



P.E.I. AGRICULTURAL INSURANCE CORPORATION
ANNUAL REPORT

2023



PRINCE EDWARD ISLAND
**AGRICULTURAL
INSURANCE
CORPORATION**

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Minister's Message

The Honourable Antoinette Perry
Lieutenant Governor of Prince Edward Island



May it Please Your Honour,

I have the honour to submit herewith the Annual Report for the Prince Edward Island Agricultural Insurance Corporation, for the fiscal year ended March 31, 2023.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bloyce Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Hon. Bloyce Thompson
Minister of Agriculture
November 2023

Chairperson's Message

The Honourable Bloyce Thompson
Minister of Agriculture

Hon. Bloyce Thompson,

In accordance with the *Agricultural Insurance Act*, I enclose the Annual Report for the Prince Edward Island Agricultural Insurance Corporation, for the fiscal year ended March 31, 2023.

Respectfully submitted,



Rodney Dingwell
Chairperson of the Board

Director's Message

The Honourable Bloyce Thompson
Minister of Agriculture

Hon. Bloyce Thompson,

I present to you the Annual Report for the fiscal year ended March 31, 2023. This Annual Report is being presented pursuant to the *Agricultural Insurance Act*.

Respectfully submitted,

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

Lesa MacDonald, CPA CA
Director
September 28, 2023

Government Entity Overview

The Prince Edward Island Agricultural Insurance Corporation (P.E.I.AIC) is a crown corporation of the Province of Prince Edward Island operating under the *Agricultural Insurance Act*. Employees of the Department of Agriculture are assigned to P.E.I.AIC to administer the AgriInsurance program, AgriStability program, and AgriRecovery framework on behalf of the Province.

P.E.I.AIC supports Prince Edward Island agriculture through the delivery of business risk management (BRM) programs 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 P.E.I.AIC includes AgriInsurance, Phytosanitary Disease Plan, AgriStability, and AgriRecovery. BRM programs provide producers with protection against income and production losses and helps producers manage risk.

Vision, Mission, and Values

VISION

A viable agricultural future for Prince Edward Island ensured by quality risk protection and access to modernized delivery of business risk management services for all agriculture producers.



MISSION

Assist producers in preventing and mitigating unforeseeable farm business management risks and deliver viable and effective risk management options.

VALUES



Integrity

We build trust with all our stakeholders by our conduct.



Quality

We follow and advance rigorous standards and evidence-based best practices to anticipate and consistently respond to our clients' needs.



Teamwork

We combine the diversity of our knowledge, experience, and skills to deliver excellence and value.



Accountability

We are answerable to our stakeholders and take responsibility for the high-quality fulfillment of our commitments.



Responsiveness

We strive to answer quickly and positively with resources appropriate for the context of our clients' business activities while leveraging technology where possible.

Program Highlights

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 2022 Crop Year (planted and harvested in 2022) AgriInsurance Agreement:

- Addition of February 1st deadline for submission of post-harvest virus test results for potatoes to be considered for end-use adjustment;
- Removal of Yukon Gold as a potato group. Yukon Gold merges with the other yellow potato group;
- Addition of two weather stations for forage and color programs: Mount Hope and Orwell; and
- Terminating use of Environment Canada's St. Peter's station for forage and color programs.

P.E.I.AIC purchases reinsurance coverage to protect the AgriInsurance 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.

P.E.I. AGRICULTURAL INSURANCE CORPORATION

AGRIINSURANCE FOR THE YEAR ENDED MARCH 31, 2023

AgriInsurance 2022 Crop Year	Acres	Insured Value	Premiums	Indemnities
Production Insurance (PI)				
Potatoes	72,174	\$272,022,080	\$23,556,306	\$8,711,468
Grains and Oilseeds	128,067	\$60,263,790	\$4,475,579	\$2,808,986
Other Crops	5,225	\$13,256,758	\$1,739,399	\$3,127,372
Subtotal	205,466	\$345,542,628	\$29,771,284	\$14,647,826
PI Rider Plans (acres / insured value included above)				
Color			\$787,913	\$160,701
Unharvested Acreage Benefit			\$11,938	\$52,623
Potato Storage ¹			\$7,863,751	\$16,611,219
Total PI and Riders	205,466	\$345,542,628	\$38,434,886	\$31,472,369
Other Plans				
Forage	92,551	\$17,401,070	\$1,395,468	\$1,547,634
Livestock		\$1,706,474	\$277,411	\$587,719
Total AgriInsurance	298,017	\$364,650,172	\$40,107,765	\$33,607,722

¹Potato Storage includes April to August 2022 (2021 Crop Year) and January to March 2023 (2022 Crop Year)

Overall, producers experienced a good growing season, with some concerns about lack of rain in southeastern PEI causing stresses on potatoes, grain, and cole crops. The largest indemnities paid at March 31, 2023 are storage claims for potatoes from the 2021 crop that were stored between April and August of 2022. There was a higher inventory of potatoes in storage, for a longer time, as a result of the US border closure due to potato wart.

PROVINCIAL HURRICANE FIONA SUPPORT FOR AGRINSURANCE

Hurricane Fiona made an impact to PEI during the overnight hours of September 23 and into September 24, 2022. The Province was heavily impacted by hurricane force winds, heavy rainfall and storm surges. There were significant losses to the apple industry, with estimates of between 60-100% of the apple crops in Queens and Kings Counties on the ground. There were also losses to the corn crop, with approximately 30,000 acres being significantly damaged. There were losses to cereals, other fruit crops, horticulture crops and organic crops.

