

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

## **Management's Report**

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



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

I have audited the financial statements of the Livestock Owners Compensation Board, which comprise the statement of financial position as of March 31, 2024, the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board as of March 31, 2024, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my 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 Livestock Owners Compensation Board 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

## **Independent Auditor's Report (cont.)**

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

Management is responsible for the preparation and fair presentation of the 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 Livestock Owners Compensation Board'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 management either intends to liquidate the Livestock Owners Compensation Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Livestock Owners Compensation Board'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 the 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 Livestock Owners Compensation Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## **Independent Auditor's Report (cont.)**

- 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 Livestock Owners Compensation Board'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 Livestock Owners Compensation Board 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 the audit.



**DENISE HANRAHAN, CPA, CMA, MBA, ICD.D**  
**Auditor General**

July 31, 2024  
St. John's, Newfoundland and Labrador

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31**

**2024**

**2023**

**FINANCIAL ASSETS**

<u>Cash</u>	\$ <b>15,289</b>	\$ <b>15,199</b>
	<b>15,289</b>	<b>15,199</b>

**LIABILITIES**

<u>Net financial assets</u>	<b>15,289</b>	15,199
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**NON-FINANCIAL ASSETS**

<u>Accumulated surplus</u>	\$ <b>15,289</b>	\$ <b>15,199</b>
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The accompanying notes are an integral part  
of these financial statements

Signed on behalf of the Board:

C. MacDonald

Chairperson

Jania Giv

Member

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

	2024 Budget	2024 Actual	2023 Actual
<b>Unaudited (Note 6)</b>			
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Payments on behalf of the Board (Note 4)	\$ 10,500	\$ 9,741	\$ 10,613
<u>Premiums from livestock owners</u>	<u>550</u>	<u>91</u>	<u>49</u>
	<b>11,050</b>	<b>9,832</b>	<b>10,662</b>
<b>EXPENSES (Note 5)</b>			
Indemnity claims	500	-	-
Administration	10,505	8,942	10,615
Advertising & Promotion	-	800	-
	<b>11,005</b>	<b>9,742</b>	<b>10,615</b>
<b>Annual surplus</b>	<b>45</b>	<b>90</b>	<b>47</b>
<b>Accumulated surplus, beginning of year</b>	<b>15,199</b>	<b>15,199</b>	<b>15,152</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 15,244</b>	<b>\$ 15,289</b>	<b>\$ 15,199</b>

The accompanying notes are an integral part  
of these financial statements

# LIVESTOCK OWNERS COMPENSATION BOARD

## NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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### 1. Nature of operations

The Livestock Owners Compensation Board operates under the authority of the Livestock Insurance Act. The purpose of the Livestock Owners Compensation 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 Board.

The Livestock Owners Compensation 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 Livestock Owners Compensation 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 Livestock Owners Compensation Board does not prepare a statement of change in net financial assets and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Livestock Owners Compensation Board does not prepare a statement of re-measurement gains and losses as the Livestock Owners Compensation Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

#### (b) Financial instruments

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

The Livestock Owners Compensation Board subsequently measures all of its financial assets 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**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.

There is no revenue from non-recurring activities with performance obligations presented in these financial statements.

**(e) Expenses**

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

The Livestock Owners Compensation Board is administered as a division of the Department of Fisheries, Forestry and Agriculture. Expenses related to salaries and other administrative costs are paid directly by the Department of Fisheries, Forestry and Agriculture and are reflected in these financial statements as expenses of the Livestock Owners Compensation 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 Directors of submitted insurance claims.

**(f) Accounting Pronouncements**

The Livestock Owners Compensation adopted PS 3400 Revenue, effective, April 1, 2023, which establishes standards on how to account for and report on revenue. PS 3400 sets out general guidance for how entities recognize, measure, present and disclose revenue arising from transactions that include performance obligations (exchange transactions). There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**(f) Accounting Pronouncements (cont.)**

PS 3400 has been applied prospectively to these financial statements and as permitted by the transitional provisions; prior periods were not restated.

The implementation of this new Standard did not have a material impact on the financial statements.

**3. Financial risk management**

The Livestock Owners Compensation 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 Livestock Owners Compensation Board is exposed to through its financial instruments is liquidity risk. There was no significant change in the Livestock Owners Compensation 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 Livestock Owners Compensation Board will be unable to meet its financial liabilities as they come due. The Livestock Owners Compensation Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

**4. Related party transactions**

The Livestock Owners Compensation Board is administered by employees of the Department of Fisheries, Forestry and Agriculture. Estimated salary costs of \$8,941 (2023 - \$10,613) applicable to the operation of the Livestock Owners Compensation Board have been paid by the Department of Fisheries, Forestry and Agriculture and are reflected in these financial statements as expenses of the Livestock Owners Compensation Board and as revenue from the Province. These transactions are in the normal course of business measured at the exchange amount.

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**5. Expenses by object**

The following is a summary of expenses by object:

	<b>2024</b> <b>Budget</b> <b>Unaudited</b> <b>(Note 6)</b>	<b>2024</b> <b>Actual</b>	<b>2023</b> <b>Actual</b>
Bank charges	\$ 5	\$ 1	\$ 2
Indemnity claims	500	-	-
Salaries (Note 4)	10,500	8,941	10,613
Advertising & Promotion	-	800	-
	<b>\$ 11,005</b>	<b>\$ 9,742</b>	<b>\$ 10,615</b>

**6. 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. Budgeted figures included in the financial statements are unaudited.