



NOVA SCOTIA
FARM LOAN BOARD

2022-2023

Annual Report

Nova Scotia Farm Loan
Board



© Crown copyright, Province of Nova Scotia, 2023

Nova Scotia Farm Loan Board Annual Report 2022-2023

Nova Scotia Farm Loan Board

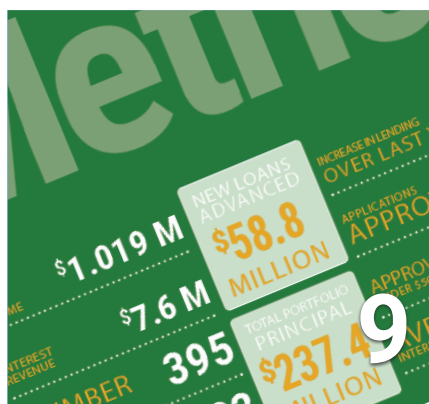
June 2023

Table of Contents

Message from the Board Chair 2

Message from the Director 4

Board of Directors 6



Metrics



About



Economic Landscape



Farm Loan Board Programs



Timber Loan Board Programs

Lending Highlights 18

Areas of Focus 20

Community Pastures Program 24

Progress on Goals 26

Independent Auditor’s Report
and Audited Financial Statements 28

Message from the

Board Chair



The 2022-23 annual report provides an opportunity for the important work of the Nova Scotia Farm Loan Board (Farm Loan Board) to be highlighted to the public. While the clients of the Farm Loan Board are the individuals and businesses that access financing, the work of the Farm Loan Board is carried out for the benefit of all Nova Scotians. As Nova Scotia's only lender 100% focused on Nova Scotia agriculture, our decisions are made by Nova Scotians, for Nova Scotians, to benefit Nova Scotians. Predictable, affordable, and reliable financing of agricultural and agri-food businesses helps enable all Nova Scotians to have access to local, healthy, and affordable food.

The continued importance of the Farm Loan Board to Nova Scotia's agricultural industry and rural communities as a whole was further demonstrated by another record year of lending in 2022-23. The Farm Loan Board's reputation as a stable source of financing, previously demonstrated by our commitment to our clients during the peak of the COVID-19 pandemic, both attracted new clients to the organization as well as supported existing clients to adapt and expand their businesses.



In 2022-23, staff of the Farm Loan Board continued to support clients through challenging times. The Farm Loan Board quickly pivoted from normal operations and focused staff on reaching out to clients who were in areas highly impacted by Hurricane Fiona or the February 2023 extreme cold event, in an attempt to understand both their near-term and longer-term financing needs and to what extent the Farm Loan Board could play a role. Likewise, the Board's stable long-term rates, coupled with our staff's expert knowledge in the agriculture sector, ensured that we were able to continue offering affordable financing to clients in the current economic environment.

Eased public health restrictions allowed staff and Board members to resume attending important industry conferences and events. These opportunities to engage directly with those in the agricultural and agri-food sectors strengthen relationships, creates awareness of opportunities and challenges, and cultivates new and innovative solutions. Staff were also able to meet clients on their farm, at their office, or around their kitchen table to jointly identify financing solutions that addressed their needs.

The Timber Loan Board continued to serve as an important financing tool for the province's forestry sector. The modernized regulatory framework continues to pay dividends, with forestry companies increasingly recognizing the value of working with a Nova Scotia based lender that is wholly focused on their success.

Within this annual report, you will find an overview of the activities of the Farm Loan Board throughout the 2022-23 year. I would like to acknowledge the dedicated work of the Farm Loan Board's staff, whose constant displays of professionalism, passion for our industries, and solutions-based thinking continue to propel the organization forward daily. Likewise, I would like to thank my fellow Board of Director members for their dedication and the varied expertise they bring to their roles.

Danny Phinney, Board Chair

Message from the Director



In 2022-23, the Farm Loan Board built upon recent successes and reached record levels of financing, advancing \$59 million in new loans, bringing the total loan portfolio to \$237 million. This record growth also occurred in conjunction with a record year for Nova Scotia's farm cash receipts. These successes occurred during continued economic uncertainty, increased effects of climate change, and rising costs of farm inputs. Despite these challenges, Nova Scotia's agriculture and agri-food industries recognized the opportunities within the province, and demonstrated a continued commitment to investment, growth, and development. The Farm Loan Board is proud to be a willing provider of stable and affordable financing to support these efforts.

The Farm Loan Board is 100% focused on supporting Nova Scotia's agriculture and agri-food sector. Once again, our team of dedicated and knowledgeable staff worked closely with both new and existing clients to develop financing options that met specific business needs. Our staff recognize that no two commodity groups, nor any two businesses operating within the same commodity group, have the same financing needs. Our focus on long-term financing relationships, many of them spanning multiple generations of a family, allow us to have in-depth knowledge of specific financing needs.



Ensuring that Nova Scotia's agriculture and agri-food sectors are positioned to capitalize on new opportunities, and respond to emerging challenges, is a combined effort. In 2022-2023, the Farm Loan Board worked with the Department of Agriculture to support local food production and consumption in support of the Government's goal of achieving 20 percent of the money spent on food by Nova Scotians being spent on locally produced food by 2030. Alignment with other Department of Agriculture priorities, such as season extension, climate change mitigation, and increased processing capacity were also key components of the Farm Loan Board's work. The Farm Loan Board also worked closely with the Department of Agriculture to optimize alignment between Farm Loan Board financing and the new suite of Federal-Provincial programs available under the Sustainable Canadian Agricultural Partnership.

Continued strong relationships with industry organizations such as the Nova Scotia Federation of Agriculture and the many passionate commodity groups enable the Farm Loan Board to tailor lending solutions to meet the needs of specific sectors or segments of the industry. The Farm Loan Board is proud to partner with other provincial development entities, the federal government, and many non-governmental organizations in offering a suite of financing and related programs. After several years of public health restrictions, Farm Loan Board staff were able to engage more directly with clients at industry events, conferences, and their places of business. Our staff also demonstrated remarkable commitment to their work, clients, and the agriculture sector overall during the challenges experienced due to Hurricane Fiona and the extreme cold weather in February 2023.

The success of the Farm Loan Board ultimately contributes to the success of the province and the success of the Farm Loan Board is only possible due to the great work of our staff. I would like to acknowledge their work and thank them for all that they do every day for our clients, the industry, and the province.

