



**PROVINCE OF NEWFOUNDLAND AND LABRADOR**

**FINANCIAL STATEMENTS OF  
CROWN CORPORATIONS,  
BOARDS AND AUTHORITIES  
(A - M)**

**FOR THE YEAR ENDED  
31 MARCH 2007**





# **Province of Newfoundland and Labrador**

## **Financial Statements of Crown Corporations, Boards and Authorities (A – M)**

**For The Year Ended  
31 March 2007**



# INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2006-07 fiscal year may be found in the following financial reports:

## **Public Accounts Volume I – Consolidated Summary Financial Statements**

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

## **Public Accounts Volume II – Consolidated Revenue Fund Financial Statements**

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

## **Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund**

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: [www.fin.gov.nl.ca/comptrollergeneral/publications.htm](http://www.fin.gov.nl.ca/comptrollergeneral/publications.htm).





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**The financial statements of the following agencies were not received in time for the inclusion in this report:**

C.A. Pippy Park Commission (2006 & 2007)  
Consumer Protection Fund for Prepaid Funeral Services (2007)  
Discovery Health Care Foundation Inc. (2007)  
Dr. H. Bliss Murphy Cancer Care Foundation (2007)  
Eastern Regional Integrated Health Authority – Blue Crest Cottages (2007)  
Eastern Regional Integrated Health Authority – Golden Heights Manor Cottages (2007)  
General Hospital Hostel Association (2006)  
Grenfell Foundation Inc (2006)  
Health Care Foundation of St. John's, Inc. (2007)  
Heritage Foundation of Newfoundland and Labrador (2007)  
Janeway Children's Hospital Foundation (2007)  
Lions Manor Inc (2007)  
Newfoundland and Labrador Farm Products (2006 & 2007)  
Newfoundland and Labrador Legal Aid Commission (2005, 2006 & 2007)  
Newfoundland Government Fund (2004, 2005 & 2006)  
Norwest Rotary – Janeway Hostel Corporation (2007)  
Private Training Corporation Train Out Fund (2006)  
Public Health Laboratory (2007)  
TCRHB Housing Complex Inc (2007)  
The Burin Peninsula Health Care Foundation Inc. (2007)  
Trinity-Conception-Placentia Health Foundation Inc. (2007)  
Waterford Foundation Inc (2007)  
Workplace Health, Safety and Compensation Commission (2006)



**BOARD OF COMMISSIONERS  
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2007**



## AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2007 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Noseworthy Chapman*

Chartered Accountants  
St. John's, Newfoundland & Labrador  
May 30, 2007

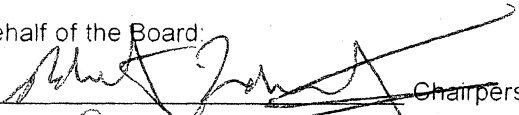
# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Financial Position

March 31, 2007

	2007	2006
<b>ASSETS</b>		
Current		
Cash	\$1,427,268	\$2,264,168
Receivables	38,466	137,836
Recoverable costs (Note 4)	626,004	240,045
Prepaid expenses	7,997	8,987
	2,099,735	2,651,036
Deferred costs – insurance review (Note 5)	237,352	223,424
Designated pension funds (Note 6)	-	12,505
Capital assets (Note 7)	46,101	56,488
	<b>\$2,383,188</b>	<b>\$2,943,453</b>
<b>LIABILITIES</b>		
Current		
Payables and accruals	\$ 186,197	\$ 309,638
Payroll accruals	487,536	468,632
Designated pension funds (Note 6)	31,025	-
	704,758	778,270
<b>ACCUMULATED SURPLUS</b>		
Invested in capital assets	46,101	56,488
Invested in designated pension funds	(31,025)	12,505
Internally restricted (Note 9)	1,051,389	1,089,713
Unrestricted	611,965	1,006,477
	1,678,430	2,165,183
	<b>\$2,383,188</b>	<b>\$2,943,453</b>

On Behalf of the Board:

  
\_\_\_\_\_  
Chairperson and CEO

  
\_\_\_\_\_  
Vice-Chairperson

# **BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

## **Statement of Operations Year Ended March 31, 2007**

	2007	2006
Revenues		
Regulatory assessments	<b>\$2,143,926</b>	\$2,222,927
Insurance review assessments (Note 5)	-	778,892
Interest and other income	<b>66,489</b>	39,435
Pension income (Note 6)	<b>10,415</b>	7,181
	<b>2,220,830</b>	3,048,435
Expenses		
Amortization	<b>20,157</b>	21,912
Consulting fees	<b>149,873</b>	139,762
Hearing costs (recovery)	-	(40,674)
Insurance review costs (Note 5)	-	778,892
Office equipment, supplies and services	<b>58,519</b>	75,459
Pension obligations estimation adjustment (Note 6)	<b>53,945</b>	43,245
Rent and insurance (Note 11)	<b>184,625</b>	176,464
Salaries and associated costs	<b>1,244,242</b>	1,156,538
Telecommunications	<b>42,061</b>	53,049
Training and membership	<b>13,263</b>	19,325
Travel	<b>34,421</b>	42,373
	<b>1,801,106</b>	2,466,345
Excess of revenues over expenses	<b>\$ 419,724</b>	\$ 582,090

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Accumulated Surplus Year Ended March 31, 2007

	2007				2006	
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 9)	Unrestricted	Total	Total
Balance as at beginning of year	\$ 56,488	\$ 12,505	\$1,089,713	\$1,006,477	<b>\$2,165,183</b>	\$1,583,093
Excess of revenues over expenses	(20,157)	(43,530)	-	483,411	<b>419,724</b>	582,090
Assessment reductions (Note 10)	-	-	-	(906,477)	<b>(906,477)</b>	-
Invested in capital assets	9,770	-	-	(9,770)	-	-
Restricted during the year	-	-	(38,324)	38,324	-	-
Balance as at end of year	\$ 46,101	\$ (31,025)	\$1,051,389	\$ 611,965	<b>\$1,678,430</b>	\$2,165,183

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Cash Flows Year Ended March 31, 2007

	2007	2006
Operating activities		
Cash receipts from assessments and other revenues	\$ 1,413,723	\$ 3,136,911
Cash paid to suppliers and employees	(1,884,496)	(2,678,444)
Cash (used in) provided by operating activities	(470,773)	458,467
Hearing and review activities		
(Increase) in recoverable costs	(385,959)	(80,505)
(Increase) decrease in deferred costs – insurance review	(13,928)	549,138
Cash (used in) provided by hearing and review activities	(399,887)	468,633
Investing activities		
Purchase of capital assets	(9,770)	(19,990)
Decrease in designated pension funds	43,530	36,064
Cash provided by investing activities	33,760	16,074
(Decrease) increase in cash during year	(836,900)	943,174
Cash position as at beginning of year	2,264,168	1,320,994
Cash position as at end of year	\$ 1,427,268	\$ 2,264,168

# **BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

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## **Notes to Financial Statements**

**March 31, 2007**

### **1. General**

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

### **2. Summary of significant accounting policies**

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

• Furniture and equipment	-	20% declining balance method
• Computer hardware	-	35% declining balance method
• Computer software	-	50% declining balance method
• Leasehold improvements	-	the lesser of five year straight-line and remaining term of the lease

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2007

### 2. Significant accounting policies (cont'd)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

### 3. Financial instruments

The Board's financial instruments consist of cash, receivables, recoverable costs and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 4. Recoverable costs

	2007	2006
Recoverable costs, beginning of year	\$ 240,045	\$159,540
Add – specific enquiry costs incurred during the year:		
Consulting fees	385,363	407,872
Consumer Advocate	328,901	62,891
Salaries and associated costs	-	42,107
Transcription and printing	6,727	2,360
Travel and accommodations	-	7,473
Advertising and notice	44,367	7,641
Other	1,399	930
	766,757	531,274
	1,006,802	690,814
Less – costs recovered during the year	380,798	450,769
Recoverable costs, end of year	\$ 626,004	\$240,045

### 5. Deferred costs – insurance review

The Board incurred costs in the 2005, 2006 and 2007 fiscal years relating to the insurance industry review. These costs are deferred until all costs pertaining to a specific review have been accumulated and a special assessment issued. Assessment revenue and the related costs are included in the operating revenues and expenses of the Board.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements March 31, 2007

### 6. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2007	2006
Balance on deposit, beginning of year	\$374,605	\$432,869
Add – earnings net of expenses	10,415	7,181
Deduct – benefit payments	385,020 (65,445)	440,050 (65,445)
Balance on deposit, end of year	319,575	374,605
Related pension obligation	(350,600)	(362,100)
	\$ (31,025)	\$ 12,505

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 16, 2007. A pension obligations estimation adjustment of \$53,945 (2006 - \$43,245) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs.

### 7. Capital assets

	2007		2006	
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$237,752	\$221,502	\$ 16,250	\$ 24,749
Computer hardware	187,454	169,591	17,863	17,634
Computer software	21,657	19,273	2,384	1,904
Leasehold improvements	131,112	121,508	9,604	12,201
	\$577,975	\$531,874	\$ 46,101	\$ 56,488



# **BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

## **Notes to Financial Statements**

**March 31, 2007**

### **8. Bank credit agreement**

The Board has established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

### **9. Internally restricted surplus**

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2007 are as follows:

	2007	2006
Lease commitments	\$ 180,963	\$ 182,663
Payroll contingency	52,483	61,202
Redundancy pay contingency	474,407	483,132
Working capital	343,536	362,716
	<b>\$1,051,389</b>	<b>\$1,089,713</b>

### **10. Assessment reductions and subsequent event**

Pursuant to Section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities, the insurance industry and the petroleum products industry in the amounts of \$594,482, \$159,453 and \$152,542, respectively (total \$906,477).

In addition and subsequent to the year end, the Board approved further reductions in the amount of \$511,965. These reductions were applied in the amounts of \$328,608, \$43,786 and \$139,571 to the electrical utilities, the insurance industry and the petroleum products industry, respectively.

### **11. Lease commitments**

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

- a) lease agreement in the amount of \$12,256 per month (\$147,072 per annum) concluding May 31, 2008.
- b) lease agreement in the amount of \$2,825 per month (\$33,900 per annum) concluding February 28, 2010.

**BULL ARM SITE CORPORATION**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2007**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

**AUDITOR'S REPORT**

To the Board of Directors  
Bull Arm Site Corporation  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Bull Arm Site Corporation as at 31 March 2007 and the statements of revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "John L. Noseworthy".

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
8 June 2007

**BULL ARM SITE CORPORATION****BALANCE SHEET**

31 March

2007

2006

**ASSETS****Current**

Cash	\$ 28,913	\$ 109,784
Investments, at cost (Note 2)	204,417	200,551
Accounts receivable	9,315	194,986
Prepaid expense	161,091	126,376

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403,736 631,697

**Investment property (Note 3)**

1

1

**Capital assets (Note 4)**

775,433

817,428

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\$ 1,179,170

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\$ 1,449,126

**LIABILITIES AND SHAREHOLDERS' EQUITY****Current**

Accounts payable and accrued liabilities	\$ 106,735	\$ 67,720
Performance bonds payable	9,135	10,609

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115,870

78,329

**Distribution payable to the Province****of Newfoundland and Labrador (Note 5)**

1,063,296

1,370,793

---

1,179,166

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1,449,122

**Shareholders' equity**

## Share capital

## Authorized

100 common shares of no par value

## Issued

3 common shares

3

3

## Equity in investment property

1

1

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4

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4

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\$ 1,179,170

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\$ 1,449,126

*See accompanying notes*

Signed on behalf of the Board:

  
President and Chief Executive Officer

**BULL ARM SITE CORPORATION**  
**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 March**

**2007**

**2006**

**REVENUES**

Province of Newfoundland and Labrador		
- Operating grant	\$ 1,135,000	\$ 1,000,000
Lease and rental revenue	523,141	330,360
Interest	15,837	8,520
	<b>1,673,978</b>	<b>1,338,880</b>

**EXPENSES**

Advertising	28,571	23,733
Amortization	172,022	205,038
Conferences	2,748	-
Grants	35,000	35,000
Insurance	168,372	168,382
Loss on sale of investment property	-	90,000
Maintenance	187,599	157,521
Membership fees	7,429	3,625
Miscellaneous	1,962	2,471
Professional fees	22,731	14,198
Salaries and employee benefits	300,724	332,455
Security	299,072	284,028
Supplies	4,730	3,366
Telephone	11,410	6,911
Travel and entertainment	9,563	3,789
Utilities	199,513	174,738
Vehicle	11,448	13,001
	<b>1,462,894</b>	<b>1,518,256</b>

<b>Excess of revenues over expenses</b>		
<b>(expenses over revenues) (Note 5)</b>	<b>\$ 211,084</b>	<b>\$ (179,376)</b>

*See accompanying notes*

**BULL ARM SITE CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

**2007**

**2006**

**Cash flows from operating activities**

Excess of revenues over expenses (expenses over revenues)	\$ 211,084	\$ (179,376)
Adjustment for non-cash items		
Loss on sale of investment property	-	90,000
Amortization	172,022	205,038
	<b>383,106</b>	<b>115,662</b>
Changes in non-cash working capital		
Accounts receivable	185,671	(42,519)
Prepaid expense	(34,715)	(123,846)
Accounts payable and accrued liabilities	39,015	(8,103)
Performance bonds payable	(1,474)	(99,800)
	<b>571,603</b>	<b>(158,606)</b>

**Cash flows from investing activities**

Purchase of capital assets	(130,027)	(2,608)
Change in surplus investment property	-	(90,000)
	<b>(130,027)</b>	<b>(92,608)</b>

**Cash flows from financing activities**

Surplus paid to Province of Newfoundland and Labrador (Note 5)	(518,581)	-
<b>Net decrease in cash and cash equivalents</b>	<b>(77,005)</b>	<b>(251,214)</b>

**Cash and cash equivalents, beginning of year** 310,335 561,549

**Cash and cash equivalents, end of year** \$ 233,330 \$ 310,335

**Cash and cash equivalents include:**

Cash	\$ 28,913	\$ 109,784
Investments	204,417	200,551
	<b>\$ 233,330</b>	<b>\$ 310,335</b>

*See accompanying notes*

**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**Authority**

The Bull Arm Site Corporation was incorporated by the Province of Newfoundland and Labrador on 15 September 1995 under the *Corporations Act*. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

An agreement between the Province and the parties involved in the Hibernia project provided for the transfer of assets, known as investment property, at the Bull Arm Site to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. In addition, the Corporation may accept investment property from other lessors of the Site upon termination of the lease agreements. The purpose of the Corporation is to receive and administer these assets at the Bull Arm Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, disposed of to third parties.

**1. Significant accounting policies**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment property

Management of the Corporation has determined that it is not practical to determine the value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of \$1. Any costs associated with obtaining the investment property are expensed as incurred.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the methods described below based on the expected future life of the asset as follows:

Topsides module hall door	20% declining balance
Security building	4% declining balance
Computer equipment	30% declining balance
Office equipment	20% declining balance
Vehicle	30% declining balance

**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

**2. Investments**

Investments of \$204,417 (2006 - \$200,551) in guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from 20 April 2007 to 6 March 2008 with interest rates from 2.00% to 3.20%. Investments totalling \$9,135 (2006 - \$10,609) are encumbered as they relate to suppliers' performance bonds.

**3. Investment property**

In March 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. In November 2001, the Corporation accepted investment property relating to the Terra Nova Project which remained on site following the expiration of a site lease with PCL Industrial Contractors Inc.

**4. Capital assets**

	<u>2007</u>			<u>2006</u>	
	<u>Cost</u>	<u>Capital Contributions</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Topsides module hall door	\$ 1,623,180	\$ 500,000	\$ 476,228	\$ 646,952	\$ 808,689
Security building	89,027	-	1,781	87,246	-
Computer equipment	16,464	-	13,586	2,878	4,112
Office equipment	6,246	-	4,101	2,145	2,681
Vehicle	45,672	-	9,460	36,212	1,946
	<u>\$ 1,780,589</u>	<u>\$ 500,000</u>	<u>\$ 505,156</u>	<u>\$ 775,433</u>	<u>\$ 817,428</u>

**5. Distribution payable to the Province of Newfoundland and Labrador**

The Minister of Finance is authorized to invest any surplus from operations. Surpluses from operations are to be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador but there are no set terms of repayment. The change in the distribution payable to the Province of Newfoundland and Labrador for the year is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 1,370,793	\$ 1,550,169
Surplus paid to Province	(518,581)	-
Excess of revenues over expenses (expenses over revenues)	<u>211,084</u>	<u>(179,376)</u>
Balance, end of year	<u>\$ 1,063,296</u>	<u>\$ 1,370,793</u>



**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**6. Related party transactions**

The Province of Newfoundland and Labrador has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for certain employees of the Corporation are paid directly by the Province of Newfoundland and Labrador and the Province is reimbursed by the Corporation.

**7. Financial instruments**

The Corporation's financial instruments recognized in the balance sheet consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and performance bonds payable, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

**8. Income taxes**

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

**BUSINESS INVESTMENT CORPORATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2007**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

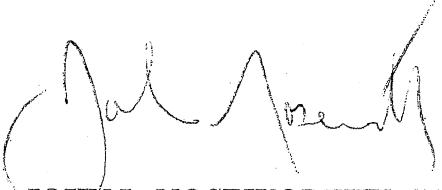
**AUDITOR'S REPORT**

To the Board of Directors  
Business Investment Corporation  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2007 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
18 May 2007

**BUSINESS INVESTMENT CORPORATION  
BALANCE SHEET**

31 March

2007

2006

**ASSETS**

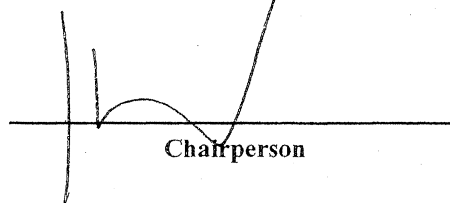
Cash (Note 2)	\$ 14,628,006	\$ 13,266,173
Loans and equity investments (Note 3)	9,313,036	8,297,869
Long-term investments (Note 4)	9,422	9,422
	<u>\$ 23,950,464</u>	<u>\$ 21,573,464</u>

**LIABILITIES AND EQUITY**


Borrowers' deposits	\$ 68,517	\$ 68,517
<b>Equity</b>	<u>23,881,947</u>	<u>21,504,947</u>
	<u>\$ 23,950,464</u>	<u>\$ 21,573,464</u>

**Contingent liabilities (Note 5)****Commitments (Note 6)***See accompanying notes*

Signed on behalf of the Board:



Chairperson



Director of Portfolio Management

**BUSINESS INVESTMENT CORPORATION**  
**STATEMENT OF EQUITY**  
**For the Year Ended 31 March**

2007

2006

**Contributed capital (Note 7)**

<b>Balance, beginning of year</b>	<b>\$ 65,356,559</b>	<b>\$ 59,764,839</b>
Aquaculture Working Capital Fund reserve (Note 2)	<b>3,800</b>	816
Capital contributions from the Province	<b>1,000,000</b>	10,800,000
Contributions disbursed as grants	<b>(607,485)</b>	(464,487)
Principal written off, net of recoveries (Note 3)	<b>(1,956,255)</b>	(4,744,609)
<b>Balance, end of year</b>	<b>63,796,619</b>	<b>65,356,559</b>

**Deficit**

<b>Balance, beginning of year</b>	<b>(43,851,612)</b>	<b>(48,440,513)</b>
Excess of revenues over expenses (expenses over revenues)	<b>1,980,685</b>	(155,708)
Principal written off, net of recoveries (Note 3)	<b>1,956,255</b>	4,744,609
<b>Balance, end of year</b>	<b>(39,914,672)</b>	<b>(43,851,612)</b>
<b>Equity, end of year</b>	<b>\$ 23,881,947</b>	<b>\$ 21,504,947</b>

*See accompanying notes*

**BUSINESS INVESTMENT CORPORATION**  
**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 March**

2007

2006

**REVENUES**

Interest on loans	\$ 1,014,826	\$ 768,091
Other investment income	557,174	314,855
Recovery in value of loans receivable and equity investments (Note 3)	413,068	-
Dividend income	-	5,753
	<u>1,985,068</u>	<u>1,088,699</u>

**EXPENSES**

Provision for decline in value of loans receivable and equity investments (Note 3)	-	1,244,122
Miscellaneous expense	4,383	285
	<u>4,383</u>	<u>1,244,407</u>
<b>Excess of revenues over expenses</b> <b>(expenses over revenues)</b>	<b>\$ 1,980,685</b>	<b>\$ (155,708)</b>

*See accompanying notes*

**BUSINESS INVESTMENT CORPORATION****STATEMENT OF CASH FLOWS**

For the Year Ended 31 March

2007

2006

**Cash flows from operating activities**

Excess of revenues over expenses (expenses over revenues)	\$ 1,980,685	\$ (155,708)
Adjustments for non-cash items Provision for decline (recovery) in value of loans receivable and equity investments	(413,068)	1,244,122
	<u>1,567,617</u>	<u>1,088,414</u>

**Cash flows from investing activities**

Increase in loans and equity investments	(3,368,881)	(3,055,577)
Collection of loans and equity investments	2,766,782	2,886,320
	<u>(602,099)</u>	<u>(169,257)</u>

**Cash flows from financing activities**

Aquaculture Working Capital Fund reserve	3,800	816
Capital contributions from the Province	1,000,000	10,800,000
Contributions disbursed as grants	(607,485)	(464,487)
	<u>396,315</u>	<u>10,336,329</u>

<b>Net increase in cash</b>	<b>1,361,833</b>	<b>11,255,486</b>
<b>Cash, beginning of year</b>	<b>13,266,173</b>	<b>2,010,687</b>
<b>Cash, end of year</b>	<b>\$ 14,628,006</b>	<b>\$ 13,266,173</b>

*See accompanying notes*

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**Authority**

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

**1. Significant accounting policies**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

**(a) Loans receivable**

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

**(b) Equity investments**

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.



