Antigonish Farmers' Mutual Insurance Company

Consolidated financial statements

December 31, 2019

Contents

Management's statement of responsibility for financial reporting

Preparation of the consolidated financial statements is the responsibility of Antigonish Farmers' Mutual Insurance Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments.

The Board of Directors oversees management in carrying out its responsibilities for financial reporting and systems of internal control. The Board of Directors, which is chaired by and composed solely of directors who are unrelated to, and independent of, the Company, meet with financial management to satisfy itself as to reliability and integrity of financial information and the safeguarding of assets. The Board of Directors review and approve the annual consolidated financial statements to be issued to policyholders. The external auditors have full and free access to the Board of Directors.

___________________________	___________________________
Duncan MacInnis	Brian Morgan
President	General Manager

Grant Thornton

Independent auditor's report

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To the Policyholders of
Antigonish Farmers' Mutual Insurance Company

Opinion

We have audited the consolidated financial statements of Antigonish Farmers' Mutual Insurance Company ("the Company"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in policyholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Antigonish Farmers' Mutual Insurance Company as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Grant Thornton LLP

Antigonish, Canada
February 25, 2020

Chartered Professional Accountants

Antigonish Farmers’ Mutual Insurance Company
Consolidated statement of financial position

December 31		2019		2018
Assets				
Cash and cash equivalents	**$**	**3,992,372**	$	1,881,510
Investments (note 4)		**13,220,944**		14,545,573
Accounts receivable (note 8)		**1,515,085**		1,444,647
Income tax receivable		**68,440**		213,587
Prepaid expenses		**169,347**		18,743
Deferred policy acquisition costs		**605,309**		565,888
Property and equipment (note 6)		**726,827**		770,101
Investment properties (note 7)		**656,566**		579,303
Intangible asset (note 9)		**105,751**		3,846
Deferred tax asset (note 15)		**20,339**		57,589
	$	**21,080,980**	$	20,080,787
Liabilities				
Accounts payable and accrued liabilities	**$**	**235,912**	$	392,164
Unpaid claims payable		**1,904,000**		1,150,000
Reserve for unearned premiums		**3,540,555**		3,406,447
		5,680,467		4,948,611
Policyholders’ equity (page 7)		**15,400,513**		15,132,176
	$	**21,080,980**	$	20,080,787

Approved on behalf of the Board

__________________________ Director __________________________ Director

See accompanying notes to the consolidated financial statements

Antigonish Farmers’ Mutual Insurance Company
Consolidated statement of operations

Year ended December 31		**2019**		2018
Revenue				
Gross premiums written	**$**	**6,846,559**	$	6,542,628
Returned premiums		**(203,680)**		(135,979)
Net gross premiums written		**6,642,879**		6,406,649
Reinsurance premiums		**(1,261,977)**		(1,257,566)
Net premiums written		**5,380,902**		5,149,083
Change in reserve for unearned premiums		**(134,107)**		(119,391)
Net premium income		**5,246,795**		5,029,692
Service charge and fees		**151,670**		146,309
Net underwriting revenue		**5,398,465**		5,176,001
Expenses				
Claims and adjustments (page 32)		**3,866,818**		1,992,317
Administrative expenses (page 32)		**2,666,820**		2,330,808
		6,533,638		4,323,125
Underwriting (loss) income		**(1,135,173)**		852,876
Other income (note 10)		**765,714**		460,567
(Loss) income before income taxes		**(369,459)**		1,313,443
Income taxes (recoverable) (note 15)				
Current		**(176,969)**		235,420
Deferred		**24,919**		(4,990)
		(152,050)		230,430
Net (loss) income	**$**	**(217,409)**	$	1,083,013

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of comprehensive income

Year ended December 31		2019		2018
Net (loss) income	$	**(217,409)**	$	1,083,013
Other comprehensive income				
Items that will be reclassified subsequently to net income				
Change in unrealized gains/losses on available for sale investments		**701,683**		(491,166)
Net gains/losses reclassified to net income		**(15,582)**		(436,687)
		686,101		(927,853)
Income tax effect (note 15)		**200,355**		(199,935)
		485,746		(727,918)
Comprehensive income	$	**268,337**	$	355,095

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of changes in policyholders' equity

December 31

	Retained earnings	Accumulated other comprehensive income	Total
Balance at December 31, 2017	$ 13,644,276	$ 1,132,805	$ 14,777,081
Net income	1,083,013	-	1,083,013
Changes in unrealized gains/ losses on available-for-sale investments	-	(727,918)	(727,918)
Balance at December 31, 2018	14,727,289	404,887	15,132,176
Net loss	(217,409)	-	(217,409)
Changes in unrealized gains/ losses on available-for-sale investments	-	485,746	485,746
Balance at December 31, 2019	$ 14,509,880	$ 890,633	$ 15,400,513

See accompanying notes to the consolidated financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of cash flows