In October 2022, the Province of Prince Edward Island announced a suite of programs for those in the agriculture industry significantly impacted by the hurricane. An AgriInsurance Fiona discount is a provincial discount of 10% off producer premiums for the 2023 program year. No support payments were paid for the year ended March 31, 2023. The 2023 program year starts April 1, 2023.

PROVINCIAL COVID-19 INCENTIVES FOR AGRINSURANCE

The Province of Prince Edward Island provided COVID-19 funding for agricultural 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 \$97,671 are recorded as COVID-19 discounts and are offset by provincial COVID-19 contributions for the year ended March 31, 2023.

P.E.I. AGRICULTURAL INSURANCE CORPORATION

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% by the Province and 66.7% by the producer.

PHYTOSANITARY DISEASE PLAN FOR THE YEAR ENDED MARCH 31, 2023

Phytosanitary Disease Plan 2022 Crop Year	Acres	Insured Value	Premiums	Indemnities
Phytosanitary Disease Plan	13,338	\$2,453,669	\$183,762	\$0

There were no indemnities paid during the year. The fund balance for the plan increased to \$1,669,592 at March 31, 2023. 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 HURRICANE FIONA SUPPORT FOR PHYTOSANITARY DISEASE PLAN

The Province of Prince Edward Island provided Hurricane Fiona support for agricultural producers through the Phytosanitary Disease Plan. A Phytosanitary Plan Fiona discount is a provincial discount of 10% off producer premiums for the 2023 program year. No support payments were paid for the year ended March 31, 2023. The 2023 program year starts April 1, 2023.

P.E.I. AGRICULTURAL INSURANCE CORPORATION

AGRISTABILITY

AgriStability offers protection against declines greater than 30% in farm margins 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% 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 governments. On March 24, 2021, it was nationally agreed to remove the reference margin limit for program years 2020 to 2022.

AGRISTABILITY FOR THE YEAR ENDED MARCH 31, 2023

AgriStability	Indemnities
Assigned Commodity	
Cattle	\$176,170
Potatoes	\$4,092,139
Grains and Oilseeds	\$24,281
Other Livestock	\$215,797
Other	\$784,771
Total Indemnities Paid	\$5,293,158
Year-End Accrual (Net)	\$(656,000)
Total AgriStability Indemnities	\$4,637,158

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

Most files processed in this fiscal period relate to the 2021 growing season. Overall producers experienced a good growing season, however, fall harvest conditions did result in the presence of rot which caused breakdowns of inventory of potatoes in storage.

Potato wart was identified in October 2021 by the 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 the trade of fresh potatoes to the United States. A Ministerial Order was signed restricting the movement of seed potatoes from introducing 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. As of September 2023, CFIA has still not lifted the ban on seed potatoes. These trade restrictions impacted potato producers farm income.

The year-end accrual is an estimate for the 2022 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. The accrual decreased \$656,000 as compared to the prior year accrual.

PROVINCIAL HURRICANE FIONA SUPPORT FOR AGRISTABILITY

The Province of Prince Edward Island provided Hurricane Fiona support for agricultural producers through the AgriStability program. AgriStability Fiona changes for the 2022 program year include the Province of Prince Edward Island covering the cost of any penalty associated with late participation. No Fiona support payments were paid for the year ended March 31, 2023.

PROVINCIAL POTATO WART SUPPORT FOR AGRISTABILITY

The Province of Prince Edward Island provided Potato Wart support through additional changes to the AgriStability program to increase support for agricultural producers for the 2021 and 2022 program years. These changes include paying the remaining 60% of increasing the coverage level to 85%. The Province will also fund 100% of the compensation rate increase from 70% to 80% of the loss covered. The Province is also paying the 20% late participation penalty for the 2021 program year. Potato Wart support payments of \$1,802,500 are recorded as indemnities to producers and are offset by provincial Potato Wart contributions for the year end March 31, 2023.

PROVINCIAL COVID-19 INCENTIVES FOR AGRISTABILITY

The Province of Prince Edward Island provided COVID-19 funding for agricultural producers through the AgriStability program. AgriStability COVID-19 changes for the 2020 and 2021 program years include paying the provincial portion (40%) of increasing the coverage level to 85%. Indemnities of \$602,497 were paid during the year, offset by the reversal of the prior year accrual of \$958,000 for a net result of (\$355,503) for the year end March 31, 2023.

AGRIRECOVERY

AgriRecovery is a disaster assistance framework and is designed to cover extraordinary losses that 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. P.E.I.AIC administers all payments on behalf of the Province. The AgriRecovery framework has been used in the past to help with extraordinary costs in the 2008 crop year, the 2018 crop year, and the 2020 crop year.

On September 26, 2023, the Canada – Prince Edward Island Fiona Fruit Tree Recovery Initiative was announced. This initiative will provide eligible fruit tree growers with over \$1.7 million in federal/provincial cost-shared funding to support extraordinary costs related to Hurricane Fiona. AgriRecovery initiatives are cost-shared on a 60:40 basis between the federal and provincial government.

