



P.E.I. AGRICULTURAL INSURANCE CORPORATION

ANNUAL REPORT

2022



Contents

Ministers Message1

Message from Chairperson3

Board of Directors4

Administrator’s Report.....5

Overview5

Farm Business Risk Management Division5

AgriInsurance.....5

Phytosanitary Disease Plan.....7

AgriStability7

AgriRecovery.....9

Audited Financial Statements11

Ministers Message

The Honourable Antoinette Perry,
Lieutenant Governor of Prince Edward Island
P.O Box 2000
Charlottetown, PE C1A 7N8

May it Please Your Honour,

I have the honour to submit herewith the Annual Report for the P.E.I. Agricultural Insurance Corporation, for the fiscal year ended March 31, 2022.

Respectfully submitted,



Darlene Compton
Minister of Agriculture and Land



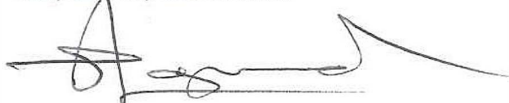
Message from Chairperson

The Honourable Darlene Compton,
Minister of Agriculture and Land
P.O Box 2000
Charlottetown, PE C1A 7N8

Hon. Darlene Compton,

In accordance with the *Prince Edward Island Agricultural Insurance Act*, I enclose the Annual Report for the P.E.I. Agricultural Insurance Corporation, for the fiscal year ended March 31, 2022.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Elizabeth Maynard', with a long horizontal flourish extending to the right.

Elizabeth Maynard
Chairperson of the Board

Board of Directors

Board Members are appointed by the Minister of Agriculture and Land, as outlined in the *Agricultural Insurance Act*. As of March 31, 2022, the Prince Edward Island Agricultural Insurance Corporation (AIC) Board of Directors consists of:

| Name | Position |
|----------------------|------------------------------------|
| Elizabeth Maynard | Chair |
| Fred Dollar | Vice Chair |
| Beverley Ann Boulter | Director |
| Clayton Bulpitt | Director |
| Sonya Cobb | Department of Finance |
| Rodney Dingwell | Director |
| Amanda Drake | Director |
| Mary Gillis | Director |
| Donald Godfrey | Director |
| Mary Kinsman | Department of Agriculture and Land |
| Mark MacEwen | Director |

During the year Glen Ellis completed his term on the board. Rodney Dingwell has been appointed to the board. AIC would like to thank Glen for his time, expertise, and valued contributions, and welcome Rodney to the board.

Administrator's Report

Fiscal year ended March 31, 2022

Overview

The Prince Edward Island Agricultural Insurance Corporation (AIC) is a Crown corporation of the Province of Prince Edward Island operating under the *Agricultural Insurance Act*. Employees of the Farm Business Risk Management Division within the Department of Agriculture and Land are assigned to AIC to administer the AgriInsurance program, AgriStability program, and AgriRecovery framework on behalf of the Province of PEI.

Farm Business Risk Management Division

This Division supports Prince Edward Island agriculture through delivery of business risk management programs (BRM) included in the Federal-Provincial-Territory Canadian Agricultural Partnership (CAP) agreement. This agreement covers crop years from 2018 to 2022. The suite of programs administered by AIC include AgriInsurance, Phytosanitary Disease Plan, AgriStability, and AgriRecovery. BRM programs provide producers with protection against income and production losses and helps producers to manage risk.

AgriInsurance

AgriInsurance program insures agricultural crops against production losses from specified perils (weather, pests, disease). It includes Production Insurance, Color Rider, Unharvested Acreage Benefit Rider, Storage Insurance Rider, Forage Insurance, and Livestock Insurance. Premiums from eligible programs are cost shared with producers, federal government, and provincial government. Administrative costs are cost shared on a 60-40 basis between the federal and provincial government.

Changes in the 2021 Crop Year (planted and harvested in 2021) AgriInsurance Agreement:

- Wild lowbush blueberries unit price methodology changed from 5-year average to 10-year average of Statistics Canada price data;
- Highbush blueberries unit price methodology approved to be proxied to Nova Scotia;
- Apple fruit plan redesign of probable yield methodology based on actuarial review;
- Elite Seed Potato plan removal of dead by dates replaced with best management practices;
- New plan for fresh market carrots;
- Addition of fresh market carrots to the Unharvested Acreage Benefit Rider;
- Pedigreed Grain Seed approval of higher unit price for commercial grain seed; and
- Formula benchmark probable yield methodology for new crops and varieties less than 5 years will use most recent provincial benchmark.

P.E.I. Agricultural Insurance Corporation

AgrilInsurance for the Year Ended March 31, 2022

| AgrilInsurance (2021 Crop Year) | Acres | Insured Value | Premiums | Indemnities |
|----------------------------------|----------------|----------------------|---------------------|---------------------|
| <i>Production Insurance (PI)</i> | | | | |
| Potatoes | 74,292 | \$253,856,007 | \$27,850,767 | \$4,901,854 |
| Grains and Oilseeds | 121,372 | \$47,362,456 | \$3,859,867 | \$1,977,584 |
| Other Crops | 5,130 | \$12,869,859 | \$1,746,265 | \$2,479,392 |
| <i>Subtotal</i> | 200,794 | \$314,088,322 | \$33,456,899 | \$9,358,830 |
| <i>PI Rider Plans*</i> | | | | |
| Color Rider*,** | | | \$999,873 | \$0 |
| Unharvested Acreage Benefit* | | | \$56,436 | \$7,754 |
| Potato Storage *,*** | | | \$7,228,799 | \$9,415,470 |
| Total PI and Riders | 200,794 | \$314,088,322 | \$41,742,007 | \$18,782,054 |
| <i>Other Plans</i> | | | | |
| Forage | 97,162 | \$18,094,590 | \$1,582,782 | \$1,119,493 |
| Livestock | | \$2,039,777 | \$224,152 | \$93,802 |
| Total AgrilInsurance | 297,956 | \$334,222,689 | \$43,548,941 | \$19,995,349 |

* These insured values are included with the PI Potatoes insured value.

** Color Rider total acres insured were 24,713, Unharvested Acres Benefit total acres insured were 1,104. These acres are included with the PI Potatoes acres.