Year ended December 31		2019		2018
Increase (decrease) in cash and cash equivalents				
Operating				
Net income	$	**(217,409)**	$	1,083,013
Changes to operations not requiring a current cash payment:				
Depreciation		**70,809**		59,429
Depreciation of unrealized holding loss		**(42,858)**		341
Gain on disposal of investments		**(15,582)**		(436,687)
Loss on sale of property and equipment		**-**		5,625
Provision for decline in market value of specific securities		**-**		562,554
Deferred taxes		**24,919**		(4,990)
Current tax on comprehensive income		**(188,025)**		181,765
Change in non-cash operating working capital				
Accounts receivable		**(70,439)**		(174,100)
Prepaid expenses		**(150,604)**		(216)
Deferred policy acquisition costs		**(39,421)**		(11,436)
Accounts payable and accrued liabilities		**(156,251)**		8,022
Unpaid claims payable		**754,000**		(450,000)
Reserve for unearned premiums		**134,108**		119,391
Income taxes		**145,147**		(394,694)
		248,394		548,017
Investing				
Purchase of property and equipment		**(13,465)**		(103,015)
Purchase of investment properties		**(87,487)**		(445,314)
Purchase of intangible		**(105,751)**		(7,692)
Proceeds on sale of property and equipment		**-**		7,500
Proceeds on sale of investments		**2,782,092**		2,033,272
Purchase of investments		**(712,921)**		(2,388,360)
		1,862,468		(903,609)
Increase (decrease) in cash and cash equivalents		**2,110,862**		(355,592)
Cash and cash equivalents,				
Beginning of year		**1,881,510**		2,237,102
End of year	$	**3,992,372**	$	1,881,510

Supplemental cash flow information:

Income taxes paid	$	**72,421**	$	448,350
Interest paid	$	**-**	$	-

See accompanying notes to the consolidated financial statements

1. Nature of business

The Antigonish Farmers' Mutual Insurance Company ("the Company") is federally incorporated, without share capital, under the Insurance Companies Act and is domiciled in Canada. The address of the Company's registered office is 188 Main Street Antigonish, Nova Scotia. The Company is a general property and casualty insurer in the province of Nova Scotia.

2. Basis for presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2020.

(b) Basis of consolidation

The Company accounts for its subsidiary using the consolidation method. These consolidated financial statements include the accounts of its wholly owned subsidiary, Farmers' Mutual Insurance Agency Limited. All significant intercompany balances and transactions with the subsidiary have been eliminated.

(c) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis, except for those financial assets and financial liabilities that have been measured at a fair value as described in Note 3.

As permitted by IFRS 4 *Insurance Contracts*, the Company has applied Canadian generally accepted accounting principles ("GAAP") for its insurance contracts.

(d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange on the statement of financial position date. Revenues and expenses are translated at average exchange rates.

Unrealized gains and losses resulting from translation of currencies to the presentation currency are included in other comprehensive income. Realized currency gains and losses resulting from foreign currency transactions are included in income.

(e) Use of estimates and judgement

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis for presentation (continued)

(e) Use of estimates and judgement (continued)
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3	Insurance contract assets
Note 3	Insurance contract liabilities
Note 3	Income taxes
Note 3	Property and equipment – depreciation
Note 3	Investment properties – depreciation
Note 3	Intangible - depreciation

(f) Critical judgements in applying the Company's accounting policies.
Management has not made any critical judgements apart from those involving estimations in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in these consolidated financial statements.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Cash and cash equivalents
Cash and cash equivalents are comprised of cash on hand and balances with banks which are subject to an insignificant risk of changes in value.

The estimated fair value of cash and cash equivalents approximate carrying values due to the relatively short term nature of the instruments.

Financial assets
Non-derivative financial assets of the Company include: available-for-sale financial assets and loans and receivables. The Company initially recognized loans and receivables on the date that they are originated at fair value. All other financial assets are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights of the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Available-for-sale financial assets
Available-for-sale financial assets include investments. Changes in fair value are recorded in other comprehensive income until the instrument is derecognized or impaired. Directly attributable transaction costs are recognized in net income. Accumulated other comprehensive income (AOCI) is included in the statement of changes in policyholders' equity as a separate component of equity (net of tax) and includes net unrealized gains and losses on available-for-sale assets.

3. Summary of significant accounting policies (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)
Fair value is best evidenced by quoted market prices in an active market. Where quoted market prices are not available, the quoted prices of similar financial instruments or valuation models with observable market based inputs are used to estimate fair value. These valuation models may use multiple observable market inputs, including observable interest rates, foreign exchange rates, index levels, credit spreads, equity prices, counterparty credit quality and corresponding market volatility levels. Minimal management judgement is required for fair values calculated by quoted market prices or observable market inputs for models. The calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The Company employs a fair value hierarchy to categorize the inputs it uses in valuation techniques to measure the fair value. The extent of use of (Level 1) quoted prices in active markets for identical assets or liabilities, (Level 2) inputs other than quoted prices included in (Level 1) that are observable for the asset or liability either directly or indirectly, and (Level 3) inputs for the asset or liability that are not based on observable market data in the valuation of securities as at the statement of financial position date is disclosed in note 5.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Loans and receivables are comprised mainly of receivables arising from insurance contracts and cash and cash equivalents. The estimated fair value of loans and receivables approximate carrying values due to the relatively short term nature of the instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. They are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. A significant or prolonged decline in fair value of an investment in an equity investment below its cost is considered to be objective evidence of impairment. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognized in income for the year.