**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**1. Significant accounting policies (cont.)**

**(c) Revenue recognition**

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

**2. Aquaculture Working Capital Fund**

On 30 March 2001, Enterprise Newfoundland and Labrador Corporation, a predecessor of the Corporation, entered into an agreement with the Federal and Provincial Governments to set up the Aquaculture Working Capital Fund (AWCF). The AWCF assists individuals and companies in the shell fish industry throughout the Province through repayable loans. The AWCF is a revolving fund in which the Corporation retains the loan repayments for future aquaculture loans until the conclusion of the agreement. The agreement is scheduled to conclude on 31 March 2011, extendable for 3 years, at which time the Corporation will reimburse all monies to the Federal and Provincial governments based on the proportions of their contribution.

To date the Corporation has received funding totalling \$1.5 million based on contributions of \$1.3 million in Federal funding from the Canada/Newfoundland Strategic Regional Diversification Agreement, and \$160,000 Federal and \$40,000 Provincial funding from the Canada/Newfoundland Agreement on Economic Renewal Agreement.

As at 31 March 2007, the AWCF had 18 loans outstanding totalling \$1,392,563 (2006 - 19 loans totalling \$1,473,326). During 2003-04 the Corporation established a separate loan portfolio and bank account to administer the AWCF and assist in identifying payments that are received and held for future loans. As at 31 March 2007, the AWCF had a balance of \$174,107 (2006 - \$76,475) which is included in these financial statements as cash.

**3. Loans and equity investments**

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

**3. Loans and equity investments (cont.)**

Loans and equity investments consist of the following:

	<u>2007</u>	<u>2006</u>
<b>Loans receivable</b>		
Principal due and unpaid	\$ 19,383,227	\$ 21,276,315
Principal not yet due	14,917,978	14,470,691
Interest due and unpaid	2,645,675	2,489,279
	<u>36,946,880</u>	<u>38,236,285</u>
Less: allowance for decline in value	<u>(28,412,414)</u>	<u>(30,704,742)</u>
	<u>8,534,466</u>	<u>7,531,543</u>
<b>Equity investments</b>		
Equity investments, at cost	20,160,320	20,763,889
Less: allowance for decline in value	<u>(19,381,750)</u>	<u>(19,997,563)</u>
	<u>778,570</u>	<u>766,326</u>
<b>Loans and equity investments</b>	<b>\$ 9,313,036</b>	<b>\$ 8,297,869</b>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2007</u>	<u>2006</u>
<b>Balance, beginning of year</b>	<b>\$ 50,702,305</b>	<b>\$ 55,497,891</b>
Principal written off, net of recoveries	(1,956,255)	(4,744,609)
Interest written off, net of recoveries	(538,818)	(1,295,099)
Provision for decline (recovery) in value of loans receivable and equity investments	<u>(413,068)</u>	<u>1,244,122</u>
<b>Balance, end of year</b>	<b>\$ 47,794,164</b>	<b>\$ 50,702,305</b>

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**4. Long-term investments**

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2007 was \$35,346 (2006 - \$33,414).

**5. Contingent liabilities**

(a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1,800,000. The Province will not appeal this decision.

(b) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of \$811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

**6. Commitments**

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of \$4,330,631 (2006 - \$2,854,343).

**7. Contributed capital**

The Corporation receives capital contributions from the Province and the Government of Canada for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.

Contributed capital is reduced by the principal portion of loans collected and paid to the Province, the principal portion of loans written off, and by contributions which the Corporation disburses as grants under its Business and Market Development Program.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**8. Financial instruments**

The Corporation's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, loans and equity investments, and borrowers' deposits. The carrying values of cash, and borrowers' deposits approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

**9. Related party transactions**

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses of \$587,062 (2006 - \$507,807) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

**10. Economic dependence**

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

**11. Income taxes**

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



CENTRAL REGIONAL HEALTH AUTHORITY  
AUDITORS' REPORT  
FINANCIAL STATEMENTS - MARCH 31, 2007

AUDITORS' REPORT

To the Board of Trustees of the **Central Regional Health Authority**

We have audited the consolidated balance sheet of the **Central Regional Health Authority** as at March 31, 2007 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

August 15, 2007

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Balance Sheet

March 31, 2007

2007

2006

**Assets**

Current assets:		
Receivables (Note 3)	\$ 10,368,442	7,037,181
Inventories (Note 4)	2,078,339	2,021,867
Prepays (Note 5)	<u>3,728,519</u>	<u>3,405,356</u>
Total current assets	16,175,300	12,464,404
Cash restricted for security deposits	21,238	19,787
Investments restricted for general endowment purposes (Note 6)	289,331	251,301
Replacement reserve funding (Note 14)	266,884	305,594
Residents' trust funds held on deposit	673,123	674,177
Deposits on property, plant and equipment	2,188,547	170,670
Property, plant and equipment (Note 7)	58,099,681	61,374,138
Deferred charges	<u>4,586</u>	<u>17,498</u>
	<u>\$ 77,718,690</u>	<u>75,277,569</u>

**Liabilities**

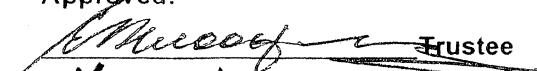
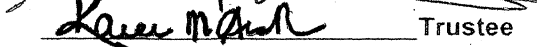
Current liabilities:		
Bank indebtedness (Note 8)	\$ 9,430,449	9,988,601
Payables and accruals (Note 9)	21,621,993	16,072,278
Accrued vacation pay	9,054,125	8,301,154
Deferred grants and donations (Note 10)	6,028,002	5,273,635
Current portion of obligations under capital lease	119,237	101,282
Current portion of long-term debt	1,261,487	1,266,436
Current portion of accrued severance pay - estimated	<u>1,200,000</u>	<u>1,083,645</u>
Total current liabilities	48,715,293	42,087,031
Security deposits payable	21,238	19,787
Long-term debt (Note 11)	22,607,748	23,925,817
Obligations under capital lease (Note 12)	273,759	302,605
Trust funds payable	673,123	674,177
Accrued severance pay, less current portion of \$1,200,000	20,791,136	20,534,699
Unamortized deferred contributions related to property, plant and equipment (Note 13)	23,821,781	24,760,418
Replacement reserve (Note 14)	266,884	305,594
J.M. Olds scholarship and library funds	85,574	84,393
	<u>117,256,536</u>	<u>112,694,521</u>

**Net assets (deficit), per accompanying statement**

Net assets invested in property, plant and equipment	9,892,005	11,064,585
Net assets restricted for general endowment purposes	289,331	251,301
Unrestricted net assets (deficit)	<u>( 49,719,182)</u>	<u>( 48,732,838)</u>
	<u>( 39,537,846)</u>	<u>( 37,416,952)</u>
	<u>\$ 77,718,690</u>	<u>75,277,569</u>

See accompanying notes

Approved:

 Trustee  
 Trustee



CENTRAL REGIONAL HEALTH AUTHORITY  
 CONSOLIDATED

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007			2006
	Invested in Property, Plant and Equipment	Restricted for General Endowment Purposes	Unrestricted	Total
Balance (deficit), beginning: As previously reported	\$ 11,064,585	251,301	(48,732,838)	(37,416,952) (36,449,969)
Prior years' adjustments: To remove "Energy Performance Contract" net assets of "Central West Health" to conform with other entities treatment	-	-	-	( 344,881)
To adjust for overstatement of accrued liabilities and related expenses in prior years'	-	-	-	291,618
To adjust for overstatement of Foundations "Donations for the purchase of capital equipment" in prior years	-	-	-	145,001
As restated	11,064,585	251,301	(48,732,838)	(37,416,952) (36,358,231)
Deficiency of revenue over expenditure	( 2,779,166)	-	658,272	( 2,120,894) ( 1,058,721)
Investment in property, plant and equipment (Note 15)	1,606,586	-	( 1,606,586)	-
Transfers to endowment fund: Reinvested investment income Contributed	-	36,030 2,000	( 36,030) ( 2,000)	-
Balance (deficit), ending	\$ 9,892,005	289,331	(49,719,182)	(39,537,846) (37,416,952)

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**

**CONSOLIDATED**

**Statement of Operations**

**Year ended March 31, 2007**

**2007**

**2006**

Revenue:

Provincial plan operating	<b>\$ 202,519,510</b>	192,360,198
MCP physicians salaries	<b>11,520,569</b>	12,152,438
Patient-resident services	<b>12,134,092</b>	11,023,640
CMHC mortgage interest subsidy (Note 11)	<b>108,452</b>	127,997
Redundancy and other funding	<b>1,228,759</b>	2,228,463
Capital project funding	<b>3,403,224</b>	2,584,766
Canadian Blood Services	-	2,194,514
Recoveries	<b>2,670,765</b>	2,705,158
Cottage operations	<b>1,437,232</b>	1,422,918
Foundations	<b>768,680</b>	696,454
Other revenue	<b>2,648,214</b>	2,714,009
	<b><u>238,439,497</u></b>	<u>230,210,555</u>

Expenditure:

Administration	<b>21,353,269</b>	19,435,722
Community and social services	<b>49,808,228</b>	44,644,564
Support services	<b>47,274,951</b>	46,196,235
Nursing inpatient services - acute	<b>36,115,099</b>	36,268,538
- long-term care	<b>22,562,559</b>	22,339,928
Ambulatory care services	<b>16,188,951</b>	14,349,242
Diagnostic and therapeutic services	<b>25,898,055</b>	27,867,205
Medical services	<b>14,419,773</b>	14,594,983
Education services	<b>1,298,745</b>	1,426,288
Cottage operations, including amortization of \$316,032 (2006 - \$292,306)	<b>1,429,926</b>	1,473,115
Foundations	<b>622,193</b>	344,649
	<b><u>236,971,749</u></b>	<u>228,940,469</u>
Surplus prior to non-shareable items	<b><u>1,467,748</u></b>	<u>1,270,086</u>

Non-shareable items:

Amortization of deferred capital grants	<b>2,913,270</b>	2,384,182
Amortization	<b>( 5,376,404)</b>	( 4,517,344)
Accrued vacation pay - (increase) decrease	<b>( 752,716)</b>	147,139
Accrued severance pay - (increase) decrease	<b>( 372,792)</b>	( 342,784)
	<b><u>( 3,588,642)</u></b>	<u>( 2,328,807)</u>
Deficiency of revenue over expenditure	<b><u>\$( 2,120,894)</u></b>	<u>( 1,058,721)</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
CONSOLIDATED**

**Statement of Cash Flow**

**Year ended March 31, 2007**

2007

2006

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$(2,120,894)	(1,058,721)
Amortization	5,692,436	4,809,650
Amortization of deferred capital grants	<u>(2,913,270)</u>	<u>(2,384,182)</u>

658,272      1,366,747

Changes in:

Receivables	(3,331,261)	( 437,646)
Inventories	( 56,472)	117,001
Prepays	( 323,163)	(1,287,761)
Deferred charges	12,912	24,346
Payables and accruals	5,549,715	(2,313,699)
Accrued vacation pay	752,971	( 145,973)
Deferred grants and donations	754,367	( 283,042)
Accrued severance pay	<u>372,792</u>	<u>270,080</u>

4,390,133      (2,689,947)

Investing:

Additions to property, plant and equipment	(2,417,988)	(2,503,965)
Deposits on property, plant and equipment	(2,017,877)	( 170,670)
Transfers to general endowment fund	<u>( 38,030)</u>	<u>-</u>

(4,473,895)      (2,674,635)

Financing:

Repayment of long-term debt	(1,323,019)	(1,050,567)
Increase in capital leases	101,798	-
Repayment of capital leases	( 112,688)	( 159,917)
Net changes in J. M. Olds funds	1,181	( 6,969)
Grants used for the purchase of property, plant and equipment	1,728,330	2,024,603
Donations used for the purchase of property, plant and equipment	246,312	141,152
New loan proceeds	<u>-</u>	<u>500,000</u>

641,914      1,448,302

Net increase (decrease) in cash      558,152      (3,916,280)

Cash, net of bank indebtedness:

Beginning      (9,988,601)      (6,072,321)

Ending (Note 8)      **\$(9,430,449)**      (9,988,601)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Balance Sheet

March 31, 2007

2007

2006

**Assets**

Current assets:

Receivables (Note 3)	\$ 10,340,697	6,982,364
Due from cottage operations and Foundations - net	408,305	602,294
Inventories (Note 4)	2,078,339	2,021,867
Prepays (Note 5)	<u>3,662,667</u>	<u>3,340,197</u>

Total current assets 16,490,008 12,946,722

Residents' trust funds held on deposit	673,123	674,177
Deposits on property, plant and equipment	2,188,547	170,670
Property, plant and equipment (Note 7)	51,905,008	54,863,435
Deferred charges	<u>4,586</u>	<u>17,498</u>

\$ 71,261,272 68,672,502

**Liabilities**

Current liabilities:

Bank indebtedness (Note 8)	\$ 9,825,061	10,430,671
Payables and accruals (Note 9)	21,583,525	16,023,197
Accrued vacation pay	9,052,376	8,299,633
Deferred grants and donations (Note 10)	5,729,730	4,990,142
Current portion of obligations under capital lease	119,237	101,282
Current portion of long-term debt	911,787	960,765
Current portion of accrued severance pay - estimated	<u>1,200,000</u>	<u>1,083,645</u>

Total current liabilities 48,421,716 41,889,335

Long-term debt (Note 11)	16,922,519	17,880,523
Obligations under capital lease (Note 12)	273,759	302,605
Trust funds payable	673,123	674,177
Accrued severance pay, less current portion of \$ 1,200,000	20,791,136	20,534,699
Unamortized deferred contributions related to property, plant and equipment (Note 13)	23,821,781	24,760,418
J.M. Olds scholarship and library funds	<u>85,574</u>	<u>84,394</u>

110,989,608 106,126,151

**Net assets (deficit), per accompanying statement:**

Net assets invested in property, plant and equipment	9,730,579	10,903,163
Unrestricted net assets (deficit)	<u>( 49,458,915)</u>	<u>( 48,356,812)</u>

( 39,728,336) ( 37,453,649)

\$ 71,261,272 68,672,502

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
OPERATING

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007		2006	
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balances (deficit), beginning: As previously reported	\$ 10,903,163	(48,356,812)	(37,453,649)	(36,040,057)
Prior years' adjustments: To remove "Energy Performance Contract" net assets of "Central West Health" to conform with other entities treatment	-	-	-	( 344,881)
To adjust for overstatement of accrued liabilities and related expenses of prior years	-	-	-	291,618
As restated	10,903,163	(48,356,812)	(37,453,649)	(36,093,320)
Deficiency of revenue over expenditure	( 2,463,134)	188,447	( 2,274,687)	( 1,360,329)
Investment in property, plant and equipment (Note 15)	1,290,550	( 1,290,550)	-	-
Balance (deficit), ending	\$ 9,730,579	(49,458,915)	(39,728,336)	(37,453,649)

See accompanying notes

# CENTRAL REGIONAL HEALTH AUTHORITY

## OPERATING

### Statement of Operations

Year ended March 31, 2007

2007

2006

Revenue:		
Provincial plan	\$ 198,909,888	189,548,401
Primary Health Care	305,906	656,633
MCP physicians salaries	11,520,569	12,152,438
Inpatient	1,936,176	1,568,593
Outpatient	1,989,928	1,586,753
Resident revenue - long-term care	8,207,988	7,868,294
CMHC mortgage interest subsidy (Note 11)	108,452	127,997
Redundancy and other funding	1,228,759	2,228,463
Capital project funding	3,403,224	2,584,766
Canadian Blood Services	-	2,194,514
National Child Benefit	1,130,413	992,620
Early Childhood Development	834,574	173,710
Early Learning and Child Care Initiatives	1,338,729	988,834
Recoveries - services	1,027,561	1,101,326
- salaries	1,389,344	1,381,218
- ambulance	253,860	222,614
Other miscellaneous revenue	2,648,214	2,714,009
	<u>236,233,585</u>	<u>228,091,183</u>
Expenditure:		
Administration	21,353,269	19,435,722
Primary Health Care	298,438	656,633
Community and social services	49,509,790	43,987,931
Support services	47,274,951	46,196,235
Nursing inpatient services - acute	36,115,099	36,268,538
- long-term care	22,562,559	22,339,928
Ambulatory care services	16,188,951	14,349,242
Diagnostic and therapeutic services	25,898,055	27,867,205
Medical services	14,419,773	14,594,983
Education services	1,298,745	1,426,288
	<u>234,919,630</u>	<u>227,122,705</u>
Surplus prior to non-shareable items	<u>1,313,955</u>	<u>968,478</u>
Non-shareable items:		
Amortization of deferred capital grants	2,913,270	2,384,182
Amortization	( 5,376,404)	( 4,517,344)
Accrued vacation pay - (increase) decrease	( 752,716)	147,139
Accrued severance pay - (increase) decrease	( 372,792)	( 342,784)
	<u>( 3,588,642)</u>	<u>( 2,328,807)</u>
Excess (deficiency) of revenue over expenditure	<u>\$( 2,274,687)</u>	<u>( 1,360,329)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$( 2,274,687)	( 1,360,329)
Amortization	5,376,404	4,517,344
Amortization of deferred capital grants	<u>( 2,913,270)</u>	<u>( 2,384,182)</u>

188,447                      772,833

Changes in:

Receivables	( 3,358,333)	( 1,030,605)
Inventories	( 56,472)	117,001
Prepays	( 322,470)	( 1,286,859)
Due from cottage operations and Foundations	193,989	419,969
Deferred charges	12,912	24,396
Payables and accruals	5,560,328	( 1,818,298)
Accrued vacation pay	752,743	( 147,139)
Deferred grants and donations	739,588	( 395,397)
Accrued severance pay	<u>372,792</u>	<u>270,080</u>

4,083,524                      ( 3,074,019)

Investing:

Additions to property, plant and equipment	( 2,417,988)	( 2,503,965)
Deposits on property, plant and equipment	<u>( 2,017,877)</u>	<u>( 170,670)</u>

( 4,435,865)                      ( 2,674,635)

Financing:

Repayment of long-term debt	( 1,006,982)	( 758,261)
Increase in capital leases	101,798	-
Repayment of capital leases	( 112,688)	( 159,917)
Net changes in J.M. Olds funds	1,181	( 6,969)
Grants used for the purchase of property, plant and equipment	1,728,330	2,024,603
Donations used for the purchase of property, plant and equipment	246,312	141,152
New loan proceeds	<u>-</u>	<u>500,000</u>

957,951                      1,740,608

Net increase (decrease) in cash                      605,610                      ( 4,008,046)

Cash, net of bank indebtedness:

Beginning                      (10,430,671)                      ( 6,422,625)

Ending (Note 8)                      \$( 9,825,061)                      (10,430,671)

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III**

**Balance Sheet**

**March 31, 2007**

2007

2006

**Assets**

Current assets:

Cash	\$ 1,335	80,574
Receivables (Note 3)	11,109	10,549
Prepays (Note 5)	<u>38,393</u>	<u>36,819</u>

Total current assets 50,837 127,942

Cash restricted for security deposits	12,267	11,273
Replacement reserve cash	13,770	47,132
Property, plant and equipment (Note 7)	<u>2,860,794</u>	<u>2,986,366</u>

\$ 2,937,668 3,172,713

**Liabilities**

Current liabilities:

Payables and accruals (Note 9)	\$ 14,593	25,023
Due to Central Regional Health Authority	131,753	236,180
Current portion of long-term debt	<u>150,389</u>	<u>121,159</u>

Total current liabilities 296,735 382,362

Security deposit liability	12,267	11,273
Long-term debt (Note 11)	2,598,885	2,753,691
Replacement reserve (Note 14)	<u>13,770</u>	<u>47,132</u>

2,921,657 3,194,458

**Net assets (deficit), per accompanying statement:**

Net assets invested in property, plant and equipment	119,550	119,550
Unrestricted net assets (deficit)	<u>( 103,539)</u>	<u>( 141,295)</u>

16,011 ( 21,745)

\$ 2,937,668 3,172,713

See accompanying notes



CENTRAL REGIONAL HEALTH AUTHORITY  
NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III  
Statement of Changes in Net Assets  
Year ended March 31, 2007

	2007			2006
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance, beginning	\$ 119,550	(141,295)	(21,745)	17,497
Excess (deficiency) of revenue over expenditure	(125,576)	163,332	37,756	(39,242)
Repayment of long-term debt (Note 15)	<u>125,576</u>	(125,576)	-	-
Balance (deficit), ending	<u>\$ 119,550</u>	<u>(103,539)</u>	<u>16,011</u>	<u>(21,745)</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III**  
**Statement of Operations**  
**Year ended March 31, 2007**

	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Rentals	\$ 570,641	559,755	539,697
NLHC subsidy	187,121	177,721	185,450
Interest	500	1,115	1,711
	<u>758,262</u>	<u>738,591</u>	<u>726,858</u>
Expenditures:			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	125,573	125,573	112,317
Fire and safety	2,856	2,856	2,856
Heat and light	153,454	148,603	139,714
Insurance	5,400	5,731	5,731
Mortgage interest	227,491	200,397	226,435
Municipal taxes	51,000	48,702	50,045
Office	-	269	2,069
Other	200	-	246
Professional fees	1,000	1,500	1,290
Repairs and maintenance	37,000	27,841	24,584
Salaries and benefits	89,250	70,395	118,667
Snowclearing	23,000	26,847	39,818
Telephone	2,300	2,292	2,292
Travel	218	309	516
	<u>758,262</u>	<u>700,835</u>	<u>766,100</u>
Excess (deficiency) of revenue over expenditures	\$ <u>-</u>	<u>37,756</u>	<u>( 39,242)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III  
 Statement of Cash Flow