*** Potato Storage includes April to August 2021 (2020 Crop Year) & January to March 2022 (2021 Crop Year).

Overall, producers experienced a good growing season, which resulted in lower indemnities paid at March 31, 2022. The total highest indemnities paid were for claims for Potato Storage. Fall harvest conditions did result in the presence of rot which caused breakdowns of inventory in storage and the intensity of physiological aging also resulted in losses in the Potato Storage program.

Potato wart was identified in October 2021 by Canadian Food Inspection Agency (CFIA) in two fields. These fields were following the Potato Wart Domestic Long Term Management Plan (that was put in place in 2000). In November 2021 CFIA voluntarily suspended trade of fresh potatoes to the United States. A Ministerial Order was signed restricting the movement of seed potatoes from PEI and introduced new risk mitigation measures for PEI table stock and processing potatoes. Table stock potatoes did not resume trade until February 8, 2022 when the Puerto Rico market reopened. It was not until April 1, 2022 that trade for table stock potatoes resumed to the remaining US market. CFIA does not expect to be lifting the ban on seed potatoes until at least 2023. These trade restrictions increased both the amount of potatoes stored, and length of time potatoes were in storage.

AIC purchases reinsurance coverage to protect the AgrilInsurance program from significant losses. Reinsurance coverage was not triggered in the current year. The last time it was triggered was for the 2018 crop year.

Provincial COVID-19 Incentives for AgriInsurance

The Province of Prince Edward Island provided COVID-19 funding for agriculture producers through the AgriInsurance program. An AgriInsurance COVID-19 discount is a provincial discount of 10% off producer premiums for 2020 and 2021 program years. Incentive discounts of \$1,585,179 are recorded as COVID-19 discounts and are offset by provincial COVID-19 contributions for the year ended March 31, 2022.

Phytosanitary Disease Plan

The Phytosanitary Disease Plan provides additional coverage for bacterial ring rot, potato wart, and nematodes in potatoes. The purpose of this plan is to provide insured clients with assistance to offset a portion of the losses and additional costs to deal with an outbreak and thus, enable the operation to continue production. The premiums are cost shared 33.3 percent by the Province and 66.7 percent by the producer.

Phytosanitary Disease Plan for the Year Ended March 31, 2022

| Phytosanitary Disease Plan (2021 Crop Year Data) | | | | |
|---|--------|---------------|-----------|-------------|
| | Acres | Insured Value | Premiums | Indemnities |
| Phytosanitary Disease Plan | 15,679 | \$2,972,507 | \$222,938 | \$ 0 |

There were no indemnities paid out during the year. The fund balance for the plan increased to \$1,485,768 at March 31, 2022. Indemnities paid during any one year cannot exceed the fund balance for the plan. In any one year the indemnities exceed the fund balance they will be pro-rated.

Provincial COVID-19 Incentives for Phytosanitary Disease Plan

The Province of Prince Edward Island provided COVID-19 funding for agriculture producers through the Phytosanitary Disease Plan. A Phytosanitary Plan COVID-19 discount is a provincial discount of 10% off producer premiums for the 2020 and 2021 program years. Incentive discounts of \$14,861 are recorded as COVID-19 discount and are offset by provincial COVID-19 contributions for the year ended March 31, 2022.

AgriStability

AgriStability offers protection against declines greater than 30 percent in farm income caused by circumstances such as low prices, rising input costs, and production losses. The program provides whole farm margin coverage for when the farm's current year margin falls below 70 percent of the farms historical reference margin. The reference margin is reflective of the farms five-year historical performance using income tax and supplemental information. Indemnity (benefit) payments and administrative costs are cost shared on a 60-40 basis between the federal and provincial government. On March 24, 2021 it was nationally agreed to remove the reference margin limit for program years 2020 to 2022.

P.E.I. Agricultural Insurance Corporation

AgriStability for the Year Ended March 31, 2022

| Assigned Commodity | Indemnities |
|------------------------|--------------------|
| Cattle | \$73,904 |
| Potatoes | \$782,759 |
| Grain and Oilseeds | \$268,005 |
| Other Livestock | \$603,402 |
| Other | \$430,080 |
| Total Indemnities | \$2,158,150 |
| Year-End Accrual (Net) | \$1,855,440 |
| Total | \$4,013,590 |

Indemnity payments are assigned a commodity group based on the income that comprises at least 50 percent or more of total farm income. Mixed farms, where no one single type of income is over 50 percent or more of total farm income, is assigned the "Other" category.

Most files processed in this fiscal period relate to the 2020 growing season. All PEI crops were impacted by a drought in the summer of 2020. There were areas of severe drought in West Prince and parts of Kings County, and extreme drought for East Prince to West of Charlottetown. Other Livestock indemnity payments include hog payments. The hog industry was impacted by COVID-19 plant closures and reduced output. The year-end accrual is an estimate for the 2021 program year based on historical averages. The historical averages are adjusted for the provincial AgriStability COVID-19 and Potato Wart funding and adjusted for past events that are reasonably known to have no relevance to the current program year.

Provincial COVID-19 Incentives for AgriStability

The Province of Prince Edward Island provided funding for agriculture producers through the AgriStability program. AgriStability COVID-19 changes for the 2020 and 2021 program years include paying the provincial portion (40 percent) of increasing the coverage level to 85 percent. Incentive payments of \$587,146 are recorded as indemnities to producers and are offset by provincial COVID-19 contributions for the year ended March 31, 2022.

Provincial Potato Wart Support for AgriStability

In February 2022, the Province of Prince Edward Island announced additional changes to the AgriStability program to increase support for agriculture producers for the 2021 and 2022 program years. These changes include paying the remaining 60 percent of increasing the coverage level to 85 percent. The Province will also fund 100 percent of the compensation rate increase from 70 percent to 80 percent of the loss covered. The Province is also paying the 20 percent late participation penalty for the 2021 program year. Potato Wart support payments of \$1,893,000 are recorded as indemnities to producers and are offset by provincial Potato Wart contributions for the year end March 31, 2022.

P.E.I. Agricultural Insurance Corporation

AgriRecovery

AgriRecovery is a disaster assistance framework and is designed to cover extraordinary losses which are not covered by the other CAP programs. The program is initiated by the Province when specific disaster situations occur on PEI. The program helps producers with extraordinary costs from a non-reoccurring event. AIC administers all payments on behalf of the Province. AgriRecovery has occurred three times since implementation; in the 2008 crop year, the 2018 crop year, and most recently the 2020 crop year.