Brennan Goreham, Director

Crown Lending Agencies

Board of Directors



Danny Phinney

Chair and Director
(May 2020-May 2023)

Danny has over 20 years of experience as a partner of Phinneyval Farms, a dairy farm in Annapolis County, and managed the operation until its sale in 2017. A graduate of the Nova Scotia Agricultural College, Danny has been involved in the agriculture industry throughout his career and now serves on several boards to support the industry. Danny is the current president of the Annapolis County 4-H Leader Council and has served as a director and as president of the West Nova Holstein Club. Danny is also serving as president on the board of directors of the Annapolis County Trails Society as well as the current treasurer of the Annapolis Valley Trails Coalition.



Andy Vermeulen

Vice Chair and Director
(October 2020-October 2025)

Andy was raised in the farming industry, going on to successfully operate multiple farming companies for over 40 years. As owner of Vermeulen Farms Ltd., Andy has gained considerable experience in financial accounting, strategic business and succession planning, sales, production, and food safety. In addition to his employment background, Andy's education includes a Bachelor of Science in Agricultural Engineering and completion of the Canadian Total Excellence in Agricultural Management program from the George Morris Centre in 2012. Andy currently holds multiple positions on numerous boards and committees in his profession and in the community, offering expertise on board structure and operations.



Willy Versteeg

Audit Committee Chair and Director
(October 2020-October 2025)

Willy has extensive experience in the Nova Scotia agriculture industry, having owned and operated Barneybrook Farms Ltd. (Dairy) for 27 years in the community of Hardwoodlands, East Hants. Willy is a corporate and community leader and has held many leadership roles in the community including Municipal Councillor, President of the Nova Scotia Federation of Agriculture, Director of the Canadian Federation of Agriculture, and Chair and Vice Chair of the Farmers Dairy Audit Committee. Willy's interest as a director has been in the areas of audit and governance while growing the portfolio. Willy will tell you that the Farm Loan Board is a critically important tool in the development of agriculture, fostering greater food sustainability, and growing the economy of Nova Scotia.



Steve Brown

Director
(May 2020-May 2023)

Steve has been involved in the forestry industry for decades in many capacities, including as a former Forestry Supervisor with the Nova Scotia Department of Natural Resources, a grower and seller of Christmas trees, firewood, and a woodlot owner. Steve has had experience in various leadership roles including serving on the Board of Directors for the North Nova Forest Owners, and on the Primary Forest Products Board. Steve also is also knowledgeable of the agriculture industry, with a specific interest in industries near his home in Bass River, such as the production of blueberries, cranberries, strawberries, and maple syrup. Steve has been an active member of the Bass River Fire Department for over 40 years and is proud to be completing his second term on the Farm Loan Board supporting both the agriculture and forestry industries.



Jack Hamilton

Director
(February 2021-February 2026)

Jack grew up in western Canada on a commercial beekeeping operation. Jack graduated from the University of Saskatchewan with a Diploma in Agriculture and worked for one year in Alberta as a land appraisal adjuster for Alberta Municipal Affairs. The rest of Jack's life has been dedicated to working honeybees commercially. Jack moved to Nova Scotia approximately 30 years ago to manage a honeybee operation for a large wild blueberry grower. Jack believes we must have strong financial supports to assist family buyouts, orderly transfers of family farms, and growth within our agriculture community.



Caleb Wood

Director
(July 2018-July 2022)

Caleb has a strong background in agriculture as he grew up on a mixed family farm in south western Nova Scotia. Caleb has a Bachelor of Commerce and is a Chartered Professional Accountant. Caleb has extensive leadership, financial reporting, treasury management and operational experience in a wide range of industries and offers strong financial management and accountability experience to the Board.

Metrics

NET
INCOME

\$1.019 M

NEW LOANS
ADVANCED

**\$58.8
MILLION**

INCREASE
IN LENDING OVER LAST
YEAR

52%

INTEREST
REVENUE

\$7.6 M

APPLICATIONS
APPROVED

94

NUMBER
OF CLIENTS

395

TOTAL PORTFOLIO
PRINCIPAL

**\$235.6
MILLION**

APPROVED
LOANS
UNDER \$50,000

17

NUMBER
OF LOANS

623

AVERAGE
INTEREST RATE

4.2%



About

the Nova Scotia Farm
Loan Board

Background

The Farm Loan Board provides responsible, fair, and affordable access to capital to support growth, innovation, and sustainability in the agriculture, food and beverage, and forest industries.

The Farm Loan Board is committed to supporting established enterprises, while also providing opportunities for new entrants and innovators in the processing sector. Loan terms, amortizations, and payment schedules are individually structured, to meet the specific needs of the client and their operation.

The Board of Directors of Farm Loan Board is made up of Nova Scotians, corporate or community leaders, who understand the agriculture and/or agri-food business climate in the province and its importance to communities, workers, and the economy.

The Farm Loan Board is a critical source of capital for a sector primarily based in rural Nova Scotia. Some key areas of focus are purchasing farmland, equipment, and building and expanding facilities and processing capacity. The Farm Loan Board believes that the entire province benefits from investments in innovative methods to expand seasons, improve efficiencies, and improve yields of food production.

The Farm Loan Board also serves the forestry sector through the Timber Loan Board. The Farm Loan Board and the Timber Loan Board along with Nova Scotia Fisheries & Aquaculture Loan Board operate under a shared-services model, under the name Crown Lending Agencies.



Mission

The Farm Loan Board builds on the success of agricultural primary production and related value-added processing in Nova Scotia by providing lending opportunities to grow, innovate, and succeed.

Vision

To be a preferred and trusted lender for the development of agriculture and food and beverage processing in communities throughout Nova Scotia.

Mandate

The mandate of Farm Loan Board is to support the breadth of Nova Scotia's agricultural industry through the provision of capital financing. It operates as a Crown corporation under the Agriculture and Rural Credit Act. This Act provides authority to the Farm Loan Board to make loans to, or guarantee loans of, a borrower for acquiring or improving any farm asset, including livestock, machinery and equipment. Regulations made under the Act govern the terms and conditions of loans provided by the Farm Loan Board.

Established under the Forests Act, the Timber Loan Board also serves the forest industry by providing loans to, or guarantee loans of, a borrower for any purpose which will encourage, sustain, improve, or develop the forestry industry in the province. The Timber Loan Board regulations, under the Forests Act, provide the terms and conditions of credit provided by the Timber Loan Board.



Economic

Landscape

Farm Cash Receipts

Farm cash receipts increased by 12% in 2022 to \$752 million. Dairy continues to be the top revenue-generating sector at \$177 million. The supply managed industries of dairy, poultry (\$140 million) and eggs (\$56 million) accounted for approximately half of all farm cash receipts. Other major contributors to farm cash receipts included cannabis (\$60 million), wild and cultivated blueberries (\$51 million), field vegetables (\$36 million), cattle (\$31 million), floriculture/nursery products (\$30 million), apples (\$25 million), Christmas trees (\$25 million), corn for grain (\$13 million) and strawberries (\$13 million).