In respect of available-for-sale equity instruments, impairment losses previously recognized through income are not reversed through income for the year. Any increase in fair value subsequent to an impairment loss is recognized directly in comprehensive income for the year.

Certain categories of financial assets, such as loans and receivables carried at amortized cost, that are assessed to not be impaired individually are subsequently assessed for impairment on a collective basis.

3. Summary of significant accounting policies (continued)

Financial liabilities
Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Financial liabilities are comprised of payables arising from insurance contracts, accounts payable and accrued liabilities. The estimated fair value of financial liabilities approximate carrying values due to the relatively short term nature of the instruments.

Insurance contract assets
Insurance contract assets comprise reinsurance assets and deferred policy acquisition costs.

Reinsurance assets
Recoverable amounts from Farm Mutual Re in respect to unpaid claims are benefits of the Company and are recognized as reinsurance assets. These assets are estimated in a manner consistent with estimates of unpaid claims and in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the insurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Company will receive from Farm Mutual Re. The impairment loss is then recorded in the statement of operations in the reporting period in which the Company determines objective evidence that the full amount or disputed amount due from Farm Mutual Re will not be collectible.

Deferred policy acquisition costs
Deferred policy acquisition costs comprise commissions, premium tax and fire tax as they are directly related to the writing and renewal of insurance contracts. These costs are deferred and amortized on the same basis as unearned premiums and are reported in agents' commissions and taxes and levies expenses on the statement of operations.

Insurance contract liabilities
Insurance contract liabilities comprise of unpaid claims and unearned premiums.

Unpaid claims
Unpaid claims is the estimated ultimate cost of all claims incurred but not settled on insurance contracts at the reporting date, whether reported to the Company or not, together with related claims handling costs. Unpaid claims are reported gross of any related recoverable. The recoverable amount is reported as an asset in reinsurance reserve for unpaid claims.

3. Summary of significant accounting policies (continued)

Insurance contract liabilities (continued)
Unpaid claims are first determined on a case-by-case basis as insurance claims are reported and then reassessed as additional information becomes known. Reserving takes into account the consistency of the Company's claims handling procedures, the amount of information available, the characteristics of the line of business from which the claim arises, and the delays in reporting claims. These reserves for unpaid claims and adjusting expenses are estimates and, as such, are subject to variability, which could be material in the near term. Changes to the estimates could result from future events such as receiving additional claim information, changes in judicial interpretation of contracts or significant changes in severity or frequency of claims from past trends. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates.

Unpaid claims includes a provision to include claims incurred but not reported ("IBNR"), as well as a provision for adverse deviation, as required by Canadian accepted actuarial practice. Unpaid claims are discounted to take into the account the time value of money. The discount rate reflects the estimated market yield of the underlying assets backing these unpaid claims. Several actuarial assumptions are used to calculate this discount rate. These may change from period to period in order to arrive at the most accurate and representative market yield based discount rate. The IBNR claim amount is $581,000 (2018: $470,000). The IBNR reinsurance recovery amount is $95,000 (2018: $108,000).

The estimated costs of all claims are calculated based on Canadian accepted actuarial practice as there is no active market for such liabilities. The provision consists of case estimates, a provision for further development of losses that have been reported but for which not enough has been recorded as paid or reserved, and a margin for adverse deviation. Estimates performed by the appointed actuary are completed using standard actuarial techniques and are based on assumptions such as historical loss development factors, payment patterns, future rates of insurance claims frequency and severity, inflation, expenses, changes in the legal environment, changes in the regulatory environment and other matters, taking into consideration the circumstances of the Company and the nature of the insurance contracts. These liabilities are recognized on the statement of financial position and changes are recognized in gross claims and adjustment expenses on the statement of operations. The liabilities are derecognized when the obligation to pay a claim expires, is discharged, or is cancelled.

Unearned premiums
Unearned premiums are those proportions of premiums written in a year on insurance contracts that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums and is recognized over the remaining term of the insurance contract in net premium income on the statement of operations.

At the end of each reporting period, a liability adequacy test is performed, in accordance with IFRS, to validate the adequacy of unearned premiums and deferred policy acquisition costs. A premium deficiency would exist if unearned premiums are deemed insufficient to cover the estimated future costs associated with the unexpired portion of written insurance contracts. A premium deficiency would be recognized immediately as a reduction of deferred policy acquisition costs to the extent that unearned premiums plus anticipated investment income is not considered adequate to cover all deferred policy acquisition costs and related insurance claims and expenses. If the premium deficiency is greater than the unamortized deferred policy acquisition costs, a liability is accrued for the excess deficiency.