Strategic Plan Key Achievements

In 2021, P.E.I.AIC developed the Strategic Modernization Plan to guide the modernization of operations from April 1, 2021 to March 31, 2026.

Through the strategic planning process, the following priorities emerged:

- Effective business risk management programming.
- Quality and efficient client services.
- Modernized program management and delivery.

Key Achievements to Date

- Implemented contactless program delivery as an option.
 - Implemented electronic payment options.
 - Conducted client satisfaction surveys.
 - Engaged third party review of Modernization of Program Delivery.
 - Reviewed Potato Sampling Analysis.
- Developed P.E.I.AIC Staff Training Protocol.
 - Hired a Policy Coordinator, Financial Analyst, and Accounting Manager.
 - Developed P.E.I.AIC branding guidelines and new logo.
 - Piloted an online satellite service provider.
 - Transitioned from manual documents to electronic forms with increased efficiencies.
 - Provided Agricultural Insurance Officers with mobile printers and tablets.
- Consulted with industry groups to improve program delivery.
 - Participated in various federal-provincial-territorial groups that monitor business risk management programs, including the Working Groups to develop the Sustainable Canadian Agricultural Partnership.

Board of Directors

SEPTEMBER 2023

Rodney Dingwell | Chairperson

Beverley Ann Boulter | Director

Clayton Bulpitt | Director

Shannon Burke | Director, Corporate and Financial Services | Department of Agriculture |
Department of Fisheries, Tourism, Sport and Culture

Sonya Cobb | Senior Budget Analyst | Department of Finance

Fred Dollar | Director

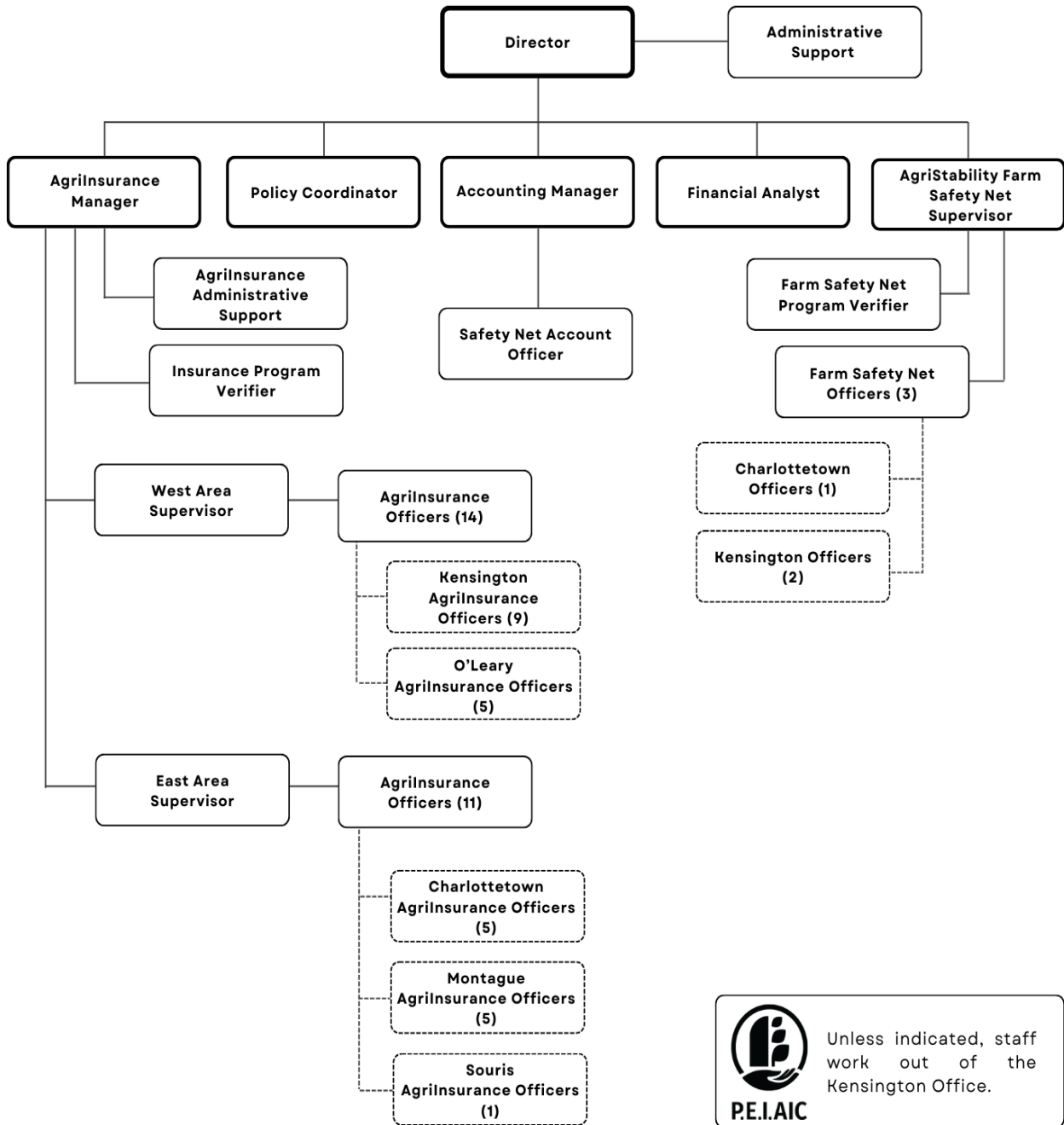
Mary Gillis | Director

Donald Godfrey | Director

Mark MacEwen | Director

Organizational Structure

2022 PROGRAM YEAR



Audited Financial Statements

**PRINCE EDWARD ISLAND
AGRICULTURAL INSURANCE
CORPORATION**

Financial Statements
March 31, 2023

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 30, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the **Prince Edward Island Agricultural Insurance Corporation**, which comprise the statement of financial position as at March 31, 2023, 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 our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023 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