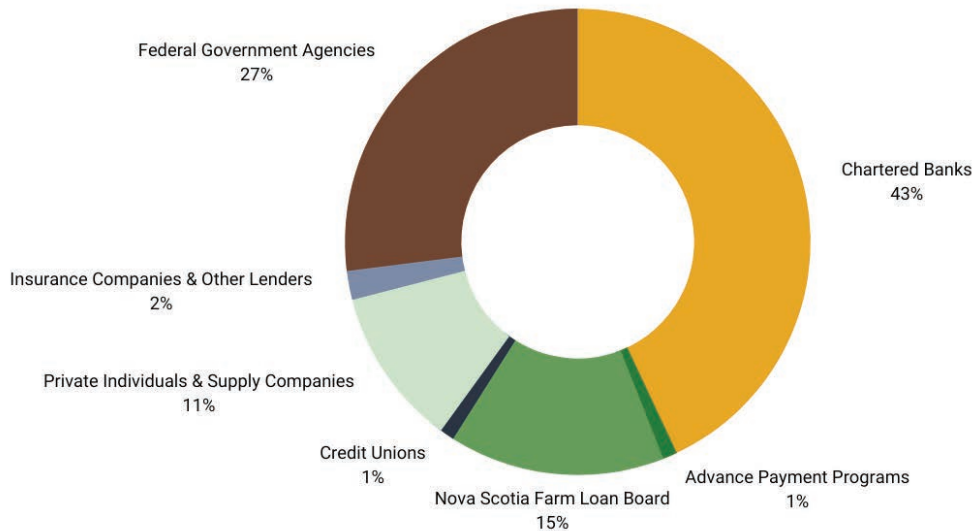
International Trade

International agri-food exports increased by 23% for a total of \$492 million in 2022. Wild blueberries are the top agri-food export, accounting for \$169 million of all agri-food exports, followed by frozen vegetables (\$73 million), breads, pastries, and other baked products (\$37 million), animal feed (\$23 million), and live plants (\$17 million). In 2022, Nova Scotia exported agricultural products to 74 countries, with the top destinations being the United States (56%), Germany (8%), Netherlands (6%), France (5%), and Japan (4%).

Lending Trends

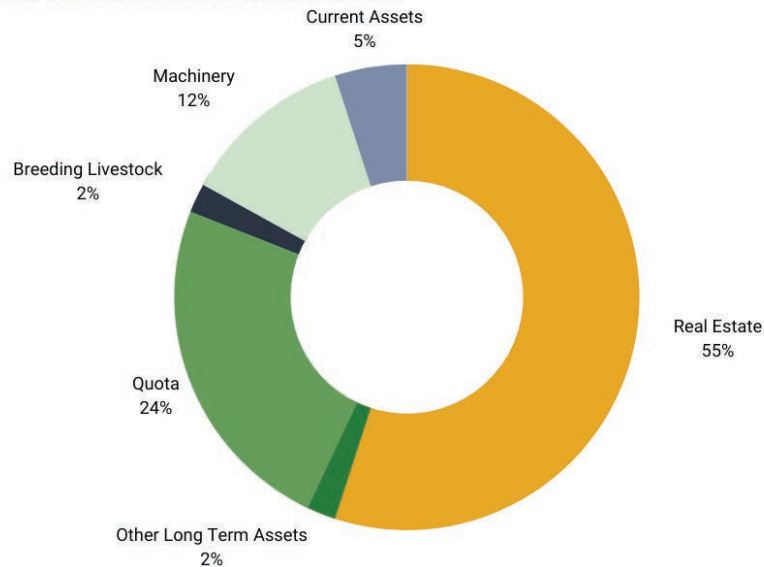
National outstanding farm debt continues to trend upward. Nova Scotia's total outstanding farm debt for 2022 was \$1.35 billion, an 12% increase from 2021 and less than 1% of Canada's total outstanding farm debt of \$138.5 billion.

2022 Nova Scotia Farm Debt - by Type of Lender



Updated data from the 2022 balance sheet of the agricultural sector shows that Nova Scotia's total farm assets rose 6.4 percent to \$3.99 billion in 2022, which was 0.5 percent of the national total of \$837.9 billion. Total liabilities of Nova Scotian farmers increased by 10.8% from \$1.03 billion to \$1.15 billion in 2022.

2022 Nova Scotia Farm Assets



A group of several chickens, including brown and white varieties, are standing in a lush green grassy field. The chickens are the central focus of the image, with some in the foreground and others in the background. The lighting is bright, suggesting a sunny day.

Farm Loan Board

Programs



FIXED FARM MORTGAGE

Fixed rate interest for the full amortization period, from 1-25 years.



TERM FARM MORTGAGE

Term rate financing for 3, 5, 10 year term options with 1-25 year amortizations.



QUOTA LOAN

The Farm Loan Board's affordable quota loans are designed to match your operation's cash flow and are available to egg, dairy, broiler and turkey producers.



FARM DEBT CONSOLIDATOR

The Farm Debt Consolidator is a cleanup tool for short-term payables, operating debt, medium-term loans, and restructuring of long-term debt with other lenders.



DEFERRED PRODUCT OPTIONS

A deferred loan structure has been developed for general cash flow situations that require a principal deferral to help a farm manage its cash situation.



THE "JUMP START" PROGRAM

In combination with the Provincial FarmNext program, the Jump Start program is designed to encourage and support new farmers.



EQUIPMENT FINANCING

Our equipment financing option provides a preapproved equipment line of credit for clients requiring new or used equipment.



CATTLE AND SHEEP DEFERRED FINANCING

Deferred financing offers flexible lending terms including payment deferrals that will complement the Nova Scotia Cattle and Sheep Industry Development Program.



MICRO-LOAN PROGRAM

We can help you grow with a micro loan. Our micro loan products are specifically geared to provide smaller loans that are sized to fit your needs.



WILD BLUEBERRY ENHANCEMENT LOAN

The Wild Blueberry Business Enhancement program provides lending options for equipment, purchase and improvement of existing land, and new field development.



Timber Loan Board

Programs



Timber Loan Board

The Timber Loan Board has existed for more than 55 years to provide access to capital for the forest industry and rural development through flexible lending programs. Our goal is to provide flexible lending solutions to Nova Scotia's forestry businesses to ensure continued growth of a sustainable forest sector. Applicants to the Timber Loan Board are eligible for the Fixed Mortgage, Term Mortgage, Equipment Financing, Debt Consolidation, Micro Loans, and Deferred Product Options, similar to what is available to Farm Loan Board clients.