Year ended March 31, 2007	2007	2006
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$ 37,756	( 39,242)
Amortization	<u>125,573</u>	<u>112,317</u>
	163,329	73,075
Changes in:		
Receivables	( 560)	264
Prepays	( 1,574)	1,176
Payables and accruals	( 10,430)	( 670)
Due to Central Regional Health Authority	<u>(104,427)</u>	<u>23,653</u>
	<u>46,338</u>	<u>97,498</u>
Financing:		
Principal repayments	<u>(125,577)</u>	<u>(112,317)</u>
Net increase (decrease) in cash	( 79,239)	( 14,819)
Cash:		
Beginning	<u>80,574</u>	<u>95,393</u>
Ending	<u>\$ 1,335</u>	<u>80,574</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
NORTH HAVEN MANOR COTTAGE UNITS PHASE IV**

**Balance Sheet**

<b>March 31, 2007</b>	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 9,177	7,466
Receivables (Note 3)	9,777	27,411
Prepays (Note 5)	<u>4,014</u>	<u>3,759</u>
Total current assets	<b>22,968</b>	38,636
Cash restricted for security deposits	<b>1,415</b>	1,320
Due from NLHC for replacement reserve	<b>108,330</b>	123,177
Property, plant and equipment (Note 7)	<u><b>558,082</b></u>	<u>574,377</u>
	<u><b>\$ 690,795</b></u>	<u>737,510</u>
<b>Liabilities</b>		
Current liabilities:		
Payables and accruals (Note 9)	\$ 3,601	10,389
Due to Central Regional Health Authority	19,367	28,247
Current portion of long-term debt	<u>16,695</u>	<u>15,914</u>
Total current liabilities	<b>39,663</b>	54,550
Security deposit liability	<b>1,415</b>	1,320
Long-term debt (Note 11)	<b>526,387</b>	543,463
Replacement reserve (Note 14)	<u><b>108,330</b></u>	<u>123,177</u>
	<u><b>675,795</b></u>	<u>722,510</u>
<b>Net assets, per accompanying statement</b>		
Invested in property, plant and equipment	<u><b>15,000</b></u>	<u>15,000</u>
	<u><b>\$ 690,795</b></u>	<u>737,510</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 NORTH HAVEN MANOR COTTAGE UNITS PHASE IV  
 Statement of Changes in Net Assets  
 Year ended March 31, 2007

	2007			2006
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance, beginning	\$ 15,000	-	15,000	15,000
Excess of revenue over expenditure	(16,295)	16,295	-	-
Repayment of long-term debt (Note 15)	16,295	(16,295)	-	-
Balance, ending	<u>\$ 15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Operations

Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
Revenue:			
Rentals	\$ 51,240	46,626	47,810
NLHC subsidy	36,735	40,195	44,067
Interest	-	286	545
	<u>\$ 87,975</u>	<u>87,107</u>	<u>92,422</u>
Expenditure:			
Administration	\$ 4,332	3,600	3,602
Amortization	16,295	16,295	15,391
Heat and light	14,275	14,683	14,227
Insurance	663	578	578
Mortgage interest	31,353	31,592	32,496
Municipal taxes	4,807	5,072	4,972
Office	-	-	371
Other	-	-	22
Professional fees	1,352	1,613	1,613
Provision for doubtful	-	781	-
Repairs and maintenance	3,816	3,161	3,494
Salaries and benefits	7,992	6,676	11,452
Snowclearing	3,090	2,685	3,975
Telephone	-	229	229
Travel	-	142	-
	<u>\$ 87,975</u>	<u>87,107</u>	<u>92,422</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
 NORTH HAVEN MANOR COTTAGE UNITS PHASE IV  
 Statement of Cash Flow**

Year ended March 31, 2007	2007	2006
<hr/>		
Cash flows:		
Operations:		
Amortization	\$ 16,295	15,391
Changes in:		
Receivables	19,142	( 2,092)
Prepays	( 255)	( 17)
Payables and accruals	( 8,296)	( 6,455)
Due to Central Regional Health Authority	<u>( 8,880)</u>	<u>( 4,274)</u>
	<u>18,006</u>	<u>2,553</u>
Financing:		
Principal repayments	(16,295)	(15,391)
Adjustment to security deposits	<u>-</u>	<u>( 50)</u>
	<u>(16,295)</u>	<u>(15,441)</u>
Net increase (decrease) in cash	1,711	(12,888)
Cash:		
Beginning	<u>7,466</u>	<u>20,354</u>
Ending	<u>\$ 9,177</u>	<u>7,466</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
VALLEY VISTA COTTAGES

Balance Sheet

March 31, 2007

2007

2006

**Assets**

Current assets:

Cash	\$ 40,420	16,356
Receivables (Note 3)	6,315	6,291
Prepays (Note 5)	<u>23,445</u>	<u>24,581</u>

Total current assets 70,180 47,228

Cash restricted for security deposits	7,556	7,194
Replacement reserve cash	17,851	8,342
Property, plant and equipment (Note 7)	<u>2,133,822</u>	<u>2,286,917</u>
	<u>\$ 2,229,409</u>	<u>2,349,681</u>

**Liabilities**

Current liabilities:

Payables and accruals (Note 9)	\$ 9,404	10,571
Due to Central Regional Health Authority	137,757	83,188
Current portion of long-term debt	<u>160,360</u>	<u>147,517</u>

Total current liabilities 307,521 241,276

Security deposit liability	7,556	7,194
Long-term debt (Note 11)	1,940,238	2,106,176
Replacement reserve fund (Note 14)	<u>17,851</u>	<u>8,342</u>
	<u>2,273,166</u>	<u>2,362,988</u>

**Net assets (deficit), per accompanying statement**

Net assets invested in property, plant and equipment	26,872	26,872
Unrestricted net assets (deficit)	<u>( 70,629)</u>	<u>( 40,179)</u>

( 43,757) ( 13,307)

\$ 2,229,409 2,349,681

See accompanying notes



CENTRAL REGIONAL HEALTH AUTHORITY  
 VALLEY VISTA COTTAGES  
 Statement of Changes in Net Assets  
 Year ended March 31, 2007

	2007			2006
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	\$ 26,872	( 40,179)	(13,307)	( 2,352)
Excess (deficiency) of revenue over expenditure	(153,095)	122,645	(30,450)	(10,955)
Repayment of long-term debt (Note 15)	<u>153,095</u>	<u>(153,095)</u>	<u>-</u>	<u>-</u>
Balance (deficit), ending	<u>\$ 26,872</u>	<u>( 70,629)</u>	<u>(43,757)</u>	<u>(13,307)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 VALLEY VISTA COTTAGES  
 Statement of Operations  
 Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
Revenue:			
Rental revenue	\$ 473,576	421,405	403,581
NLHC subsidy	64,836	70,669	73,131
	<u>538,412</u>	<u>492,074</u>	<u>476,712</u>
Expenditures:			
Allocation to replacement reserve	28,928	26,517	-
Amortization	154,000	153,095	144,642
Cable television	18,500	15,631	14,751
Heat and light	117,000	107,649	104,359
Insurance	3,500	4,367	4,367
Mortgage interest	100,621	98,205	109,435
Municipal taxes	34,500	32,253	30,564
Office	1,050	627	925
Professional fees	1,700	1,500	2,274
Repairs and maintenance	26,500	29,162	22,313
Salaries and benefits	48,513	47,116	44,730
Snowclearing	3,500	6,141	9,227
Travel	100	261	80
	<u>538,412</u>	<u>522,524</u>	<u>487,667</u>
Excess (deficiency) of revenue over expenditures	\$ -	( 30,450)	( 10,955)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 VALLEY VISTA COTTAGES

Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$( 30,450)	( 10,955)
Amortization	<u>153,095</u>	<u>144,642</u>
	122,645	133,687
Changes in:		
Receivables	( 24)	( 502)
Prepays	1,136	( 2,062)
Payables and accruals	( 1,167)	( 544)
Due to Central Regional Health Authority	<u>54,569</u>	<u>( 9,147)</u>
	<u>177,159</u>	<u>121,432</u>
Financing:		
Principal repayments	<u>(153,095)</u>	(144,642)
Net increase (decrease) in cash	24,064	( 23,210)
Cash:		
Beginning	<u>16,356</u>	<u>39,566</u>
Ending	<u>\$ 40,420</u>	<u>16,356</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
BONNEWS LODGE APARTMENT COMPLEX**

**Balance Sheet**

**March 31, 2007**

2007

2006

**Assets**

Current assets:

Receivables (Note 3)

\$ 544 10,566

Due from Central Regional Health Authority

10,326 -

Total current assets

10,870 10,566

Due from Newfoundland and Labrador Housing Corporation for  
replacement reserve

126,933 126,933

Property, plant and equipment (Note 7)

641,975 663,043

\$ 779,778 800,542

**Liabilities**

Current liabilities:

Payables and accruals (Note 9)

\$ 10,870 3,098

Due to Central Regional Health Authority

- 7,468

Current portion of long-term debt

22,256 21,080

Total current liabilities

33,126 31,646

Long-term debt (Note 11)

619,719 641,963

Replacement reserve (Note 14)

126,933 126,933

779,778 800,542

**Net assets, per accompanying statement**

- -

\$ 797,778 800,542

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
 BONNEWS LODGE APARTMENT COMPLEX  
 Statement of Changes in Net Assets  
 Year ended March 31, 2007

	<u>2007</u>			<u>2006</u>
	<u>Invested in Property, Plant And Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ -	-	-	-
Excess of revenue over expenditure	(21,069)	21,069	-	-
Repayment of long-term debt (Note 15)	<u>21,069</u>	<u>(21,069)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**BONNEWS LODGE APARTMENT COMPLEX**  
**Statement of Operations**  
**Year ended March 31, 2007**

	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Rentals	\$ 53,508	58,469	51,071
Newfoundland and Labrador Housing Corporation subsidy	62,851	56,447	71,540
Surcharges - utilities	3,120	3,109	2,953
- laundry	1,440	1,435	1,362
	<u>\$ 120,919</u>	<u>119,460</u>	<u>126,926</u>
Expenditure:			
Administration allowance	\$ 6,216	6,273	6,572
Amortization	21,168	21,069	19,956
Fire and safety	1,000	-	947
Heat and light	18,100	20,093	19,061
Insurance	700	699	699
Mortgage interest	35,449	35,450	36,567
Municipal taxes	8,352	8,198	8,279
Professional fees	2,400	2,400	2,400
Repairs and maintenance	22,534	20,351	27,500
Snowclearing	5,000	4,927	4,945
	<u>\$ 120,919</u>	<u>119,460</u>	<u>126,926</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
BONNEWS LODGE APARTMENT COMPLEX**

**Statement of Cash Flow**

**Year ended March 31, 2007**

**2007**

**2006**

Cash flows:		
Operations:		
Amortization	<b>\$ 21,069</b>	19,956
Changes in:		
Receivables	<b>13,093</b>	(10,304)
Payables and accruals	<b>4,701</b>	( 5,436)
Due to (from) Central Regional Health Authority	<u><b>(17,794)</b></u>	<u>15,740</u>
	<u><b>21,069</b></u>	<u>19,956</u>
Financing:		
Principal repayments	<u><b>(21,069)</b></u>	<u>(19,956)</u>
Net increase in cash	-	-
Cash, net of bank indebtedness:		
Beginning	<u>-</u>	<u>-</u>
Ending	<u><b>\$ -</b></u>	<u>-</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY  
CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Balance Sheet

March 31, 2007

2007

2006

**Assets**

Current assets:

Cash

\$ 37,211 37,211

Due from Central Regional Health Authority

252,200 227,458

\$ 289,411 264,669

**Liabilities**

Current liabilities:

Deferred donations

\$ 298,272 283,493

Accrued vacation pay

1,749 1,522

Total current liabilities

300,021 285,015

**Net assets (deficit), per accompanying statement**

Unrestricted net assets (deficit)

( 10,610) ( 20,346)

\$ 289,411 264,669

See accompanying notes



**CENTRAL REGIONAL HEALTH AUTHORITY  
CENTRAL NORTHEAST HEALTH FOUNDATION**

**Statement of Revenue and Expenditure and Changes in Net Assets**

<b>Year ended March 31, 2007</b>	<b>2007</b>	<b>2006</b>
<hr/>		
Revenue:		
Donations	\$ 286,454	103,223
Staff lottery	21,597	24,181
Matching grants	-	51,518
Other	<u>15,253</u>	<u>10,864</u>
	<u>323,304</u>	<u>189,786</u>
Expenditure:		
Capital equipment donations:		
Ventilator	37,114	-
Drug carts	22,564	-
Colposcope	21,467	-
Maternal monitor	19,214	-
Vital signs monitors	13,092	-
Portable GVL glidescope	10,030	-
Transport stretchers	8,573	-
Respiratory system	7,670	-
Ultrasound table	6,972	-
Dialysis campaign equipment	-	27,385
Electric beds	-	26,776
Comfort and night chairs	-	12,870
Advanta bed	-	10,500
Sara lifts	-	8,928
Infusion pumps	-	7,300
Gyne table	-	5,555
Medi lift scale	-	4,650
Pressure mattress	-	4,100
Other	39,408	15,855
Minor equipment purchases	2,256	376
Salaries and benefits	72,140	28,086
Office	15,818	4,613
Travel	3,647	3,364
Other supplies and expenses	<u>33,603</u>	<u>19,301</u>
	<u>313,568</u>	<u>179,659</u>
Excess of revenue over expenditure	\$ 9,736	10,127
Net Assets (deficit):		
Beginning	\$( 20,346)	( 30,473)
Ending	<u>\$( 10,610)</u>	<u>( 20,346)</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
CENTRAL NORTHEAST HEALTH FOUNDATION INC.**

**Statement of Cash Flow**

**Year ended March 31, 2007**

**2007**

**2006**

Cash flows:		
Operations:		
Excess of revenue over expenditure	<b>\$ 9,736</b>	10,127
Changes in:		
Receivables - Dialysis campaign	-	123,300
Due to/from Authority	<b>(24,742)</b>	(246,947)
Deferred donations	<b>14,779</b>	112,355
Accrued vacation pay	<b><u>227</u></b>	<u>1,165</u>
Net increase in cash	-	-
Cash:		
Beginning	<b><u>37,211</u></b>	<u>37,211</u>
Ending	<b><u>\$ 37,211</u></b>	<u>37,211</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Balance Sheet**

**March 31, 2007**

**2007**

**2006**

**Assets**

Current assets:

Cash

**\$ 306,469**

300,464

Investments restricted for general endowment fund (Note 6)

**289,331**

251,301

**\$ 595,800**

551,765

**Liabilities**

Current liabilities:

Due to Central Regional Health Authority:

Operating

**\$ 24,621**

41,708

Capital

**357,333**

432,962

Total current liabilities

**381,954**

474,670

**Net assets, per accompanying statement**

Net assets restricted for general endowment fund

**289,331**

251,301

Unrestricted net assets (deficit)

**( 75,485)**

(174,206)

**213,846**

77,095

**\$ 595,800**

551,765

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Statement of Changes in Net Assets**

**Year ended March 31, 2007**

	<u>2007</u>			<u>2006</u>
	<u>Restricted for General Endowment Fund</u>	<u>Unrestricted Operating</u>	<u>Total</u>	<u>Total</u>
Balance (deficit), beginning:				
As previously reported	\$ 251,301	(174,206)	77,095	(409,584)
Prior years' adjustment for overstatement of "Donations for the purchase of capital equipment"	-	-	-	145,001
As restated	251,301	(174,206)	77,095	(264,583)
Excess of revenue over expenditure	-	136,751	136,751	341,678
Transfers to endowment fund:				
Reinvested investment income	36,030	( 36,030)	-	-
Contributed	<u>2,000</u>	<u>( 2,000)</u>	-	-
Balance (deficit), ending	<u>\$ 289,331</u>	<u>( 75,485)</u>	<u>213,846</u>	<u>77,095</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Statement of Operations**

**Year ended March 31, 2007**

2007

2006

Revenue:		
Donations	\$ 338,051	440,998
Staff lottery	55,063	57,075
Endowment fund investment income	36,030	-
Interest	16,232	8,595
	<u>445,376</u>	<u>506,668</u>
Expenditure:		
Capital equipment and other donations:		
Urology laser	125,000	-
Ultrasound transducer	19,381	-
Isolette	16,556	-
Training manikins	14,324	-
Furniture	8,013	-
Medication carts	7,186	-
Comfort chairs	4,043	2,742
Phototherapy light	3,557	-
Vital signs monitor	2,502	-
Chemo recliner	1,366	-
Quilted bedsheets	-	7,323
Wheelchair	-	1,475
Other	8,115	6,280
	<u>210,043</u>	<u>17,820</u>
Salaries and benefits - net	96,808	146,949
Other supplies and expenses	1,774	221
	<u>308,625</u>	<u>164,990</u>
Excess of revenue over expenditure	<u>\$ 136,751</u>	<u>341,678</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Statement of Cash Flow**

<b>Year ended March 31, 2007</b>	<b>2007</b>	<b>2006</b>
Cash Flows:		
Operations:		
Excess of revenue over expenditure	<b>\$ 136,751</b>	341,678
Changes in:		
Due to Authority	<u>( 92,716)</u>	<u>(198,994)</u>
	<u>44,035</u>	<u>142,684</u>
Investing:		
Transfer to general endowment fund	<u>( 38,030)</u>	<u>-</u>
Net increase in cash	<b>6,005</b>	142,684
Cash:		
Beginning	<u>300,464</u>	<u>157,780</u>
Ending	<u><b>\$ 306,469</b></u>	<u>300,464</u>

See accompanying notes

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

---

### 1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central Regional Health Authority.

#### *Facilities*

A. M. Guy Memorial Health Centre	Green Bay Community Health Centre
Baie Verte Peninsula Health Centre	James Paton Memorial Regional Health Centre
Bonnews Lodge Apartment Complex	Lakeside Homes
Brookfield Bonnews Health Care Centre	North Haven Manor Senior Citizens Home
Carmelite House Senior Citizens Home	North Haven Manor Cottages
Central Newfoundland Regional Health Centre	Notre Dame Bay Memorial Health Care
Central Northeast Health Foundation	South and Central Health Foundation
Connaigre Peninsula Community Health Centre	Valley Vista Senior Citizens Home
Dr. Hugh Twomey Health Care Centre	Valley Vista Cottages
Fogo Island Health Care	

#### *Clinics*

Carmanville	LaScie
Centreville	Lewisporte
Eastport	Mose Ambrose
Gambo	Musgrave Harbour
Gander Bay	New World Island
Glovertown	St. Alban's
Hare Bay	St. Brendan's
Hermitage	

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined, are added together to form the combined value of assets, liabilities and net assets of the Authority.

### 2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

#### *Investments*

Investments restricted for general endowment fund are recorded at cost.

(continued...)

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

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### 2. Summary of significant accounting policies (continued):

#### *Inventories*

Inventories are valued determined on the first in first out basis, as follows:

General stores, at average cost  
Drugs, at cost

#### *Property, plant and equipment*

The Authority has control over certain lands, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Property, plant and equipment are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5%
Buildings and service equipment	5%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

In addition, the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex buildings and equipment are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

#### *Replacement reserve*

Newfoundland and Labrador Housing Corporation (NLHC) requires that Not-for-Profit Housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may only be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserve are shown in Note 14.

#### *Revenue recognition*

Central Regional Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

### 3. Receivables:

	<u>2007</u>	<u>2006</u>
Operating:		
Provincial plan grants - operating	\$ 3,219,406	2,436,408
Capital grants	1,502,688	160,666
Patient, capital donations, rents and other	3,109,746	2,683,681
MCP	1,201,186	1,294,417
Cancer foundation	1,070,385	229,603
HST	<u>698,012</u>	<u>649,853</u>
	10,801,423	7,454,628
Allowance for doubtful	<u>460,726</u>	<u>472,264</u>
	<u>10,340,697</u>	<u>6,982,364</u>
North Haven Manor Cottage Units Phase I,II,III:		
Trade	1,241	147
Due from NLHC - operating subsidy	<u>9,868</u>	<u>10,402</u>
	<u>11,109</u>	<u>10,549</u>
North Haven Manor Cottage Units Phase IV:		
Trade	1,988	7,017
Due from NLHC - operating subsidy	1,508	-
- replacement reserve	<u>6,281</u>	<u>20,394</u>
	<u>9,777</u>	<u>27,411</u>
Valley Vista Cottages:		
Trade	558	226
Due from NLHC - operating subsidy	<u>5,757</u>	<u>6,065</u>
	<u>6,315</u>	<u>6,291</u>
Bonnews lodge Apartment Complex:		
Due from NLHC - operating subsidy	-	5,223
- replacement reserve	<u>544</u>	<u>5,343</u>
	<u>544</u>	<u>10,566</u>
	<u>\$ 10,368,442</u>	<u>7,037,181</u>

### 4. Inventories:

	<u>2007</u>	<u>2006</u>
General stores	\$ 846,663	844,089
Drugs	<u>1,231,676</u>	<u>1,177,778</u>
	<u>\$ 2,078,339</u>	<u>2,021,867</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

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5. Prepays:

	<u>2007</u>	<u>2006</u>
Operating:		
Equipment maintenance	\$ 474,400	256,637
Malpractice and membership fees	101,709	108,053
General insurance	176,917	196,163
Workplace Health, Safety and Compensation Commission	2,207,021	2,382,474
Municipal taxes	213,331	110,692
Other	<u>489,289</u>	<u>286,178</u>
	<u>3,662,667</u>	<u>3,340,197</u>
Municipal taxes - Cottages:		
North Haven Manor Cottage Units Phase I,II,III	38,393	36,819
North Haven Manor Cottage Units Phase IV	4,014	3,759
Valley Vista Cottages	<u>23,445</u>	<u>24,581</u>
	<u>\$ 3,728,519</u>	<u>3,405,356</u>

6. Investments restricted for endowment purposes:

The quoted market value of these investments at March 31, 2007 was \$322,584 (2006 - \$296,901).

