copy was placed in the participant's file. The contract spelled out, in detail, the terms and conditions of the program, and the responsibilities of both the participant and the Board.
- **All tagged livestock inspected**  
Upon applying for insurance coverage, an applicant must have listed the tag numbers of the animals to be insured. In total, 713 animals were insured in 2012-13 consisting of 19 grade rams, 321 grade ewes, 5 registered rams, 6 registered ewes, 167 grade ram lambs, 193 grade ewe lambs and 2 grade does.
- **All livestock claims inspected**  
There were 48 claims filed for 8 contracts. Participants reported destroyed animals within 48 hours. Agriculture Development Officers inspected the dead animals and confirmed the tag numbers. Claim forms were forwarded to the Board.
- **All claims reviewed by the Board**  
All claims were sent to the Board on an ongoing basis and reviewed by the Manager, employed by the Forestry and Agrifoods Agency. Review of all outstanding claims was deferred until the Board regained quorum. One claim was approved and paid in the amount of \$2,705 prior to the June deadline. As of March 31, 2013, the remaining claims were estimated and recorded as outstanding payables in the amount of \$5,229 pending the Board's decision.



- **Decisions communicated to applicants and indemnities paid**  
As a result of the Board losing quorum all claims but one, submitted prior to the June deadline, were deferred to the 2013-14 fiscal year. The Manager of the Livestock Owners Compensation Board communicated the decision for the one approved claim to the respective participant and payment in the amount of \$2,705 was disbursed.
- **Monitored insurance fund for sustainability, recommended changes as necessary, and implemented approved changes**  
The Manager of the Newfoundland and Labrador Livestock Owners Compensation Board did an historical review of the program in 2011 and recommendations to increase compensation payments, increase insurance premiums and establish a premium surcharge system effective April, 2012, were presented and approved by the Board at the annual general meeting. These changes were implemented in the 2012-13 fiscal year to establish compensation rates to reflect livestock market prices and address the fund's sustainability.

The 2013-14 annual report will be on the same objectives, measures and indicators.

## **Opportunities and Challenges**

The Livestock Insurance Program primarily insures sheep as they are most susceptible to predator attack. A challenge facing the Livestock Insurance Program is the decline in the number of sheep producers and decreasing size of sheep flocks in the province due to producers reaching retirement age and rising production costs. There is also an ongoing challenge in keeping the program viable with most years realizing indemnity payments higher than premium collections and fairly static enrollment.

With the increasing coyote population and losses from predation there is an opportunity to increase livestock insurance participation by promoting the fact that the Livestock Insurance Program can help manage risks of losing livestock to predators.

## Appendix A

### Announced Premium/Indemnity Rates for Livestock Insurance for 2012-13

| <b>CLASS SHEEP</b> | <b>PREMIUM</b> | <b>INDEMNITY</b> |
|--------------------|----------------|------------------|
| Registered Ram     | \$4.50         | \$450.00         |
| Grade Ram          | \$3.20         | \$160.00         |
| Registered Ewe     | \$4.00         | \$400.00         |
| Grade Ewe          | \$3.20         | \$160.00         |
| Reg. Ram Lamb      | \$6.00         | \$600.00         |
| Grade Ram Lamb.    | \$2.00         | \$75.00          |
| Reg. Ewe Lamb      | \$5.30         | \$530.00         |
| Grade Ewe Lamb     | \$2.00         | \$75.00          |

| <b>CLASS GOATS</b> | <b>PREMIUM</b> | <b>INDEMNITY</b> |
|--------------------|----------------|------------------|
| Registered Bucks   | \$1.00         | \$100.00         |
| Grade Bucks        | \$0.50         | \$50.00          |
| Registered Does    | \$1.00         | \$100.00         |
| Grade Does         | \$0.50         | \$50.00          |
| Reg. Buck Kids     | \$1.00         | \$100.00         |
| Grade Buck Kids    | \$0.50         | \$50.00          |
| Reg. Doe Kids      | \$1.00         | \$100.00         |
| Grade Doe Kids     | \$0.50         | \$50.00          |

## Appendix A

(Continued)

| CLASS               | PREMIUM | INDEMNITY |
|---------------------|---------|-----------|
| <b>BEEF CATTLE</b>  |         |           |
| Registered Bulls    | \$6.50  | \$650.00  |
| Grade Bulls         | \$4.00  | \$400.00  |
| Registered Cows     | \$6.50  | \$650.00  |
| Grade Cows          | \$4.00  | \$400.00  |
| Registered Heifers  | \$4.00  | \$400.00  |
| Grade Heifers       | \$2.00  | \$200.00  |
| Reg. Heifer Calves  | \$1.00  | \$100.00  |
| Grade Heifer Calves | \$0.70  | \$70.00   |

| CLASS               | PREMIUM | INDEMNITY |
|---------------------|---------|-----------|
| <b>DAIRY CATTLE</b> |         |           |
| Registered Bulls    | \$7.50  | \$750.00  |
| Grade Bulls         | \$5.00  | \$500.00  |
| Registered Cows     | \$7.50  | \$750.00  |
| Grade Cows          | \$5.00  | \$500.00  |
| Registered Heifers  | \$5.00  | \$500.00  |
| Grade Heifers       | \$3.00  | \$300.00  |
| Reg. Heifer Calves  | \$1.50  | \$150.00  |
| Grade Heifer Calves | \$0.70  | \$70.00   |

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

## **Management's Report**

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



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

June 19, 2013



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Livestock Owners Compensation Board  
St. John's, Newfoundland and Labrador

### Report on the Financial Statements

I have audited the accompanying financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and accumulated surplus (deficit) for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

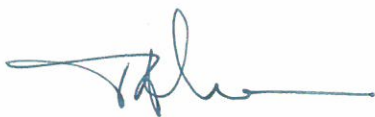
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Independent Auditor's Report (cont.)