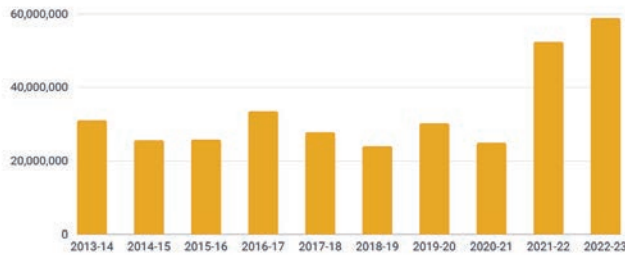
In addition, the Timber Loan Board worked collaboratively with Nova Scotia's forestry contractors to develop the Contractor Equipment Financing Program. This industry-tailored lending program is intended for the acquisition of new or used equipment for both current and future needs. Eligible equipment includes harvesters, heads, forwarders, and skidders with competitive lending terms. Modernization of the Timber Loan Board regulations continue to prove their value, with outstanding timber loans totaling \$5.9 million.

Lending

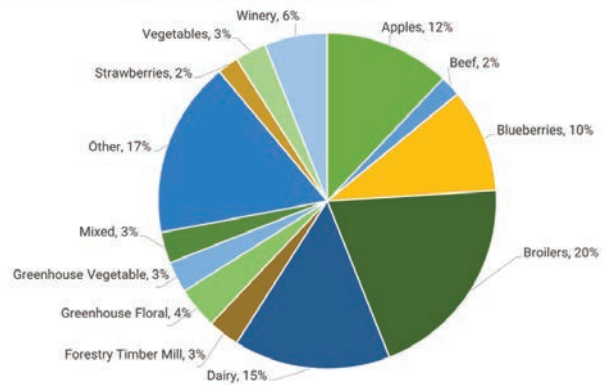
Highlights



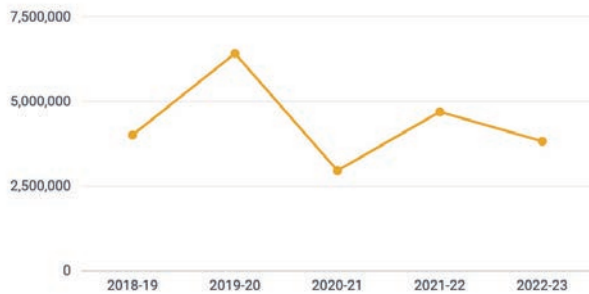
Loans by Year - Funds Advanced



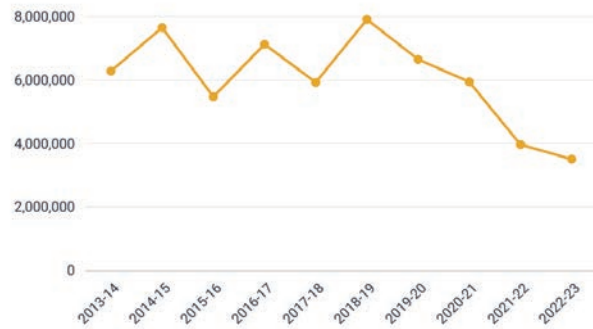
% of Portfolio - By Commodity



Write-offs - 5 Year Trend



Arrears - 10 Year Trend



Other 2022-23 Highlights

- The value of loans approved increased by 52% in 2022-23 to \$87 million, up from \$57 million in 2021-22.
- Loans to the blueberry industry increased to 10% in 2022-23, up from 4% in 2021-22, with blueberry loans now totaling \$23 million.
- Farm Loan Board staff continued to provide financial guidance to all clients as part of our regular loan application process. An additional 45 clients received additional special credit counseling.
- The percentage of the portfolio in arrears continued its downward trend falling to 1.46% in 2022-23 from 1.54% in 2021-22.



2022-23 Areas of

Focus

Alignment with the Department of Agriculture

In 2022-2023, the Farm Loan Board worked to support the Minister of Agriculture's Mandate and Departmental Priorities as follows:

Examine policies and programs to reduce costs of healthy foods for consumers, in acknowledgment of the barriers in cost to eating healthy.

The Farm Loan Board continued to provide innovative and competitive long-term fixed rates to Nova Scotia producers and processors.

Support and encourage local food consumption, with the goal of 20% of the money spent on food by Nova Scotians being spent on locally produced food by 2030.

The Farm Loan Board continued to expand our efforts to engage individuals from under-represented communities with the aim of increasing local food production that is responsive to Nova Scotia's growing population. In addition, the Farm Loan Board's continued support of the community pastures program works to support local food consumption.

Lead efforts to determine how to reach the 20% target stated above, through policies and infrastructure that support getting more local, healthy food into our public institutions and facilitate the relationship between agriculture and these types of institutions.

The FLB continued to finance infrastructure and technologies related to season extension, improved yields, processing capacity and storage to expand the availability of local products.

Lead the development of policies that encourage local consumption by the public, in alignment with the Nova Scotia Loyal plan.

The Farm Loan Board continued to invest in season extension technologies such as solar and environmentally friendly heating, storage solutions, and processing capacity here in Nova Scotia to help meet supply needs as the demand for local products grows.

Responding to Evolving Conditions

The Farm Loan Board continued to support agriculture businesses across the province through changing economic and environmental circumstances. Building on client-focused efforts developed during the COVID-19 pandemic, and working closely with colleagues in the Department of Agriculture, the Farm Loan Board worked quickly to offer support to borrowers in areas directly impacted by Hurricane Fiona and the extreme cold weather event in February. The Farm Loan Board also offered a streamlined working capital loan option to provide short and medium-term financing for clients who suffered damages from Hurricane Fiona, allowing them to rebuild or replace equipment quickly. Farm Loan Board staff continued to consider individual client circumstances and worked with them to consider adjustments to payment terms such as interest and/or principal deferrals to support temporary cash flow challenges that arose from rising input costs and changes in global markets. Climate change continues to be a defining issue facing the agriculture sector. The Farm Loan Board's lending programs can be adopted to help clients finance changes to their individual businesses to address issues that relate directly to climate change.

Capital at Competitive Rates

The Farm Loan Board offers specialized lending programs that reflect the unique needs of Nova Scotia's agriculture and agri-food industries. The Farm Loan Board strives to provide competitive rates to our clients. Interest rates are set based on the Province's cost of borrowing in the bond market which offers client's predictability by allowing them to lock in long term rates of up to 30 years. Businesses then have long term payment stability that can aid in managing and predicting cash flows. The Farm Loan Board also offers a major benefit to clients who select full fixed term amortizations from 7-25 years: their interest rates are reviewed at their five year anniversary, and they get the benefit of a lower rate if rates have dropped but if rates are higher, they stay locked in at their original rate.