The 2020 Canada-PEI Hog Recovery Initiative was completed at March 31, 2021. This initiative was to help hog producers recover from extraordinary costs associated with surplus hogs impacted by COVID-19 related processing plant closures or reduced output. There were no AgriRecovery initiatives for the year ended March 31, 2022.

Respectfully submitted,



Lesla MacDonald, CPA, CA
Director Farm Business Risk Management

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE
CORPORATION**

Financial Statements
March 31, 2022

Management's Report

Management's Responsibility for the 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 responsible for the notes and schedules to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial reports on a regular basis and externally audited financial statements yearly.

The Office of the Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards, and expresses their opinion on the financial statements. The Office of the Auditor General has full and free access to financial information and management of the Prince Edward Island Agricultural Insurance Corporation and can meet when required.

On behalf of the Prince Edward Island Agricultural Insurance Corporation



Lesa MacDonald, CPA, CA
Director of Farm Income Risk Management



Karla Thompson, CPA, CGA
Accounting Manager

June 29, 2022

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the
Prince Edward Island Agricultural Insurance Corporation**

Opinion

I have audited the financial statements of the **Prince Edward Island Agricultural Insurance Corporation**, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022 and the results of its operations, changes in net financial assets, and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

I conducted the 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 Corporation 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.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 an intention exists to liquidate or cease the operations of the Corporation, or there is no realistic alternative but to do so.

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



Darren Noonan, CPA, CA
Auditor General



Elvis Alisic, CPA, CA
Audit Director

Charlottetown, Prince Edward Island
June 29, 2022

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Statement of Financial Position

March 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and short-term investments (Note 5) | <u>34,172,988</u> | <u>16,442,992</u> |
| Accounts receivable | | |
| Producer | 2,039,322 | 996,984 |
| Province of Prince Edward Island | 5,936,884 | 4,018,267 |
| Federal government | 11,253,648 | 9,510,242 |
| General | <u>10,355</u> | <u>5,411</u> |
| | <u>19,240,209</u> | <u>14,530,904</u> |
| | <u>53,413,197</u> | <u>30,973,896</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | | |
| General | 272,191 | 124,353 |
| Indemnities payable | 5,657,602 | 3,965,994 |
| Deferred revenue | <u>132,925</u> | <u>197,674</u> |
| | <u>6,062,718</u> | <u>4,288,021</u> |
| Net Financial Assets and Accumulated Surplus | <u>47,350,479</u> | <u>26,685,875</u> |

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

Approved on behalf of the Prince Edward Island Agricultural Insurance Corporation


Chair


Director

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022

| | Budget 2022 | 2022 | 2021 |
|--|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Insurance Premiums | | | |
| Producer | 15,190,006 | 16,000,634 | 14,155,136 |
| Provincial | 12,277,200 | 12,733,347 | 11,413,565 |
| Federal | <u>13,976,252</u> | <u>15,037,898</u> | <u>13,043,301</u> |
| | 41,443,458 | 43,771,879 | 38,612,002 |
| Less: premium discounts | (200,000) | (261,931) | (213,992) |
| Less: COVID-19 discounts (Note 4f) | <u>(1,600,000)</u> | <u>(1,600,040)</u> | <u>(1,336,402)</u> |
| | <u>39,643,458</u> | <u>41,909,908</u> | <u>37,061,608</u> |
| Contributions to Administrative Expense | | | |
| Producer | 30,000 | 25,025 | 27,280 |
| Provincial | 1,283,200 | 1,298,131 | 1,244,694 |
| Federal | <u>1,924,800</u> | <u>1,939,982</u> | <u>1,862,246</u> |
| | <u>3,238,000</u> | <u>3,263,138</u> | <u>3,134,220</u> |
| Other | | | |
| Producer contribution | 370,000 | 408,669 | 425,940 |
| Provincial contribution | 2,369,000 | 456,394 | 1,279,705 |
| Federal contribution | 3,553,500 | 668,381 | 1,914,556 |
| Provincial COVID-19 contribution (Note 4f) | 4,000,000 | 2,187,186 | 2,272,296 |
| Provincial Potato Wart contribution (Note 4g) | - | 1,893,000 | - |
| Interest | <u>135,000</u> | <u>269,650</u> | <u>203,800</u> |
| | <u>10,427,500</u> | <u>5,883,280</u> | <u>6,096,297</u> |
| Total Revenue | <u>53,308,958</u> | <u>51,056,326</u> | <u>46,292,125</u> |
| Expenses | | | |
| Indemnities | 47,124,958 | 24,008,939 | 49,920,534 |
| Administration (Schedule 5) | 3,238,000 | 3,263,138 | 3,134,220 |
| Bad debt (Recovery) | 15,000 | 3,847 | (241) |
| Interest and bank charges | - | 26,489 | 21,228 |
| Reinsurance premiums (Note 6) | <u>2,931,000</u> | <u>3,089,309</u> | <u>2,583,170</u> |
| Total Expenses | <u>53,308,958</u> | <u>30,391,722</u> | <u>55,658,911</u> |
| Annual Surplus (Deficit) | - | 20,664,604 | (9,366,786) |
| Accumulated Surplus, beginning of year | <u>26,685,875</u> | <u>26,685,875</u> | <u>36,052,661</u> |
| Accumulated Surplus, end of year | <u>26,685,875</u> | <u>47,350,479</u> | <u>26,685,875</u> |

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

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Statement of Changes in Net Financial Assets
for the year ended March 31, 2022

| | Budget 2022 | 2022 | 2021 |
|---|-------------------|-------------------|--------------------|
| | \$ | \$ | \$ |
| Net Financial Assets, beginning of year | <u>26,685,875</u> | <u>26,685,875</u> | <u>36,052,661</u> |
| Changes in year: | | | |
| Annual surplus (Deficit) | <u>-</u> | <u>20,664,604</u> | <u>(9,366,786)</u> |
| Net Financial Assets, end of year | <u>26,685,875</u> | <u>47,350,479</u> | <u>26,685,875</u> |

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

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Statement of Cash Flow
for the year ended March 31, 2022

