



P.E.I. AGRICULTURAL INSURANCE CORPORATION

# ANNUAL REPORT

2021





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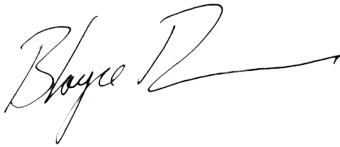
## Ministers Message

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, 2021.

Respectfully submitted,



Bloyce Thompson  
*Minister of Agriculture and Land*





## Message from Chairperson

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

Hon. Bloyce Thompson,

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, 2021.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Elizabeth Maynard', with a long, sweeping underline that extends 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, 2021, the Prince Edward Island Agriculture Insurance Corporation Board of Directors consists of:

Name	Position
Elizabeth Maynard	Chair
Fred Dollar	Vice Chair
Beverley Ann Boulter	Director
Clayton Bulpitt	Director
Amanda Drake	Director
Glen Ellis	Director
Mary Gillis	Director
Don Godfrey	Director
Mary Kinsman	Department of Agriculture and Land
Mark MacEwen	Director
Patricia Cameron-McDonald	Department of Finance



## Administrator's Report

Fiscal year ended March 31, 2021

### Overview

The P.E.I. Agricultural Insurance Corporation (AIC) is a crown corporation of the Province of Prince Edward Island as stated in the *Agricultural Insurance Act*. Employees of the Farm Business Risk Management Division within the Department of Agriculture and Land (DAL) are assigned to AIC to administer the AgriInsurance program, AgriStability program and AgriRecovery framework on behalf of the Province of PEI.

### Operations Update

On March 17, 2020, the Province of PEI introduced public health measures to help limit the spread of the novel COVID-19 virus, and to ensure increased safety for all Islanders. AIC staff were deemed essential workers as the programs offered at AIC support the essential farming community. To further increase safety precautions, most AIC staff were asked to work from home where at all possible. Staff continued to work as per guidelines outlined by the Chief Public Health Office, and in-person meetings ceased so that new contactless delivery methods could be established.

### Farm Business Risk Management Division

This Division supports Prince Edward Island agriculture through delivery of programs included in the Federal-Provincial-Territory Canadian Agricultural Partnership agreement (CAP). This agreement covers crop years 2018 to 2022. The suite of programs administered by AIC are:

#### AgriInsurance and Phytosanitary Disease Plan

AgriInsurance insures agricultural crops against production losses from specified perils (weather, pests, disease). It includes Production Insurance, Color Rider, Un-harvested Acreage 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 60/40 with the Federal and Provincial Governments.

Phytosanitary Disease Plan provides additional coverage for bacterial ring rot, potato wart, and nematodes in potatoes. The premiums are cost shares between the province and producers and the indemnities shall not exceed the fund balance for the plan, which for 2021 is \$1,262,636. A breakdown of insured acres, value, premiums and indemnities are outline in **Figure 1.0** below.

Changes in the 2020 Crop Year (planted and harvested in 2020) AgriInsurance Agreement:

- Elite seed planting deadlines changed to align with planting deadlines under the Potato Plan.
- Winter cereal coverage increased to 90%

# P.E.I. Agricultural Insurance Corporation

The Canadian Drought Monitor as of August 31, 2020 indicated areas of severe drought in the West Prince and parts of Kings County and extreme drought for the East Prince to West of Charlottetown. Crops grown in the area with extreme drought were impacted more significantly than the severe drought areas. Overall, drought impacted all crops grown on PEI from blueberries to forages to potatoes. A breakdown of insured acres, value, premiums and indemnities are outline in **Figure 1.0** below.

AIC purchased 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.

## COVID-19 impacts on AgrilInsurance:

The Province of Prince Edward Island announced COVID-19 funding for agriculture producers through the AgrilInsurance program. An AgrilInsurance and Phytosanitary Plan COVID-19 discount is a provincial discount of 10% off producer premiums for 2020 and 2021 program years. Incentive discounts of \$1,336,402 are recorded as COVID-19 discounts and are offset by provincial COVID-19 contributions in the current year.