Strategic Planning

The Farm Loan Board was included in the Review of Agencies, Offices, and Crown Corporations that was conducted by the current government shortly upon their taking office. Both Boards welcomed the opportunity to review the effectiveness of program offerings and service delivery. The review provided an opportunity to review recent changes made to regulations and how the Boards conduct their respective work. No changes were recommended from this review.

Upon completion of the review, the Farm Loan Board's strategic planning focused on identifying areas for developing the loans portfolio to ensure that all viable opportunities in the agriculture and agri-food sectors have the potential to be supported, while also diversifying the portfolio to manage risk.



Marketing Plan

The end of the COVID-19 restrictions on travel and events allowed for increased outreach to existing and prospective clients. This was accomplished through attendance at conferences and events such as the Minister of Agriculture Conference, the Nova Scotia Federation of Agriculture AGM, the Forest Nova Scotia AGM, as well as various regional and commodity specific events. Targeted advertising through industry trade publications and the revamping of the Farm Loan Board's online and social media presences were conducted to expand reach to clients and stakeholders. The Farm Loan Board welcomed a new team member whose focus will be on outreach and engagement efforts in support of portfolio development and diversification

Continued Revitalization of the Timber Loan Board

Work under the Timber Loan Board continued throughout 2022-2023, with staff developing new connections with key stakeholders and associations in the sector. Financing continued to be offered not only to wood-lot owners, but throughout the value-chain to contractors and wood product manufacturers. Working closely with staff from the Department of Natural Resources and Renewables, financing products were reviewed to ensure they were meeting the needs of industry. Increased awareness of the financing options offered by the Timber Loan Board led to new business opportunities for Nova Scotian forestry companies.



Developmental and Value-add Sectors

The Farm Loan Board continued to explore new ways to reach newcomers and those historically excluded from the agriculture industry and support them in establishing roots in the province's agriculture economy. In the summer of 2022, Crown Lending Agencies was pleased to continue to lead the Black Youth Planting Their Future Program. This ongoing commitment provides youth/students summer employment opportunities with the Farm Loan Board and introduces them to the various sectors within the agriculture industry.

In addition, the Farm Loan Board held discussions with organizations and individuals to better understand how the Farm Loan Board can offer supportive and complimentary lending for Indigenous persons. Work in this area includes discussions on innovative solutions to support Indigenous people in Nova Scotia, African Nova Scotians, and newcomers with better access to Farm Loan Board lending programs. Efforts also continued to review loan application documentation to ensure inclusivity for underrepresented communities.

In 2022-23, staff continued to develop working relationships with businesses in the food processing sector and look forward to continuing to offer financing for these businesses.



Community Pastures

Program

The Farm Loan Board has eight community pastures located throughout rural Nova Scotia. The Community Pasture program was established in the 1950's to assist farmers with reducing costs while developing their farms at home by providing grazing for their livestock during the summer months. There are pastures in Digby, Cumberland, Pictou, Guysborough, Richmond, and Inverness Counties.

The pastures have over 6,300 acres with 2,100 of those acres cleared and operating pastureland. The community pastures play a valuable role in supporting the growth and development of the province's beef industry, particularly in their role to support new entrants to the sector. Approximately five percent of the Nova Scotia beef herd are placed on community pastures each summer. Seven of the pastures are operated under agreement with third party operators, mainly producer co-operatives, to provide grazing and related services to local farmers.

In 2022-23, the Farm Loan Board undertook several initiatives to continue revitalizing the Community Pasture Program, including:

1. Community Pasture Support Program

- Invested \$400,000 in fertility and pasture infrastructure in 2022.
- Budgeted 2023-2024 with \$250,000 for the 2023 pasture season.

2. Continuation of the Community Pasture Advisory Committee (CPAC)

- CPAC was established in response to consultant's recommendations in 2021.
- CPAC oversees pasture governance as well as improvement of the Community Pasture Program.
- CPAC is chaired by a member of the Farm Loan Board, with four other members from the beef industry.



3. Return of Cape Mabou Community Pasture to community operation

- A private contractor was hired to operate the pasture in 2022 to allow time for community consultation.
- A Request for Proposals process resulted in a new community group stepping forward to resume community-based operations.

4. Expansion of Cape John Community Pasture

- In May of 2022, the Farm Loan Board purchased a 308-acre parcel of farmland adjacent to the existing pasture.
- Approximately 150 acres were fenced and developed for pasture in 2022 with plans to develop the remainder in 2023.
- The co-operative was able to increase their herd size by more than 200 animals, and bring on new members.

5. Successful proposal for restarting the Manchester Community Pasture

- This pasture ceased operations in 1992 and has been idle since.
- A Request for Proposals process identified a group of local farmers who were interested in resuming operations on the site.
- A pasture management plan was developed, with Department of Agriculture staff assisting with the start-up.



Progress

on Goals

Focus on Clients

Throughout 2022-23, efforts continued to improve our client service and product offerings to ensure that financing solutions offered continued to match the needs of an evolving industry. Our dedicated team of professionals placed great emphasis on meeting client expectations, and responded immediately and with compassion to changes in external circumstances such as storm events and economic uncertainty. Several internal process improvements were implemented for 2023-24 that are anticipated to yield positive results for clients.

Maintaining communication with clients, both during the early phases of a new application and after many years of being an established business, allowed staff to be responsive to clients. Planned expansion of the Farm Loan Board and Timber Loan Board's social media accounts is another tool being used to maintain strong relationships with those involved in the agriculture and forestry sectors

Focus on People

The commitment of Farm Loan Board staff to the success of the industries we serve remained one of the organization's strongest assets. Staff-led teams continued to undertake initiatives driven by the results of the Provincially administered "How's Work Going?" survey. Staff continued to identify areas for reducing administrative burden to not only enhance their work efforts, but for the benefit of the clients we serve. Opportunities for cross-training and employee development were pursued, with a vision towards ensuring an engaged and stable workforce.

A long-term Director Recruitment Strategy was developed to support both Board of Director stability as well as onboarding new directors. Part of the recruitment strategy seeks to attract applicants from a wide variety of demographic and professional backgrounds, to ensure the Farm Loan Board is representative not only of the provincial agriculture industry, but of provincial demographics overall.

Focus on Development

Marketing efforts of the Farm Loan Board throughout 2022-2023 were undertaken to further develop and diversify the loans portfolio. Staff had increased opportunities to visit new and existing clients at their places of business to gain insights into how Farm Loan Board financing could support their business. Financing products continued to be reviewed for their applicability to the Farm Loan Board's objectives of expanding financing into new areas. The Farm Loan Board continued to seek partnerships with other lending and development agencies and institutions.