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was most significant to the audit of the Corporation for the fiscal year ended March 31, 2023. This matter was addressed in the context of our audit of the Corporation's financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

The AgriStability indemnities payable of \$5,000,030, reported separately in Schedule 3, was identified as a key audit matter. It is a highly subjective estimate based primarily on historical data with a low volume of files processed for the most recent program year. Note 8 of the financial statements outlines the Corporation's methodology in calculating the AgriStability indemnities payable. The Corporation revised its methodology for calculating this estimated liability for the fiscal year ended March 31, 2023.

Our audit work consisted of recalculating the AgriStability indemnities payable based on the Corporation's revised methodology, adjusted for the removal of the reference margin limit in accordance with amendments made to the Canadian Agricultural Partnership Multilateral Framework Agreement. We also compared the AgriStability indemnities payable amounts recorded in previous periods to subsequent payments to determine the reasonability of previous amounts recorded. We concluded that the AgriStability indemnities payable recorded for the fiscal year ended March 31, 2023 is understated, however, the difference is not deemed to be material and our audit opinion is not modified in respect of this matter.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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



Darren Noonan, CPA, CA
Auditor General



Elvis Alisic, CPA, CA
Audit Director

Charlottetown, Prince Edward Island
June 30, 2023

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Statement of Financial Position
as at March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
FINANCIAL ASSETS		
Cash and Short-Term Investments (Note 5)	45,649,519	34,172,988
Accounts Receivable		
Producer	2,507,272	2,039,322
Province of Prince Edward Island	3,744,345	5,936,884
Federal Government	5,228,900	11,253,648
Accrued Interest	393,334	10,355
	<u>11,873,851</u>	<u>19,240,209</u>
Total Financial Assets	<u>57,523,370</u>	<u>53,413,197</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities		
General	172,170	272,191
Indemnities Payable	5,255,797	5,657,602
Deferred Revenue	103,880	132,925
	<u>5,531,847</u>	<u>6,062,718</u>
Total Liabilities	<u>5,531,847</u>	<u>6,062,718</u>
NET FINANCIAL ASSETS	<u>51,991,523</u>	<u>47,350,479</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	11,935	-
	<u>11,935</u>	<u>-</u>
Total Non-Financial Assets	<u>11,935</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>52,003,458</u>	<u>47,350,479</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, 2023

	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
REVENUES			
Insurance Premiums			
Producer	13,968,000	14,679,768	16,000,634
Provincial	11,277,200	11,609,919	12,733,347
Federal	12,852,800	14,001,840	15,037,898
	<u>38,098,000</u>	<u>40,291,527</u>	<u>43,771,879</u>
Less: Premium Discounts	(200,000)	(258,692)	(261,931)
Less: COVID-19 Discounts (Note 4f)	(60,000)	(97,671)	(1,600,040)
	<u>37,838,000</u>	<u>39,935,164</u>	<u>41,909,908</u>
Contributions to Administrative Expenses			
Producer	30,000	26,180	25,025
Provincial	1,178,800	1,208,554	1,298,131
Federal	1,768,200	1,794,710	1,939,982
	<u>2,977,000</u>	<u>3,029,444</u>	<u>3,263,138</u>
Other			
Producer Contribution	370,000	481,689	408,669
Provincial Contribution	1,369,000	1,083,381	456,394
Federal Contribution	3,553,000	1,625,071	668,381
Provincial COVID-19 Contribution (Note 4f)	60,000	(257,832)	2,187,186
Provincial Potato Wart Contribution (Note 4g)	1,000,000	1,802,520	1,893,000
Interest	135,000	1,626,305	269,650
	<u>6,487,000</u>	<u>6,361,134</u>	<u>5,883,280</u>
Total Revenues	<u>47,302,000</u>	<u>49,325,742</u>	<u>51,056,326</u>
EXPENSES			
Indemnities	41,379,000	38,244,880	24,008,939
Administration (Schedule 4)	2,977,000	3,029,444	3,263,138
Bad Debt	15,000	154	3,847
Interest and Bank Charges	-	22,909	26,489
Reinsurance Premiums (Note 6)	2,931,000	3,375,376	3,089,309
Total Expenses	<u>47,302,000</u>	<u>44,672,763</u>	<u>30,391,722</u>
ANNUAL SURPLUS	-	4,652,979	20,664,604
Accumulated Surplus, Beginning of Year	47,350,479	47,350,479	26,685,875
ACCUMULATED SURPLUS, END OF YEAR	<u><u>47,350,479</u></u>	<u><u>52,003,458</u></u>	<u><u>47,350,479</u></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, 2023