**Figure 1.0**

<b>AgrilInsurance (2020 Crop Year)</b>	<b>Acres</b>	<b>Insured Value</b>	<b>Premiums</b>	<b>Indemnities</b>
<i>Production Insurance (PI)</i>				
Potatoes	72,369	\$236,359,655	\$24,566,771	\$26,993,206
Grains and Oilseeds	116,367	\$38,944,341	\$3,342,422	\$3,528,405
Other Crops	8,877	\$12,465,901	\$1,517,951	\$2,916,340
<i>Subtotal</i>	197,613	\$287,769,897	\$29,427,144	\$33,437,951
<i>PI Rider Plans*</i>				
Color Rider*	23,038		\$786,431	\$1,194,473
Unharvested Acreage Benefit*	39,271		\$1,817,399	\$177,890
Potato Storage **,**			\$5,035,789	\$7,286,015
<b>Total PI and Riders</b>		\$287,769,897	\$37,066,763	\$42,096,329
<i>Other Plans</i>				
Forage	85,839	\$16,132,441	\$1,276,657	\$3,043,167
Livestock		\$1,717,653	\$159,776	\$99,801
<b>Total AgrilInsurance</b>		<b>\$305,619,991</b>	<b>\$38,503,196</b>	<b>\$45,239,297</b>
Phytosanitary Disease Plan	<b>7,473</b>	<b>\$1,450,729</b>	<b>\$108,806</b>	<b>\$125,142</b>
<p>* These insured values are included with the PI Potatoes insured value</p> <p>** This includes April to August 2020 (2019 Crop Year) and January to March 2021 (2020 Crop Year)</p>				

## AgriStability

AgriStability offers protection against declines greater than 30% in farm income caused by circumstances such as low prices, rising input costs, and production losses. Benefit payments and administrative costs are cost shared 60/40 with 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.

Most files processed in this fiscal period relate to the 2019 growing season. All PEI crops were impacted by a dry summer in 2019, especially early potato varieties. Many of the late varieties benefited from more regular rain, and harvest conditions were considered reasonable prior to the Tropical Storm Dorian that was experienced on September 7, 2019. Corn, hemp, and tree fruit that were not harvested prior to Tropical Storm Dorian were the most impacted, while other horticulture crops avoided much of the damage caused by Dorian. A breakdown of AgriStability payments can be found outlined in **Figure 1.1** below.

**Figure 1.1**  
**AgriStability Payments made to Producers**  
 (Includes estimated accrual)

Commodity	
Cattle	\$1,187,075
Potatoes	\$1,236,772
Grain and Oilseeds	\$317,539
Other Livestock	\$148,438
Other	\$1,237,839
<b>Total</b>	<b>\$4,127,663</b>

### COVID-19 impacts on AgriStability:

For the upcoming program years, in April 2020, the Province of Prince Edward Island announced COVID-19 funding for agriculture producers through the AgriStability program. AgriStability COVID-19 changes for the 2020 and 2021 program years include paying the provincial portion of increasing the coverage level to 85%. Incentive payments of \$935,894 are recorded as indemnities and are offset by provincial COVID-19 contributions in the current year.

For the 2020 program year the enrolment deadline was moved from April 30, 2020 to July 3, 2020 to give producers more time due to COVID-19 impacts. An increase to potential interim payments of up to 75% was approved by the provincial and federal governments.

## 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. AIC administers all payments on behalf of the Province. AgriRecovery has occurred twice since implementation; in the 2008 crop year, and the 2018 crop year.

The 2020 Canada-PEI Hog Recovery Initiative was approved during the year. This initiative is 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 is administering the program. The federal government contributes 60 percent and the provincial government 40 percent toward eligible payments and administration. Payments totaling \$428,432 were issued as of March 31, 2021.

Respectfully submitted,



Lesa MacDonald, CPA, CA  
Director Farm Business Risk Management





**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE  
CORPORATION**

Financial Statements  
March 31, 2021





## 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.

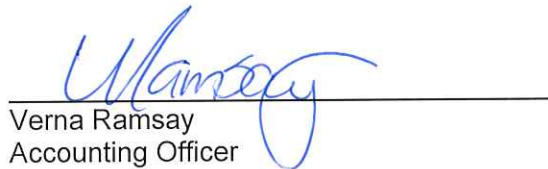
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial reports on a regular basis and externally audited financial statements yearly.