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Cash provided (used) by: | | |
| Operating Activities | | |
| Premiums and contributions | | |
| Producers | 13,461,428 | 13,399,020 |
| Province of Prince Edward Island | 16,649,442 | 13,287,173 |
| Federal government | 15,902,854 | 15,612,149 |
| Indemnities | (22,317,330) | (49,948,257) |
| Payments for program administration | (3,250,743) | (3,137,952) |
| Interest received | 264,705 | 218,137 |
| Interest and bank charges paid | (26,493) | (21,228) |
| Reinsurance premiums | (2,930,997) | (2,583,170) |
| Reinsurance recoveries | (22,870) | 63,210 |
| Cash provided (used) by operating activities | 17,729,996 | (13,110,918) |
| Cash and short-term investments, beginning of year | <u>16,442,992</u> | <u>29,553,910</u> |
| Cash and short-term investments, end of year | <u>34,172,988</u> | <u>16,442,992</u> |

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

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements
March 31, 2022

1. Nature of Operations

The Prince Edward Island Agricultural Insurance Corporation is a provincial Crown corporation operating under the *Agricultural Insurance Act*. The objective of the Corporation is to deliver business risk management programs to the agricultural sector including crop and livestock insurance programs, income stability programs, and recovery programs for producers in Prince Edward Island. Programs are cost shared between the producer and the federal and provincial governments.

The Prince Edward Island Agricultural Insurance Corporation is a provincial Crown corporation and as such is not subject to taxation under the federal *Income Tax Act*.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for the year ended March 31, 2022 have been prepared in accordance with Canadian Public Sector Accounting Standards. Since the Corporation has no unrealized gains or losses attributed to foreign exchange, derivatives, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

The following accounting policies are considered significant.

a) Cash and Short-term Investments

Cash includes amounts on deposit at a financial institution. Amounts presented on the Schedules are an allocation of the cash to each program.

Short-term investments are recorded at cost plus accrued interest. Transaction costs are expensed as incurred.

b) Accounts Receivable, Accounts Payable and Accrued Liabilities

Accounts receivable are recorded at cost less any provisions when collection is in doubt. Provisions are calculated on a specific basis.

Accounts payable and accrued liabilities are recorded for all amounts due for work performed and goods or services received during the fiscal year.

c) Deferred Revenue

Deferred revenue represents amounts received for insurance coverage beyond March 31, 2022. Revenue is recognized in the period in which the insurance coverage is in effect.

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Notes to Financial Statements

March 31, 2022

2. Summary of Significant Accounting Policies (continued...)

d) Revenues

Revenues are recognized in the period in which the transaction or event that gave rise to the revenue occurred. 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 impractical.

e) Expenses

Expenses are reported on an accrual basis in the period in which the transaction or event which gave rise to the expense occurred. The cost of all goods consumed, and services received during the year is expensed. Amounts presented on Schedule 6 are an allocation of expenses by object.

f) Indemnity Expenses

Indemnity expenses include claims processed, accrual estimates of claims to be processed, and any adjustments to prior years' claims based on additional information received.

g) Financial Instruments

Financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, indemnities payable, and accrued liabilities. All financial instruments are recorded at cost or amortized cost. Due to their short-term nature, the carrying values of these financial instruments approximate their fair value.

h) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates are allowance for doubtful accounts, AgriStability indemnity accruals, and the federal and provincial revenue directly related thereto.

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 and the difference could be material. Additional information on the estimate for AgriStability indemnities is provided in Note 8.

i) AgrilInsurance Net Financial Assets Balance

In accordance with the Federal/Provincial/Territorial Agricultural Policy Framework Implementation Agreement, amounts in the AgrilInsurance net financial assets shall only be used for AgrilInsurance purposes. These encompass most of the entire balance of total Net Financial Assets and are shown in detail on Schedule 1.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements
March 31, 2022

3. Risk Management of Financial Instruments

The Corporation is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include interest rate, credit, liquidity, and price risk. The Corporation has no significant exposure to foreign currency risk.

a) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The corporation manages interest rate risk by investing in short-term investments. Based on year-end cash and short-term investment balances, a one percent increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$341,730.

b) Credit Risk

Credit risk arises primarily from the Corporation's accounts receivable. The Corporation's maximum exposure to credit risk at March 31, 2022, is \$19,240,209 as noted on the statement of financial position.

Receivables from the Province of Prince Edward Island of \$5,936,884 and the federal government of \$11,253,648 are not considered to have material credit risk as payment in full is typically collected when due. Total receivables due from producers are \$2,039,322. Risks are mitigated for receivables from producers through a regular monitoring process. Exposure to credit risk is also mitigated through a policy which offsets any amounts payable to producers from indemnity or other payments under programs the Corporation administers. In addition, producers may not participate in AgrilInsurance programs until arrears from prior crop years are paid in full.

At March 31, 2022, the following accounts receivable from producers were greater than 120 days old but not considered impaired.

| | <u>2022</u> | <u>2021</u> |
|----------------|----------------|----------------|
| | \$ | \$ |
| AgrilInsurance | 678,495 | 213,806 |
| AgriStability | <u>66,549</u> | <u>61,659</u> |
| | <u>745,044</u> | <u>275,465</u> |

The total value of producer accounts receivable considered to be impaired at March 31, 2022 is \$66,684 (2021 - \$61,048).

c) Liquidity Risk

Liquidity risk is the risk that the Corporation is unable to meet its financial obligations as they become due. The Corporation has obligations to pay indemnities and other payments required by the programs it delivers. The Corporation manages this risk by purchasing reinsurance, maintaining cash and short-term investments, and reviewing cash flow projections on a monthly basis.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2022

3. Risk Management of Financial Instruments (continued...)

d) Price Risk

The Corporation is subject to price risk in that the price of farming commodities will affect indemnities paid in the AgriStability program. The Corporation manages this risk through its federal - provincial funding of the program.

4. Program Descriptions

a) AgrilInsurance

The AgrilInsurance program is treated as a separate fund and is intended to be self-sustaining. Included under AgrilInsurance are production insurance, forage production plan, livestock insurance, and the riders - potato storage, unharvested acreage benefit, and colour for producers farming on Prince Edward Island. The assets, liabilities, and fund balance are segregated for presentation purposes on Schedule 1.