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
	\$	\$	\$
Net Financial Assets, Beginning of Year	<u>47,350,479</u>	<u>47,350,479</u>	<u>26,685,875</u>
Changes in Year			
Annual Surplus	-	4,652,979	20,664,604
Change in Prepaid Expenses	-	(11,935)	-
	<u>-</u>	<u>4,641,044</u>	<u>20,664,604</u>
Net Financial Assets, End of Year	<u><u>47,350,479</u></u>	<u><u>51,991,523</u></u>	<u><u>47,350,479</u></u>

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

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Statement of Cash Flows
for the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash Provided by (Used for)		
Operating Activities		
Premiums and Contributions		
Producers	14,334,120	13,461,428
Province of Prince Edward Island	17,639,080	16,649,442
Federal Government	23,446,369	15,902,854
Indemnities	(38,646,678)	(22,317,330)
Payments for Program Administration	(2,983,088)	(3,250,743)
Interest Received	1,243,326	264,705
Interest and Bank Charges Paid	(22,909)	(26,493)
Reinsurance Premiums	(3,533,689)	(2,930,997)
Reinsurance Recoveries	-	(22,870)
Cash Provided by Operating Activities	<u>11,476,531</u>	<u>17,729,996</u>
Cash and Short-Term Investments, Beginning of Year	<u>34,172,988</u>	<u>16,442,992</u>
Cash and Short-Term Investments, End of Year	<u>45,649,519</u>	<u>34,172,988</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, 2023

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

a) Basis of Accounting

The financial statements for the year ended March 31, 2023 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.

b) Financial Assets

Financial assets are those on hand at the end of an accounting period which could be used to discharge existing liabilities or finance future operations.

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. Transaction costs are expensed as incurred.

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

c) Liabilities

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

Deferred revenue represents amounts received for insurance coverage beyond March 31, 2023. Revenue is recognized in the period in which the insurance coverage is in effect.

d) Net Financial Assets

The Corporation's financial statements are presented to highlight net financial assets as the measure of financial position. The net financial assets is determined as financial assets less liabilities.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

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

e) Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Prepaid expenses are goods and services purchased which will provide economic benefits in future periods.

f) 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.

g) 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 5 are an allocation of expenses by object.

h) 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.

i) 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.

j) 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.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

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

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.

k) 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.

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 1% increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$456,500.

b) Credit Risk

Credit risk arises primarily from the Corporation's accounts receivable. The Corporation's maximum exposure to credit risk at March 31, 2023, is \$11,873,851 as noted on the statement of financial position.

Receivables from the Province of Prince Edward Island of \$3,744,345 and the federal government of \$5,228,900 are not considered to have material credit risk as payment in full is typically collected when due. Total receivables due from producers are \$2,507,272. 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.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

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

At March 31, 2023, the following accounts receivable from producers were greater than 120 days old but not considered impaired.

	<u>2023</u>	<u>2022</u>
	\$	\$
AgrilInsurance	501,350	678,495
AgriStability	<u>77,668</u>	<u>66,549</u>
	<u>579,018</u>	<u>745,044</u>

The total value of producer accounts receivable considered to be impaired at March 31, 2023 is \$68,154 (2022 - \$66,684).

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.

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

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

4. Program Descriptions (continued...)

b) Late Blight Management Incentive

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 100% of any eligible claim payments. No incentive payments were paid for the years ended March 31, 2023 and March 31, 2022.

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% by the Province and 66.7% by the producer. The indemnities shall not exceed the fund balance for this plan, which for 2023 is \$1,669,592 (2022 - \$1,485,768). 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. Administration expenses are paid 100% by the Province and are presented on Schedule 4.

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% and the Province 40% 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.

The assets, liabilities, and fund balance are segregated for presentation purposes on Schedule 3. Schedule 4 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. There were no AgriRecovery initiatives for the years ended March 31, 2023 and March 31, 2022.

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 10% off producer premiums for the 2020 and 2021 program years. Incentive payments of \$97,671 (2022 - \$1,585,179) are recorded as COVID-19 discount and are offset by provincial COVID-19 contributions in the AgriInsurance program Schedule 1.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

4. Program Descriptions (continued...)

Phytosanitary COVID-19 discount is a provincial discount of 10% off producer premiums for the 2020 and 2021 program years. Incentive payments of nil (2022 - \$14,861) are recorded as COVID-19 discount and are offset by provincial COVID-19 contributions in the Phytosanitary program Schedule 2.

AgriStability COVID-19 changes for the 2020 and 2021 program years include paying the provincial portion (40%) of increasing the coverage level to 85%. The net incentive statement balance of (\$355,503) (2022 - \$587,146) consists of indemnity payments of \$602,497 offset by the reversal of prior year accrual of \$958,000. Indemnities are offset by provincial COVID-19 contributions in the AgriStability program Schedule 3.

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% of the coverage level increase to 85%. The Province will fund 100% of the compensation rate increase from 70% to 80% of the loss covered. The 20% late participation penalty for the 2021 program year will be covered and paid by the Province. Potato Wart support contributions of \$1,802,520 (2022 - \$1,893,000) are recorded in the AgriStability program Schedule 3.

h) Fiona Support

In October 2022, the Province of Prince Edward Island announced funding through Agrilnsurance and AgriStability programs for those in the agriculture industry who were significantly impacted by the effects of Hurricane Fiona. An Agrilnsurance Fiona support discount is a provincial discount of 10% off producer premiums for the 2023 program year, estimated at \$1.9 million.