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



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



Verna Ramsay  
Accounting Officer

June 30, 2021





# Prince Edward Island Île-du-Prince-Édouard

## Office of the Auditor General

PO Box 2000, Charlottetown PE  
Canada C1A 7N8

## Bureau du vérificateur général

C.P. 2000, Charlottetown PE  
Canada C1A 7N8

### 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, 2021, 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, 2021, 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 30, 2021**




**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Statement of Financial Position  
March 31, 2021

	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash and short-term investments (Note 5)	<u>16,442,992</u>	<u>29,553,910</u>
Accounts receivable		
Producer	996,984	1,315,833
Province of Prince Edward Island	4,018,267	1,111,736
Federal government	9,510,242	8,302,286
General	<u>5,411</u>	<u>60,090</u>
	<u>14,530,904</u>	<u>10,789,945</u>
	<u>30,973,896</u>	<u>40,343,855</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		
General	124,353	105,215
Province of Prince Edward Island	<u>-</u>	<u>16,557</u>
	124,353	121,772
Indemnities payable	3,965,994	3,993,713
Deferred revenue	<u>197,674</u>	<u>175,709</u>
	<u>4,288,021</u>	<u>4,291,194</u>
<b>Net Financial Assets and Accumulated Surplus</b>	<u>26,685,875</u>	<u>36,052,661</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, 2021

	Budget 2021	2021	2020
	\$	\$	\$
<b>Revenue</b>			
<b>Insurance Premiums</b>			
Producer	14,899,634	14,155,136	14,018,118
Provincial	11,977,200	11,413,565	11,319,761
Federal	<u>13,702,716</u>	<u>13,043,301</u>	<u>12,908,892</u>
	40,579,550	38,612,002	38,246,771
Less: premium discounts	(150,000)	(213,992)	(239,113)
Less: COVID-19 discounts (Note 4f)	-	<u>(1,336,402)</u>	-
	<u>40,429,550</u>	<u>37,061,608</u>	<u>38,007,658</u>
<b>Contributions to Administrative Expense</b>			
Producer	30,000	27,280	23,375
Provincial	1,198,860	1,244,694	1,260,184
Federal	<u>1,798,290</u>	<u>1,862,246</u>	<u>1,886,774</u>
	<u>3,027,150</u>	<u>3,134,220</u>	<u>3,170,333</u>
<b>Other</b>			
Producer contribution	370,000	425,940	331,994
Provincial contribution	2,369,000	1,279,705	6,612,713
Federal contribution	3,553,500	1,914,556	9,919,069
Provincial COVID-19 contribution (Note 4f)	-	2,272,296	-
Reinsurance recoveries (Note 6)	-	-	2,953,349
Interest	<u>135,000</u>	<u>203,800</u>	<u>452,218</u>
	<u>6,427,500</u>	<u>6,096,297</u>	<u>20,269,343</u>
<b>Total Revenue</b>	<u>49,884,200</u>	<u>46,292,125</u>	<u>61,447,334</u>
<b>Expenses</b>			
Indemnities	44,142,050	49,920,534	44,044,202
Administration (Schedule 5)	3,027,150	3,134,220	3,170,333
Bad debt (Recovery)	15,000	(241)	24,982
Interest and bank charges	-	21,228	12,292
Reinsurance premiums (Note 6)	<u>2,700,000</u>	<u>2,583,170</u>	<u>2,498,547</u>
<b>Total Expenses</b>	<u>49,884,200</u>	<u>55,658,911</u>	<u>49,750,356</u>
<b>Annual Surplus (Deficit)</b>	-	(9,366,786)	11,696,978
Accumulated Surplus, beginning of year	<u>36,052,661</u>	<u>36,052,661</u>	<u>24,355,683</u>
<b>Accumulated Surplus, end of year</b>	<u>36,052,661</u>	<u>26,685,875</u>	<u>36,052,661</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, 2021