The agreement between the federal and provincial governments covers the cost sharing arrangements for insurance premiums and administrative expenses. Insurance revenues include government contributions to insurance premiums. Administration expenses are cost shared on a 60-40 basis between the federal and provincial governments.

Schedule 5 to the financial statements presents the administration expenses using the functional cost categories from the agreement.

b) Late Blight Management Incentives

This program provides compensation to producers to kill potato fields infected with blight in order to reduce the spread of the disease to neighbouring fields. The provincial government contributes one hundred percent of any eligible claim payments. No incentive payments were paid for the years ended March 31, 2022 and March 31, 2021.

c) Phytosanitary Disease Plan

This program provides protection against bacterial ring rot infection, potato wart, and nematodes in potatoes. The premium is cost shared 33.3 percent by the Province and 66.7 percent by the producer. The indemnities shall not exceed the fund balance for this plan, which for 2022 is \$1,485,768 (2021 - \$1,262,636). Indemnity payments shall be pro-rated if indemnities exceed the fund balance in any one year. The assets, liabilities and fund balance are segregated for presentation purposes on Schedule 2.

d) AgriStability

The AgriStability Program is designed to provide Canadian agricultural producers with an ongoing whole farm risk management tool that provides protection against decreases in income. The federal government will contribute 60 percent and the Province 40 percent towards eligible claim payments and administration. The federal and provincial cost sharing is based on total claim payments and administration expenses less the producer's contribution.

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Notes to Financial Statements
March 31, 2022

4. Program Descriptions (continued...)

The assets, liabilities, and fund balance are segregated for presentation purposes on Schedule 3. Schedule 5 to the financial statements presents the administration expenses using the functional cost categories from the agreement.

e) AgriRecovery

The AgriRecovery framework is a disaster relief framework which provides a coordinated process for federal, provincial, and territorial governments to respond rapidly when disasters strike, filling gaps not covered by existing programs.

An AgriRecovery disaster relief initiative assessment related to a 2020 Canada-PEI Hog Recovery Initiative was completed at March 31, 2021. This initiative was to help hog producers recover from extraordinary costs associated with surplus hogs impacted by COVID-19 related processing plant closures or reduced output. The Corporation administered the program. The federal government contributed 60 percent and the provincial government 40 percent toward eligible payments and administration. There were no AgriRecovery initiatives for the year ended March 31, 2022.

The assets, liabilities, and fund balance are segregated for presentation purposes on Schedule 4.

f) COVID-19 Pandemic Incentive

In April 2020, the Province of Prince Edward Island announced COVID-19 funding for agriculture producers through the AgriInsurance and AgriStability programs. An AgriInsurance COVID-19 discount is a provincial discount of ten percent off producer premiums for the 2020 and 2021 program years. Incentive payments of \$1,585,179 (2021 - \$1,329,149) are recorded as COVID-19 discount and are offset by provincial COVID-19 contributions in the AgriInsurance program Schedule 1.

Phytosanitary COVID-19 discount is a provincial discount of ten percent off producer premiums for the 2020 and 2021 program years. Incentive payments of \$14,861 (2021 - \$7,253) are recorded as COVID-19 discount and are offset by provincial COVID-19 contributions in the AgriInsurance program Schedule 2.

AgriStability COVID-19 changes for the 2020 and 2021 program years include paying the provincial portion (40 percent) of increasing the coverage level to 85 percent. Incentive payments of \$587,146 (2021 - \$935,894) are recorded as indemnities and are offset by provincial COVID-19 contributions in the AgriStability program Schedule 3.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements
March 31, 2022

4. Program Descriptions (continued...)

g) Potato Wart Crisis

On November 21, 2021 Agriculture and Agri-Food Canada Minister Bibeau announced that Canadian Food Inspection Agency would voluntarily suspend trade of fresh potatoes to the United States, and signed a Ministerial Order introducing new risk mitigation measure for fresh potatoes moving across Canada.

In February 2022, the Province of Prince Edward Island announced changes to the AgriStability Program, to increase support for producers, for the 2021 and 2022 program years. Building on the COVID-19 pandemic incentives, the Province is paying the remaining 60 percent of the coverage level increase to 85 percent. In addition to the coverage level increase, the Province will fund 100 percent of the compensation rate increase from 70 percent to 80 percent of the loss covered. The 20 percent late participation penalty for the 2021 program year will be covered and paid by the Province. Potato Wart support contributions of \$1,893,000 (2021 - nil) are recorded in the AgriStability program Schedule 3.

5. Cash and Short-term Investments

At March 31, 2022 and March 31, 2021 this balance consisted solely of cash. No short-term investments were held.

6. Reinsurance

The Corporation purchases reinsurance to protect against significant losses in the AgriInsurance program. For 2022, reinsurance coverage provided protection against all indemnities between \$53 million and \$150 million (2021 - \$49 million to \$137 million) for most programs. The insured value of programs not included in the excess insurance coverage is \$5.0 million (2021 - \$3.2 million).

Reinsurance coverage was not triggered for the years ending March 31, 2022 and March 31, 2021.

7. Employee Future Benefits

As per the Federal/Provincial/Territorial Agricultural Policy Framework Implementation Agreement, the Corporation can claim certain employee costs on its administrative claims. The Province of PEI Department of Agriculture and Land (Department) employs all staff working on behalf of the Corporation. The administration claims include allocations made from the Department to the Corporation for its share of the employees' costs. These expenses and the related contributions are recognized in the period in which they are recoverable.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements
March 31, 2022

7. Employee Future Benefits (continued...)

a) Sick Leave

All Department employees are credited 1.25 (excluded employees 1.50) days per month for use as paid absences in the year, due to illness or injury. Under existing employment agreements, employees are allowed to accumulate unused sick day credits each year up to the allowable maximum. Accumulated credits may be used in future years to the extent the employee's illness or injury exceeds the current year's allocation. The use of accumulated sick days for sick leave compensation ceases on termination of employment and there is no obligation to settle these amounts with cash payments. A liability has not been calculated and no accrual has been recorded in these financial statements. The related liability is recorded by the Province.