Independent

Auditor's Report

and Audited Financial Statements



Financial Statements

Nova Scotia Farm Loan Board

March 31, 2023

Contents

	Page
Independent auditor's report	2-3
Statement of financial position	4
Statement of operations and accumulated surplus	5
Statement of changes in net debt	6
Statement of cash flows	7
Notes to the financial statements	8-16

Independent auditor's report

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

To the Board of Directors of Nova Scotia Farm Loan Board

Opinion

We have audited the financial statements of Nova Scotia Farm Loan Board (the "Loan Board"), which comprise the statement of financial position as at March 31, 2023, and the statement of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nova Scotia Farm Loan Board as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our 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 Board 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.

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 Loan Board's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Loan Board'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 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, 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 Loan Board'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 Tourism'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 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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Halifax, Canada
June 22, 2023

Nova Scotia Farm Loan Board Statement of financial position

March 31

(in thousands of dollars)

	2023	2022
Financial assets		
Accounts receivable	\$ -	\$ 16
Interest and other receivables, net (Note 4)	1,633	1,576
Loans receivable, net (Note 5)	226,460	190,925
Real estate held for resale	67	137
	<u>228,160</u>	<u>192,654</u>
Liabilities		
Due to the Province of Nova Scotia	-	16
Accounts Payable	14	-
Advances from the Province of Nova Scotia (Note 6)	229,963	193,320
	<u>229,977</u>	<u>193,336</u>
Net debt	<u>(1,817)</u>	<u>(682)</u>
Non-financial assets		
Real estate (Note 7)	1,817	682
	<u>1,817</u>	<u>682</u>
Accumulated surplus	\$ -	\$ -

Commitments (Note 14)

On behalf of the Board

DocuSigned by:

 4C42EBDB5189416... _____ Director

DocuSigned by:

 42E392BC9BFD4FA... _____ Director

See accompanying notes to the financial statements.

4

Nova Scotia Farm Loan Board

Statement of operations and accumulated surplus

Year ended March 31

(in thousands of dollars)

	Budget 2023	2023	2022
Revenues			
Interest on loans	\$ 6,300	\$ 7,623	\$ 6,940
Loan processing and other fees	233	160	245
Life insurance program revenue, net	-	14	18
	<u>6,533</u>	<u>7,797</u>	<u>7,203</u>
Expenses			
Lending expenses (Note 8)	<u>6,288</u>	<u>6,778</u>	<u>7,051</u>
	<u>6,288</u>	<u>6,778</u>	<u>7,051</u>
Annual surplus before distributions from the Province of Nova Scotia	271	1,019	152
Distributions to the Province of Nova Scotia	<u>(271)</u>	<u>(1,019)</u>	<u>(152)</u>
Annual surplus for the year and Accumulated surplus – Beginning and End of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

5

Nova Scotia Farm Loan Board Statement of changes in net debt

Year ended March 31

(in thousands of dollars)

	2023	2022
Net surplus	\$ -	\$ -
Net change in real estate held	<u>(1,135)</u>	<u>10</u>
Net debt		
Beginning of year	<u>(682)</u>	<u>(692)</u>
End of year	\$ <u>(1,817)</u>	\$ <u>(682)</u>

See accompanying notes to the financial statements.

6

Nova Scotia Farm Loan Board

Statement of cash flows

March 31

(in thousands of dollars)

2023

2022

Net increase (decrease) in cash and cash equivalents

Operating

Annual and accumulated surplus	\$	-	\$	-
Net charges (credits) to operations not involving cash				
Valuation allowance for impaired loans (including real estate held for resale)		298		1,663
Valuation allowance for real estate		-		-
Valuation allowance for accrued interest		16		56
		<u>314</u>		<u>1,719</u>
Net change in non-cash operating working capital balances related to operations				
(Increase) decrease in accounts receivable		16		(1)
(Increase) decrease in interest and other receivables		(73)		(43)
Increase (decrease) in accounts payable		14		-
Increase (decrease) in due to the Province of Nova Scotia, net		(16)		1
		<u>255</u>		<u>1,676</u>

Financing activities

Increase in advances from the Province of Nova Scotia, net		<u>36,643</u>		<u>27,080</u>
--	--	---------------	--	---------------

Investing activities

Increase in loans receivable (including real estate held for resale), net		<u>(36,898)</u>		<u>(28,756)</u>
---	--	-----------------	--	-----------------

Net change in cash and cash equivalents		<u>-</u>		<u>-</u>
Cash and cash equivalents, beginning of year		<u>-</u>		<u>-</u>
End of year	\$	<u>-</u>	\$	<u>-</u>

See accompanying notes to the financial statements.

7

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

1. Nature of operations

Authority

The Nova Scotia Farm Loan Board (the "Loan Board") supports the development of sustainable agriculture, agri-food, and forestry business in Nova Scotia through responsible lending.

The Board is a provincial agency and operates under the authority of the Agriculture and Rural Credit Act and the Forests Act (for timber loans).

Principal in loans outstanding is limited by regulation to \$275 million. Maximum advances to be disbursed in any given year, are established through the annual budgeting process. For the year ended March 31, 2023, new advances were \$58,834 (2022 - \$52,339). During the year, the Loan Board received repayments of loan principal of \$25,273 (2022 - \$28,150).

Loans in excess of \$5 million and any loan write-offs require approval by Governor in Council.

2. Capital management

As an agency of the Province of Nova Scotia, the Loan Board does not maintain its own capital. Operations are funded by contributions from the Province.

3. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared by management by applying the principles of the Chartered Professional Accountants of Canada Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

Restricted cash and accounts receivable

The Loan Board operates as an agency of the Province of Nova Scotia. All cash is received and disbursed through accounts managed centrally by the Province.

Loans receivable

Loans receivable are the principal portion of loans outstanding, net of the valuation allowance for loan impairment.

Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest.

Valuation for loan impairment

The valuation allowance for loan impairment represents management's best estimate of losses due to impaired loans in the Loan Board's portfolio. The valuation allowance is determined based on management's identification and evaluation of the problem accounts and estimated losses that exist in the portfolio. These judgments are influenced by the composition and quality of the portfolio, general economic conditions and conditions affecting specific commodities, as well as the Loan Board policy to act as a patient lender, providing additional time for repayment where full future repayment appears reasonable.

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

3. Summary of significant accounting policies (continued)

Valuation for loan impairment (continued)

The Loan Board records a specific valuation allowance based on a loan-by-loan review. Impaired loans are valued at the lower of their recorded investment or the estimated net recoverable value of their underlying security.

In addition, the Loan Board records a collective valuation allowance for loans in the portfolio not assessed in the specific reserve. This is an estimate of incurred but unidentified losses based on a review of historic loan write-offs on an industry sector basis.

Real estate

Real estate acquired through foreclosure is initially recorded at the lower of the recorded investment in the foreclosed loan and the estimated fair value based on the resale value of the security held, less disposal costs.