	Budget 2021	2021	2020
	\$	\$	\$
Net Financial Assets, beginning of year	<u>36,052,661</u>	<u>36,052,661</u>	<u>24,355,683</u>
Changes in year:			
Annual surplus (Deficit)	<u>-</u>	<u>(9,366,786)</u>	<u>11,696,978</u>
Net Financial Assets, end of year	<u>36,052,661</u>	<u>26,685,875</u>	<u>36,052,661</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, 2021

	2021	2020
	\$	\$
<b>Cash provided (used) by:</b>		
<b>Operating Activities</b>		
Premiums and contributions		
Producers	13,399,020	13,608,795
Province of Prince Edward Island	13,287,173	18,961,509
Federal government	15,612,149	22,715,518
Indemnities	(49,948,257)	(46,671,110)
Payments for program administration	(3,137,952)	(3,161,748)
Interest received	218,137	463,739
Interest and bank charges paid	(21,228)	(12,292)
Reinsurance premiums	(2,583,170)	(2,554,922)
Reinsurance recoveries	<u>63,210</u>	<u>6,605,490</u>
<b>Cash provided (used) by operating activities</b>	<b>(13,110,918)</b>	<b>9,954,979</b>
Cash and short-term investments, beginning of year	<u>29,553,910</u>	<u>19,598,931</u>
<b>Cash and short-term investments, end of year</b>	<b><u>16,442,992</u></b>	<b><u>29,553,910</u></b>

(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, 2021

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## 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, 2021 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, 2021. 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, 2021

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**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) Agrilnsurance Net Financial Assets Balance**

In accordance with the Federal/Provincial/Territorial Agricultural Policy Framework Implementation Agreement, amounts in the Agrilnsurance net financial assets shall only be used for Agrilnsurance 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, 2021

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## 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 \$164,428.

### b) Credit Risk

Credit risk arises primarily from the Corporation's accounts receivable. The Corporation's maximum exposure to credit risk at March 31, 2021, is \$14,530,904 as noted on the statement of financial position.

Receivables from the Province of Prince Edward Island of \$4,018,267 and the federal government of \$9,510,242 are not considered to have material credit risk as payment in full is typically collected when due. Total receivables due from producers are \$996,984. 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 AgriInsurance programs until arrears from prior crop years are paid in full.

At March 31, 2021, the following accounts receivable from producers were greater than 120 days old but not considered impaired.

	<u>2021</u>	<u>2020</u>
	\$	\$
AgrilInsurance	213,806	72,727
AgriStability	<u>61,659</u>	<u>105,335</u>
	<u>275,465</u>	<u>178,062</u>

The total value of producer accounts receivable considered to be impaired at March 31, 2021 is \$61,048 (2020 - \$59,061).

### 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, 2021

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**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, 2021 and March 31, 2020.

**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 2021 is \$1,262,636 (2020 - \$1,278,426). 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, 2021

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## 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 approved during the year. This initiative is to help hog producers recover from extraordinary costs associated with surplus hogs impacted by COVID-19 related processing plant closures or reduced output. The assessment up to March 31, 2021 was completed and the initiative has approval for up to \$500,000. The Corporation is administering the program. The federal government contributes 60 percent and the provincial government 40 percent toward eligible payments and administration. Payments totalling \$428,432 were issued as of March 31, 2021.

An AgriRecovery disaster relief initiative (2018 Canada - Prince Edward Island Fall Harvest Recovery Initiative) was announced on July 19, 2019, providing up to \$15,600,000 to help agriculture producers recover from extraordinary costs associated with excessive moisture and cold temperatures during the 2018 fall harvest. The Corporation administered the program. The federal government contributed 60 percent and the province 40 percent towards eligible payments and administration.

The assets, liabilities, and fund balance are segregated for presentation purposes on Schedule 4. Schedule 5 to the financial statements presents the administration expenses using the functional cost categories from the agreement.

### f) COVID-19 Pandemic Incentives

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 discounts of \$1,329,149 are recorded as COVID-19 discounts and are offset by provincial COVID-19 contributions in the AgriInsurance program Schedule 1.