3. Summary of significant accounting policies (continued)

Claim development

The estimation of claim development involves assessing the future behaviour of claims, taking into consideration the consistency of the Company’s claim handling procedures, the amount of information available, the characteristics of the line of business from which the claim arises and historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

The table that follows presents the development of claims payments and the estimated ultimate cost of claims for the claim year 2010 to 2019. The upper half of the tables shows the cumulative amounts paid or estimated to be paid during successive years related to each claim year. The original estimates will be increased or decreased, as more information becomes known about the original claims and overall claim frequency and severity. The following table has not been audited.

Gross basis:

	Total all Insurance risks										
Year of loss	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of ultimate claims costs											
at end of the year of loss	$ 2,995	$ 2,793	$ 2,352	$ 3,313	$ 3,792	$ 4,109	$ 3,986	$ 2,543	$ 3,304	$ 4,952	
one year later	$ 2,676	$ 2,797	$ 2,135	$ 3,162	$ 3,638	$ 3,988	$ 3,854	$ 2,142	$ 3,134		
two years later	$ 2,261	$ 2,690	$ 1,975	$ 3,002	$ 3,517	$ 3,842	$ 3,655	$ 2,029			
three years later	$ 2,197	$ 2,671	$ 1,948	$ 2,991	$ 3,511	$ 3,854	$ 3,542				
four years later	$ 2,196	$ 2,664	$ 1,945	$ 2,985	$ 3,549	$ 3,851					
five years later	$ 2,190	$ 2,664	$ 1,945	$ 3,049	$ 3,549						
six years later	$ 2,159	$ 2,664	$ 1,925	$ 3,049							
seven years later	$ 2,159	$ 2,626	$ 1,925								
eight years later	$ 2,196	$ 2,626									
nine years later	$ 2,196										
Current estimate of Unpaid claims	$ 2,196	$ 2,626	$ 1,925	$ 3,049	$ 3,549	$ 3,851	$ 3,542	$ 2,029	$ 3,134	$ 4,952	$ 30,853
Cumulative payments to date	$ 2,196	$ 2,626	$ 1,925	$ 3,049	$ 3,549	$ 3,851	$ 3,514	$ 1,993	$ 2,821	$ 3,577	$ 29,101
Outstanding claims	$ -	$ -	$ -	$ -	$ -	$ -	$ 28	$ 36	$ 314	$ 1,376	$ 1,753
Outstanding claims 2009 and prior											$ -
ULAE											$ 39
Facility Association											$ -
Effect of Discounting and PfAD											$ 112
Gross liabilities in statement of financial position											$ 1,904

3. Summary of significant accounting policies (continued)

Revenue recognition

Gross premiums

Insurance premiums written comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. The premiums are recognized on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rata basis. The proportion attributable to subsequent periods is deferred as a reserve for unearned premiums.

Service charges and fees

Insurance contract policyholders are charged for policy administrative costs. These fees are recognized as revenue as of the effective date of the policy. These fees are non-refundable.

Investment income

Interest income is recognized in the consolidated statement of operations as it accrues. Dividend income is recognized in the statement of operations when the right to receive payment is established.

Realized gains and losses

Realized gains and losses recorded in the statement of operations on investments include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Agency income

Agency income is recognized based on insurance commission revenue realized as of the effective date of the insurance policy net of agency expenditures.

Claims and expenses recognition

Gross claims

Gross claims include all claims occurring during the year, whether reported or not. These expenses include related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the contract.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged so as to write off the cost or valuation of property and equipment over their estimated useful lives using the following methods and rates.

Building	50 yrs, straight-line
Vehicles	5 yrs, straight-line
Computer equipment	5 yrs, straight-line
Office equipment	5 - 10 yrs, straight-line
Telephone equipment	10 yrs, straight-line
Building generator	30 yrs, straight-line
Parking lot	20 yrs, straight-line

3. Summary of significant accounting policies (continued)

Property and equipment (continued)
The assets' residual values and useful lives and method of amortization are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. If an asset is impaired, the carrying amount is reduced to the asset's recoverable amount with an offsetting charge recorded in the consolidated statement of operations. If events or changes in circumstances indicate that a previously recognized impairment loss has decreased or no longer exists, the reversal is recognized in the consolidated statement of operations to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been had no impairment taken place.

Gains and losses arising from the disposition of a property and equipment asset are measured as the difference between the net disposal proceeds and the carrying value of the asset and are reported in the consolidated statement of operations.

Any item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated statement of operations in the year the asset is derecognized.

Intangible asset
The intangible asset arose on the purchase of new computer software. The intangible asset is accounted for using the cost model whereby capitalized costs are depreciated on a straight-line basis over its' estimated useful life, as this asset is considered finite. The useful life is reviewed annually and is subject to impairment testing. The following useful life is applied to the intangible asset:

Software	2 years

Depreciation of the intangible has been included within depreciation expense.