Net operating costs incurred on real estate are added to the carrying value of the property. The related provision is used to adjust the carrying value to net recoverable value, resulting in inclusion of these costs in bad debt expenses if the carrying value exceeds net recoverable value.

Revenue recognition

Interest income is recorded on an accrual basis until such time as a loan is classified as impaired. The loan reverts to an accrual status when all provisions for impairment are reversed and the ultimate collection of the principal and interest is likely.

All loan related fees are reported as revenue in the period in which they were earned.

Government transfers are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action and are reviewed annually to reflect new information as it becomes available with adjustments made to the annual surplus or deficit as appropriate. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in the accruals for such items as health and retirement obligations. The nature of the uncertainty in the accruals for pension and retirement obligations arises because actual results may differ significantly from the Loan Board's various assumptions about plan members and economic conditions in the marketplace.

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

3. Summary of significant accounting policies (continued)

Financial instruments

The Loan Board applies Handbook Section PS3450 "Financial Instruments" and is required to designate its financial instruments into one of the following two categories: (i) fair value; or (ii) cost or amortized cost. All of the Board's financial instruments are measured at amortized cost using the effective interest method.

The Loan Board's financial instruments consist of accounts receivable, interest and other receivables, loans receivable, due to the Province of Nova Scotia and advances from the Province of Nova Scotia and are measured at amortized cost using the effective interest method.

Management estimates

PSAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, as described further in note 5b, these estimates are subject to measurement uncertainty and any changes in those estimates could have material impact on the results of future period financial statements.

Remeasurement gains and losses

Under PSAS, the Loan Board is required to present a statement of remeasurement gains and losses. As the Board has no remeasurement gains and losses, a statement of remeasurement gains and losses has not been presented.

4. Interest and other receivables, net	<u>2023</u>	<u>2022</u>
Interest receivable	\$ 994	\$ 1,712
Accrued interest	1,365	1,180
Other charges	<u>17</u>	<u>21</u>
	2,376	2,913
Less: valuation allowance for interest on impaired loans	35	50
valuation allowance on real estate	<u>708</u>	<u>1,287</u>
	\$ <u>1,633</u>	\$ <u>1,576</u>

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

5. Loans receivable

a) Loans receivable, net

The following schedule sets out the scheduled maturities of the principal balances of the financial assets as at March 31, 2023, together with the weighted average interest rates being earned on the financial assets.

	Under <u>1 year</u>	<u>1-5 years</u>	Over <u>5 years</u>	2023 Total	2022 <u>Total</u>
Performing loans					
Farm loans	\$ 17,591	\$ 48,657	\$ 148,417	\$ 214,665	\$ 184,209
Timber loans	<u>959</u>	<u>2,992</u>	<u>1,998</u>	<u>5,949</u>	<u>3,932</u>
	\$ 18,550	\$ 51,649	\$ 150,415	\$ 220,614	\$ 188,141
 Average effective annual interest rate	3.81%	3.94%	4.27%	4.15%	3.50%
 Add: impaired loans				<u>14,968</u>	<u>14,550</u>
 Total loans				235,582	202,691
 Less: valuation allowance for loan impairment				<u>(9,122)</u>	<u>(11,766)</u>
				\$ 226,460	\$ 190,925

b) Allowance for impaired loans

Loans are considered impaired when they are risk rated as substandard or worse or when the loan is more than 90 days in arrears at year end and there is insufficient collateral security valued at forced sale to cover the balance outstanding. The allowance is comprised of two components, the specific allowance for individually identified impaired loans and a collective allowance for unidentified impaired loans.

The specific allowance for individually identified impaired loans was established based upon a review of impaired loans. Primary factors considered in estimating the specific allowance on individual loans were the security pledged and the financial condition of the borrower and/or, where applicable, guarantors.

The collective allowance for unidentified impaired loans is management's best estimate of the loss that is likely to be experienced on impaired loans that were not known to be impaired at the year end. The collective allowance was determined based on management's judgment and recent experience by calculating the average estimated historical loss ratio by loan type and then applying these ratios to the current portfolio of unimpaired loans.

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

5. Loans receivable (continued)

b) Allowance for impaired loans (continued)

	<u>2023</u>		<u>2022</u>	
	Impaired loans	Allowance for impairment	Impaired loans	Allowance for impairment
Specific allowance	\$ 14,968	\$ 5,694	\$ 14,550	\$ 7,812
Collective allowance	-	3,428	-	3,954
	<u>\$ 14,968</u>	<u>\$ 9,122</u>	<u>\$ 14,550</u>	<u>\$ 11,766</u>

Significant judgement was exercised by management in making these estimates. As such, actual losses that occur on loans outstanding at March 31, 2023 will differ from these estimates and the differences could be material.

c) Continuity for allowance for impaired loans

	<u>2023</u>	<u>2022</u>
Allowance for impaired loans – beginning of year	\$ 11,816	\$ 13,610
Add: Valuation allowance for impaired loans	197	1,641
Less: Amounts written off	(2,856)	(3,432)
Other adjustments	-	(3)
Allowance for impaired loans – end of year	<u>9,157</u>	<u>11,816</u>
Valuation allowance on principal	9,122	11,766
Valuation allowance on interest	<u>35</u>	<u>50</u>
	<u>\$ 9,157</u>	<u>\$ 11,816</u>

b) Loans past due but not impaired

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The following table presents the carrying value of loans that are past due but not classified as impaired because they either (i) have a strong risk rating; (ii) have an arrears amount less than \$1; or (iii) are fully secured and collection efforts are reasonably expected to result in repayment. Loans that are past due but not impaired are as follows:

	<u>1-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 or more days</u>	<u>2023</u>	<u>2022</u>
	\$ 383	\$ -	\$ 134	\$ 3,090	\$ 3,607	\$ 2,171

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

6. Advances from the Province of Nova Scotia, net

Advances are provided by the Province of Nova Scotia to fund loans issued by the Loan Board. The amortization periods of the advances range from 2 to 30 years. Advances are repayable in quarterly instalments of interest and principal. Interest rates vary from 2.0% to 6.7% with terms ranging from April 1, 2022 to January 1, 2049. Interest expense is calculated in accordance with a Memorandum of Understanding with the Nova Scotia Department of Finance (Note 10).

7. Real estate	<u>2023</u>	<u>2022</u>
Real estate held for long-term use		
Nova Scotia Provincial Exhibition Grounds	\$ 576	\$ 576
Property used by community pastures	<u>1,241</u>	<u>106</u>
	<u>\$ 1,817</u>	<u>\$ 682</u>

The Board has recorded these properties as former loan properties under lease at the lower of the principal loan balance and the assessed value of the property. Subsequently, the Board entered into lease agreements over the properties to allow the loan clients to continue to operate on the properties. The Board has not recorded amortization on these properties.