Phytosanitary COVID-19 discount is a provincial discount of 10% off producer premiums for the 2020 and 2021 program years. Incentive discounts of \$7,253 are recorded as COVID-19 discounts 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 of increasing the coverage level to 85%. Incentive payments of \$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, 2021

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## 5. Cash and Short-term Investments

At March 31, 2021 and March 31, 2020 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 AgrilInsurance program. For 2021, reinsurance coverage provided protection against all indemnities between \$49 million and \$137 million (2020 - \$43 million to \$132 million) for most programs. The insured value of programs not included in the excess insurance coverage is \$3.2 million (2020 - \$3.2 million).

Reinsurance coverage was triggered during the 2019 fiscal year for significant losses during the 2018 crop year. Included in these financial statements are no reinsurance recoveries during 2021 fiscal year (2020 - \$2,953,349).

## 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.

### 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.

### 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 \$135,687 (2020 - \$143,330) 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.



# PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements  
March 31, 2021

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## 7. Employee Future Benefits (continued...)

### 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 \$71,231 (2020 - \$67,686).

## 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, 2021. 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 (2020) is based on historical averages (adjusted for benefit coverage under the Canadian Agricultural Partnership Agreement, which is applicable for the 2018-2022 program years and also the provincial AgriStability COVID-19 incentive funding) and also adjusted for past events that are reasonably known to have no relevance to the current program year. Only 3.4 percent of individual participant files have been processed as of March 31, 2021. A ten percent increase (decrease) in the average payment will increase (decrease) the indemnity revenue and expense by \$338,559. A five percent increase (decrease) in the percentage of files requiring a payment will increase (decrease) the indemnity revenue and expenses by \$727,143.

## 9. Related Party Transactions

During the year, nine 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.

# PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

Notes to Financial Statements  
March 31, 2021

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## 9. Related Party Transactions (continued...)

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.

## 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 year financial statements in the addition of provincial contributions to provide support to farmers in the AgriInsurance and AgriStability programs and an AgriRecovery initiative was delivered to address COVID-19 processing impacts for the hog market. 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. The pandemic is expected to have significant and broad impacts on farm incomes in the future. While the full extent of the impact on the Corporation's programs is unknown at this time, it is expected that premium revenues and claim expenses could be affected.

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 1

Page 1 of 3

**AgrilInsurance**

Statement of Financial Position

March 31, 2021

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	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash and short-term investments	<u>15,577,331</u>	<u>28,707,969</u>
Accounts receivable		
Producer	938,306	1,209,691
Provincial government	2,103,261	10,220
Federal government	7,128,978	5,692,749
General	<u>5,411</u>	<u>60,090</u>
	<u>10,175,956</u>	<u>6,972,750</u>
	<u>25,753,287</u>	<u>35,680,719</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		
General	92,552	72,455
Indemnities payable	39,822	658,320
Deferred revenue	<u>197,674</u>	<u>175,709</u>
	<u>330,048</u>	<u>906,484</u>
<b>Net Financial Assets and Accumulated Surplus</b>	<u>25,423,239</u>	<u>34,774,235</u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 1