AgriStability Fiona support changes for the 2022 program year includes the Province of Prince Edward Island covering the cost of any penalty associated with late participation, estimated at a cost of \$300,000.

No Fiona support payments were paid for the year ended March 31, 2023.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

5. Cash and Short-term Investments

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash	29,504,968	34,172,988
Short-term investments	<u>16,144,551</u>	<u>-</u>
	<u>45,649,519</u>	<u>34,172,988</u>

Short-term investments consist of guaranteed investment certificates with interest rates ranging from 5.02% up to 5.20%, and bankers prime interest rate less 1.30%. Maturity dates range from 19 days up to 173 days.

6. Reinsurance

The Corporation purchases reinsurance to protect against significant losses in the AgrilInsurance program. For 2023, reinsurance coverage provided protection against all indemnities between \$58.1 million and \$163.3 million (2022 - \$53 million to \$150 million) for most programs. The insured value of programs not included in the excess insurance coverage is \$4.2 million (2022 - \$5.0 million).

Reinsurance coverage was not triggered for the years ended March 31, 2023 and March 31, 2022.

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 (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.

a) Sick Leave

All Department employees are credited 1.25 (excluded employees 1.5) 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.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

7. Employee Future Benefits (continued...)

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 2% of the average salary for the highest three years times the number of years of pensionable service for service to December 31, 2013, and 2% 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 \$136,800 (2022 - \$145,816) 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 \$77,780 (2022 - \$72,764).

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements

March 31, 2023

8. AgriStability Indemnity Estimate

Management has prepared an estimate of the Corporation's accrued liability for indemnity payments with respect to unprocessed AgriStability files as of March 31, 2023. For the 2022 program year, estimates are determined using a five-year average of program payments, with a one-year lag. 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 ten years, annual program payments have varied from \$2.5 million to \$5.6 million. The estimate for the most recent program year (2022) 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. No individual participant files have been processed for the 2022 program year as of March 31, 2023. A 10% increase (decrease) in the 2022 program year payments will increase (decrease) the indemnity revenue and expense by \$445,000. A 30% increase (decrease) in the 2022 program year payments will increase (decrease) the indemnity revenue and expenses by \$1,335,000.

9. Related Party Transactions

During the year, seven 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 other administration expenses paid by the Province. These costs are reflected as administration expenses in the Corporation's statement of operations and accumulated surplus.

There are resources provided to the Corporation by the Province of Prince Edward Island such as office accommodations, professional services, and tangible capital assets owned by the Province but used by the Corporation. These costs are assumed by the Province and are not reflected in these financial statements.

10. 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, 2023

11. Subsequent Events

a) Contractual Rights

In April 2023, the Sustainable Canadian Agricultural Partnership Federal-Provincial-Territorial Framework Agreement on agriculture, agri-food and agri-based products policy was signed by the Province of Prince Edward Island. This agreement provides the Corporation with access to funding for AgriInsurance, AgriStability and AgriRecovery programs for fiscal years 2024 to 2028. 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.

b) AgriRecovery

The Province of Prince Edward Island is currently in discussions with the Federal Government for an AgriRecovery disaster relief initiative. This program may help agriculture producers recover from extraordinary costs associated with Hurricane Fiona. If approved, it is expected that the Corporation would administer this initiative.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance

Statement of Financial Position
as at March 31, 2023

Schedule 1

	<u>2023</u>	<u>2022</u>
	\$	\$
FINANCIAL ASSETS		
Cash and Short-Term Investments	44,787,637	33,423,622
Accounts Receivable		
Producer	1,856,491	1,972,275
Province of Prince Edward Island	233,178	1,856,130
Federal Government	3,540,948	8,974,593
Accrued Interest	393,334	10,355
	<u>6,023,951</u>	<u>12,813,353</u>
Total Financial Assets	<u>50,811,588</u>	<u>46,236,975</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities		
General	130,010	237,768
Indemnities Payable	255,767	1,571
Deferred Revenue	103,880	132,925
Total Liabilities	<u>489,657</u>	<u>372,264</u>
NET FINANCIAL ASSETS	<u>50,321,931</u>	<u>45,864,711</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	11,935	-
Total Non-Financial Assets	<u>11,935</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>50,333,866</u>	<u>45,864,711</u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2023

Schedule 1 (Continued)