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2007

7. Property, plant and equipment:

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating Fund:				
Land	\$ 211,522	-	211,522	211,522
Land improvements	1,046,546	607,916	438,630	275,942
Buildings and service equipment	65,619,493	36,955,538	28,663,955	30,357,569
Equipment	77,888,742	56,180,989	21,707,753	23,025,619
Equipment under capital lease	2,469,604	1,857,488	612,116	755,790
Motor vehicles	1,624,845	1,434,651	190,194	236,993
Motor vehicles under capital lease	196,503	115,665	80,838	-
	<u>149,057,255</u>	<u>97,152,247</u>	<u>51,905,008</u>	<u>54,863,435</u>
North Haven Manor Cottage Units Phase I,II,III:				
Land	16,900	-	16,900	16,900
Land improvements	180,500	52,326	128,174	133,833
Buildings	3,702,090	1,073,230	2,628,860	2,744,938
Equipment	122,320	35,460	86,860	90,695
	<u>4,021,810</u>	<u>1,161,016</u>	<u>2,860,794</u>	<u>2,986,366</u>
North Haven Manor Cottage Units, Phase IV:				
Land	24,571	-	24,571	24,571
Buildings	687,616	154,105	533,511	549,806
	<u>712,187</u>	<u>154,105</u>	<u>558,082</u>	<u>574,377</u>
Valley Vista Cottages:				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	1,493,053	2,095,717	2,247,304
Equipment	33,262	22,171	11,091	12,599
	<u>3,649,046</u>	<u>1,515,224</u>	<u>2,133,822</u>	<u>2,286,917</u>
Bonnews Lodge Apartment Complex:				
Land	774	-	774	774
Buildings	870,022	233,361	636,661	657,580
Equipment	6,204	1,664	4,540	4,689
	<u>877,000</u>	<u>235,025</u>	<u>641,975</u>	<u>663,043</u>
	<u>\$ 158,317,298</u>	<u>100,217,617</u>	<u>58,099,681</u>	<u>61,374,138</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

### 8. Bank indebtedness:

	<u>2007</u>	<u>2006</u>
Operating:		
Cash	\$ 19,190	18,620
Due to bank on current account	(9,844,251)	( 2,879,291)
Bank demand loans	-	( 7,570,000)
	<u>(9,825,061)</u>	<u>(10,430,671)</u>
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	1,335	80,573
North Haven Manor Cottage Units Phase IV	9,177	7,466
Valley Vista Cottages	40,420	16,356
South & Central Health Foundation	306,469	300,464
Central Northeast Health Foundation	37,211	37,211
	<u>\$ (9,430,449)</u>	<u>( 9,988,601)</u>

The Authority has access to a \$15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

### 9. Payables and accruals:

	<u>2007</u>	<u>2006</u>
Operating:		
Trade	\$ 15,210,423	9,694,963
Employee portion of EI premiums reduction	-	8,810
Residents comfort fund	23,401	23,320
Accrued - wages	6,184,495	6,183,622
- interest	104,206	76,480
- other	61,000	36,002
	<u>21,583,525</u>	<u>16,023,197</u>
North Haven Manor Cottage Units Phase I,II,III:		
Trade	814	5,321
Accrued interest	13,779	19,702
	<u>14,593</u>	<u>25,023</u>
North Haven Manor Cottage Units Phase IV:		
Trade	1,613	1,613
Accrued interest	1,988	2,751
Due to NLHC - operating subsidy	-	6,025
	<u>3,601</u>	<u>10,389</u>
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	7,904	9,071
	<u>9,404</u>	<u>10,571</u>
Bonnews Lodge Apartment Complex:		
Accrued interest	3,000	3,098
Due to NLHC - operating subsidy	7,870	-
	<u>10,870</u>	<u>3,098</u>
	<u>\$ 21,621,993</u>	<u>16,072,278</u>

**CENTRAL REGIONAL HEALTH AUTHORITY**

**Notes to the Financial Statements**

**March 31, 2007**

**10. Deferred grants and donations:**

	<u>2007</u>	<u>2006</u>
Operating:		
Deferred operating grants	\$ 2,666,940	1,801,695
Deferred capital grants	<u>3,062,790</u>	<u>3,188,447</u>
	5,729,730	4,990,142
Central Northeast Health Foundation:		
Deferred donations	<u>298,272</u>	<u>283,493</u>
	<u>\$ 6,028,002</u>	<u>5,273,635</u>

**11. Long-term debt:**

	<u>2007</u>	<u>2006</u>
Operating:		
4.59% CMHC 1 <sup>st</sup> mortgage on Bonnews Lodge; repayable in equal monthly installments of \$10,248, interest included; maturing August, 2011	\$ 457,496	555,687
3.71% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$12,847, interest included; maturing April, 2020, renewable October, 2010	1,598,694	1,692,126
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023, renewable July, 2008	520,221	536,050
Prime plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing November, 2018	427,761	464,433
5.15% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of \$64,153, interest included; maturing March, 2027	9,645,585	9,889,429
7.25% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of \$510, interest included; maturing July, 2028, renewable July, 2007	<u>65,555</u>	<u>67,250</u>
	<u>12,715,312</u>	<u>13,204,975</u>

(continued)

**CENTRAL REGIONAL HEALTH AUTHORITY**

**Notes to the Financial Statements**

**March 31, 2007**

**11. Long-term debt (continued):**

Operating balance forward	<u>12,715,312</u>	<u>13,204,975</u>
7.25% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of \$462, interest included; maturing July, 2027, renewable July, 2007	59,344	60,879
5.13% Canadian Imperial Bank of Commerce mortgage on Hospital renovations; repayable in equal monthly installments of \$8,328, interest included; maturing February, 2014	580,868	652,655
8.0% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor; repayable in equal monthly installments of \$8,298, interest included; maturing February, 2026	987,756	1,008,698
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista; repayable in equal monthly installments of \$10,124, interest included; maturing August, 2027	1,233,330	1,277,054
Ford Credit Canada loan, repayable in equal monthly installments of \$330, interest free; maturing March, 2008	3,955	7,911
Ford Credit Canada loan, repayable in equal monthly installments of \$444, interest free; matured March, 2007	-	5,331
Ford Credit Canada loan, repayable in equal monthly installments of \$420, interest free; matured March, 2007	-	5,044
7.875% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly installments of \$8,165, interest included; maturing August, 2024	937,170	959,537
5.77% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly installments of \$9,375, interest included; maturing July, 2019, renewable September, 2009	980,625	1,051,182
Canadian Imperial Bank of Commerce loan on Botwood housing; repayable in equal monthly installments of \$650; maturing August, 2006	-	3,227
General Motors Acceptance Corporation; repayable in equal monthly installments of \$1,054, interest free; maturing October, 2008	20,029	32,680
	<u>17,518,389</u>	<u>18,269,173</u>

(continued)

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2007

11. Long-term debt (continued):

Operating balance forward	<u>\$ 17,518,389</u>	<u>18,269,173</u>
Prime plus 1% Bank of Nova Scotia loan on Bell Place relocation; repayable in equal monthly installments of \$20,834, maturing November, 2008	166,656	416,664
6.15% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of \$417, interest included; maturing November, 2024, renewable May, 2008	61,906	63,833
6.15% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of \$392, interest included; maturing June, 2020, renewable May, 2008	42,719	44,779
5.6% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of \$395, interest included; maturing July, 2020, renewable December, 2008	<u>44,636</u>	<u>46,839</u>
	<u>17,834,306</u>	<u>18,841,288</u>
Less current portion	<u>911,787</u>	<u>960,765</u>
	<u>16,922,519</u>	<u>17,880,523</u>
North Haven Manor Cottage Units Phase I,II,III:		
9.5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$7,925, interest included; maturing June, 2029	892,042	903,401
4.5% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$11,699, interest included; maturing January, 2016, renewable February, 2012	826,130	874,498
4.16% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$9,292, interest included; maturing November, 2018, renewable December, 2011	<u>1,031,102</u>	<u>1,096,951</u>
	<u>2,749,274</u>	<u>2,874,850</u>
Less current portion	<u>150,389</u>	<u>121,159</u>
	<u>2,598,885</u>	<u>2,753,691</u>

(continued)

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2007

11. Long-term debt (continued):

North Haven Manor Cottage Units Phase IV:

4.31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$3,565, interest included; maturing July, 2025, renewable April, 2012	543,082	559,377
Less current portion	<u>16,695</u>	<u>15,914</u>
	<u>526,387</u>	<u>543,463</u>

Valley Vista Cottages:

4.59% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$5,138, interest included; maturing June, 2016, renewable August, 2011	464,827	503,253
4.53% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$10,534, interest included; maturing December, 2017, renewable December, 2007	1,076,380	1,152,596
4.24% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$5,238, interest included; maturing May, 2018, renewable June, 2008	<u>559,391</u>	<u>597,844</u>
	<u>2,100,598</u>	<u>2,253,693</u>
Less current portion	<u>160,360</u>	<u>147,517</u>
	<u>1,940,238</u>	<u>2,106,176</u>

Bonnews Lodge Apartment Complex:

5.5% Newfoundland and Labrador Housing Corporation 1 <sup>st</sup> mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of \$4,718, interest included; maturing November, 2024, renewable April, 2009	641,975	663,043
Less current portion	<u>22,256</u>	<u>21,080</u>
	<u>619,719</u>	<u>641,963</u>
	<u>\$ 22,607,748</u>	<u>23,925,817</u>

(continued)



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

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### 11. Long-term debt (continued):

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	\$ 1,261,487
2009	1,144,389
2010	1,190,950
2011	1,251,597
2012	1,199,610

#### *Interest subsidy:*

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2007 was \$108,452 (2006 - \$127,997) for operating facilities and \$345,032 (2006 - \$374,188) for the Authority's Cottage operations.

### 12. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31

2007	\$ -	120,464
2008	138,214	113,895
2009	138,214	113,895
2010	134,497	110,089
2011	24,497	-
2012	8,167	-
Total minimum lease payments	433,589	458,343
Less amount representing interest	50,593	54,456
Balance of obligation	392,996	403,887
Less current portion	119,237	101,282
	<u>\$ 273,759</u>	<u>302,605</u>

**CENTRAL REGIONAL HEALTH AUTHORITY**

**Notes to the Financial Statements**

**March 31, 2007**

**13. Unamortized deferred contribution related to property, plant and equipment:**

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning	\$ 24,760,418	24,978,845
Add:		
Capital equipment grants	1,728,330	2,024,603
Donated equipment	<u>246,312</u>	<u>141,152</u>
	26,735,060	27,144,600
Deduct:		
Amortization	<u>2,913,279</u>	<u>2,384,182</u>
Balance, ending	<u>\$ 23,821,781</u>	<u>24,760,418</u>

**14. Replacement reserve:**

	<u>2007</u>	<u>2006</u>
North Haven Manor Cottage Units Phase I,II,III:		
Balance, beginning	\$ 47,132	( 5,725)
Add:		
Allocation for year	30,220	30,220
Reimbursement for prior year expenditure	-	36,128
Contributions from Authority	<u>12,900</u>	<u>12,900</u>
	90,252	73,523
Less:		
Approved expenditures	<u>76,482</u>	<u>26,391</u>
Balance, ending	<u>13,770</u>	<u>47,132</u>
North Haven Manor Cottage Units Phase IV:		
Balance, beginning	123,177	130,284
Less:		
Approved expenditures	<u>14,847</u>	<u>7,107</u>
Balance, ending	<u>108,330</u>	<u>123,177</u>

(continued)

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2007

14. Replacement reserve (continued):	<u>2007</u>	<u>2006</u>
Valley Vista Cottages:		
Balance, beginning	8,342	13,804
Add:		
Allocation for year	26,517	-
Interest income	-	2
	<u>34,859</u>	<u>13,806</u>
Less:		
Approved expenditures	<u>17,008</u>	<u>5,464</u>
Balance, ending	<u>17,851</u>	<u>8,342</u>
 Bonnews Lodge Apartment Complex:		
Balance, beginning	126,933	134,403
Less:		
Approved expenditures	<u>-</u>	<u>7,470</u>
Balance, ending	<u>126,933</u>	<u>126,933</u>
	<u>\$ 266,884</u>	<u>305,594</u>
 Funding:		
Replacement reserve funds	\$ 31,621	55,484
Due from Newfoundland and Labrador Housing Corporation	<u>235,263</u>	<u>250,110</u>
	<u>\$ 266,884</u>	<u>305,594</u>
 15. Investment in property, plant and equipment:	<u>2007</u>	<u>2006</u>
Operating:		
Repayment of long-term debt	\$ 1,006,982	752,126
Repayment of capital leases	112,688	159,917
Purchase of property, plant and equipment with unrestricted resources	<u>170,880</u>	<u>-</u>
	<u>1,290,550</u>	<u>912,043</u>
 Cottages repayment of long-term debt:		
Restatement of a prior year	-	6,135
North Haven Manor Cottage Units Phase I,II,III	125,577	112,317
North Haven Manor Cottage Units Phase IV	16,295	15,391
Valley Vista Cottages	153,095	144,642
Bonnews Lodge Apartment Complex	<u>21,069</u>	<u>19,956</u>
	<u>\$ 1,606,586</u>	<u>1,210,484</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

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### 16. Commitments:

#### *Operating leases*

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 11. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2008	\$ 688,858
2009	665,337
2010	506,481
2011	465,790
2012	248,469

#### *Energy performance contract*

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at \$4,450,214 and \$1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2007.

### 17. Contingency

As of March 31, 2007 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**CENTRAL REGIONAL HEALTH AUTHORITY**

**Notes to the Financial Statements**

**March 31, 2007**

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**18. Comparative figures:**

Certain of the comparative figures have been reclassified to conform to the current presentation.

**CENTRAL REGIONAL HEALTH AUTHORITY  
SUPPLEMENTARY FINANCIAL INFORMATION  
FINANCIAL STATEMENTS - MARCH 31, 2007**

# CENTRAL REGIONAL HEALTH AUTHORITY

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March 31, 2007

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**AUDITORS' COMMENTS ON  
SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Trustees of the **Central Regional Health Authority**

The audited consolidated financial statements of the Authority and our report thereon are presented in the preceding section of this annual report. The financial information presented hereafter was derived from the accounting records tested by us as a part of the auditing procedures followed in our examination of the overall consolidated financial statements, and, in our opinion, it is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

August 15, 2007



**CENTRAL REGIONAL HEALTH AUTHORITY**

**Expenditure - Operating/Shareable**

**Year ended March 31, 2007**

2007

2006

<b>Administration:</b>		
General Administration	\$ 8,807,694	8,009,567
Finance	2,036,970	1,765,133
Personnel Services	2,117,391	1,881,445
Systems Support	2,957,215	2,077,662
Other	5,433,999	5,701,915
	<u>21,353,269</u>	<u>19,435,722</u>
<b>Support Services:</b>		
Housekeeping	6,630,486	6,414,944
Laundry and Linen	2,035,077	2,098,941
Plant Services	17,028,376	16,031,326
Patient Food Services	10,430,932	10,013,647
Other	11,150,080	11,637,377
	<u>47,274,951</u>	<u>46,196,235</u>
<b>Nursing Inpatient Services:</b>		
Acute Care	36,115,099	36,268,538
Long-term Care	22,562,559	22,339,928
	<u>58,677,658</u>	<u>58,608,466</u>
<b>Ambulatory Care Services:</b>		
District Medical Clinics	3,274,346	2,702,998
Institution Based	12,914,605	11,646,244
	<u>16,188,951</u>	<u>14,349,242</u>
<b>Diagnostic and Therapeutic Services:</b>		
Clinical Laboratory	8,753,621	11,118,397
Diagnostic Imaging	6,205,438	6,082,029
Other	10,938,996	10,666,779
	<u>25,898,055</u>	<u>27,867,205</u>
<b>Medical Services</b>	<u>14,419,773</u>	<u>14,594,983</u>
<b>Education</b>	<u>1,298,745</u>	<u>1,426,288</u>
<b>Community and Social Services</b>		
Addiction	472,840	386,972
Continuing Care	15,037,001	13,671,455
Health promotion	3,958,934	3,164,920
Health protection	243,768	210,923
Mental health	1,076,617	862,588
Child, youth and family services	8,832,058	7,762,412
Family rehab	18,290,985	16,917,989
Community corrections	1,597,587	1,010,672
	<u>49,509,790</u>	<u>43,987,931</u>
<b>Primary Health Care</b>	<u>298,438</u>	<u>656,633</u>
	<u>\$ 234,919,630</u>	<u>227,122,705</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## OPERATING

### Revenue and Expenditure for Government Reporting

Year ended March 31, 2007

2007

2006

#### Revenue:

Provincial plan	\$ 198,909,888	189,548,401
Primary Health Care	305,906	656,633
MCP physicians salaries	11,520,569	12,152,438
Inpatient	1,936,176	1,568,593
Outpatient	1,989,928	1,586,753
Resident revenue - Long-term care	8,207,988	7,868,294
Mortgage interest subsidy	108,452	127,997
Capital project funding	3,403,224	2,584,766
Redundancy and other funding	1,228,759	2,228,463
Canadian Blood Services	-	2,194,514
National Child Benefit	1,130,413	992,620
Early Childhood Development	834,574	173,710
Early Learning and Child Care Initiatives	1,338,729	988,834
CCRA Childrens' Special Federal allowance	213,967	-
Recoveries - services	1,027,561	1,101,326
- salaries	1,389,344	1,381,218
- ambulance	253,860	222,614
Other miscellaneous revenue	2,434,247	2,714,009
	<u>236,233,585</u>	<u>228,091,183</u>

#### Expenditure:

Salaries	126,522,716	123,137,138
Employee benefits	22,006,702	22,024,531
Supplies - regular	43,585,196	38,729,633
- drugs	5,293,282	7,354,474
- medical and surgical	6,005,525	6,658,857
Direct client costs - Continuing Care, Child, Youth and Family services, Family and Rehab services, Community Corrections and other	30,462,078	28,044,607
Long-term debt - interest	1,020,625	1,151,357
- principal	1,006,981	752,126
Capital lease - interest	23,496	22,108
- principal	112,689	159,917
	<u>236,039,290</u>	<u>228,034,748</u>

#### Surplus for government reporting

194,295 56,435

Long-term debt principal

1,006,981 752,126

Capital lease principal

112,689 159,917

#### Surplus before non-shareable items

1,313,965 968,478

#### Non-shareable items:

Amortization	( 5,376,404)	( 4,517,344)
Accrued vacation pay - (increase) decrease	( 752,716)	147,139
Accrued severance pay - (increase) decrease	( 372,792)	( 342,784)
Amortization of deferred capital equipment grants	2,913,270	2,384,182
	<u>( 3,588,642)</u>	<u>( 2,328,807)</u>

#### Surplus(deficit)

\$ ( 2,274,677) ( 1,360,329)

CENTRAL REGIONAL HEALTH AUTHORITY

Funding and Expenditure for Government Reporting

Capital Transactions

Year ended March 31, 2007

2007

2006

Source of funds:

Provincial capital equipment grants in current year	\$ 1,503,000	2,636,050
Deferred capital grant from prior year	1,032,411	417,754
Deferred capital grant for current year	<u>(1,054,176)</u>	<u>(1,032,411)</u>
	1,481,235	2,021,393

Other contributions (deductions):

Leasing obligations entered	101,797	-
Reduction in Health Foundation donations of previous year	-	( 145,001)
Health Foundation donations	324,009	116,931
Other donations	32,732	24,221
MDS equipment grant used	76,826	-
Loan proceeds for Community Health major renovations	-	498,658
Insurance proceeds	-	98,120
Other recoveries from outside organizations	<u>99,849</u>	<u>-</u>

Total funding	<u>2,116,448</u>	<u>2,614,322</u>
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Expenditure:

Equipment purchased	2,247,320	2,005,307
Community Health building renovations	-	498,658
Transfer to Foundation for matching grants	-	51,518
Minor equipment purchased, not capitalized	-	43,392
Transfer to renovation projects	<u>40,000</u>	<u>-</u>

Total expenditure	<u>2,287,320</u>	<u>2,598,875</u>
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Surplus (deficit) on capital purchases, before deposits on equipment	( 170,872)	( 15,447)
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Deduct:

Deposits on future equipment purchases	<u>2,188,547</u>	<u>170,669</u>
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Surplus (deficit) on capital purchases	<u><u>\$(2,359,419)</u></u>	<u><u>( 155,222)</u></u>
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**CENTRAL REGIONAL HEALTH AUTHORITY**  
**Accumulated Operating Surplus (Deficit) for Government Reporting**  
**Year ended March 31, 2007**