Investment properties
Investment properties are properties which are held to earn rental income. Investment properties include land and buildings. Investment properties are carried at cost less accumulated depreciation and are reviewed periodically for impairment.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, the estimated useful life of the building (not exceeding 50 years) and its components, significant parts and residual value.

Repair and maintenance improvements are expensed as incurred or, in the case of major items that constitute a capital asset, are capitalized to the building and depreciated on a straight-line basis over the expected useful life of the improvement.

3. Summary of significant accounting policies (continued)

Investment properties (continued)

For acquisitions, the Company allocates the purchase price based on the following:

Land - the amount allocated to land is based on an appraisal estimate of its fair value.
Buildings - are recorded at the estimated fair value of the building and its components and significant parts.

Change in useful life of investment properties
The estimated useful lives of significant investment properties are reviewed whenever events or circumstances indicate a change in useful life. Estimated useful lives of significant investment properties are based on management's best estimate and the actual useful lives may be different. Revisions to the estimated useful lives of investment properties constitutes a change in accounting estimate and is accounted for prospectively by depreciating the cumulative changes over the remaining estimated useful life of the related assets.

Income taxes
Tax expense represents the sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the consolidated statement of operations, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Summary of significant accounting policies (continued)

Income taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to sell off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Comprehensive income

Comprehensive income includes the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's equity and includes items that would not normally be included in net income, such as unrealized gains and losses on available-for-sale financial assets.

New and revised International Financial Reporting Standards adopted during the year and issued but not yet effective

IFRS 17 – Insurance contracts

The IASB has issued IFRS 17 Insurance Contracts, which replaces the similarly titled IFRS 4 effective January 1, 2022. The new standard will increase consistency for all insurance contracts, and change the measurement for insurance obligations to use current values instead of historical cost. The key features of the new standard are as follows:

- insurance contracts will be measured with current, explicit, and unbiased estimates of future cash flows, discount rates that reflect the characteristics of the contracts' cash flows, and explicit revenue is no longer equal to written premiums but to the change in the contract liability covered by consideration which is anticipated to increase volatility within the statement of operations.
- premiums received will be deferred as a contractual service margin and allocated systematically to profit or loss as entities provide coverage and are released from risk.
- reinsurance contracts will apply a separate measurement model with modifications for qualifying short-term contracts and participating contracts.
- increased disclosure requirements.

The Company has worked with their appointed actuary to complete a quantitative impact study on the effect of the new standards and has been working on position papers for the accounting policies impacted.

3. Summary of significant accounting policies (continued)

New and revised International Financial Reporting Standards adopted during the year and issued but not yet effective (continued)

IFRS 9 – Financial instruments
In November 2009, the IASB issued IFRS 9 – Financial Instruments. This standard represents the completion of the first part of a three-part project to replace IAS 39 – Financial Instruments: Recognition and Measurement. The new standard reduces complexity by replacing the many different rules in IAS 39. The key features of the new standard are as follows:

- a business model test is applied first in determining whether a financial asset is eligible for amortized cost measurement. The business model objective is based on holding financial assets in order to collect contractual cash flows rather than realizing cash flows from the sale of the financial assets.
- in order to be eligible for amortized cost measurement an asset must have contractual cash flow characteristics representing principle and interest.
- all other financial assets are measured at fair value on the statement of financial position.
- an entity can elect on initial recognition to present the fair value changes on an equity investment that is not held for trading directly in other comprehensive income ("OCI"). The dividends on investments for which this election is made must be recognized in net income (loss) but gains and losses are not removed from OCI when the equity investment is disposed, and if a financial asset is eligible for amortized cost measurement an entity can elect to measure its fair value if it eliminates or significantly reduces an accounting mismatch. The standard is effective for years beginning on or after January 1, 2018, however there is a temporary exemption that defers application of the standard until IFRS 17 is implemented. As an insurance company the adoption of IFRS 9 can and will be deferred until January 1, 2022 with the implementation of IFRS 17.

The Company is currently evaluating the impact of the new standards and amendments on its consolidated financial statements.

IFRS 16 – Leases
The IASB released IFRS 16 *Leases*, completing its long-running project on lease accounting. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (the lessee and the lessor).

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. When applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value
- depreciation of lease assets separately from interest on lease liabilities in the income statement

The Company adopted this new standard; there were no material changes as a result of adoption.

IAS 12 – Income Taxes
The IASB released IAS 12 clarification that an entity recognizes income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognized the originating transaction or event that generated the distributable profits giving rise to the dividend.

The Company adopted this new standard amendment; there were no material changes as a result of adoption.

4. Investments – Available-for-sale

The Company manages its investment portfolio in accordance with their investment policy which is written to be in compliance with regulatory and statutory requirements.

The policy has both short-term and long-term objectives based upon preserving Company capital, increasing portfolio value, producing a stable level of investment income, meeting Company liquidity requirements and complying with the Company's level of risk tolerance.