The Nova Scotia Provincial Exhibition Grounds in Bible Hill are an important piece of agriculture history in Nova Scotia. The loan board took ownership over the lands in 2017 to ensure its continued availability to promote agriculture and harness racing activities in the province.

The Farm Loan Board has community pastures located throughout rural Nova Scotia. Developed in the 1950's, the Community Pastures program was designed to help beef farmers keep their costs down by providing grazing land for their animals throughout the summer months.

8. Lending expenses	Budget	<u>2023</u>	<u>2022</u>
Bad debt expense (Note 10)	\$ 253	\$ 314	\$ 1,719
Interest expense (Note 9)	4,700	5,391	4,559
Other	242	20	14
Professional services	61	127	47
Salaries and benefits	910	842	656
Supplies and services	78	66	48
Training and development	6	6	4
Travel	<u>38</u>	<u>12</u>	<u>4</u>
	<u>\$ 6,288</u>	<u>\$ 6,778</u>	<u>\$ 7,051</u>

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

9. Interest expense

Since April 1, 1998, a Memorandum of Understanding (“MOU”) between the Loan Board and the Nova Scotia Department of Finance has formalized the Loan Board’s funding arrangement. Under the MOU arrangement, the Loan Board estimates projected lending requirements on a quarterly basis. The Nova Scotia Department of Finance arranges the requested financing for terms requested and provides this financing to the Loan Board at interest rates related to the terms and volumes requested. Funding is maintained to cover the Loan Board’s investment in loans receivable and in real estate. The Loan Board tracks the draws arranged with the Nova Scotia Department of Finance and computes the interest cost based on the terms of these draws. Actual financing costs are included as interest costs of the Province.

10. Bad debt expense

Bad debt expense includes:

	<u>2023</u>	<u>2022</u>
Allowance for impaired loans	\$ 197	\$ 1,450
Impairment of real estate held for resale	100	213
Recovery of real estate	-	-
Allowance for interest	<u>17</u>	<u>56</u>
	<u>\$ 314</u>	<u>\$ 1,719</u>

11. Financial instruments

Fair value of financial instruments

The Loan Board is exposed to financial risk that arises from the credit quality of the individuals and entities to which it provides loan services. Credit risk arises from the possibility that the individuals and entities to which the Board provides loan services may experience financial difficulty and be unable to fulfil their obligations.

Risk management

Credit risk

The risk that clients may not pay amounts owing on loans and lease accounts, resulting in a loss to the Loan Board, is managed through an initial assessment of the client’s ability to pay, and by review and follow-up of delinquent accounts by loan officers. In cases in which the client is unable to make payments, due to cyclical industry or other temporary difficulties, it is the Loan Board’s policy to work with the client on an individual basis to provide time for recovery.

The total of loans receivable at March 31, 2023 is \$235,582 (2022 - \$202,691). The majority of loans are secured primarily by real property using mortgage or Agreement of Sale (providing rights similar to a mortgage). Dairy and poultry loans are generally also secured by an irrevocable assignment of production quota. Collateral security may also be provided by equipment, livestock or chattels. The maximum exposure to credit risk is the total loans outstanding.

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2023

(in thousands of dollars)

11. Financial instruments (continued)

All clients are involved in agriculture, food and beverage productions, or forestry in Nova Scotia. Regulations provide that loans must not exceed 90% of security value without approval by the Loan Board. Collateral held for security is assigned a value by the loan officer considering the loan based on known transactions of similar property, with additional information provided by property assessments and external assessments, where available.

The Loan Board adjusts the valuation allowance for impairment to recognize management's estimate of recoveries on impaired accounts. Impairment is primarily identified by review of arrears, refinanced loans and accounts in sectors experiencing difficulty. No loans were issued in refinanced loans during 2022 - 2023 to clients with significant arrears (2022 - \$287).

Liquidity risk

The Province of Nova Scotia provides funding and cash management services to the Loan Board. There is minimal risk that funds will be unavailable to meet lending commitments or payments of other expenses except to the extent of legislative and budgetary limitations on spending authority as identified in Note 1.

Interest rate risk

In order to mitigate the risk that future changes in interest rates may affect net interest revenue, the Board attempts to match terms of loans offered with those of funds drawn through the Province. All loans provide for an optional 10% repayment at any time during each calendar year and an optional full repayment on each 5 year anniversary. Loans may be contracted for the full term of their amortization (from 1 to 30 years) or may be of fixed terms of 3, 5 or 10 years with an amortization period of up to 30 years. Funds drawn through the Province provide for 10% annual and 5-year full optional repayments. A 1% change in interest rates would have a \$2,265 (2022 - \$1,909) impact on interest income and on interest expense.

12. Related party transactions

The Loan Board is related to all other departments, agencies, boards and commissions of the Province of Nova Scotia. The Nova Scotia Department of Finance is the sole source of funding for loans (see Note 1). Transactions with provincial entities were entered into in the normal course of business.

The Province of Nova Scotia pays certain expenses, including rent, building maintenance, computer networks and support, computerized accounting systems and miscellaneous office expenses in relation to building and computer systems, on behalf of the Loan Board with no charge to the Board.

Loans and interest receivable includes \$3,499 (2022 - \$3,278) and interest revenue includes \$110 (2022 - \$96) resulting from outstanding loans to Loan Board members and immediate family of Board members. These loans were issued under normal terms and conditions using market interest rates.

Nova Scotia Farm Loan Board

Notes to the financial statements

March 31, 2022

(in thousands of dollars)

13. Pension and post retirement benefits

All full-time employees of the Loan Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions of \$62 (2022 - \$48) are included in the Loan Board's operating expenses. The Public Service Superannuation Fund is administered by the Public Service Superannuation Plan Trustee Inc. and any unfunded liability, as well as other obligations related to post-retirement benefits, are the responsibility of the pension plan. It is not anticipated that any such future costs would be allocated to the Loan Board.

14. Commitments

The Board will hold interest rates for ninety days for any client from the date of loan approval. As of March 31, 2023, the Board has authorized loans of \$48,577 (2022 - \$19,655) which had not been disbursed.



NOVA SCOTIA FARM LOAN BOARD

OFFICE LOCATIONS

Truro - Head Office
Edward F Lorraine Bldg
74 Research Drive
Bible Hill, Nova Scotia
B6L 2R2
902-896-4800

Kentville - Field Office
Kentville Agricultural Centre
32 Main Street
Kentville, Nova Scotia
B4N 1J5
902-679-6009

flbns@novascotia.ca

nsfarmloan.ca