	Consolidated	Operating		Cottage Operations and Foundations
	2007	2007	2006	2007
<b>Current assets</b>				
Cash	\$ -	-	-	-
Receivables	10,368,442	10,340,697	6,982,364	394,612
Due from Cottage operations and Foundations	-	408,305	602,294	27,745
Inventory	2,078,339	2,078,339	2,021,867	-
Prepaid expenses	3,728,519	3,662,667	3,340,197	-
<b>Total current assets</b>	<u>16,175,300</u>	<u>16,490,008</u>	<u>12,946,722</u>	<u>488,209</u>
<b>Current liabilities</b>				
Bank indebtedness	9,430,449	9,825,061	10,430,671	-
Payables and accruals	21,621,993	21,583,525	16,023,197	38,468
Due to operating	-	-	-	408,305
Deferred grants and donations	6,028,002	5,729,730	4,990,142	298,272
<b>Total current liabilities</b>	<u>37,080,444</u>	<u>37,138,316</u>	<u>31,444,010</u>	<u>745,045</u>
<b>Accumulated surplus (deficit)</b>	<u>\$(20,905,144)</u>	<u>(20,648,308)</u>	<u>(18,497,288)</u>	<u>(256,836)</u>
<b>Reconciliation of Accumulated Operating Surplus (Deficit):</b>				
Balance, beginning:				
As previously reported		(18,497,288)	(18,026,648)	
Prior years' adjustments:		-	-	
To correct overstatement of receivables from Foundations		-	(145,001)	
To correct overstatement of accrued liabilities		-	291,618	
To correct misstatement of shareable wages shown as non-shareable		-	(521,385)	
As restated		(18,497,288)	(18,401,416)	
Surplus for government reporting		194,295	56,435	
Surplus (deficit), on capital purchases		(2,359,419)	(155,222)	
Add back write-off of deferred charges		12,912	24,396	
Increase (decrease) in J. M. Olds funds		1,180	(6,966)	
Miscellaneous difference		(20,648,320)	(18,482,773)	
Balance, ending		<u>12</u>	<u>14,515</u>	
		<u>\$(20,648,308)</u>	<u>(18,497,288)</u>	

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**Deferred Revenue for the National Child Benefit (NCB), Early Childhood**  
**Development (ECD) and Early Learning and Childcare (ELC)**

Year ended March 31, 2007

Initiative	Funding			Total Available For Year	Expenses			Deferred Revenue March 31, 2007
	Deferred From Prior Year	Allocated For Current Year			Gross Expenses	Excess Expenses (Deficit)	Net Expenses	
<b>NCB:</b>								
Child Care Subsidy	\$ -	( 193,600)	( 193,600)		193,600	-	193,600	-
Special needs (Autism)	( 68,053)	( 85,000)	( 153,053)		136,614	-	136,614	( 16,439)
Renovations/equipment	( 2,737)	-	( 2,737)		-	-	-	( 2,737)
Equipment	( 32,120)	( 28,850)	( 60,970)		25,175	-	25,175	( 35,795)
Child Care Consultant	-	( 50,000)	( 50,000)		50,000	-	50,000	-
Residential and Support services	-	( 105,555)	( 105,555)		142,639	37,084	105,555	-
Mental Health	( 12,792)	( 77,427)	( 90,219)		105,535	15,316	90,219	-
Family Resource Centre	-	( 200,000)	( 200,000)		200,000	-	200,000	-
Non-specific	( 32,002)	( 329,250)	( 361,252)		329,250	-	329,250	( 32,002)
<b>TOTAL NCB</b>	<b>(147,704)</b>	<b>(1,069,682)</b>	<b>(1,217,386)</b>		<b>1,182,813</b>	<b>52,400</b>	<b>1,130,413</b>	<b>( 86,973)</b>
<b>ECD:</b>								
Autism enhancement	-	( 310,980)	( 310,980)		185,685	-	185,685	( 125,295)
Child management specialists	( 2,110)	( 55,000)	( 57,110)		65,790	8,680	57,110	-
Child Care Consultants	( 41,784)	( 85,000)	( 126,784)		116,278	-	116,278	( 10,506)
Family Resource Centre	-	( 465,000)	( 465,000)		465,000	-	465,000	-
Non-specific	( 13,000)	( 6,500)	( 19,500)		14,800	-	14,800	( 4,700)
<b>TOTAL ECD</b>	<b>( 56,894)</b>	<b>( 922,480)</b>	<b>( 979,374)</b>		<b>847,553</b>	<b>8,680</b>	<b>838,873</b>	<b>(140,501)</b>
<b>ELC:</b>								
Child Care Subsidy	(200,566)	(1,204,960)	(1,405,526)		1,248,844	-	1,248,844	(156,682)
FAO's	( 6,095)	( 25,000)	( 31,095)		24,311	-	24,311	( 6,784)
Provincial ELC initiatives	(102,460)	-	( 102,460)		-	-	-	(102,460)
Child Care Consultants	( 75,000)	( 75,000)	( 150,000)		13,109	-	13,109	(136,891)
Community based child care	( 38,700)	( 12,000)	( 50,700)		16,870	-	16,870	( 33,830)
Non-specific	( 12,850)	( 34,795)	( 47,645)		35,595	-	35,595	( 12,050)
<b>TOTAL ELC</b>	<b>(435,671)</b>	<b>(1,351,755)</b>	<b>(1,787,426)</b>		<b>1,338,729</b>	<b>-</b>	<b>1,338,729</b>	<b>(448,697)</b>
<b>TOTAL NCB, ECD AND ELC</b>	<b>\$(640,269)</b>	<b>(3,343,917)</b>	<b>(3,984,186)</b>		<b>3,369,095</b>	<b>61,080</b>	<b>3,308,015</b>	<b>(676,171)</b>

**COLLEGE OF THE NORTH ATLANTIC**  
**AUDITORS' REPORT**  
**FINANCIAL STATEMENTS - MARCH 31, 2007**

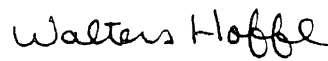
AUDITORS' REPORT

To the Board of Governors of the **College of the North Atlantic**

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2007 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2007, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants

Gander, Newfoundland  
June 15, 2007

**College of the North Atlantic**  
**Statement of Financial Position**  
 March 31, 2007

	2007	2006
<b>Assets</b>		
Current assets		
Cash	\$ 39,275,961	\$ 26,426,083
Receivables - Note 2	8,975,432	5,998,583
Inventory	1,045,601	861,757
Prepaid expenses	742,118	733,206
	50,039,112	34,019,629
Property, plant & equipment - Note 3	12,525,232	7,689,981
Trust accounts - Note 4	544,257	504,188
	\$ 63,108,601	\$ 42,213,798
<b>Liabilities and Equity</b>		
Current liabilities		
Payables and accruals - Note 5	\$ 17,544,453	\$ 11,014,640
Deferred revenue - Note 6	5,075,405	4,755,069
Due to Qatar Campus - Note 10	17,103,110	9,723,772
Accrued leave - management	1,710,771	1,639,797
Accrued vacation - other	4,982,879	4,166,778
Current portion of severance	1,000,000	1,000,000
	47,416,618	32,300,056
Trust and scholarship accounts - Note 4	544,257	504,188
Deferred capital contributions - Note 7	5,002,531	4,169,297
Accrued severance pay	10,915,592	10,549,122
	63,878,998	47,522,663
Surplus (deficit) per accompanying statement	(770,397)	(5,308,865)
	\$ 63,108,601	\$ 42,213,798

Approved:

Board Chair

Director

See accompanying notes.



**College of the North Atlantic**  
**Statement of Operations**  
Year Ended March 31, 2007

	2007	2006
Revenue - Schedule 1		
Grant-in-aid	\$ 62,267,212	\$ 52,211,600
Facilities	27,184	13,170
Administration	846,856	456,515
Instructional	24,624,270	24,727,274
Student services	615,853	622,769
Information technology	408,470	138,403
Resale	4,030,517	4,005,385
Apprenticeship	2,816,404	2,886,507
Continuing education	679,696	586,606
Contracts	7,547,112	7,972,649
International	671,740	764,230
Special projects	8,573,909	4,914,495
Total revenue	113,109,223	99,299,603
Expenditure - Schedules 2 to 13		
Facilities	5,770,623	5,131,399
Administration	13,282,362	12,839,150
Instructional	54,550,156	46,740,869
Student services	8,789,288	8,275,257
Information technology	6,521,319	4,355,746
Resale	4,664,765	4,308,103
Apprenticeship	2,360,374	2,383,897
Continuing education	603,860	491,295
Contracts	6,487,548	6,326,538
International	602,494	638,731
Special projects	3,939,526	3,208,128
Total expenditure	107,572,315	94,699,113
Surplus before unfunded adjustments	5,536,908	4,600,490
Unfunded adjustments:		
Severance	(182,340)	91,206
Vacation pay	(816,100)	(472,823)
Total unfunded adjustments	(998,440)	(381,617)
Surplus of revenue over expenditures	\$ 4,538,468	\$ 4,218,873

See accompanying notes.

**College of the North Atlantic**  
**Statement of Changes in Net Assets**  
Year Ended March 31, 2007

	<u>Operating</u>	<u>Property Plant &amp; Equipment</u>	<u>Severance and Annual Leave</u>	<u>2007 Total</u>	<u>2006 Total</u>
Balance, beginning	\$ 6,324,867	3,984,296	(15,618,028)	(5,308,865)	\$ (9,527,738)
Property, plant & equipment purchases during year	(7,840,193)	7,840,193			
Amortization of property, plant & equipment	2,999,817	(2,999,817)			
Capital grants received during the year	2,895,760	(2,895,760)			
Amortization of deferred capital contributions	(1,598,913)	1,598,913			
Net book value of property, plant & equipment disposed during the year	5,124	(5,124)			
Surplus (deficit) of revenue over expenditure per accompanying statement	<u>5,536,908</u>		<u>(998,440)</u>	<u>4,538,468</u>	<u>4,218,873</u>
Balance, ending	<u>\$ 8,323,370</u>	<u>\$ 7,522,701</u>	<u>\$ (16,616,468)</u>	<u>\$ (770,397)</u>	<u>\$ (5,308,865)</u>

See accompanying notes.

**College of the North Atlantic**  
**Statement of Cash Flow**  
Year Ended March 31, 2007

	2007	2006
Cash flows:		
Surplus of revenue over expenditure	\$ 4,538,468	\$ 4,218,873
Add items of a non - cash nature:		
Loss (gain) of property, plant & equipment	765	
Loss (gain) on disposal of property, plant & equipment	(47,904)	(12,271)
Amortization	2,999,817	2,567,919
	7,491,146	6,774,521
Changes in:		
Current assets	(3,169,605)	1,673,095
Trust accounts	0	0
Current liabilities	15,116,562	10,096,819
Accrued severance	366,470	(75,751)
	19,804,573	18,468,684
Financing:		
Change in deferred capital contributions	833,234	749,286
Investing:		
Proceeds from sale of property, plant & equipment	52,264	16,725
Additions to property, plant & equipment	(7,840,193)	(1,857,571)
	(7,787,929)	(1,840,846)
Net increase in cash	12,849,878	17,377,124
Cash, beginning	26,426,083	9,048,959
Cash, ending	\$ 39,275,961	\$ 26,426,083

See accompanying notes.

**College of the North Atlantic**  
**Revenue**  
Year Ended March 31, 2007

	2007	2006
Grant-in-aid	\$ 62,267,212	\$ 52,211,600
Facilities		
Amortization of deferred capital contribution	15,273	10,537
Classroom/video rental	8,750	
Parking	3,161	2,633
	<u>27,184</u>	<u>13,170</u>
Administration		
Interest	439,192	241,235
Amortization of deferred capital contribution	72,028	121,333
Gain on disposal of capital assets	47,139	12,271
Other	288,497	81,676
	<u>846,856</u>	<u>456,515</u>
Instructional		
Tuition	8,436,599	8,886,339
Equipment and materials	1,350,312	1,284,894
Subsidy	12,449,299	12,629,553
Amortization of deferred capital contribution	1,317,651	1,038,608
Daycare	291,179	347,928
Other	779,230	539,952
	<u>24,624,270</u>	<u>24,727,274</u>
Student services		
Application fee	190,195	224,439
Registration fee	322,156	291,079
Amortization of deferred capital contribution	11,815	11,076
Other	91,687	96,175
	<u>615,853</u>	<u>622,769</u>
Information technology		
Amortization of deferred capital contribution	174,280	138,053
Other	234,190	350
	<u>408,470</u>	<u>138,403</u>
Continuing education		
Tuition	676,506	586,117
Other	3,190	489
	<u>679,696</u>	<u>586,606</u>
Contracts		
Tuition	5,013,509	5,037,037
Apprenticeship/Post Journey	98,673	403,640
Other	2,434,930	2,531,972
	<u>7,547,112</u>	<u>7,972,649</u>

See accompanying notes.

**College of the North Atlantic**  
**Revenue**  
Year Ended March 31, 2007

Resale		
Bookstore	2,753,142	2,625,000
Food services	928,268	986,219
Residence	312,491	360,906
Amortization of deferred capital contribution	7,866	5,250
Other	28,750	28,010
	<u>4,030,517</u>	<u>4,005,385</u>
Apprenticeship		
Apprenticeship	2,816,404	2,870,170
Amortization of deferred capital contribution	0	16,337
	<u>2,816,404</u>	<u>2,886,507</u>
International		
International	671,740	762,907
Amortization of deferred capital contribution	0	1,323
	<u>671,740</u>	<u>764,230</u>
Special projects		
Qatar (net)	4,984,365	2,425,226
Other projects	3,589,544	2,489,269
	<u>8,573,909</u>	<u>4,914,495</u>
	<u>\$ 113,109,223</u>	<u>\$ 99,299,603</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Facilities Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 1,238,004	\$ 1,189,789
Professional development	4,671	1,460
Professional fees	122,263	28,349
Travel	23,324	8,310
Insurance	320,621	312,955
Interest charges	176,215	168,590
Photocopying/printing	1,586	1,474
Office related supplies	1,135	2,358
Freight and customs	805	2,699
Telephone	27,136	10,708
Utilities	1,315,439	1,280,040
Repairs and maintenance	1,049,318	831,759
Vehicle operations	133,404	107,522
Equipment rentals	7,762	8,391
Facilities rentals	1,039,684	1,004,588
Protective clothing	10,269	16,325
Amortization	45,768	36,210
Computer supplies	43	1,159
Minor equipment and tools	57,917	40,535
Minor computer equipment	2,810	6,608
Materials and supplies	192,449	71,570
	<u>\$ 5,770,623</u>	<u>\$ 5,131,399</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Administration Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 8,818,147	\$ 8,717,158
Professional development	138,464	131,900
Employee recognition and wellness	17,140	19,479
Professional fees	231,161	169,376
Travel	377,779	374,319
Recruitment and relocation	133,807	98,536
Insurance	880	1,184
Interest charges	156	9,434
Bank charges	132,818	106,459
Photocopying/printing	344,760	378,533
Office related supplies	441,300	392,795
Membership fees	101,868	97,174
General advertising	275,866	173,594
Doubtful receivables	176,598	294,925
Freight and customs	116,025	147,458
Telephone	982,632	933,608
Utilities	2,450	3,693
Repairs and maintenance	103,091	54,361
Vehicle operations	5,323	9,411
Equipment rentals	31,822	16,510
Protective clothing	9,545	6,268
Amortization	133,273	137,135
Laundry and drycleaning	1,318	1,244
Computer supplies	41,647	59,344
Educational materials	34,220	23,536
Student related	54,410	1,579
Minor equipment and tools	145,015	65,322
Minor computer equipment	113,189	127,139
Materials and supplies	317,658	287,676
	<u>\$ 13,282,362</u>	<u>\$ 12,839,150</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Instructional Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 43,769,343	\$ 40,300,884
Professional development	342,333	150,605
Professional fees	136,122	67,162
Travel	355,748	212,487
Recruitment and relocation	27,979	20,068
Insurance	244	
Photocopying/printing	178,944	169,913
Office related supplies	58,142	46,513
Membership fees	18,324	16,012
General advertising	189,552	12,723
Freight and customs	85,647	45,307
Telephone	150,522	99,292
Utilities	7,409	3,976
Repairs and maintenance	236,482	92,957
Vehicle operations	411,244	464,597
Equipment rentals	9,323	6,186
Facilities rentals	130,413	84,276
Protective clothing	52,501	18,810
Amortization	2,475,067	2,125,168
Food cost	119,733	110,287
Laundry and drycleaning	4,157	4,481
Textbooks and supplies	2,457	4,784
Computer supplies	326,987	115,849
Contracted services	140,487	12,162
Educational materials	139,712	90,101
Daycare operations	104,340	110,427
Student related	950,888	394,548
Minor equipment and tools	1,032,099	360,965
Minor computer equipment	1,101,787	248,063
Materials and supplies	1,992,170	1,352,266
	<u>\$ 54,550,156</u>	<u>\$ 46,740,869</u>

See accompanying notes.



**College of the North Atlantic**  
**Summary of Student Services Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 7,180,805	\$ 7,027,983
Professional development	9,286	26,833
Employee recognition and wellness	429	1,028
Professional fees	22,320	5,778
Travel	124,413	122,501
Recruitment and relocation	702	441
Insurance	112,442	10,820
Photocopying/printing	99,066	86,784
Office related supplies	73,561	51,487
Membership fees	6,965	5,840
General advertising	420,813	304,697
Freight and customs	20,048	13,304
Telephone	41,108	35,200
Repairs and maintenance	2,691	12,639
Equipment rentals	110	2,592
Facilities rentals	2,700	2,700
Protective clothing	80	193
Amortization	21,794	20,518
Computer supplies	32,997	17,254
Contracted services	112,875	124,121
Educational materials	168,522	161,376
Student related	55,770	56,871
Minor equipment and tools	126,719	29,268
Minor computer equipment	60,347	51,447
Materials and supplies	92,725	103,582
	<u>\$ 8,789,288</u>	<u>\$ 8,275,257</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Information Technology Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 2,791,552	\$ 2,442,107
Professional development	95,766	31,047
Professional fees	1,289	3,735
Travel	57,546	26,107
Photocopying/printing	1,417	562
Office related supplies	6,772	7,081
Freight and customs	3,939	2,491
Telephone	38,591	34,818
Repairs and maintenance	6,810	4,573
Protective clothing	116	465
Amortization	303,565	170,611
Computer supplies	2,156,187	1,146,042
Educational materials		85
Minor equipment and tools	27,523	1,509
Minor computer equipment	995,174	462,029
Materials and supplies	35,072	22,484
	<u>\$ 6,521,319</u>	<u>\$ 4,355,746</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Resale Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 1,470,192	\$ 1,375,147
Professional development	3,142	
Travel	1,755	1,931
Photocopying/printing	8,296	6,358
Office related supplies	31,485	10,044
General advertising	14,898	916
Freight and customs	139,644	95,473
Telephone	3,346	1,681
Utilities	12,609	9,944
Repairs and maintenance	13,134	8,562
Protective clothing	12,848	10,657
Amortization	20,411	30,923
Food cost	663,706	657,145
Laundry and drycleaning	15,706	9,194
Textbooks and supplies	2,178,153	2,026,023
Computer supplies	2,056	1,223
Minor equipment and tools	30,749	13,911
Minor computer equipment	3,556	5,018
Materials and supplies	39,079	43,953
	<u>\$ 4,664,765</u>	<u>\$ 4,308,103</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Apprenticeship Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 1,764,381	\$ 1,786,318
Professional development		2,299
Professional fees		4,482
Travel	6,991	6,863
Photocopying/printing	3,523	3,388
Office related supplies	386	
General advertising	517	554
Freight and customs	4,445	10,811
Telephone		394
Repairs and maintenance	9,599	11,969
Vehicle operations	637	1,406
Equipment rentals	30	6,297
Protective clothing	4,060	1,525
Amortization		32,947
Food cost	60,350	60,010
Laundry and drycleaning	4,241	4,658
Textbooks and supplies		2,257
Computer supplies	5,332	5,654
Educational materials	16,675	32,339
Student related	205,343	198,732
Minor equipment and tools	42,601	24,109
Minor computer equipment	9,433	1,614
Materials and supplies	221,830	185,271
	<u>\$ 2,360,374</u>	<u>\$ 2,383,897</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Continuing Education Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 468,109	\$ 405,265
Professional development		288
Professional fees	1,158	1,279
Travel	4,935	1,408
Photocopying/printing	2,081	1,485
Office related supplies		177
General advertising	4,656	1,936
Freight and customs	2,853	1,595
Telephone	431	210
Facilities rentals	5,570	
Food Cost		4,164
Contracted services	43,204	33,094
Educational materials	4,195	1,232
Student related	23,041	11,449
Minor computer equipment	1,399	
Materials and supplies	42,228	27,713
	<u>\$ 603,860</u>	<u>\$ 491,295</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Contract Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 4,450,753	\$ 4,662,654
Professional development	460	2,642
Employee recognition and wellness	349	
Professional fees	37,442	25,875
Travel	114,351	183,033
Recruitment and relocation	3,516	12,010
Insurance		216
Photocopying/printing	16,170	22,316
Office related supplies	11,478	8,234
Membership fees	3,184	4,923
General advertising	65,031	78,890
Freight and customs	17,881	7,258
Telephone	23,598	18,255
Repairs and maintenance	13,924	16,004
Vehicle operations	222,167	4,433
Equipment rentals	157,084	10,014
Facilities rentals	12,039	64,813
Protective clothing	3,418	20,326
Food cost	13,715	12,514
Textbooks and supplies		774
Computer supplies	2,230	5,995
Contracted services	485,929	384,073
Educational materials	22,927	19,011
Student related	364,137	240,469
Minor equipment and tools	41,167	46,747
Minor computer equipment	67,474	50,495
Materials and supplies	337,124	424,564
	<u>\$ 6,487,548</u>	<u>\$ 6,326,538</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of International Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 358,818	\$ 344,785
Professional development	44	
Professional fees		2,015
Travel	93,710	111,178
Photocopying/printing	1,751	2,691
Office related supplies	3,364	449
Membership fees	13,472	13,802
General advertising	52,949	74,704
Freight and customs	12,072	8,472
Telephone	925	132
Equipment rentals		312
Protective Clothing		561
Textbooks and supplies	997	
Amortization		14,408
Computer supplies	2,275	3,325
Contracted services	36,951	35,123
Educational Materials	4,852	8,881
Student related	7,611	4,803
Minor equipment and tools		3,748
Minor computer equipment		428
Materials and supplies	12,703	8,914
	<u>\$ 602,494</u>	<u>\$ 638,731</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Special Projects Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 1,724,031	\$ 1,677,298
Professional development	11,731	32,896
Professional fees	333,720	159,782
Travel	170,881	269,243
Recruitment and relocation	4,494	6,125
Bank charges		675
Photocopying/printing	7,531	6,384
Office related supplies	8,470	7,827
Membership fees	504	2,378
General advertising	88,695	15,396
Freight and customs	6,521	10,349
Telephone	23,806	21,075
Repairs and maintenance	792,355	223,797
Vehicle operations	969	4,864
Equipment rentals	724	540
Facilities rentals	5,572	1,300
Protective Clothing	185	265
Computer supplies	102,103	21,914
Contracted services	21,572	36,417
Educational materials	6,341	3,277
Daycare operations		672
Student related	61,618	78,292
Minor equipment and tools	113,017	97,392
Minor computer equipment	66,822	92,725
Materials and supplies	387,864	437,245
	<u>\$ 3,939,526</u>	<u>\$ 3,208,128</u>

See accompanying notes.