Portfolio performance and compliance with the investment policy is reviewed at each Investment Committee meeting. The investment policy is reviewed and approved by the Board of Directors on an annual basis.

	2019 Market Value	2018 Market Value
Bonds		
Municipal	$ 841,085	$ 805,638
Provincial	2,414,080	3,196,026
Corporate and other governmental	3,733,754	4,733,794
	6,988,919	8,735,458
Equities		
Common	4,803,434	4,639,726
Preferred	669,110	726,904
	5,472,544	5,366,630
Mutual funds	238,481	237,485
Guaranteed Investment Certificate (GIC)	521,000	206,000
Total	$ 13,220,944	$ 14,545,573

Bonds – maturity profile

	2019	2018
Maturing within one year	$ 2,969,277	$ 1,801,466
Maturing between one and five years	3,891,662	6,808,095
Maturing over five years	127,980	125,897
	$ 6,988,919	$ 8,735,458

5. Fair value hierarchy

Available-for-sale investments recorded at fair value by the level of the fair value hierarchy as at December 31, 2019:

	Level 1	Level 2	Level 3	Total Fair value
Bonds	$ -	$ 6,988,919	$ -	$ 6,988,919
Guaranteed Investment Certificate	521,000	-	-	521,000
Mutual Funds	238,481	-	-	238,481
Common shares	4,803,434	-	-	4,803,434
Preferred shares	669,110	-	-	669,110
	$ 6,232,025	$ 6,988,919	$ -	$ 13,220,944

Available-for-sale investments recorded at fair value by the level of the fair value hierarchy as at December 31, 2018:

	Level 1	Level 2	Level 3	Total Fair value
Bonds	$ -	$ 8,735,458	$ -	$ 8,735,458
Guaranteed Investment Certificate	206,000	-	-	206,000
Mutual Funds	237,485	-	-	237,485
Common shares	4,639,726	-	-	4,639,726
Preferred shares	726,904	-	-	726,904
	$ 5,810,115	$ 8,735,458	$ -	$ 14,545,573

6. Property and equipment

As at December 31, 2019

	Parking Lot	Land & Improvements	Building	Office Equipment	Computer Equipment	Vehicles	Telephone Equipment	Building Generator	Total
Gross carrying amount									
Balance,									
December 31, 2018	$ 364,720	$ 21,700	$ 653,432	$ 95,654	$ 403,012	$ 76,116	$ 25,168	$ 36,443	$ 1,676,245
Additions	-	-	6,946	-	6,519	-	-	-	13,465
Disposals/adjustments	-	-	-	-	(309,179)	-	-	-	(309,179)
	364,720	21,700	660,378	95,654	100,352	76,116	25,168	36,443	1,380,531
Depreciation and impairment									
Balance,									
December 31, 2018	14,426	-	402,290	82,882	353,945	6,343	19,692	26,566	906,144
Depreciation	5,961	-	9,606	2,778	19,419	15,223	2,517	1,235	56,739
Disposals/adjustments	-	-	-	-	(309,179)	-	-	-	(309,179)
	20,387	-	411,896	85,660	64,185	21,566	22,209	27,801	653,704
At December 31, 2019	$ 344,333	$ 21,700	$ 248,482	$ 9,994	$ 36,167	$ 54,550	$ 2,959	$ 8,642	$ 726,827

The Company did not record any impairment charges or reversals during the year.

6. Property and equipment (continued)

As at December 31, 2018

	Parking Lot	Land & Improvements	Building	Office Equipment	Computer Equipment	Vehicles	Telephone Equipment	Building Generator	Total
Gross carrying amount									
Balance,									
December 31, 2017	$ 364,720	$ 21,700	$ 653,432	$ 91,054	$ 381,863	$ 42,171	$ 24,018	$ 36,443	$ 1,615,401
Additions	-	-	-	4,600	21,149	76,116	1,150	-	103,015
Disposals	-	-	-	-	-	(42,171)	-	-	(42,171)
	364,720	21,700	653,432	95,654	403,012	76,116	25,168	36,443	1,676,245
Depreciation and impairment									
Balance,									
December 31, 2017	8,465	-	392,753	80,054	337,654	23,762	17,233	25,331	885,252
Depreciation	5,961	-	9,537	2,828	16,291	11,626	2,459	1,235	49,937
Disposals	-	-	-	-	-	(29,045)	-	-	(29,045)
	14,426	-	402,290	82,882	353,945	6,343	19,692	26,566	906,144
At December 31, 2018	$ 350,294	$ 21,700	$ 251,142	$ 12,772	$ 49,067	$ 69,773	$ 5,476	$ 9,877	$ 770,101

The Company did not record any impairment charges or reversals during the year.