b) Pension Benefits

Permanent employees of the Department participate in the Province of Prince Edward Island Public Sector Pension Plan (the Plan) which is a multi-employer contributory defined benefit pension plan. The Plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service for service to December 31, 2013, and two percent of the career average salary indexed with cost-of-living adjustments for service after 2013. Indexing is subject to the funded level of the plan after December 31, 2016. The Plan is administered by the Province of Prince Edward Island. The amounts included by the Corporation on its administrative claim of \$145,816 (2021 - \$135,687) were paid by the Province. Any unfunded liability of the Plan is the responsibility of the Province and therefore no liability has been recognized in these financial statements. For additional information on the Plan, see the Province's consolidated financial statements.

c) Retirement Allowance

Permanent employees of the Department earn one week's pay for every year of service to a maximum of 26 weeks pay as a retiring allowance. Retirement allowances are recoverable from the Province of Prince Edward Island and the federal government under existing cost sharing agreements. The method and timing of recovering the costs of providing retirement allowances to employees varies between the cost sharing agreements of the programs administered.

d) Insurance Benefits

The Public Sector Group Insurance Plan provides life insurance, long-term disability, health, and dental benefits to eligible employees of the Department. This plan is administered by a multi-employer, multi-union Board of Trustees who is responsible for any unfunded liabilities of this plan. The cost of insured benefits reflected in the administrative costs is the employer's portion for the insurance premiums owed for coverage of employees during the period. The total for the period is \$72,764 (2021 - \$71,231).

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements
March 31, 2022

8. AgriStability Indemnity Estimate

Management has prepared an estimate of the Corporation's accrued liability for indemnity payments with respect to unprocessed AgriStability files. Estimates are determined using an average payment and average pay rate applied to enrolled producers that are expected to meet all the requirements of the program as of March 31, 2022. Actual results may be significantly different from the estimated amounts.

Indemnities paid in the AgriStability program vary significantly from year to year. In the past five years, annual program payments have varied from \$2.5 million to \$5.7 million. The estimate for the most recent program year (2021) is based on historical averages. The historical averages are adjusted for benefit coverage under the Canadian Agricultural Partnership Agreement (which is applicable for the 2018-2022 program years), adjusted for the provincial AgriStability COVID-19 and Potato Wart funding, and adjusted for past events that are reasonably known to have no relevance to the current program year. Only 0.6 percent of individual participant files have been processed as of March 31, 2022. A ten percent increase (decrease) in the average payment will increase (decrease) the indemnity revenue and expense by \$494,557. A five percent increase (decrease) in the percentage of files requiring a payment will increase (decrease) the indemnity revenue and expenses by \$1,084,594.

9. Related Party Transactions

During the year, eight Board members had controlling interests in farms participating in various programs offered by the Corporation. Premiums and program fees were collected, and indemnities were paid during the year. These transactions were in the normal course of operations and were measured at the normal exchange amounts established by the Corporation.

The Province of Prince Edward Island employs all staff working within the Corporation. Allocations are made to the Corporation for its share of the salary and benefits as well as for all other administration expenses paid by the Province, such as office accommodations, professional services, and tangible capital assets owned by the Province but used by the Corporation. These costs are reflected as administration expenses in the Corporation's statement of operations and accumulated surplus.

10. Contractual Rights

The Canadian Agricultural Partnership Federal-Provincial-Territorial Framework Agreement on agriculture, agri-food and agri-based products policy provides the Corporation with access to funding for AgriInsurance, AgriStability and AgriRecovery programs for fiscal years 2019 to 2023. Expected revenue is tied to producer indemnity claims and premiums which cannot be reasonably estimated. However, the contractual right to access funding creates an offsetting contractual obligation to producers.

11. Budgeted Figures

Budgeted figures have been provided for comparative purposes and have been derived from the estimates approved by the Board of Directors and the Province.

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Notes to Financial Statements

March 31, 2022

12. Impacts of COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services, have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The COVID-19 pandemic had impacts on the current and prior year's financial results through the addition of provincial contributions to provide support to farmers in the AgriInsurance and AgriStability programs. It is not possible to reliably estimate the length and severity of COVID-19 developments and the impact on the financial results and condition of the Corporation in future periods; however, premium revenues and claim expenses could be affected.

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance**

Statement of Financial Position
March 31, 2022

Schedule 1
Page 1 of 3

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and short-term investments | <u>33,423,622</u> | <u>15,577,331</u> |
| Accounts receivable | | |
| Producer | 1,972,275 | 938,306 |
| Provincial government | 1,856,130 | 2,103,261 |
| Federal government | 8,974,593 | 7,128,978 |
| General | <u>10,355</u> | <u>5,411</u> |
| | <u>12,813,353</u> | <u>10,175,956</u> |
| | <u>46,236,975</u> | <u>25,753,287</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | | |
| General | 237,768 | 92,552 |
| Indemnities payable | 1,571 | 39,822 |
| Deferred revenue | <u>132,925</u> | <u>197,674</u> |
| | <u>372,264</u> | <u>330,048</u> |
| Net Financial Assets and Accumulated Surplus | <u>45,864,711</u> | <u>25,423,239</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance**

**Schedule 1
Page 2 of 3**

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022

| | Budget 2022 | 2022 | 2021 |
|--|------------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Insurance Premiums | | | |
| Producer | 15,190,006 | 15,852,024 | 14,082,607 |
| Provincial | 12,277,200 | 12,659,019 | 11,377,288 |
| Federal | <u>13,976,252</u> | <u>15,037,898</u> | <u>13,043,301</u> |
| | 41,443,458 | 43,548,941 | 38,503,196 |
| Less: premium discounts | (200,000) | (261,931) | (213,992) |
| Less: COVID-19 discounts (Note 4f) | <u>(1,600,000)</u> | <u>(1,585,179)</u> | <u>(1,329,149)</u> |
| | <u>39,643,458</u> | <u>41,701,831</u> | <u>36,960,055</u> |
| Contributions to Administrative Expense | | | |
| Provincial | 946,000 | 986,531 | 907,364 |
| Federal | <u>1,419,000</u> | <u>1,479,796</u> | <u>1,361,046</u> |
| | <u>2,365,000</u> | <u>2,466,327</u> | <u>2,268,410</u> |
| Other | | | |
| Provincial COVID-19 contribution (Note 4f) | 1,600,000 | 1,585,179 | 1,329,149 |
| Interest | <u>135,000</u> | <u>245,880</u> | <u>184,943</u> |
| | <u>1,735,000</u> | <u>1,831,059</u> | <u>1,514,092</u> |
| Total Revenue | <u>43,743,458</u> | <u>45,999,217</u> | <u>40,742,557</u> |
| Expenses | | | |
| Indemnities | 38,432,458 | 19,995,349 | 45,239,297 |
| Administration (Schedule 5) | 2,365,000 | 2,466,327 | 2,268,410 |
| Bad debt (Recovery) | 15,000 | 3,847 | (241) |
| Interest and bank charges | - | 2,913 | 2,917 |
| Reinsurance premiums | <u>2,931,000</u> | <u>3,089,309</u> | <u>2,583,170</u> |
| Total Expenses | <u>43,743,458</u> | <u>25,557,745</u> | <u>50,093,553</u> |
| Annual Surplus (Deficit) | - | 20,441,472 | (9,350,996) |
| Accumulated Surplus, beginning of year | <u>25,423,239</u> | <u>25,423,239</u> | <u>34,774,235</u> |
| Accumulated Surplus, end of year | <u>25,423,239</u> | <u>45,864,711</u> | <u>25,423,239</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance**