**College of the North Atlantic**  
**Summary of Expenditures**  
Year Ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 74,034,135	\$ 69,929,388
Professional development	605,897	379,970
Employee recognition and wellness	17,918	20,507
Professional fees	885,475	467,833
Travel	1,331,433	1,317,380
Recruitment and relocation	170,498	137,180
Insurance	434,187	325,175
Interest charges	176,371	178,024
Bank charges	132,818	107,134
Photocopying/printing	665,125	679,888
Office related supplies	636,093	526,965
Membership fees	144,317	140,129
General advertising	1,112,977	663,410
Doubtful receivables	176,598	294,925
Freight and customs	409,880	345,217
Telephone	1,292,095	1,155,373
Utilities	1,337,907	1,297,653
Repairs and maintenance	2,227,404	1,256,621
Vehicle operations	773,744	592,233
Equipment rentals	206,855	50,842
Facilities rentals	1,195,978	1,157,677
Protective clothing	93,022	75,395
Amortization	2,999,878	2,567,920
Food cost	857,504	844,120
Laundry and drycleaning	25,422	19,577
Textbooks and supplies	2,181,607	2,033,838
Computer supplies	2,671,857	1,377,759
Contracted services	841,018	624,990
Educational materials	397,444	339,838
Daycare operations	104,340	111,099
Student related	1,722,818	986,743
Minor equipment and tools	1,616,807	683,506
Minor computer equipment	2,421,991	1,045,566
Materials and supplies	3,670,902	2,965,238
	<u>\$ 107,572,315</u>	<u>\$ 94,699,113</u>

See accompanying notes.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

**Authority and Purpose**

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

**1 Significant accounting policies:**

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

(d) *Property, Plant & Equipment*

Property, plant & equipment recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Property, plant & equipment acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements. An accurate valuation of donated artwork has not been obtained at March 31, 2007.

On disposal, property, plant & equipment are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

**2 Receivables**

	2007	2006
Government of Newfoundland	\$ 1,508,850	\$ 1,107,351
HRD Subsidy	1,658,022	704,485
Students	1,806,825	2,190,495
Other	5,131,272	2,983,474
	<b>10,104,969</b>	<b>6,985,805</b>
Less allowance for doubtful accounts	1,129,537	987,222
	<b>\$ 8,975,432</b>	<b>\$ 5,998,583</b>

**3 Property, Plant & Equipment**

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	\$ 5,500	\$ 1,100	\$ 4,400	\$ 5,500
Capital improvements	5,625,414	4,058,305	1,567,109	1,123,189
Computer and peripherals	10,483,558	9,131,959	1,351,599	610,350
Furnishings	519,046	439,971	79,075	58,908
Instructional equipment	30,166,705	25,580,732	4,585,973	2,249,684
Other electronic equipment	368,987	279,136	89,851	73,542
Software	437,030	388,288	48,742	65,316
ERP - Peoplesoft	3,724,969	931,242	2,793,727	3,166,224
Vehicles	5,296,086	3,291,330	2,004,756	337,268
	<b>\$ 56,627,295</b>	<b>\$ 44,102,063</b>	<b>\$ 12,525,232</b>	<b>\$ 7,689,981</b>

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

**4 Trust accounts**

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2007	2006
Opening balance	\$ 504,188	\$ 366,337
Net deposits and payments	22,782	127,120
Interest	17,287	10,731
	<b>544,257</b>	<b>504,188</b>
Closing balance	<b>\$ 544,257</b>	<b>\$ 504,188</b>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

**5 Payables and accruals**

	2007	2006
Trade liabilities	\$ 10,031,673	4,328,128
Accrued wages and benefits	4,491,635	4,026,978
Deharveng Jubilee Foundation - Note 12	2,734,561	2,197,285
Other	286,584	462,249
	\$ 17,544,453	\$ 11,014,640

**6 Deferred revenue**

	2007	2006
HRD Subsidy	\$ 1,037,441	647,326
Residence and program fees	78,020	56,819
Qatar contribution to ERP	674,759	899,679
Contract training and special projects	3,285,185	3,151,245
	\$ 5,075,405	\$ 4,755,069

**7 Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of property, plant & equipment (PPE). Changes in the deferred capital contributions balances are as follows:

	2007	2006
Balance, beginning of year	\$ 4,169,297	\$ 3,420,011
Contributions received for PPE purposes		
- Provincial grants	2,100,000	1,536,387
- Special projects	332,147	91,804
- Provincial grant uncommitted	0	463,612
Amortization of deferred capital contributions	(1,598,913)	(1,342,517)
	\$ 5,002,531	\$ 4,169,297

**8 Pensions**

Under Section 26 of the College Act, 1996, College staff is subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

**9 Commitments**

Deloitte Inc. Commitment

The College has entered into a contract with Deloitte Inc. to develop and maintain a PeopleSoft integrated computerized information system. Committed payments over the next four years are as follows:

2007-2008	1,171,789
2008-2009	1,315,430
2009-2010	1,476,310
2010-2011	379,172

Lease Commitment

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2007-2008	1,804,770
2008-2009	1,581,644
2009-2010	1,356,450
2010-2011	1,226,236
2011-2012	1,098,908

**10 Comprehensive Agreement with the State of Qatar**

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a ten year period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

**Due to Qatar**

	<u>2007</u>	<u>2006</u>
Cash on Deposit	\$ 17,785,730	10,373,726
Less: Accruals	(682,620)	(649,954)
Net Liability	<u>\$ 17,103,110</u>	<u>9,723,772</u>

**Results of Operations**

	<u>2007</u>	<u>2006</u>
Gross Proceeds	\$ 5,902,220	2,739,690
Management Costs	(917,855)	(314,464)
Net Proceeds	<u>\$ 4,984,365</u>	<u>\$ 2,425,226</u>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2007

**11 Financial instruments**

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

**12 Rental accrual**

Included in accounts payable is an accrual totalling \$2,734,561 for unpaid lease payments and related interest (\$611,577 cumulative - \$176,731 current year) for rental of Labrador West campus. The monthly lease amount was raised from \$50,000 to \$80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

**13 Comparative figures**

Certain of the 2006 comparative figures have been reclassified to conform to the financial presentation adopted in 2007.

**Conseil scolaire francophone  
provincial de Terre-Neuve-et-  
Labrador**

**FINANCIAL STATEMENTS/  
AUDITORS' REPORT**

**June 30, 2006**



## AUDITORS' REPORT

To the Department of Education,  
Government of Newfoundland and Labrador

We have audited the statement of financial position of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2006 and the related statements of current revenues, expenditures and Board equity, statement of cash flows and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2006 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

These financial statements are solely for the information and use of the Department of Education, Government of Newfoundland and Labrador. General purpose presentation financial statements have also been prepared for the same reporting period, accompanied by a separate audit report.

*Noseworthy Chapman*

Chartered Accountants  
St. John's, Newfoundland & Labrador  
August 29, 2006

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2006

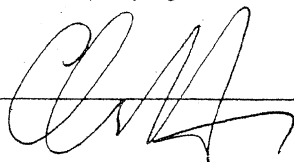
	<u>2006</u>	<u>2005</u>
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash (Supp. Info. 1)	\$ 13,434	\$ 30,100
Short Term Investments (Supp. Info. 2)	350,000	125,719
Accounts Receivable (Note 2)	328,031	322,911
HST Receivable	46,821	24,213
Prepaid Expenses (Supp. Info. 3)	8,249	7,899
<b>Total Current Assets</b>	<b>746,535</b>	<b>510,842</b>
Property and Equipment (Sch. 8)	8,194,960	8,268,691
	<b>\$ 8,941,495</b>	<b>\$ 8,779,533</b>
<b><u>Liabilities and Board Equity</u></b>		
<b>Current Liabilities</b>		
Due to the Government of Newfoundland & Labrador	\$ 97,475	\$ -
Accounts Payable and Accrued (Note 3)	213,849	111,619
Current Maturities	-	-
<b>Total Current Liabilities</b>	<b>311,324</b>	<b>111,619</b>
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	107,096	140,259
Severance Pay Benefits - Non-teaching staff (Note 5)	37,244	35,698
Other Employee Benefits - Vacation pay	28,372	46,490
Summer Pay Liability	233,887	264,402
Deferred Revenue	120,742	83,167
	<b>527,341</b>	<b>570,016</b>
<b>Board Equity</b>		
Deferred revenue relating to capital assets (Note 4)	8,172,135	8,243,012
Reserve - (Note 6)	15,000	-
Board Equity (Deficit)	(84,305)	(145,114)
<b>Total Board Equity</b>	<b>8,102,830</b>	<b>8,097,898</b>
	<b>\$ 8,941,495</b>	<b>\$ 8,779,533</b>

See Accompanying Notes

Approved:



Chairperson



Director of Education

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
<b>Current Revenue (Schedule 1)</b>		
Federal Government Grants	\$ 1,222,951	\$ 750,458
Provincial Government Grants	4,149,337	4,009,911
Donations	-	-
Ancillary Services	124,060	97,548
Miscellaneous	15,583	17,552
	<u>5,511,931</u>	<u>4,875,469</u>
<b>Current Expenditures</b>		
Pupil Services - federal grant	915,868	573,148
Administration - (Schedule 2)	475,953	471,035
Programs - federal grant	154,780	154,780
Instruction (Schedule 3)	2,438,817	2,487,746
Operations and Maintenance (Schedule 4)	482,534	488,423
Pupil Transportation (Schedule 5)	265,580	208,619
Amortization of capital assets	366,392	317,373
Ancillary Services (Schedule 6)	112,254	83,875
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	-	158
	<u>5,212,179</u>	<u>4,785,157</u>
23 111 Excess of Revenue over Expenditure before undernoted item	299,752	90,312
Transfer to Capital Fund	<u>257,106</u>	<u>57,433</u>
Excess of Revenue over Expenditure for the Period	42,645	32,879
Teacher severance pay accrual (Note 5)	<u>33,163</u>	<u>(25,672)</u>
Adjusted excess of Revenue over Expenditures	75,809	7,207
Board Deficiency, Beginning of Year	(145,114)	(152,321)
Transfer to Reserve (Note 6)	<u>(15,000)</u>	<u>-</u>
Fund Deficiency, End of the Year	<u>\$ (84,305)</u>	<u>\$ (145,114)</u>

See Accompanying Notes

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
**Statement of Cash Flows**  
**Year Ended June 30, 2006**

	<u>2006</u>	<u>2005</u>
<b>60 Operating Activities</b>		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	\$ 75,809	\$ 7,207
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	(224,281)	149,281
014 - Accounts Receivable	(27,728)	(5,445)
015 - Prepaid Expenses	(350)	28,045
014 - Accounts Payable & Accrued Expenses	199,705	(102,916)
015 - Amortization of fixed assets	2,854	2,853
016 Other non-working capital items		
016 - Summer Pay Liability	(30,515)	1,507
016 - Severance pay accrual	(31,617)	26,114
- Other employee benefits	(18,118)	4,825
- Deferred revenue	37,575	(28,200)
	<u>(16,666)</u>	<u>83,271</u>
<b>61 Financing Activities</b>		
011 Proceeds form Bank Loans	-	-
012 Grants - Capital	292,661	2,149,683
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other	-	-
	<u>292,661</u>	<u>2,149,683</u>
<b>62 Investing Activities</b>		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Property and Equipment	(292,661)	(2,149,683)
013 Other-telephone system	-	(28,533)
	<u>(292,661)</u>	<u>(2,178,216)</u>
<b>63 Increase (decrease) in Cash</b>	(16,666)	54,738
<b>64 Cash, Beginning of the Year</b>	<u>30,100</u>	<u>(24,638)</u>
<b>65 Cash, End of the Year</b>	<u>\$ 13,434</u>	<u>\$ 30,100</u>

See Accompanying Notes

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Statement of Changes in Capital Fund  
Year Ended June 30, 2006

	2006	2005
70	<b>Capital Receipts</b>	
71	<b>Proceeds from Bank Loans</b>	
011	\$ -	\$ -
012	-	-
013	-	-
014	-	-
	<u>-</u>	<u>-</u>
72	<b>Federal Grants</b>	
011	-	-
012	-	-
	<u>-</u>	<u>-</u>
73	<b>Donations</b>	
011	-	-
012	-	-
013	-	-
	<u>-</u>	<u>-</u>
74	<b>Sale of Capital Assets - Proceeds</b>	
011	-	-
013	-	-
014	-	-
015	-	-
	<u>-</u>	<u>-</u>
75	<b>Other Capital Revenues</b>	
011	-	-
012	-	-
013	-	-
015	-	-
016	-	-
017	-	-
- Capital Grants - Province of NL	35,555	2,092,250
- Department of Education Info Technology Grants	-	-
- Cost sharing for Info Technology Grants	-	-
	<u>35,555</u>	<u>2,092,250</u>
Total Capital Receipts	<u>35,555</u>	<u>2,092,250</u>
77	<b>Transfer from Reserve Account</b>	
	<u>-</u>	<u>-</u>
78	<b>Transfer to/from Current Fund</b>	
	<u>257,106</u>	<u>57,433</u>
Total	<u>\$ 292,661</u>	<u>\$ 2,149,683</u>

See Accompanying Notes

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Statement of Changes in Capital Fund (Cont'd)  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
80	<b><u>Capital Disbursements</u></b>		
81	<b>Additions to Property &amp; Equipment</b>		
011	- Land and Sites	\$ -	\$ -
012	- Buildings	-	1,995,986
013	- Furniture & Equipment - Schools	216,809	124,645
014	- Furniture & Equipment - Other	75,852	29,052
015	- Service Vehicles	-	-
016	- Pupil Transportation	-	-
017	- Other - Phone system	-	28,533
		<hr/>	<hr/>
		292,661	2,178,216
		<hr/>	<hr/>
82	<b>Principal Repayment of Long Term Debt</b>		
011	- School Construction	-	-
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Other	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
83	<b>Miscellaneous Disbursements</b>		
013	- Other	-	-
		<hr/>	<hr/>
	<b>Total Capital Disbursements</b>	<b>\$ 292,661</b>	<b>\$ 2,178,216</b>
		<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Notes to the Financial Statements  
Year Ended June 30, 2006

1. **Significant Accounting Policies:**

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

- (a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the province in regard to capital projects are recorded as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) Effective July 1, 2003, the District commenced the amortization of its capital assets. A retroactive calculation was performed based on the straight-line method based on the following number of years.
  - School buildings - 40 years
  - Furniture - 10 years
  - Equipment - 10 years
  - Computers - 4 years
- (d) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which its relates.
- (e) The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.
- (f) Subsequent to lease arrangements with tenants at the Centre scolaire et communautaire des Grands-Vents in St. John's, this reserve represents internally restricted funds to provide for the future acquisition of necessary computer equipment and major building repairs for this building.

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Notes to the Financial Statements  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
<b>2.</b>	<b><u>Accounts Receivable</u></b>		
	<u>Current</u>		
11	131 Provincial Government	\$ 234,524	\$ 265,602
	132 Transportation	4,176	4,489
	133 Federal Government	33,672	24,345
	136 Other School Districts	-	-
	137 Rent	46,503	22,419
	138 Interest	131	544
	139 Travel Advances and Misc.	7,765	5,250
	<u>Capital</u>		
11	231 Provincial Government Construction Grants	1,260	262
	233 Local Contributions	-	-
	234 Other School Districts	-	-
	235 Other	-	-
		<u>\$ 328,031</u>	<u>\$ 322,911</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Notes to the Financial Statements  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
3.	<b><u>Accounts Payable and Accrued</u></b>		
	<u>Current</u>		
21	111 Trade Payable	\$ 24,718	\$ 59,624
	112 Accrued - Liabilities	189,131	25,115
	113 - Interest	-	-
	114 - Wages	-	26,880
	115 Payroll Deductions	-	-
	116 Retail Sales Tax	-	-
	117 Deferred Grants	-	-
	118 Other - Teachers Payroll billing	-	-
	<u>Capital</u>		
21	211 Trade Payable	-	-
	212 Accrued - Liabilities	-	-
	213 - Interest	-	-
	217 Deferred Grants	-	-
	218 Other	-	-
		<u>\$ 213,849</u>	<u>\$ 111,619</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Notes to the Financial Statements  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
4. Deferred revenue related to capital assets - beginning of year	\$ 8,243,012	\$ 6,407,848
Add:		
Transfer of Operating Funds to Capital Fund	257,106	57,433
Grants		
- Province - Contribution for Capital Construction	-	-
- Other -		
Capital Projects funded by the province but paid directly to other sources on behalf of the District	35,555	2,092,251
Donations		
Proceeds from the sale of Capital Assets		
- Land	-	-
- Buildings	-	-
- Equipment	-	-
- Vehicles	-	-
- Other	-	-
Interest on Capital Fund Investments	-	-
Recoveries of Expenditures	-	-
Insurance Proceeds - Capital	-	-
Miscellaneous	-	-
	<u>292,661</u>	<u>2,149,684</u>
Deduct Adjustments		
Amortization of Investment in Capital Assets	363,538	314,520
Cost of assets sold		
- Land	-	-
- Buildings	-	-
- Equipment	-	-
- Vehicles	-	-
- Other	-	-
	<u>363,538</u>	<u>314,520</u>
Other	-	-
23 221 Deferred revenue relating to capital assets -end of year	<u>\$ 8,172,135</u>	<u>\$ 8,243,012</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Notes to the Financial Statements  
Year Ended June 30, 2006

**5. Accrued Severance Leave**

The amount of \$(33,163) for teachers' severance costs and the amount of \$1,546 for non-teaching staff severance costs are included in expenses. The amount of \$107,096 for teachers' severance costs and the amount of \$37,244 for non-teaching staff severance costs for a total of \$144,340 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

**6. Reserve**

According to leases with the tenants of the Centre scolaire et communautaire des Grands-Vents à St. Jean, this reserve constitutes funds that management has designated as restricted funds to allow for the future purchase of computer equipment and major renovations of the building.