7. Investment Properties

		Land		Buildings		Total
Cost						
Opening balance, January 1, 2019	**$**	**117,500**	**$**	**467,449**	**$**	**584,949**
Additions		**-**		**87,487**		**87,487**
Disposals		**-**		**-**		**-**
Balance. December 31, 2019		**117,500**		**554,936**		**672,436**
Accumulated depreciation						
Opening balance, January 1, 2019		**-**		**5,646**		**5,646**
Depreciation		**-**		**10,224**		**10,224**
Balance, December 31, 2019		**-**		**15,870**		**15,870**
Net carrying value, December 31, 2019	**$**	**117,500**	**$**	**539,066**	**$**	**656,566**
Opening balance, January 1, 2018	$	42,500	$	97,135	$	139,635
Additions		75,000		370,314		445,314
Disposals		-		-		-
Balance. December 31, 2018		117,500		467,449		584,949
Accumulated depreciation						
Opening balance, January 1, 2018		-		-		-
Depreciation		-		5,646		5,646
Balance, December 31, 2018		-		5,646		5,646
Net carrying value, December 31, 2018	$	117,500	$	461,803	$	579,303

Building purchased in fiscal 2017 was not available for use until fiscal 2018. No depreciation was recorded in fiscal 2017.

8. Accounts receivable		**2019**		2018
Interest	**$**	**47,646**	$	60,980
Premiums		**1,076,192**		1,105,554
Reinsurance reserve for unpaid claims		**265,000**		160,000
Other		**147,398**		139,488
		1,536,236		1,466,022
Provision for doubtful accounts		**(21,151)**		(21,375)
	$	**1,515,085**	$	1,444,647

9. Intangible asset

The Company's intangible asset represents computer software. The carrying amount of computer software can be summarized as follows:

		2019		2018
Gross carrying amount				
Balance at beginning of the year	**$**	**56,639**	$	48,947
Additions		**105,751**		7,692
Balance at the end of the year		**162,390**		56,639
Depreciation				
Balance at beginning of the year		**52,793**		48,947
Depreciation		**3,846**		3,846
Accumulated depreciation at end of the year		**56,639**		52,793
Net carrying value at end of the year	**$**	**105,751**	$	3,846

The Company has not amortized the computer software addition in fiscal 2019 as it will not be available for use until fiscal 2020.

10. Other income		**2019**		2018
Income from investments	**$**	**262,322**	$	237,105
Dividend income		**280,303**		275,245
Gain on sale of investments		**15,582**		436,687
Provision for decline in market value of available for sale equity instruments		**-**		(562,554)
Miscellaneous		**87,967**		29,756
Agency, net		**119,540**		44,328
	$	**765,714**	$	460,567

11. Capital management

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirements and to best utilize capital allocations.

The regulators measure the financial strength of property and casualty insurers using a minimum capital test (MCT). The regulators generally expect property and casualty companies to comply with capital adequacy requirements. This test compares a Company's capital against the risk profile of the organization. The risk-based capital adequacy framework assesses the risk of assets, policy liabilities and other exposures by applying various factors. The regulator indicates that the Company should produce a minimum MCT of 150%. During the year, the Company has, on a quarterly basis, exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement and deemed necessary.

12. Insurance risk management

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines, by the use of reinsurance arrangements and by setting claims promptly.

Underwriting strategy
The Company manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Reinsurance arrangements
The Company purchases reinsurance as part of its risks mitigation program. Reinsurance is placed with Farm Mutual Re, a Canadian registered reinsurer. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

12. Insurance risk management (continued)

Excess of Loss
The Company retains $250,000 on property claims with recoveries at 100% on amounts greater than retention, up to $3.5 million per risk.

The Company retains $225,000 on liability claims with recoveries at 100% on amounts greater than retention, up to a total limit of $30 million per occurrence.

Catastrophe
Reinsurance also limits the Company's liability in the event of a catastrophe. The Company retains $750,000 with recoveries at 95% on amounts greater than retention.

Stop Loss
The Company recovers 90% of current year property and liability claims which exceed 70% of gross net earned premiums and 100% when loss ratio exceeds 200%.

Claims Settlement
Claim settlement is generally not a long process as most claims fall under the property class of business with remaining claims in the liability class. Typically, the Company settles claims within one year of being reported. This significantly reduces uncertainty about the amount and timing of claim payments. As such, additional information on these unpaid claims is not disclosed as permitted by IFRS 4 *Insurance Contracts*.

The Company writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters and catastrophes. Since all insurance contracts are written in Nova Scotia, a concentration of risk may arise through insurance contracts being issued in a specific geographic location.

The Company is exposed to a pricing risk to the extent that unearned premiums are insufficient to meet the related future policy costs. Evaluation is performed regularly to estimate future claim costs, related expenses and expected profit in relation to unearned premiums. There is no premium deficiency recorded during the current or prior year.

13. Financial instrument management

Interest rate risk
Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. However, because a significant portion of the Company's assets relate to its capital rather than liabilities, the value of its interest rate based assets exceeds its interest rate based liabilities. As a result, generally the Company's investment income will move with interest rates over the medium to long-term with short term interest rate fluctuations creating unrealized gain or losses in Other Comprehensive Income.

At December 31, 2019, a 1% move in interest rates, with all other variables held constant, could impact the market value of bonds by $562,000. For bonds that the Company did not sell during the year, the change during the period would be recognized as Other Comprehensive Income.