Statement of Cash Flow
for the year ended March 31, 2022

Schedule 1

Page 3 of 3

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Cash provided (used) by: | | |
| Operating Activities | | |
| Premiums and contributions | | |
| Producers | 12,902,355 | 12,833,060 |
| Province of Prince Edward Island | 15,477,860 | 11,520,759 |
| Federal government | 14,672,079 | 12,968,119 |
| Indemnities | (20,033,600) | (45,857,796) |
| Payments for program administration | (2,456,554) | (2,271,183) |
| Interest received | 240,935 | 199,280 |
| Interest and bank charges paid | (2,917) | (2,917) |
| Reinsurance premiums | (2,930,997) | (2,583,170) |
| Reinsurance recoveries | (22,870) | 63,210 |
| Cash provided (used) by operating activities | 17,846,291 | (13,130,638) |
| Cash and short-term investments, beginning of year | <u>15,577,331</u> | <u>28,707,969</u> |
| Cash and short-term investments, end of year | <u>33,423,622</u> | <u>15,577,331</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
Phytosanitary Disease Plan**

**Schedule 2
Page 1 of 2**

| Statement of Financial Position | | |
|---|------------------|------------------|
| March 31, 2022 | 2022 | 2021 |
| | \$ | \$ |
| Financial Assets | | |
| Cash | 1,479,739 | 1,385,964 |
| Accounts receivable | | |
| Producer | 498 | - |
| Provincial government | 5,531 | 1,814 |
| | <u>1,485,768</u> | <u>1,387,778</u> |
| Liabilities | | |
| Indemnities payable | - | 125,142 |
| Net Financial Assets and Accumulated Surplus | <u>1,485,768</u> | <u>1,262,636</u> |

| Statement of Operations and Accumulated Surplus | | |
|---|------------------|------------------|
| for the year ended March 31, 2022 | 2022 | 2021 |
| | \$ | \$ |
| Revenue | | |
| Insurance Premiums | | |
| Producer | 148,610 | 72,529 |
| Provincial | 74,328 | 36,277 |
| | <u>222,938</u> | <u>108,806</u> |
| Less: COVID-19 discounts (Note 4f) | (14,861) | (7,253) |
| | <u>208,077</u> | <u>101,553</u> |
| Other | | |
| Provincial COVID-19 contribution (Note 4f) | 14,861 | 7,253 |
| Interest | 194 | 546 |
| Total Revenue | <u>223,132</u> | <u>109,352</u> |
| Expenses | | |
| Indemnities | - | 125,142 |
| Total Expenses | <u>-</u> | <u>125,142</u> |
| Annual Surplus (Deficit) | 223,132 | (15,790) |
| Accumulated Surplus, beginning of year | <u>1,262,636</u> | <u>1,278,426</u> |
| Accumulated Surplus, end of year | <u>1,485,768</u> | <u>1,262,636</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
Phytosanitary Disease Plan**

Schedule 2

Page 2 of 2

Statement of Cash Flow
for the year ended March 31, 2022

| | 2022 | 2021 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Cash provided (used) by: | | |
| Operating Activities | | |
| Premiums and contributions | | |
| Producer | 133,251 | 65,276 |
| Province of Prince Edward Island | 85,472 | 41,716 |
| Indemnities | (125,142) | - |
| Interest received | <u>194</u> | <u>546</u> |
| Cash provided by operating activities | 93,775 | 107,538 |
| Cash and short-term investments, beginning of year | <u>1,385,964</u> | <u>1,278,426</u> |
| Cash and short-term investments, end of year | <u>1,479,739</u> | <u>1,385,964</u> |

PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgriStability
Statement of Financial Position
March 31, 2022

Schedule 3
Page 1 of 3

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and short-term investments | <u>(730,373)</u> | <u>(91,871)</u> |
| Accounts receivable | | |
| Producer | 66,549 | 58,678 |
| Province of Prince Edward Island | 4,075,223 | 1,744,303 |
| Federal government | <u>2,279,055</u> | <u>2,121,721</u> |
| | <u>6,420,827</u> | <u>3,924,702</u> |
| | <u>5,690,454</u> | <u>3,832,831</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | | |
| General | 34,423 | 31,801 |
| Indemnities payable | <u>5,656,031</u> | <u>3,801,030</u> |
| | <u>5,690,454</u> | <u>3,832,831</u> |
| Net Financial Assets and Accumulated Surplus | <u>-----</u> | <u>-----</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgriStability**