Page 2 of 3

**AgrilInsurance**

Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2021

	Budget 2021	2021	2020
	\$	\$	\$
<b>Revenue</b>			
<b>Insurance Premiums</b>			
Producer	14,899,634	14,082,607	13,954,917
Provincial	11,977,200	11,377,288	11,288,150
Federal	<u>13,702,716</u>	<u>13,043,301</u>	<u>12,908,892</u>
	40,579,550	38,503,196	38,151,959
Less: premium discounts	(150,000)	(213,992)	(239,113)
Less: COVID-19 discounts (Note 4f)	<u>-</u>	<u>(1,329,149)</u>	<u>-</u>
	<u>40,429,550</u>	<u>36,960,055</u>	<u>37,912,846</u>
<b>Contributions to Administrative Expense</b>			
Provincial	880,200	907,364	896,992
Federal	<u>1,320,300</u>	<u>1,361,046</u>	<u>1,345,487</u>
	<u>2,200,500</u>	<u>2,268,410</u>	<u>2,242,479</u>
<b>Other</b>			
Provincial COVID-19 contribution (Note 4f)	-	1,329,149	-
Reinsurance recoveries	-	-	2,953,349
Interest	<u>135,000</u>	<u>184,943</u>	<u>441,471</u>
	<u>135,000</u>	<u>1,514,092</u>	<u>3,394,820</u>
<b>Total Revenue</b>	<u>42,765,050</u>	<u>40,742,557</u>	<u>43,550,145</u>
<b>Expenses</b>			
Indemnities	37,849,550	45,239,297	27,180,426
Administration (Schedule 5)	2,200,500	2,268,410	2,242,479
Bad debt (Recovery)	15,000	(241)	24,982
Interest and bank charges	-	2,917	1,571
Reinsurance premiums	<u>2,700,000</u>	<u>2,583,170</u>	<u>2,498,547</u>
<b>Total Expenses</b>	<u>42,765,050</u>	<u>50,093,553</u>	<u>31,948,005</u>
<b>Annual Surplus (Deficit)</b>	-	(9,350,996)	11,602,140
Accumulated Surplus, beginning of year	<u>34,774,235</u>	<u>34,774,235</u>	<u>23,172,095</u>
<b>Accumulated Surplus, end of year</b>	<u>34,774,235</u>	<u>25,423,239</u>	<u>34,774,235</u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

**Schedule 1  
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**AgrilInsurance**

Statement of Cash Flow  
for the year ended March 31, 2021

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	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided (used) by:</b>		
<b>Operating Activities</b>		
Premiums and contributions		
Producers	12,833,060	13,139,576
Province of Prince Edward Island	11,520,759	11,731,720
Federal government	12,968,119	11,916,702
Indemnities	(45,857,796)	(28,647,248)
Payments for program administration	(2,271,183)	(2,235,301)
Interest received	199,280	452,992
Interest and bank charges paid	(2,917)	(1,571)
Reinsurance premiums	(2,583,170)	(2,554,922)
Reinsurance recoveries	<u>63,210</u>	<u>6,605,490</u>
<b>Cash provided (used) by operating activities</b>	<b>(13,130,638)</b>	<b>10,407,438</b>
Cash and short-term investments, beginning of year	<u>28,707,969</u>	<u>18,300,531</u>
<b>Cash and short-term investments, end of year</b>	<b><u>15,577,331</u></b>	<b><u>28,707,969</u></b>

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

Schedule 2  
Page 1 of 2

Statement of Financial Position March 31, 2021	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash	1,385,964	1,278,426
Accounts receivable		
Provincial government	<u>1,814</u>	<u>-</u>
	<u>1,387,778</u>	<u>1,278,426</u>
<b>Liabilities</b>		
Indemnities payable	<u>125,142</u>	<u>-</u>
<b>Net Financial Assets and Accumulated Surplus</b>	<u>1,262,636</u>	<u>1,278,426</u>
<hr/>		
Statement of Operations and Accumulated Surplus for the year ended March 31, 2021	2021	2020
	\$	\$
<b>Revenue</b>		
<b>Insurance Premiums</b>		
Producer	72,529	63,201
Provincial	<u>36,277</u>	<u>31,611</u>
	108,806	94,812
Less: COVID-19 discounts (Note 4f)	<u>(7,253)</u>	<u>-</u>
	101,553	94,812
<b>Other</b>		
Provincial COVID-19 contribution (Note 4f)	7,253	-
Interest	<u>546</u>	<u>26</u>
<b>Total Revenue</b>	<u>109,352</u>	<u>94,838</u>
<b>Expenses</b>		
Indemnities	<u>125,142</u>	<u>-</u>
<b>Total Expenses</b>	<u>125,142</u>	<u>-</u>
<b>Annual Surplus (Deficit)</b>	(15,790)	94,838
Accumulated Surplus, beginning of year	<u>1,278,426</u>	<u>1,183,588</u>
<b>Accumulated Surplus, end of year</b>	<u>1,262,636</u>	<u>1,278,426</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, 2021	2021	2020
	\$	\$
<b>Cash provided by:</b>		
<b>Operating Activities</b>		
Premiums and contributions		
Producer	65,276	63,201
Province of Prince Edward Island	41,716	33,147
Interest Received	<u>546</u>	<u>26</u>
<b>Cash provided by operating activities</b>	107,538	96,374
Cash and short-term investments, beginning of year	<u>1,278,426</u>	<u>1,182,052</u>
<b>Cash and short-term investments, end of year</b>	<u>1,385,964</u>	<u>1,278,426</u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 3

