

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2018

Management's Report

Management's Responsibility for the Livestock Owners Compensation Board, Livestock Owners Compensation Fund Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Livestock Owners Compensation Board.

On behalf of the Livestock Owners Compensation Board.

C. MacDonald

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



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, which comprise the statement of financial position as at March 31, 2018, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

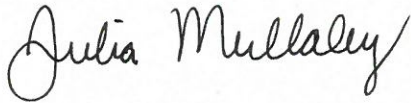
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, as at March 31, 2018, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.



JULIA MULLALEY, CPA, CA
Auditor General

June 15, 2018
St. John's, Newfoundland and Labrador

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

As at March 31

2018

2017

FINANCIAL ASSETS

Cash \$ 15,019 \$ 14,025

15,019 14,025

LIABILITIES

-

Net financial assets

15,019 14,025

NON-FINANCIAL ASSETS

-

Accumulated surplus

\$ 15,019 \$ 14,025

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

Signed on behalf of the Board:

C. MacDonald

Chairperson

Peggy L. Dixon
Member

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

	2018 Budget	2018 Actual	2017 Actual
	(Note 7)		
REVENUES			
Province of Newfoundland and Labrador			
Payments on behalf of the Board (Note 6)	\$ 7,500	\$ 5,757	\$ 6,826
<u>Premiums from livestock owners</u>	<u>2,000</u>	<u>997</u>	<u>1,476</u>
	<u>9,500</u>	<u>6,754</u>	<u>8,302</u>
EXPENSES (Note 5)			
Indemnity claims	1,000	-	585
<u>Administration</u>	<u>7,505</u>	<u>5,760</u>	<u>6,830</u>
	<u>8,505</u>	<u>5,760</u>	<u>7,415</u>
Annual surplus	995	994	887
Accumulated surplus, beginning of year	14,025	14,025	13,138
Accumulated surplus, end of year	\$ 15,020	\$ 15,019	\$ 14,025

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

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

1. Nature of operations

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Board is classified as an Other Government Organization as defined by the Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of change in net financial assets (debt) and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

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

The Board subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash.

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

(c) Cash

Cash includes cash in bank.

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

2. Summary of significant accounting policies (cont.)

(d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Payments on behalf of the Board) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(e) Expenses

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

The Board is administered as a division of the Department of Fisheries and Land Resources. Expenses related to salaries are paid directly by the Department of Fisheries and Land Resources and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

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

3. Changes in accounting policies

(a) New accounting standards

On April 1, 2017, the Board adopted the following five new CPSAS Handbook Sections:

PS 2200 Related Party Disclosures – a new standard defining related parties and establishing disclosure requirements for related party transactions.

PS 3210 Assets – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

3. Changes in accounting policies (cont.)

(a) New accounting standards (cont.)

PS 3320 Contingent Assets – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

PS 3380 Contractual Rights – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

PS 3420 Inter-entity Transactions – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

These accounting changes had no significant impact on the financial statements.

(b) Accounting pronouncement

The PSAB has issued *PS 3430 Restructuring Transactions* which is effective April 1, 2018. This is a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. The standard has not been applied in these financial statements.

The Board plans to adopt this standard by the effective date and is currently analyzing the impact the standard will have on the financial statements.

4. Financial risk management

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

Liquidity risk

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

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

5. Expenses by object

The following is a summary of expenses by object:

	<u>2018</u>	<u>2017</u>
Bank charges	\$ 3	\$ 4
Indemnity claims	-	585
Salaries (Note 6)	<u>5,757</u>	<u>6,826</u>
	<u>\$ 5,760</u>	<u>\$ 7,415</u>

6. Related party transactions

The Board is administered by employees of the Department of Fisheries and Land Resources. Salary costs of \$5,757 (2017 - \$6,826) applicable to the operation of the Board have been paid by the Department of Fisheries and Land Resources and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

7. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Board of Directors.