Schedule 3

Page 2 of 3

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022

| | Budget 2022 | 2022 | 2021 |
|--|------------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Contributions to Administrative Expense | | | |
| Producer | 30,000 | 25,025 | 27,280 |
| Provincial | 337,200 | 311,600 | 337,330 |
| Federal | <u>505,800</u> | <u>460,186</u> | <u>501,200</u> |
| | <u>873,000</u> | <u>796,811</u> | <u>865,810</u> |
| Other | | | |
| Producer contribution | 370,000 | 408,669 | 425,940 |
| Provincial contribution | 2,369,000 | 456,394 | 1,108,332 |
| Federal contribution | 3,553,500 | 668,381 | 1,657,497 |
| Provincial COVID-19 contribution (Note 4f) | 2,400,000 | 587,146 | 935,894 |
| Provincial Potato Wart contribution (Note 4g) | - | 1,893,000 | - |
| Interest | <u>-</u> | <u>23,576</u> | <u>18,311</u> |
| | <u>8,692,500</u> | <u>4,037,166</u> | <u>4,145,974</u> |
| Total Revenue | <u>9,565,500</u> | <u>4,833,977</u> | <u>5,011,784</u> |
| Expenses | | | |
| Indemnities (Note 8) | 8,692,500 | 4,013,590 | 4,127,663 |
| Administration (Schedule 5) | 873,000 | 796,811 | 865,810 |
| Interest and bank charges | <u>-</u> | <u>23,576</u> | <u>18,311</u> |
| Total Expenses | <u>9,565,500</u> | <u>4,833,977</u> | <u>5,011,784</u> |
| Annual Surplus | - | - | - |
| Accumulated Surplus, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Accumulated Surplus, end of year | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgriStability**

Statement of Cash Flow
for the year ended March 31, 2022

Schedule 3
Page 3 of 3

| | 2022 | 2021 |
|---|-------------------------|------------------------|
| | \$ | \$ |
| Cash provided (used) by: | | |
| Operating Activities | | |
| Contributions | | |
| Producers | 425,822 | 500,684 |
| Province of Prince Edward Island | 917,221 | 1,738,771 |
| Federal government | 971,232 | 2,629,957 |
| Indemnities | (2,158,588) | (3,662,029) |
| Payments for program administration | (794,189) | (866,769) |
| Interest received | 23,576 | 18,311 |
| Interest and bank charges paid | <u>(23,576)</u> | <u>(18,311)</u> |
| Cash (used) provided by operating activities | (638,502) | 340,614 |
| Cash and short-term investments, beginning of year | <u>(91,871)</u> | <u>(432,485)</u> |
| Cash and short-term investments, end of year | <u>(730,373)</u> | <u>(91,871)</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgriRecovery**

**Schedule 4
Page 1 of 2**

**Statement of Financial Position
March 31, 2022**

| | 2022 | 2021 |
|---|-------------|----------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash | - | (428,432) |
| Accounts receivable | | |
| Province of Prince Edward Island | - | 168,889 |
| Federal government | - | <u>259,543</u> |
| | - | <u>428,432</u> |
| | - | - |
| Net Financial Assets and Accumulated Surplus | <u>-</u> | <u>-</u> |

**Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022**

| | 2022 | 2021 |
|---|-------------|----------------|
| | \$ | \$ |
| Revenue | | |
| Other | | |
| Provincial contribution | - | 171,373 |
| Federal contribution | - | <u>257,059</u> |
| Total Revenue | - | <u>428,432</u> |
| Expenses | | |
| Indemnities | - | <u>428,432</u> |
| Total Expenses | - | <u>428,432</u> |
| Annual Surplus | - | - |
| Accumulated Surplus, beginning of year | - | - |
| Accumulated Surplus, end of year | <u>-</u> | <u>-</u> |

PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION
AgriRecovery
Statement of Cash Flow
for the year ended March 31, 2022

Schedule 4
Page 2 of 2

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Cash provided (used) by: | | |
| Operating Activities | | |
| Contributions | | |
| Province of Prince Edward Island | 168,889 | (14,073) |
| Federal government | 259,543 | 14,073 |
| Indemnities | - | (428,432) |
| Cash provided (used) by operating activities | <u>428,432</u> | <u>(428,432)</u> |
| Cash and short-term investments, beginning of year | <u>(428,432)</u> | <u>-</u> |
| Cash and short-term investments, end of year | <u>-</u> | <u>(428,432)</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Schedule 5

Schedule of Administration Expenses
for the year ended March 31, 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| AgriInsurance | | |
| Toll free (call centre) | 2,992 | 2,917 |
| Operations - insurance processing | 1,147,237 | 1,064,815 |
| Operations - adjusting | 304,574 | 283,285 |
| Audit (field) | 31,886 | 29,989 |
| Policy administration | 76,483 | 65,029 |
| Finance | 156,065 | 117,633 |
| Research, development and underwriting | 110,563 | 72,895 |
| Program sales and promotion | 374,651 | 347,030 |
| Human resources | 24,698 | 19,799 |
| Systems maintenance and support | 79,226 | 53,335 |
| Accommodations | <u>148,178</u> | <u>214,456</u> |
| | 2,456,553 | 2,271,183 |
| Accruals | <u>9,774</u> | <u>(2,773)</u> |
| | <u>2,466,327</u> | <u>2,268,410</u> |
| AgriStability | | |
| Mail room/data capture | 1,221 | 1,595 |
| Forms processing | 325,794 | 409,954 |
| Finance | 88,559 | 70,974 |
| Systems support and development | 32,577 | 29,683 |
| Benchmark per unit (BPU) margin and price support | 13,345 | 20,551 |
| Accommodations | 55,095 | 54,202 |
| Human resources | 15,200 | 13,976 |
| Program promotion (ads) | 82,830 | 77,997 |
| Audit | 5,407 | 4,527 |
| Federal/provincial policy | 50,914 | 49,138 |
| Prepayment review/quality assurance | 120,091 | 130,975 |
| Provincial share of federal administration fees | <u>3,156</u> | <u>3,197</u> |
| | 794,189 | 866,769 |
| Accruals | <u>2,622</u> | <u>(959)</u> |
| | <u>796,811</u> | <u>865,810</u> |
| Total | <u>3,263,138</u> | <u>3,134,220</u> |

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE CORPORATION**

Schedule 6

Expenses by Object
for the year ended March 31, 2022

| | 2022 | 2021 |
|----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Administration | 3,270,661 | 2,781,860 |
| Debt – Provision and Others | 30,336 | 21,155 |
| Equipment | 53,079 | 70,209 |
| Materials, Supplies and Services | 26,298 | 39,441 |
| Professional Fees | 99,495 | 67,236 |
| Salaries and Benefits | 2,721,627 | 2,608,668 |
| Travel and Training | 181,287 | 149,808 |
| Transfer Payments | <u>24,008,939</u> | <u>49,920,534</u> |
| | <u>30,391,722</u> | <u>55,658,911</u> |