Page 1 of 3

**AgriStability**

Statement of Financial Position

March 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Financial Assets</b>		
Cash and short-term investments	<u>(91,871)</u>	<u>(432,485)</u>
Accounts receivable		
Producer	58,678	106,142
Province of Prince Edward Island	1,744,303	1,101,516
Federal government	<u>2,121,721</u>	<u>2,592,980</u>
	<u>3,924,702</u>	<u>3,800,638</u>
	<u>3,832,831</u>	<u>3,368,153</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		
General	31,801	32,760
Indemnities payable	<u>3,801,030</u>	<u>3,335,393</u>
	<u>3,832,831</u>	<u>3,368,153</u>
<b>Net Financial Assets and Accumulated Surplus</b>	<u>-----</u> -	<u>-----</u> -



**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 3

Page 2 of 3

**AgriStability**

Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2021

	Budget 2021	2021	2020
	\$	\$	\$
<b>Revenue</b>			
<b>Contributions to Administrative Expense</b>			
Producer	30,000	27,280	23,375
Provincial	318,660	337,330	352,154
Federal	477,990	501,200	524,730
	<u>826,650</u>	<u>865,810</u>	<u>900,259</u>
<b>Other</b>			
Producer contribution	370,000	425,940	331,994
Provincial contribution	2,369,000	1,108,332	491,267
Federal contribution	3,553,500	1,657,497	736,901
Provincial COVID-19 contribution (Note 4f)	-	935,894	-
Interest	-	18,311	10,721
	<u>6,292,500</u>	<u>4,145,974</u>	<u>1,570,883</u>
<b>Total Revenue</b>	<u>7,119,150</u>	<u>5,011,784</u>	<u>2,471,142</u>
<b>Expenses</b>			
Indemnities (Note 4f)	6,292,500	4,127,663	1,560,162
Administration (Schedule 5)	826,650	865,810	900,259
Interest and bank charges	-	18,311	10,721
<b>Total Expenses</b>	<u>7,119,150</u>	<u>5,011,784</u>	<u>2,471,142</u>
<b>Annual Surplus</b>	-	-	-
Accumulated Surplus, beginning of year	-	-	-
<b>Accumulated Surplus, end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 3

Page 3 of 3

**AgriStability**

Statement of Cash Flow  
for the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Cash provided (used) by:</b>		
<b>Operating Activities</b>		
Contributions		
Producers	500,684	406,018
Province of Prince Edward Island	1,738,771	1,047,601
Federal government	2,629,957	1,616,648
Indemnities	(3,662,029)	(2,720,248)
Payments for program administration	(866,769)	(898,852)
Interest received	18,311	10,721
Interest and bank charges paid	<u>(18,311)</u>	<u>(10,721)</u>
<b>Cash (used) provided by operating activities</b>	340,614	(548,833)
Cash and short-term investments, beginning of year	<u>(432,485)</u>	<u>116,348</u>
<b>Cash and short-term investments, end of year</b>	<u><u>(91,871)</u></u>	<u><u>(432,485)</u></u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION  
AgriRecovery**