	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
REVENUES			
Insurance Premiums			
Producer	13,827,000	14,557,273	15,852,024
Provincial	11,206,200	11,548,652	12,659,019
Federal	12,852,800	14,001,840	15,037,898
	<u>37,886,000</u>	<u>40,107,765</u>	<u>43,548,941</u>
Less: Premium Discounts	(200,000)	(258,692)	(261,931)
Less: COVID-19 Discounts (Note 4f)	(60,000)	(97,671)	(1,585,179)
	<u>37,626,000</u>	<u>39,751,402</u>	<u>41,701,831</u>
Contributions to Administrative Expenses			
Provincial	885,100	987,778	986,531
Federal	1,327,650	1,481,666	1,479,796
	<u>2,212,750</u>	<u>2,469,444</u>	<u>2,466,327</u>
Other			
Provincial COVID-19 Contribution (Note 4f)	60,000	97,671	1,585,179
Interest	135,000	1,606,760	245,880
	<u>195,000</u>	<u>1,704,431</u>	<u>1,831,059</u>
Total Revenues	<u>40,033,750</u>	<u>43,925,277</u>	<u>45,999,217</u>
EXPENSES			
Indemnities	34,875,000	33,607,722	19,995,349
Administration (Schedule 4)	2,212,750	2,469,444	2,466,327
Bad Debt	15,000	154	3,847
Interest and Bank Charges	-	3,426	2,913
Reinsurance Premiums (Note 6)	2,931,000	3,375,376	3,089,309
Total Expenses	<u>40,033,750</u>	<u>39,456,122</u>	<u>25,557,745</u>
ANNUAL SURPLUS	-	4,469,155	20,441,472
Accumulated Surplus, Beginning of Year	45,864,711	45,864,711	25,423,239
ACCUMULATED SURPLUS, END OF YEAR	<u>45,864,711</u>	<u>50,333,866</u>	<u>45,864,711</u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance

Statement of Changes in Net Financial Assets
for the year ended March 31, 2023

Schedule 1 (Continued)

	<u>2023</u> <u>Budget</u> \$	<u>2023</u> <u>Actual</u> \$	<u>2022</u> <u>Actual</u> \$
Net Financial Assets, Beginning of Year	<u>45,864,711</u>	<u>45,864,711</u>	<u>25,423,239</u>
Changes in Year			
Annual Surplus	-	4,469,155	20,441,472
Change in Prepaid Expenses	-	(11,935)	-
	<u>-</u>	<u>4,457,220</u>	<u>20,441,472</u>
Net Financial Assets, End of Year	<u><u>45,864,711</u></u>	<u><u>50,321,931</u></u>	<u><u>45,864,711</u></u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgrilInsurance

Statement of Cash Flows

for the year ended March 31, 2023

Schedule 1 (Continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash Provided by (Used for)		
Operating Activities		
Premiums and Contributions		
Producers	14,287,491	12,902,355
Province of Prince Edward Island	14,257,052	15,477,860
Federal Government	20,917,151	14,672,079
Indemnities	(33,353,520)	(20,033,600)
Payments for Program Administration	(2,430,825)	(2,456,554)
Interest Received	1,223,781	240,935
Interest and Bank Charges Paid	(3,426)	(2,917)
Reinsurance Premiums	(3,533,689)	(2,930,997)
Reinsurance Recoveries	-	(22,870)
Cash Provided by Operating Activities	<u>11,364,015</u>	<u>17,846,291</u>
Cash and Short-Term Investments, Beginning of Year	<u>33,423,622</u>	<u>15,577,331</u>
Cash and Short-Term Investments, End of Year	<u><u>44,787,637</u></u>	<u><u>33,423,622</u></u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
Phytosanitary Disease Plan

Statement of Financial Position
as at March 31, 2023

Schedule 2

	<u>2023</u>	<u>2022</u>
	\$	\$
FINANCIAL ASSETS		
Cash	1,669,592	1,479,739
Accounts Receivable		
Producer	-	498
Province of Prince Edward Island	-	5,531
	<u>-</u>	<u>6,029</u>
Total Financial Assets	<u>1,669,592</u>	<u>1,485,768</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	<u>1,669,592</u>	<u>1,485,768</u>

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2023

	<u>2023</u>	<u>2023</u>	<u>2022</u>
	Budget	Actual	Actual
	\$	\$	\$
REVENUES			
Insurance Premiums			
Producer	141,000	122,495	148,610
Provincial	71,000	61,267	74,328
	<u>212,000</u>	<u>183,762</u>	<u>222,938</u>
Less: COVID-19 Discounts (Note 4f)	-	-	(14,861)
	<u>212,000</u>	<u>183,762</u>	<u>208,077</u>
Contributions to Administrative Expenses			
Provincial	-	5,412	-
Other			
Provincial COVID-19 Contribution (Note 4f)	-	-	14,861
Interest	-	62	194
	<u>-</u>	<u>62</u>	<u>15,055</u>
Total Revenues	<u>212,000</u>	<u>189,236</u>	<u>223,132</u>
EXPENSES			
Indemnities	212,000	-	-
Administration (Schedule 4)	-	5,412	-
Total Expenses	<u>212,000</u>	<u>5,412</u>	<u>-</u>
ANNUAL SURPLUS	-	183,824	223,132
Accumulated Surplus, Beginning of Year	-	1,485,768	1,262,636
ACCUMULATED SURPLUS, END OF YEAR	<u>-</u>	<u>1,669,592</u>	<u>1,485,768</u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
Phytosanitary Disease Plan

Statement of Cash Flows

for the year ended March 31, 2023

Schedule 2 (Continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash Provided by (Used for)		
Operating Activities		
Premiums and Contributions		
Producers	122,994	133,251
Province of Prince Edward Island	72,209	85,472
Indemnities	-	(125,142)
Payments for Program Administration	(5,412)	-
Interest Received	62	194
Cash Provided by Operating Activities	<u>189,853</u>	<u>93,775</u>
Cash, Beginning of Year	<u>1,479,739</u>	<u>1,385,964</u>
Cash, End of Year	<u><u>1,669,592</u></u>	<u><u>1,479,739</u></u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgriStability

Statement of Financial Position
as at March 31, 2023

Schedule 3

	<u>2023</u>	<u>2022</u>
	\$	\$
FINANCIAL ASSETS		
Cash	(807,710)	(730,373)
Accounts Receivable		
Producer	650,781	66,549
Province of Prince Edward Island	3,511,167	4,075,223
Federal Government	1,687,952	2,279,055
	<u>5,849,900</u>	<u>6,420,827</u>
Total Financial Assets	<u>5,042,190</u>	<u>5,690,454</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities		
General	42,160	34,423
Indemnities Payable (Note 8)	5,000,030	5,656,031
Total Liabilities	<u>5,042,190</u>	<u>5,690,454</u>
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	<u><u>-</u></u>	<u><u>-</u></u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgriStability

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2023

Schedule 3 (Continued)

	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
REVENUES			
Contributions to Administrative Expenses			
Producer	30,000	26,180	25,025
Provincial	293,700	215,364	311,600
Federal	440,550	313,044	460,186
	<u>764,250</u>	<u>554,588</u>	<u>796,811</u>
Other			
Producer Contribution	370,000	481,689	408,669
Provincial Contribution	1,369,000	1,083,381	456,394
Federal Contribution	3,553,000	1,625,071	668,381
Provincial COVID-19 Contribution (Note 4f)	-	(355,503)	587,146
Provincial Potato Wart Contribution (Note 4g)	1,000,000	1,802,520	1,893,000
Interest	-	19,483	23,576
	<u>6,292,000</u>	<u>4,656,641</u>	<u>4,037,166</u>
Total Revenues	<u>7,056,250</u>	<u>5,211,229</u>	<u>4,833,977</u>
EXPENSES			
Indemnities	6,292,000	4,637,158	4,013,590
Administration (Schedule 4)	764,250	554,588	796,811
Interest and Bank Charges	-	19,483	23,576
Total Expenses	<u>7,056,250</u>	<u>5,211,229</u>	<u>4,833,977</u>
ANNUAL SURPLUS	-	-	-
Accumulated Surplus, Beginning of Year	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
AgriStability

Statement of Cash Flows

for the year ended March 31, 2023

Schedule 3 (Continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash Provided by (Used for)		
Operating Activities		
Contributions		
Producers	(76,365)	425,822
Province of Prince Edward Island	3,309,819	917,221
Federal Government	2,529,218	971,232
Indemnities	(5,293,158)	(2,158,588)
Payments for Program Administration	(546,851)	(794,189)
Interest Received	19,483	23,576
Interest and Bank Charges Paid	(19,483)	(23,576)
Cash Used for Operating Activities	<u>(77,337)</u>	<u>(638,502)</u>
Cash, Beginning of Year	<u>(730,373)</u>	<u>(91,871)</u>
Cash, End of Year	<u><u>(807,710)</u></u>	<u><u>(730,373)</u></u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Schedule of Administration Expenses
for the year ended March 31, 2023

Schedule 4

	2023	2022
	<u>\$</u>	<u>\$</u>
AgriInsurance		
Accommodations	80,317	148,178
Audit (Field)	50,577	31,886
Finance	96,534	156,065
Human Resources	30,532	24,698
Operations - Adjusting	784,903	304,574
Operations - Insurance Processing	647,889	1,147,237
Policy Administration	61,690	76,483
Program Sales and Promotion	461,919	374,651
Research, Development and Underwriting	150,897	110,563
Systems Maintenance and Support	50,542	79,226
Toll Free (Call Centre)	3,090	2,992
	<u>2,418,890</u>	<u>2,456,553</u>
Accruals	50,554	9,774
	<u>2,469,444</u>	<u>2,466,327</u>
Phytosanitary Disease Plan		
Program Sales and Promotion	5,412	-
	<u>5,412</u>	<u>-</u>
AgriStability		
Accommodations	8,759	55,095
Audit	4,856	5,407
Benchmark Per Unit Margin and Price Support	42,170	13,345
Federal / Provincial Policy	22,776	50,914
Finance	45,184	88,559
Forms Processing	217,572	325,794
Human Resources	8,257	15,200
Mail Room / Data Capture	47,635	1,221
Prepayment Review / Quality Assurance	102,868	120,091
Program Promotion (Ads)	32,923	82,830
Provincial Share of Federal Administration Fees	4,391	3,156
Systems Support and Development	5,538	32,577
Toll Free (Call Centre)	3,923	-
	<u>546,852</u>	<u>794,189</u>
Accruals	7,736	2,622
	<u>554,588</u>	<u>796,811</u>
Total	<u>3,029,444</u>	<u>3,263,138</u>

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Expenses by Object

for the year ended March 31, 2023

Schedule 5

	<u>2023</u>	<u>2022</u>
	\$	\$
Administration	3,430,580	3,270,661
Debt - Provision and Others	23,063	30,336
Equipment	41,573	53,079
Materials, Supplies and Services	41,199	26,298
Professional Fees	49,040	99,495
Salaries and Benefits	2,624,561	2,721,627
Travel and Training	217,867	181,287
Transfer Payments	38,244,880	24,008,939
Total	<u>44,672,763</u>	<u>30,391,722</u>

Contact Information

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PRINCE EDWARD ISLAND
**AGRICULTURAL
INSURANCE
CORPORATION**