13. Financial instrument management (continued)

Credit risk

The Company's investment policy puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. The bonds portfolio remains high quality with 87% of fair market value bonds rated A or better. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Reinsurance is placed with Farm Mutual Re, a Canadian registered reinsurer. Management monitors the creditworthiness of Farm Mutual Re by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Accounts receivables are short-term in nature and are not subject to material credit risk. However, the Company's maximum exposure to credit risk is $1,488,590. The Company minimizes credit risk on cash and cash equivalents through the utilization of different investments to spread the risk amongst various financial institutions.

Currency risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in exchange rates and produce an adverse impact on income when measured in the Company's functional currency.

Net exposure to United States dollar denominated amounts (in United States Dollars) included in the balance sheet as at December 31, is:

	2019	2018
Available-for-sale investments	**$ 711,670**	$ 604,387

13. Financial instrument management (continued)

Market risk
The Company utilizes the prudent person approach to asset management as required by the Insurance Companies Act. An investment policy is in place and is monitored by the Investment Committee and the Board of Directors. Diversification techniques are utilized to minimize risk. The policy limits investment in any one issuer to a maximum of 5.0% of the Company's investment portfolio.

The Company's portfolio includes Canadian stocks with fair values that move with the Toronto Stock Exchange Composite Index and US equity investments with fair values that move with the S&P 500 Index.

A 1% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the Company's equities of $47,000. For equities that the Company did not sell during the year, the change during the period would be recognized as Other Comprehensive Income.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company mitigates this risk by monitoring cash activities and expected outflows. Current liabilities arise as claims are made. The Company does not have material liabilities that can be called unexpectantly at the demand of a lender or client. There are no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income.

14. Related party transactions

Director's fees are presented in the statement of operations. Compensation for the Company's key management personnel is set out below:

	2019	2018
Key management personnel		
Salaries and commissions (including retirement allowance paid)	$ 385,475	$ 226,025
Short-term employee benefits	20,750	21,203
	$ 406,225	$ 247,228

15. Income taxes

Income tax expense attributable to taxable income differs from the amounts computed by applying the combined federal and provincial income tax rate of 31.00% (2018 - 23.27%) to income before income taxes as a result of the following:

Tax rate reconciliation	**2019**	2018
(Loss) income before income taxes	**$ (369,459)**	$ 1,313,443
Income tax (recovery) expense at the statutory rate	**$ (114,532)**	$ 305,656
Changes in income taxes		
Non-taxable dividend income	**(57,609)**	(57,285)
Other	**20,091**	(17,941)
	$ (152,050)	$ 230,430

Income tax expense in other comprehensive loss

Change in unrealized gain/losses on available-for-sale investments:

	2019	2018
Current income tax expense (recovery)	**$ 188,025**	$ (181,765)
Deferred tax expense (recovery)	**12,330**	(18,170)
	$ 200,355	$ (199,935)

Deferred tax asset

Deferred tax assets arising from temporary differences and unused loss carry forwards are summarized as follows:

	2019	2018
Property, equipment and reserves	**$ 12,610**	$ 45,200
Loss carry forwards	**2,040**	2,040
Other	**5,689**	10,349
	$ 20,339	$ 57,589

16. Future employee benefits

Included in expenditures is $43,550 (2018 - $40,849) in contributions the Company made on behalf of its employees under a defined contribution pension plan.

17. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

Antigonish Farmers' Mutual Insurance Company
Consolidated schedule of claims and adjustments and administrative expenses

December 31		2019		2018
Claims and adjustments expenses				
Claims and adjustments	**$**	**4,730,992**	$	2,836,482
Recoveries from reinsurance		**(864,174)**		(844,165)
	$	**3,866,818**	$	1,992,317
Administrative expenses				
Advertising and promotion	**$**	**69,878**	$	113,006
Agents' commissions		**829,106**		799,951
Depreciation		**51,395**		42,520
Bank charges		**58,424**		45,237
Bad debt		**17,278**		6,543
Computer		**182,685**		34,705
Conventions and meetings		**40,243**		23,289
Director's fees		**46,800**		38,150
Donations		**19,750**		20,400
Education		**23,289**		5,224
Field representative expenses		**12,621**		12,853
Insurance		**29,672**		33,911
Loss prevention		**1,856**		1,483
Meals and entertainment		**4,967**		5,532
Memberships and fees		**50,818**		48,313
Miscellaneous		**7,897**		20,184
Occupancy costs (net)		**57,083**		73,484
Office		**22,907**		26,288
Postage and express		**32,775**		34,623
Printing and stationery		**27,452**		31,286
Professional fees		**201,641**		77,446
Retiring allowances		**-**		4,317
Salaries and benefits		**590,269**		566,928
Taxes and levies		**267,169**		252,911
Telephone		**12,812**		8,878
Travel		**8,033**		3,346
	$	**2,666,820**	$	2,330,808