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Current Revenues  
Year Ended June 30, 2006

<u>Current Revenues</u>	<u>2006</u>	<u>2005</u>
<b>Federal Government Grants</b>		
Regular Operating Grants	\$ 1,222,951	\$ 750,458
<b>32 010 Provincial Government Grants</b>		
011 Regular Operating Grants	\$ 1,166,437	\$ 1,249,593
Amort. of deferred rev for capital assets	363,538	314,520
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	49,823	38,770
- French Language recuperation	-	-
- Textbook credit allocation	284	213
- Communication Tech	-	-
- Other	50,336	11,982
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	177,095	69,960
021 - Regular Teachers	1,993,651	2,037,083
022 - Substitute Teachers	47,973	68,360
- Student Assistants	36,704	19,180
030 Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	263,496	200,250
033 - Handicapped	-	-
	<u>4,149,337</u>	<u>4,009,911</u>
<b>33 010 Donations</b>		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
<b>34 010 Ancillary Services</b>		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities	99,060	72,548
031 Cafeterias	-	-
032 Other - ARCO	25,000	25,000
	<u>124,060</u>	<u>97,548</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Current Revenues  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
35 010 <b>Miscellaneous</b>		
011 Interest on Investments	\$ 3,881	\$ 2,902
012 Bus Charters	-	-
021 Recoveries of Expenditures	3,616	3,575
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	-
091 Textbooks	-	-
092 Other		
- Mining Company Grants	7,767	11,035
- Tutoring for tuition	-	-
- Sundry	319	40
	<u>15,583</u>	<u>17,552</u>
Total Current Revenues	<u>\$ 5,511,931</u>	<u>\$ 4,875,469</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Administration Expenditures  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
<b>51 Salaries and Benefits</b>		
011 - Superintendents and Assistant Superintendents	\$ 199,008	\$ 197,229
012 - Board Office Personnel	100,724	94,801
013 Office Supplies	4,845	5,595
014 Replacement Furniture and Equipment	1,132	-
015 Postage	4,490	5,399
016 Telephone	11,818	12,706
017 Office Equipment Rentals and Repairs	5,648	4,428
018 Bank Charges	2,257	2,199
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	562
023 Repairs and Maintenance - Office Building	2,780	-
024 Travel	25,349	22,065
025 Board Meeting Expenses	47,977	46,965
026 Election Expenses	112	-
027 Professional Fees	27,541	15,070
028 Advertising - Recrutement	15,283	31,799
029 Membership Dues	15,783	12,020
031 Municipal Service Fees	711	-
032 Rental of Office Space	-	7,796
033 Relocation Expenses	5,783	11,550
034 Miscellaneous	3,776	-
035 Payroll Tax	-	-
Training	936	851
	<u>          </u>	<u>          </u>
Total Administration Expenditures	<u>\$ 475,953</u>	<u>\$ 471,035</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Instruction Expenditures  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
52	<b>10 Instructional Salaries (Gross)</b>		
	11 Teachers' Salaries - Regular	\$ 1,652,964	\$ 1,722,973
	12                           - Substitute	42,944	55,932
	13                           - Board Paid	7,967	15,235
	14 Augmentation	-	-
	15 Employee Benefits	313,048	282,863
	16 School Secretaries - Salaries & Benefits	103,912	105,552
	17 Payroll Tax	37,684	37,048
	18 Other - Sal. & Ben. - program coord.	91,297	96,323
	Other - Sal. & Ben. - student asst	31,687	13,186
	Other - Sal. & Ben. - Labrador	1,297	-
		<u>2,282,800</u>	<u>2,329,112</u>
52	<b>40 Instructional Materials</b>		
	41 General Supplies	15,301	12,766
	42 Library Resource Materials	-	-
	43 Teaching Aids	19,478	21,702
	44 Textbooks	-	-
		<u>34,779</u>	<u>34,468</u>
52	<b>60 Instructional Furniture and Equipment</b>		
	61 Replacement	8,388	11,168
	62 Rentals and Repairs	10,112	8,596
		<u>18,500</u>	<u>19,764</u>
50	<b>80 Instructional Staff Travel</b>		
	81 Program Co-ordinators	19,400	25,249
	82 Teachers' Travel	21,947	18,001
	83 Inservice and Conferences	6,659	1,112
		<u>48,006</u>	<u>44,362</u>
52	<b>90 Other Instructional Costs</b>		
	91 French Monitor Program	54,320	42,952
	92 Miscellaneous	-	1,183
	Special Needs assessments	-	7,553
	Kinderstart	412	8,352
		<u>54,732</u>	<u>60,040</u>
	<b>Total Instruction Expenditures</b>	<u><u>\$ 2,438,817</u></u>	<u><u>\$ 2,487,746</u></u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Operations and Maintenance Expenditures - Schools  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
53 011 Salaries - Janitorial	\$ 166,607	\$ 172,135
012 - Maintenance	36,971	31,487
013 Payroll Tax	-	-
014 Electricity	124,587	112,602
015 Fuel	-	-
016 Municipal Service Fees/Garbage Removal	9,939	7,941
017 Telephone	24,585	24,511
Communications - Distance education	433	806
018 Vehicle Operating and Travel	7,972	9,680
019 Janitorial Supplies	15,641	13,270
021 Janitorial Equipment	632	885
022 Repairs and Maintenance - Buildings	40,247	40,450
023 - Equipment	5,118	4,164
024 Contracted Services - Janitorial	-	260
025 Snow Clearing	47,317	44,811
026 Rentals	-	22,399
027 Other (Miscellaneous)	2,485	3,022
	<hr/>	<hr/>
Total Operations and Maintenance	<u>\$ 482,534</u>	<u>\$ 488,423</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Pupil Transportation Expenditure  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
54	010 Operation and Maintenance of Board Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
54	040 Contracted Services		
	041 Regular Transportation	265,580	208,619
	042 Handicapped	-	-
		<hr/>	<hr/>
		265,580	208,619
		<hr/>	<hr/>
	Pupil Transportation Expenditures	<u>\$ 265,580</u>	<u>\$ 208,619</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Ancillary Services and Miscellaneous Expenses  
Year Ended June 30, 2006

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

		<u>2006</u>	<u>2005</u>
55	<b>Ancillary Services</b>		
011	Operation of Teachers' Residences	\$ -	\$ -
031	Cafeterias	-	-
032	Other - Community Centre operations	112,254	83,875
032	Other - Environmental Centre	-	-
		<u>\$ 112,254</u>	<u>\$ 83,875</u>

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	Other	\$ -	\$ 158
57 011	<b>Miscellaneous Expenses</b>	<u>\$ -</u>	<u>\$ 158</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Details of Property and Equipment  
Year Ended June 30, 2006

	Cost 2005	Additions 2006	Cost 2006	Accumulated Amortization 2006	Net book value 2006	Net book value 2005
<b>12 210 Land and Sites</b>						
211 Land and Sites	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>12 220 Buildings</b>						
221 Schools	11,051,437	-	11,051,437	3,286,794	7,764,643	8,026,290
222 Administration	-	-	-	-	-	-
223 Residential	-	-	-	-	-	-
224 Recreational	-	-	-	-	-	-
225 Other	-	-	-	-	-	-
	<u>11,051,437</u>	<u>-</u>	<u>11,051,437</u>	<u>3,286,794</u>	<u>7,764,643</u>	<u>8,026,290</u>
<b>12 230 Furniture and Equip.</b>						
231 Schools	374,032	216,809	590,841	269,827	321,014	176,152
232 Administration	213,241	45,214	258,455	176,726	81,729	66,249
233 Residential	-	-	-	-	-	-
234 Recreation	-	-	-	-	-	-
235 Other - CGV	-	30,638	30,638	3,064	27,574	-
	<u>587,273</u>	<u>292,661</u>	<u>879,934</u>	<u>449,617</u>	<u>430,317</u>	<u>242,401</u>
<b>12 240 Vehicles</b>						
241 Service Vehicles	-	-	-	-	-	-
<b>12 250 Pupil Transportation</b>						
251 Land	-	-	-	-	-	-
252 Building	-	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-	-
254 - Service	-	-	-	-	-	-
255 Equipment	-	-	-	-	-	-
256 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>12 260 Misc. Capital Assets</b>						
261 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Property and Equipment</b>	<u>\$ 11,638,710</u>	<u>\$ 292,661</u>	<u>\$ 11,931,371</u>	<u>\$ 3,736,411</u>	<u>\$ 8,194,960</u>	<u>\$ 8,268,691</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Details of Long Term Debt  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
22 210 Loans Other than Pupil Transportation	\$	\$
Ref. #		
<b>211 Bank Loans</b>		
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 211	-	-
<b>212 Mortgages</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 212	-	-
<b>213 Debentures</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 213	-	-
Subtotal	-	-
215 Less Current Maturities	-	-
Total Loans Other Than Pupil Transportation	-	-



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Summary of Long Term Debt  
Year Ended June 30, 2006

Description	Ref#	Rate	Loans		Principal Repayment for Period	Balance End of Period
			Balance Beginning of Period	Obtained During Period		
A) School Construction			\$ -	\$ -	\$ -	\$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other						
Integrated Education Council 8% - 9 3/4%			-	-	-	-
E) Pupil Transportation			-	-	-	-
Total Loans			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et Labrador**  
Schedule of Current Maturities  
Year Ended June 30, 2006

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ -	\$ -	\$ -	\$ -	\$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Schedule of Interest Expense  
Year Ended June 30, 2006

	<u>2006</u>	<u>2005</u>
56 010		
<u>Description</u>		
012 <b>Capital</b>		
School Construction	\$ -	\$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
<b>Total Capital</b>	<u>-</u>	<u>-</u>
013 <b>Current - Operating Loans</b>	-	-
014       - Supplier Interest	-	-
- Charges	-	-
<b>Total Current</b>	<u>-</u>	<u>-</u>
<b>Total Interest Expense</b>	<u>\$ -</u>	<u>\$ -</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Supplementary Information  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
<b>1.</b>	<b><u>Cash</u></b>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	13,434	30,100
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	-	-
		<u>13,434</u>	<u>30,100</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>13,434</u>	<u>30,100</u>
<b>2.</b>	<b><u>Short Term Investments</u></b>		
	<u>Current</u>		
11	121 Term Deposits	350,000	125,719
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ 350,000</u>	<u>\$ 125,719</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**  
Supplementary Information  
Year Ended June 30, 2006

		<u>2006</u>	<u>2005</u>
<b>3.</b>	<b><u>Prepaid Expenses</u></b>		
	<u>Current</u>		
11	141 Insurance		
	142 Municipal Service Fees	\$ -	\$ -
	143 Supplies	-	-
	144 Other		
	- Workers' Compensation Commission	4,925	7,899
	- Salaries	568	-
	- Teachers in-service - advance	-	-
	- Airplane Tickets	-	-
	- Board meetings - advance	-	-
	- Moving expenses - advance	-	-
	- Travel advances	2,756	-
		-	-
	<u>Capital</u>		
11	241 Other	-	-
		<u>\$ 8,249</u>	<u>\$ 7,899</u>



*Financial Statements of*

**CREDIT UNION DEPOSIT  
GUARANTEE CORPORATION**

*December 31, 2006*

## Auditors' Report

To the Board of Directors of the  
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of the Credit Union Deposit Guarantee Corporation as at December 31, 2006 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte Touche LLP*

Chartered Accountants  
March 2, 2007

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Statement of Earnings and Fund Balance

Year ended December 31, 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
REVENUE		
Assessments on credit unions	807,972	776,344
Interest	227,319	135,455
Bonding insurance	276,083	227,214
Other	10,360	8,370
	<hr/> 1,321,734	<hr/> 1,147,383
EXPENSES		
Salaries and benefits	377,227	371,112
Bonding insurance	210,325	166,681
Travel	45,042	38,310
Legal	39,233	21,471
Meetings	36,284	37,690
Office and administration	31,151	26,799
Rent	30,895	29,603
Training	23,507	14,274
Advertising and promotion	14,262	3,029
Amortization	8,892	10,983
Vehicle	7,430	15,056
Directors' fees	6,895	9,075
Loss on disposal of capital assets	1,397	1,471
Insurance	1,044	1,037
Membership fees	690	862
	<hr/> 834,274	<hr/> 747,453
NET EARNINGS	<hr/> 487,460	<hr/> 399,930
DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR	5,293,889	5,614,284
ASSISTANCE TO CREDIT UNIONS	<hr/> (482,694)	<hr/> (720,325)
DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR	<hr/> 5,298,655	<hr/> 5,293,889

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Balance Sheet

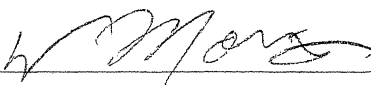
December 31, 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
<b>ASSETS</b>		
Cash	1,021,974	154,041
Investments (Note 3)	4,693,174	5,299,080
Receivables (Note 4)	78,856	63,464
Prepaid expenses	4,197	5,738
Capital assets (Note 5)	40,087	23,750
	<hr/> 5,838,288	<hr/> 5,546,073
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	539,633	252,184
<b>FUND BALANCE</b>		
Deposit guarantee fund balance	5,298,655	5,293,889
	<hr/> 5,838,288	<hr/> 5,546,073

Contingency (Note 7)

Commitments (Note 8)

APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2006

	<u>2006</u>	<u>2005</u>
	\$	\$
OPERATING ACTIVITIES		
Net earnings	487,460	399,930
Adjustments for:		
Amortization	8,892	10,983
Loss on disposal of capital assets	1,397	1,471
Increase in receivables	(15,392)	(12,952)
Decrease (increase) in prepaids	1,541	(604)
Increase in accounts payable and accrued liabilities	287,449	45,090
	<hr/> 771,347	<hr/> 443,918
INVESTING ACTIVITIES		
Purchase of capital assets	(31,136)	(2,582)
Proceeds on disposal of capital assets	4,510	5,600
Purchase of investments	(30,504,730)	(36,642,369)
Redemption of investments	31,110,636	37,032,642
	<hr/> 579,280	<hr/> 393,291
FINANCING ACTIVITY		
Assistance to other credit unions	(482,694)	(720,325)
	<hr/>	<hr/>
INCREASE IN CASH	867,933	116,884
CASH, BEGINNING OF YEAR	154,041	37,157
	<hr/>	<hr/>
CASH, END OF YEAR	1,021,974	154,041
	<hr/>	<hr/>



# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2006

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### 1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by the investments held by the Corporation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

#### *Revenue recognition*

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a 20% administrative charge.

#### *Assistance to credit unions*

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

#### *Cash*

Cash consists of balances with banks.

#### *Investments*

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

#### *Capital assets*

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2006

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Severance pay*

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

#### *Pension Costs*

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis. Contributions to this plan totaled \$18,062 in 2006 (2005 - \$17,317).

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. INVESTMENTS

<u>Issuer</u>	<u>Type</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u> \$	<u>Cost</u> \$
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Bank of Montreal	Bankers Acceptance	4.28%	25/1/07	1,050,000	1,042,787
Bank of Montreal	Bankers Acceptance	4.27%	3/1/2007	3,686,000	3,649,287
				4,737,100	4,693,174

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2006

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### 4. RECEIVABLES

	<u>2006</u>	<u>2005</u>
	\$	\$
Accrued interest	15,256	22,728
Other	63,600	40,736
	78,856	63,464

### 5. CAPITAL ASSETS

		<u>2006</u>		<u>2005</u>	
		Rate	Cost	Accumulated Amortization	Net Book Value
		\$	\$	\$	\$
Vehicles	30%	28,733	3,232	25,501	6,386
Furniture and equipment	20%	24,643	21,527	3,116	3,895
Computer equipment	30%	66,519	55,049	11,470	13,469
		119,895	79,808	40,087	23,750

### 6. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

<u>Year of Expiry</u>	<u>Amount</u>
	\$
2007	81,018
2008	73,257
2009	319,521
2010	463,065
2014	438,667
2015	362,558
2026	350,333
	2,088,419

The potential income tax benefit associated with these losses has not been recognized in these financial statements.

# **CREDIT UNION DEPOSIT GUARANTEE CORPORATION**

## **Notes to the Financial Statements**

December 31, 2006

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### **7. CONTINGENCY**

The Corporation has provided a deficiency guarantee to Eagle River Credit Union Limited in respect to certain long-term loans outstanding in its accounts which arose from the acquisition of the net assets of Labrador Savings Credit Union Limited. There are 23 remaining loans guaranteed by the Corporation to Eagle River Credit Union Limited as a result of the amalgamation with Labrador Savings Credit Union Limited. At December 31, 2006, the balance of the guarantee is \$960,144 (2005 - \$1,651,213). Loans paid by the Corporation under the guarantee for the year ended December 31, 2006 totalled \$202,694.

### **8. COMMITMENTS**

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$30,895.

### **9. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of cash, investments, receivables, and accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.



**DIRECTOR OF SUPPORT ENFORCEMENT**

**FINANCIAL STATEMENTS**

**31 MARCH 2007**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

**AUDITOR'S REPORT**


To the Director of Support Enforcement  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2007 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2007 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
20 July 2007

**DIRECTOR OF SUPPORT ENFORCEMENT**

**BALANCE SHEET**

**31 March**

**2007**

**2006**

**ASSETS**

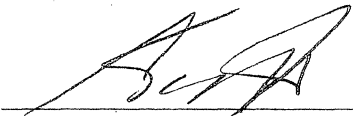
Cash	\$ 567,912	\$ 436,009
Accounts receivable (Note 2)	20,756,177	20,221,763
Other receivables (Note 3)	4,232	9,421
	<hr/>	<hr/>
	\$ 21,328,321	\$ 20,667,193

**LIABILITIES**

Accounts payable (Note 4)	\$ 21,306,421	\$ 20,648,102
Other payables (Note 5)	21,900	19,091
	<hr/>	<hr/>
	\$ 21,328,321	\$ 20,667,193

*See accompanying notes*

Signed:

  
\_\_\_\_\_  
Director



**DIRECTOR OF SUPPORT ENFORCEMENT  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
For the Year Ended 31 March**

**2007**

**2006**

**RECEIPTS**

Regular support	\$ 24,780,077	\$ 23,469,923
Out-of-system support	649,710	540,424
	<u>25,429,787</u>	<u>24,010,347</u>

**DISBURSEMENTS**

Regular support	24,312,872	23,084,190
Out-of-system support	649,710	540,424
Other payments	335,302	294,616
	<u>25,297,884</u>	<u>23,919,230</u>

<b>Excess of receipts over disbursements</b>	<b>131,903</b>	<b>91,117</b>
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<b>Cash, beginning of year</b>	<b>436,009</b>	<b>344,892</b>
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<b>Cash, end of year</b>	<b>\$ 567,912</b>	<b>\$ 436,009</b>
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*See accompanying notes*

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**Authority**

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

**1. Basis of accounting**

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

**Significant accounting policies**

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

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**2. Accounts receivable**

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2007	2006
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,327,430	\$ 8,383,953
Debtor in receipt of social assistance	3,610,661	3,941,969
Stay of enforcement in place	2,270,697	2,254,364
	<u>14,208,788</u>	<u>14,580,286</u>
Enforceable support orders	6,547,389	5,641,477
	<u>\$ 20,756,177</u>	<u>\$ 20,221,763</u>

**3. Other receivables**

Other receivables \$4,232 (2006 - \$9,421) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

**4. Accounts payable**

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2007	2006
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,327,430	\$ 8,383,953
Debtor in receipt of social assistance	3,610,661	3,941,969
Stay of enforcement in place	2,270,697	2,254,364
	<u>14,208,788</u>	<u>14,580,286</u>
Enforceable support orders	7,097,633	6,067,816
	<u>\$ 21,306,421</u>	<u>\$ 20,648,102</u>

**5. Other payables**

Other payables of \$21,900 (2006 - \$19,091) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

**6. Related party transactions**

The Director of Support Enforcement operates as a division of the Department of Justice. During the year the Director paid approximately \$2.5 million (2006 - \$2.7 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

**7. Financial instruments**

The Director's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

**8. Income taxes**

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.





*Combined Financial Statements of*

**EASTERN REGIONAL HEALTH  
AUTHORITY –  
OPERATING FUND**

*March 31, 2007*

## Auditors' Report

To the Board of Trustees of  
Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority – Operating Fund as at March 31, 2007 and the combined statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
June 8, 2007

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Statement of Operations**

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
REVENUE		
Provincial plan	801,066	755,435
MCP	45,440	42,651
Inpatient	12,550	11,563
Resident	26,218	25,482
Outpatient	6,601	6,183
Other	28,974	27,769
	<u>920,849</u>	<u>869,083</u>
EXPENDITURES		
Administration	84,578	82,616
Support	123,274	117,118
Patient and resident services	250,873	239,788
Ambulatory care	90,118	83,600
Diagnostic and therapeutic	118,300	122,339
Client services	149,696	127,524
Medical services	62,538	58,660
Research and education	12,972	13,444
Interest on long-term debt	10,585	10,753
Other	6,897	6,173
	<u>909,831</u>	<u>862,015</u>
SURPLUS ON OPERATIONS	11,018	7,068
ADJUSTMENTS FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	17,073	15,958
Amortization of capital assets	(26,623)	(26,435)
Accrued vacation	(2,346)	(458)
Accrued severance	(13,882)	(1,689)
Board Fund operations	14	(2)
EXCESS OF EXPENDITURES OVER REVENUE	<u>(14,746)</u>	<u>(5,558)</u>



**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Statement of Changes in Fund Balances**

Year Ended March 31, 2007

(in thousands of dollars)

	2007			2006	
	Net Investment in Capital Assets	Operating Fund	Board Equity	Total	Total
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	61,652	(201,527)	2,312	(137,563)	(132,005)
Excess of revenue over expenditures (expenditures over revenue)	-	(14,760)	14	(14,746)	(5,558)
Principal portion of capital leases	1,161	(1,161)	-	-	-
Repayment of long term debt	3,254	(3,254)	-	-	-
Increase in sinking fund	1,169	(1,169)	-	-	-
Disposal of capital assets	(3)	3	-	-	-
Transfer to capital grants	-	-	(16)	(16)	-
Amortization of deferred capital contributions	17,073	(17,073)	-	-	-
Amortization of capital assets	(26,623)	26,623	-	-	-
BALANCE, END OF YEAR	57,683	(212,318)	2,310	(152,325)	(137,563)

# EASTERN REGIONAL HEALTH AUTHORITY

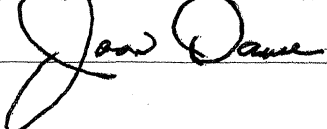
## Combined Statement of Financial Position

Year Ended March 31, 2007

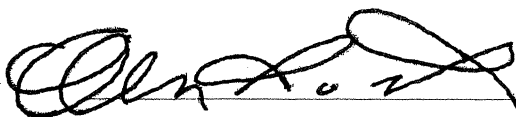
(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and temporary investments	2,752	322
Accounts receivable (Note 4)	30,910	26,849
Supplies inventory	7,787	8,627
Prepaid expenses	2,836	6,573
	44,285	42,371
DEFERRED CHARGES	395	498
CAPITAL ASSETS (Note 5)	306,171	312,868
GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS	1,966	2,079
TRUST FUNDS	3,405	3,297
	356,222	361,113
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 6)	-	24,279
Accounts payable and accrued liabilities	81,770	67,718
Accrued vacation pay	30,822	28,483
Current portion of long-term debt (Note 7)	2,652	3,013
Current portion of obligations under capital leases (Note 8)	682	1,145
Current portion of accrued severance pay	3,400	3,673
Deferred revenue - operating	21,860	13,969
Deferred revenue - capital	14,912	16,306
	156,098	158,586
LONG-TERM DEBT (Note 7)	159,138	163,200
OBLIGATIONS UNDER CAPITAL LEASES (Note 8)	545	1,119
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	85,471	82,739
TRUST FUNDS	3,405	3,297
ACCRUED SEVERANCE PAY	103,890	89,735
	508,547	498,676
CONTINGENCIES (Note 11)    COMMITMENTS (Note 12)		
<b>NET ASSETS (DEFICIENCY)</b>		
Net investment in capital assets	57,683	61,652
Deficit	(212,318)	(201,527)
Board equity	2,310	2,312
	(152,325)	(137,563)
	356,222	361,113

APPROVED BY THE BOARD



Director



Director

# EASTERN REGIONAL HEALTH AUTHORITY

## Combined Statement of Cash Flows

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of expenditures over revenue	(14,746)	(5,558)
Adjustments for:		
Amortization of capital assets	26,623	26,435
Amortization of deferred capital contributions	(17,073)	(15,958)
Loss on disposal of capital assets	3	65
Increase in severance pay accrual	13,882	1,708
Decrease in deferred charges	103	104
Changes in non-cash working capital (Note 9)	23,404	9,641
	32,196	16,437
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of capital assets	-	128
Building improvements and equipment purchases	(19,987)	(20,429)
	(19,987)	(20,301)
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term debt	-	1,293
Proceeds from capital leasing	124	207
Transfer from Board equity	(16)	-
Repayment of long-term debt	(3,254)	(2,943)
Sinking fund payments	(1,169)	(1,119)
Repayment on General Hospital Hostel Association loan	113	111
Repayment of obligations under capital lease	(1,161)	(1,178)
Deferred building and equipment grants	19,863	19,136
	14,500	15,507
<b>NET INCREASE IN CASH RESOURCES</b>	26,709	11,643
<b>BANK INDEBTEDNESS, BEGINNING OF YEAR</b>	(23,957)	(35,600)
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	2,752	(23,957)
<b>CASH (BANK INDEBTEDNESS) IS COMPRISED OF:</b>		
Bank indebtedness	-	(24,279)
Cash and temporary investments	2,752	322
	2,752	(23,957)

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") was created on April 1, 2005 to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford ) as well as tertiary and other provincial programs/services for the whole Province. The organization also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from tax.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant accounting policies of the Authority are as follows:

#### *Agreements With Nursing Homes*

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Homes (A Division of Anglican Home Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador
- Clarke's Beach Senior Citizen's Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities. As a result of this relationship, the financial statements of these homes are combined with the financial statements of Eastern Health. Ultimate ownership of assets and liabilities rests with the individual homes or the respective governing bodies.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Fund Accounting*

The Authority applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

#### *Inventory*

Inventory is valued at average cost, determined on a first-in first-out basis.