Schedule 4  
Page 1 of 2

Statement of Financial Position March 31, 2021	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash	(428,432)	-
Accounts receivable		
Province of PEI	168,889	-
Federal government	<u>259,543</u>	<u>16,557</u>
	<u>428,432</u>	<u>16,557</u>
	-	<u>16,557</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		
Province of PEI	-	<u>16,557</u>
<b>Net Financial Assets and Accumulated Surplus</b>	<u>-</u>	<u>-</u>
<hr/>		
Statement of Operations and Accumulated Surplus for the year ended March 31, 2021	2021	2020
	\$	\$
<b>Revenue</b>		
<b>Contributions to Administrative Expense</b>		
Provincial	-	11,038
Federal	-	<u>16,557</u>
	-	27,595
<b>Other</b>		
Provincial contribution	171,373	6,121,446
Federal contribution	<u>257,059</u>	<u>9,182,168</u>
<b>Total Revenue</b>	<u>428,432</u>	<u>15,331,209</u>
<b>Expenses</b>		
Indemnities	428,432	15,303,614
Administration (Schedule 5)	-	<u>27,595</u>
<b>Total Expenses</b>	<u>428,432</u>	<u>15,331,209</u>
<b>Annual Surplus</b>	-	-
Accumulated Surplus, beginning of year	-	-
<b>Accumulated Surplus, end of year</b>	<u>-</u>	<u>-</u>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 4

Page 2 of 2

**AgriRecovery**

Statement of Cash Flow  
for the year ended March 31, 2021

	2021	2020
	\$	\$
<b>Cash provided (used) by:</b>		
<b>Operating Activities</b>		
Contributions		
Province of Prince Edward Island	(14,073)	6,149,041
Federal government	14,073	9,182,168
Indemnities	(428,432)	(15,303,614)
Payments for program administration	<u>-</u>	<u>(27,595)</u>
<b>Cash provided (used) by operating activities</b>	<b>(428,432)</b>	<b>-</b>
Cash and short-term investments, beginning of year	<u>-</u>	<u>-</u>
<b>Cash and short-term investments, end of year</b>	<b><u>(428,432)</u></b>	<b><u>-</u></b>

**PRINCE EDWARD ISLAND  
AGRICULTURAL INSURANCE CORPORATION**

Schedule 5

Schedule of Administration Expenses  
for the year ended March 31, 2021

	2021	2020
	\$	\$
<b>AgriInsurance</b>		
Toll free (call centre)	2,917	2,902
Operations - insurance processing	1,064,815	1,154,251
Operations - adjusting	283,285	304,796
Audit (field)	29,989	29,025
Policy administration	65,029	58,033
Finance	117,633	113,613
Research, development and underwriting	72,895	54,195
Program sales and promotion	347,030	376,552
Human resources	19,799	24,173
Systems maintenance and support	53,335	40,018
Accommodations	<u>214,456</u>	<u>130,682</u>
	2,271,183	2,288,240
Accruals	<u>(2,773)</u>	<u>(45,761)</u>
	<u>2,268,410</u>	<u>2,242,479</u>
<b>AgriStability</b>		
Mail room/data capture	1,595	1,557
Forms processing	409,954	387,583
Finance	70,974	67,756
Systems support and development	29,683	28,961
Benchmark per unit (BPU) margin and price support	20,551	36,511
Accommodations	54,202	64,799
Human resources	13,976	18,807
Program promotion (ads)	77,997	83,843
Audit	4,527	4,297
Federal/provincial policy	49,138	49,096
Prepayment review/quality assurance	130,975	126,234
Capital	-	27,074
Provincial share of federal administration fees	<u>3,197</u>	<u>2,334</u>
	866,769	898,852
Accruals	<u>(959)</u>	<u>1,407</u>
	<u>865,810</u>	<u>900,259</u>
<b>AgriRecovery</b>		
Payroll	-	27,260
Other Expenses	-	335
	<u>-</u>	<u>27,595</u>
<b>Total</b>	<u>3,134,220</u>	<u>3,170,333</u>

**PRINCE EDWARD ISLAND**  
**AGRICULTURAL INSURANCE CORPORATION**  
Expenses by Object  
for the year ended March 31, 2021

Schedule 6

	<u>2021</u>	<u>2020</u>
	\$	\$
Administration	2,781,860	2,671,257
Debt - Provision and Others	21,155	37,277
Equipment	70,209	6,918
Materials, Supplies and Services	39,441	26,195
Professional Fees	67,236	69,028
Salaries and Benefits	2,608,668	2,692,904
Travel and Training	149,808	202,573
Transfer Payments	<u>49,920,534</u>	<u>44,044,204</u>
	<u>55,658,911</u>	<u>49,750,356</u>