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, as at March 31, 2013, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.



**TERRY PADDON, CA**  
**Auditor General**

June 19, 2013  
St. John's, Newfoundland and Labrador

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
STATEMENT OF FINANCIAL POSITION**

**As at March 31**

**2013**

**2012**

**FINANCIAL ASSETS**

|                       |    |       |    |       |
|-----------------------|----|-------|----|-------|
| Cash                  | \$ | 5,177 | \$ | 5,186 |
| Due from the Province |    | 1,500 |    | 1,500 |
|                       |    | 6,677 |    | 6,686 |

**LIABILITIES**

|                                                   |  |       |  |       |
|---------------------------------------------------|--|-------|--|-------|
| Accounts payable and accrued liabilities (Note 4) |  | 6,732 |  | 1,507 |
|                                                   |  | 6,732 |  | 1,507 |

**Net financial assets (debt)** (55) 5,179

**NON-FINANCIAL ASSETS**

**Accumulated surplus (deficit)** \$ (55) \$ 5,179

*The accompanying notes are an integral part  
of these financial statements*

Signed on behalf of the Board:

C. MacDonald

Chairperson

Gerald Wicks

Member



**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)**  
**For the Year Ended March 31**

|                                                   | <b>2013<br/>Budget</b> | <b>2013<br/>Actual</b> | <b>2012<br/>Actual</b> |
|---------------------------------------------------|------------------------|------------------------|------------------------|
|                                                   | (Note 9)               |                        |                        |
| <b>REVENUES</b>                                   |                        |                        |                        |
| Province of Newfoundland and Labrador             |                        |                        |                        |
| Payments on behalf of the Board (Note 6)          | \$ -                   | \$ 9,519               | \$ 9,024               |
| Premiums from livestock owners                    |                        | 2,701                  | 1,060                  |
| Miscellaneous                                     | -                      | -                      | 2                      |
|                                                   | -                      | <b>12,220</b>          | 10,086                 |
| <b>EXPENSES (Note 5)</b>                          |                        |                        |                        |
| Indemnity Claims                                  |                        | 7,930                  | 225                    |
| Administration                                    |                        | 9,524                  | 9,028                  |
|                                                   | -                      | <b>17,454</b>          | 9,253                  |
| <b>Annual surplus (deficit)</b>                   | -                      | <b>(5,234)</b>         | 833                    |
| <b>Accumulated surplus, beginning of year</b>     | -                      | <b>5,179</b>           | 4,346                  |
| <b>Accumulated surplus (deficit), end of year</b> | \$ -                   | \$ <b>(55)</b>         | \$ 5,179               |

*The accompanying notes are an integral part  
of these financial statements*

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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**1. Nature of operations**

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the 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 Fund.

The 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 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. The 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 Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

**(b) Cash**

Cash includes cash in bank.

**(c) 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.

**(d) Expenses**

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

The Board is administered as a division of the Department of Natural Resources. Expenses related to salaries, and professional services are paid directly by the Department and are reflected in these financial statements as expenses of the 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 submitted insurance claims.



**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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**3. Financial instruments and financial risk management**

The Board's financial instruments recognized on the statement of financial position consist of cash, due from the Province, and accounts payable and accrued liabilities. The financial instruments are recorded at cost which approximates market value due to their nature and the short-term maturity associated with these instruments.

Risk management

The Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. Risks currently managed by the Board include liquidity risk.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its obligations and liabilities.

**4. Accounts payable and accrued liabilities**

|                                            | <u>2013</u>     | <u>2012</u>     |
|--------------------------------------------|-----------------|-----------------|
| Indemnity claim payable to insured persons | \$ 5,229        | \$ 4            |
| Accounts receivable credits                | 3               | 3               |
| Province of Newfoundland and Labrador      | 1,500           | 1,500           |
|                                            | <u>\$ 6,732</u> | <u>\$ 1,507</u> |

**5. Expenses by object**

The following is a summary of expenses by object:

|                                | <u>2013</u>      | <u>2012</u>     |
|--------------------------------|------------------|-----------------|
| Bank charges                   | \$ 5             | \$ 4            |
| Indemnity claims               | 7,930            | 225             |
| Professional services (Note 6) | 1,500            | 1,800           |
| Salaries (Note 6)              | 8,019            | 7,224           |
|                                | <u>\$ 17,454</u> | <u>\$ 9,253</u> |

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

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**6. Related party transactions**

The Board is administered by employees of the Department of Natural Resources. Salary costs of \$8,019 (2012 - \$7,224) and professional services cost of \$1,500 (2012 - \$1,800) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

**7. Subsequent event**

On April 24, 2013, the Board received a grant of \$10,000 from the Province of Newfoundland and Labrador to use as working capital.

**8. Comparative figures**

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

**9. Budgeted figures**

Budgeted figures have not been presented as the Board does not prepare a budget consistent with the presentation of the statement of operations and accumulated surplus (deficit).