#### *Capital Assets*

Capital assets are recorded at cost, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Contributed capital assets are recorded at fair market value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition. Amortization is calculated on a straight-line basis and declining balance basis at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful life of the assets.

Buildings and renovations	2% - 5%
Equipment	15% - 20%
Equipment under capital leases	14.3% - 25%
Land improvements	10% - 20%

Gains and losses on disposal of individual assets are recognized in income in the year of disposal.

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to buildings and renovations and amortized accordingly.

#### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Capital and Operating Leases*

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Capital Contributions*

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis and using the same rates as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

#### *Severance Pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

#### *Revenue Recognition*

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and residential revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### *Pension Costs*

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Authority. The annual contributions for pensions are recognized in the accounts on a current basis.

#### *Debenture Discount and Commission*

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

#### *Sinking Funds*

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Deferred Charges*

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 12. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

#### *Contributed Services*

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

#### *Use Of Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

### 3. CONTROL OF NOT-FOR-PROFIT ENTITIES

The Authority controls the Health Care Foundation of St. John's Inc., Janeway Children's Hospital Foundation, Waterford Foundation Inc., Trinity Conception Foundation, Burin Peninsula Health Care Foundation, Discovery Foundation and the Dr. H. Bliss Murphy Foundation. These Foundations raise funds from the community for the capital equipment needs of the Authority. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority also controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

As of March 31, 2003, the prior Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of \$3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

### 3. CONTROL OF NOT-FOR-PROFIT ENTITIES (Continued)

On November 1, 2003, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Capital Campaign Fund consisted of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds have been used to purchase equipment for various hospital sites of the Authority. This fund was reported as part of Eastern Health.

These not-for-profit entities have not been consolidated in the Authority's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2007 and 2006 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$
<b>Financial position</b>				
Total assets	9,453	9,232	12,747	13,090
Total liabilities	2,280	3,849	12,856	13,159
Total net assets	7,173	5,384	(109)	(69)
	9,453	9,233	12,747	13,090
<b>Results of Operations</b>				
Total revenues	9,406	9,495	2,215	2,164
Total expenditures	7,116	8,610	2,246	2,265
Excess of revenues over expenditures (expenditures over revenue)	2,290	885	(31)	(101)
<b>Cash Flows</b>				
Cash from operations	463	(1,142)	502	369
Cash used in financing and investing activities	(297)	(3,153)	(321)	(302)
Increase (decrease) in cash	166	(4,295)	181	67



# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

### 4. ACCOUNTS RECEIVABLE

	<u>2007</u>	<u>2006</u>
	\$	\$
Government of Newfoundland and Labrador	10,343	4,777
Services to patients, residents and clients	12,398	14,314
Other	8,169	7,758
	<u>30,910</u>	<u>26,849</u>

### 5. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land and land improvements	3,708	501	3,207	3,234
Buildings and renovations	372,676	135,110	237,566	240,064
Equipment	307,038	250,014	57,024	61,289
Equipment under capital leases	15,032	13,333	1,699	2,120
Construction in progress	6,675	-	6,675	6,161
	<u>705,129</u>	<u>398,958</u>	<u>306,171</u>	<u>312,868</u>

### 6. BANK INDEBTEDNESS

The Authority has access to lines of credit totaling \$64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. The authority to borrow has been approved by the Minister of Health and Community Services.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 7. LONG -TERM DEBT

	<u>2007</u>	<u>2006</u>
	\$	\$
Sinking Fund Debenture, Series HCCI, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15	130,000	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly instalments of principal and interest of \$101,670	7,077	7,843
Royal Bank of Canada (Veterans Pavilion), 5.03% loan for 5 year term maturing April 2008, payable in monthly instalment of principal and interest of \$10,877	127	248
Bank of Montreal, 3.82% loan for 5 year term maturing June, 2010, payable in monthly instalments of principal and interest of \$23,699	868	1,114
Newfoundland and Labrador Housing Corporation ("NLHC") mortgage bearing interest at 4.97% due June 1, 2007, secured by land and buildings at the Masonic Park facility and repayable in blended monthly instalments of \$3,769 with an amortization period to January, 2017	351	379
NLHC mortgage bearing interest at 4.97%, due June 1, 2007 secured by land and buildings at Masonic Park facility and repayable in blended monthly instalments of \$3,060 with an amortization period to June 1, 2018	313	333
NLHC mortgage bearing interest at 7.63%, due April 1, 2027, secured by first specific charge on buildings at the Glenbrook Lodge facility, repayable in blended monthly instalments of \$13,317	1,655	1,689
NLHC mortgage bearing interest at 8% due in 2027 secured by land and buildings at the Saint Luke's Home facility, repayable in blended monthly instalments of \$3,714	450	459

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 7. LONG -TERM DEBT (Continued)

	<u>2007</u>	<u>2006</u>
	\$	\$
NLHC mortgage bearing interest at 5.13% due in 2010 secured by land and buildings at the Saint Luke's Home Facility, repayable in blended semi-annual instalments of \$13,988	77	101
NLHC mortgage bearing interest at 4.33%, due in 2009 secured by registered first mortgage providing a fixed charge on land and buildings, registered chattel mortgage providing a first charge over all existing and acquired chattels, equipment and vehicles at the St. Patrick's Mercy Home facility, NLHC Form 530 dated May 20, 1983 undertaking to insure a maximum loan amount of \$8,696,934, and an assignment of fire insurance, repayable in blended monthly instalments of \$49,576 with an amortization period to August 1, 2019	5,714	6,056
The Roman Catholic Episcopal Corporation of St. John's, Archdiocese - non-interest bearing loan with no set terms of repayment	1,955	1,955
Royal Bank mortgage bearing interest at 4.34%, due January 1, 2010, secured by a first charge against the land, buildings and contents of the Agnes Pratt Home facility, repayable in blended monthly instalments of \$54,445 with an amortization period to February 1, 2023	7,493	7,816
Canadian Imperial Bank of Commerce's prime lending rate less 0.625 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured	2,393	2,647
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$22,177. The mortgage matures in December 2020 and is secured by land and building	2,446	2,576
10% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$8,955. The mortgage matures in December 2028 and is secured by land and building	968	979

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

### 7. LONG -TERM DEBT (Continued)

	<u>2007</u>	<u>2006</u>
	\$	\$
5.35% Toronto Dominion Bank term loan, amortized to December 2018, repayable in blended monthly instalments of principal and interest of \$4,030	423	448
6.45% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of principal and interest of \$1,293, secured by the property to which it relates	137	145
Newfoundland and Labrador Housing Corporation, 5.88% mortgage repayable in blended semi-annual instalments of principal and interest of \$8,360, maturing in 2007	9	24
Newfoundland and Labrador Housing Corporation 6.88% mortgage repayable in blended semi-annual instalments of principal and interest of \$7,978, maturing in 2009	37	50
CMHC mortgages on land and buildings -		
8%, on Blue Crest Home; repayable in blended monthly instalments of principal and interest of \$7,777, maturing November 2007	912	933
10.5% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$7,549; maturing August 2027	773	784
3.88% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$22,085, maturing June 2023	3,210	3,336
Royal Bank of Canada (Centre for Nursing Studies) repaid during the year	-	393
Toronto Dominion Bank term loan repaid during the year	-	334
	<u>167,388</u>	<u>170,642</u>
Less: Current portion	2,652	3,013
	<u>164,736</u>	<u>167,629</u>
Less: Sinking Funds available	5,598	4,429
	<u>159,138</u>	<u>163,200</u>

Annual principal repayments of long-term debt are as follows:

	\$
2008	2,652
2009	2,631
2010	2,746
2011	2,624
2012	2,675
Thereafter	154,060

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 8. OBLIGATIONS UNDER CAPITAL LEASES

The Authority has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended	\$
2008	709
2009	619
	<hr/>
	1,328
Less: amount representing interest (ranging from 0.0% to 9.0%)	101
	<hr/>
	1,227
Less: current portion	682
	<hr/>
	545

### 9. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2007</u>	<u>2006</u>
	\$	\$
Change in non-cash operating working capital		
Accounts receivable	(4,061)	(1,824)
Supplies inventory	840	(803)
Prepaid expenses	3,737	(2,098)
Accounts payable and accrued liabilities	14,052	3,120
Accrued vacation pay	2,339	263
Deferred revenue - operating	7,891	3,147
Deferred revenue - capital	(1,394)	7,807
	<hr/>	<hr/>
	23,404	9,612
Interest paid	10,585	10,753

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Balance, beginning of the year	82,739	79,561
Grants received	19,863	19,136
Disposal of assets	(58)	-
Amortization	(17,073)	(15,958)
Balance, end of the year	<u>85,471</u>	<u>82,739</u>

### 11. CONTINGENCIES

#### *Guarantees*

The Authority has guaranteed a first mortgage of the General Hospital Hostel Association ("the Association") held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2007 was \$1,523,541 (2006 - \$1,607,162).

The Authority has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2007 was \$901,994 (2006 - \$940,938).

Management believes the Authority will not be called upon to honour these guarantees.

#### *Other*

At year end, a number of claims have been filed against the Authority. Subsequent to year end, a class action suit has been certified by the courts against the Authority. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the issue of risk of loss in these matters.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 12. COMMITMENTS

#### *Operating Leases*

Under the terms of several long-term operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2012 as follows:

	\$
2008	3,577
2009	2,737
2010	2,614
2011	1,861
2012	458
	<hr/>
	11,247

#### *Energy Performance Contract*

- The Authority entered into an Energy Performance Contract with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was \$10,515,625 and is to be repaid from operating and energy savings over a seven year period to September, 2007, at the rate of \$161,810 per month, including principal and interest.

As of March 31, 2007 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$944,425. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2007.

- The Authority entered into an Energy Performance contract on August 11, 1998 with The Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was \$5,605,094. Lump sum amounts aggregating \$1,008,555 have been paid and recorded as deferred charges with the remaining balance of \$4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at \$103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are \$56,833 per month over a period of 9.75 years.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 12. COMMITMENTS (Continued)

#### *Energy Performance Contract (Continued)*

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2007 the outstanding balance of the financing through the Enerplan/Rose Group was \$2,496,155. The Authority's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Authority's operating statements as a normal operating cost.

### 13. RELATED PARTY TRANSACTIONS

Contributions to the Authority during the year are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Janeway Children's Hospital Foundation	1,430	1,172
Dr. H. Bliss Murphy Cancer Care Foundation	384	59
General Hospital Hostel Association	361	361
Health Care Foundation of St. John's Inc.	300	1,692
Peninsulas Health Care Corporation Foundation	293	134
Masonic Park Apartments	187	187
Trinity-Conception-Placentia Health Foundation	146	88
Family Housing - A Division of Anglican Homes Inc.	102	101
Bishop Meaden Manor - A Division of Anglican Homes Inc.	87	78
Discovery Health Care Foundation	44	7
Lions Manor Inc.	28	20
TCRHB Housing Complex Inc.	2	2
Waterford Foundation Inc.	-	3
	<u>3,364</u>	<u>3,904</u>



# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2007

(in thousands of dollars)

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### 13. RELATED PARTY TRANSACTIONS (Continued)

At year end, the amounts receivable from related parties are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Northwest Rotary - Janeway Hostel Corporation	995	872
Peninsulas Health Care Corporation Foundation	500	432
Dr. H. Bliss Murphy Cancer Care Foundation	402	189
Health Care Foundation of St. John's Inc.	384	1,418
Janeway Children's Hospital Foundation	285	896
Golden Heights Manor Cottages	154	126
Waterford Foundation Inc.	110	58
Blue Crest Cottages	105	133
General Hospital Hostel Association	94	110
Masonic Park Apartments	41	72
Salvation Army Headquarters	33	33
Family Housing - A Division of Anglican Homes Inc.	15	10
Bishop Meaden Manor - A Division of Anglican Homes Inc.	2	4
Discovery Health Care Foundation	(1)	-
	<u>3,119</u>	<u>4,353</u>

#### *Other*

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

### 14. FINANCIAL INSTRUMENTS

The carrying value of the Authority's financial instruments, included in current assets and current liabilities, approximates fair value due to the relatively short-term nature of these instruments.

Long-term debt and obligations under capital leases reflect fair value based on current borrowing rates available to the Authority.

### 15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current presentation.

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Expenditures for Government Reporting**

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>ADMINISTRATION</b>		
Executive offices	13,072	16,901
Finance and budgeting	7,249	6,300
Human resources	8,236	7,528
Systems support	11,396	10,341
Materials management	17,531	17,001
Other administrative	27,094	24,545
	<u>84,578</u>	<u>82,616</u>
<b>SUPPORT</b>		
Housekeeping	24,825	23,321
Laundry and linen	8,542	8,352
Facilities management	42,851	42,118
Food services	31,080	30,069
Other support	15,976	13,258
	<u>123,274</u>	<u>117,118</u>
<b>PATIENT AND RESIDENT SERVICES</b>		
Acute care	142,960	138,277
Long term care	92,586	90,157
Other patient and resident services	15,327	11,354
	<u>250,873</u>	<u>239,788</u>
<b>AMBULATORY CARE</b>		
Emergency	20,389	19,503
Outpatient clinics	54,519	49,634
Dialysis	10,565	9,658
Other ambulatory	4,645	4,805
	<u>90,118</u>	<u>83,600</u>

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Expenditures for Government Reporting**

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>DIAGNOSTIC AND THERAPEUTIC</b>		
Clinical laboratory	31,176	41,029
Diagnostic imaging	34,697	31,419
Other diagnostic and therapeutic	52,427	49,891
	<u>118,300</u>	<u>122,339</u>
<b>CLIENT SERVICES</b>		
Continuing care	30,775	28,200
Child, youth and family	39,678	33,417
Family and rehabilitation	54,817	47,360
Other client services	24,426	18,547
	<u>149,696</u>	<u>127,524</u>
<b>MEDICAL SERVICES</b>		
Physician services	49,808	46,305
Interns and residents	12,730	12,355
	<u>62,538</u>	<u>58,660</u>
<b>RESEARCH AND EDUCATION</b>		
Research	2,168	2,325
Education	10,804	11,119
	<u>12,972</u>	<u>13,444</u>
<b>INTEREST ON LONG-TERM DEBT</b>		
Interest on long-term debt	10,585	10,753
	<u>10,585</u>	<u>10,753</u>
<b>OTHER</b>		
Undistributed	6,897	6,173
	<u>6,897</u>	<u>6,173</u>
Total shareable expenditures	<u>909,831</u>	<u>862,015</u>

**EASTERN REGIONAL HEALTH AUTHORITY****Combined Schedule of Revenue and Expenditures for Government Reporting**

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>REVENUE</b>		
Provincial plan	801,066	755,435
MCP	45,440	42,651
Inpatient	12,550	11,563
Resident	26,218	25,482
Outpatient	6,601	6,183
Other	28,974	27,769
	<u>920,849</u>	<u>869,083</u>
<b>EXPENDITURES</b>		
Salaries	511,326	486,517
Employee benefits	86,934	85,043
Supplies - regular	141,846	134,416
Supplies - drugs	33,719	29,322
Supplies - medical and surgical	41,363	38,794
Client services	84,058	77,170
Lease - interest	73	109
Lease - principal	1,161	994
Long-term debt - interest	10,512	10,644
Long-term debt - principal	4,002	3,655
	<u>914,994</u>	<u>866,664</u>
SURPLUS ON OPERATIONS	5,855	2,419
LEASE - PRINCIPAL	1,161	994
LONG-TERM DEBT - PRINCIPAL	4,002	3,655
	<u>11,018</u>	<u>7,068</u>
<b>ADJUSTMENTS FOR NON-SHARABLE ITEMS:</b>		
Amortization of deferred capital contributions	17,073	15,958
Amortization of capital assets	(26,623)	(26,435)
Accrued vacation	(2,346)	(458)
Accrued severance	(13,882)	(1,689)
Board Fund operations	14	(2)
	<u>(14,746)</u>	<u>(5,558)</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>(14,746)</b>	<b>(5,558)</b>

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Capital Transactions Funding and Expenditure**  
**for Government Reporting**

Year Ended March 31, 2007

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>REVENUE</b>		
Provincial plan	13,467	16,259
Deferred grants previous year	16,306	8,499
Board funds	23	28
Capital Campaign	38	5,776
Foundations and auxiliaries	1,336	3,248
Infoway	1,800	-
Transfer from operations	1,698	1,441
Proceeds from long-term debt	-	1,293
Proceeds from leases	124	207
Other	107	191
Deferred grant current year	(14,912)	(16,306)
	<u>19,987</u>	<u>20,636</u>
<b>EXPENDITURES</b>		
Buildings	5,551	2,378
Equipment	13,532	15,865
Vehicles	271	116
Equipment under capital leases	120	-
Construction in progress	513	2,070
	<u>19,987</u>	<u>20,429</u>
<b>SURPLUS ON CAPITAL TRANSACTIONS</b>	-	207

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Accumulated Operating Deficit**  
**for Government Reporting**

Year Ended March 31, 2007  
(in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and temporary investments	2,752	322
Accounts receivable	30,910	26,849
Supplies inventory	7,787	8,627
Prepaid expenses	2,836	6,573
	<u>44,285</u>	<u>42,371</u>
<b>DEFERRED CHARGES</b>	395	498
<b>GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS</b>	1,966	2,079
	<u>46,646</u>	<u>44,948</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	-	24,279
Accounts payable and accrued liabilities	81,770	67,718
Deferred revenue - operating	21,860	13,969
Deferred revenue - capital	14,912	16,306
	<u>118,542</u>	<u>122,272</u>
Accumulated deficit for government reporting	<u>(71,896)</u>	<u>(77,324)</u>



**EASTERN SCHOOL DISTRICT  
REPORT AND FINANCIAL STATEMENTS**

June 30, 2006







CHARTERED ACCOUNTANT  
MANAGEMENT CONSULTANT

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## AUDITOR'S REPORT

To the Board Members of:  
Eastern School District

I have audited the balance sheet of the current and capital funds of the Eastern School District as at June 30, 2006 and the related statements of current revenues, expenditures and District deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to the Board's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. Energy Retrofit costs are the only costs that have been amortized (see note 1 and schedule 7). In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. Furthermore, information concerning the costs and estimated useful lives of buildings and building improvements, as well as other capital asset additions prior to September 1, 2004, are not readily available. If the Board's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

The accounting policy with respect to Teachers' Severance Pay and Teachers' Vacation Pay are described in Note 2 and Note 5 respectively. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. The liability for Teachers' Severance Pay has been recorded but no offsetting receivable has been recorded. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record amortization and accounts receivable as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2006 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

The comparative amounts have been changed to correct an isolated accounting error, see note 19.

The comparative amounts are for the ten month period ended June 30, 2005.

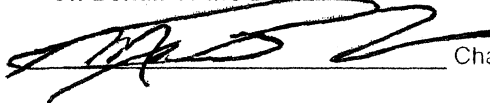
August 14, 2006  
Spaniard's Bay


Chartered Accountant

Eastern School District  
Balance Sheet

As At June 30, 2006	2006	(Note 17) 2005
<b>Assets</b>		
Current		
Cash (supp. Info. 1)	\$ 5,219,179	\$ 2,590,266
Short-term investments (supp. Info. 2)	155,889	155,889
Accounts receivable (note 4)	4,366,472	4,641,079
Teachers' vacation pay (note 5)	28,279,293	28,541,036
Prepaid expenses (supp. info. 3)	<u>472,779</u>	<u>482,307</u>
	38,493,612	36,410,577
Capital assets (schedule 7)	306,427,297	294,694,822
Deferred costs (note 12)	716,350	1,090,097
Long-term receivables - from Province (note 20)	<u>1,171,871</u>	<u>1,171,871</u>
	<u>\$346,809,130</u>	<u>\$333,367,367</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 7,970,044	\$ 6,722,733
Current maturities (schedule 8B)	869,430	952,062
Teachers' vacation pay (note 5)	28,279,293	28,541,036
Current portion of obligation under capital lease (note 11)	<u>786,292</u>	<u>643,542</u>
	37,905,059	36,859,373
Long-term debt (schedule 8)	4,441,843	4,977,433
Obligation under capital lease (note 11)	3,683,987	4,120,878
Teachers' severance pay benefits (note 2)	49,100,384	49,100,268
Other employee severance pay accrual	4,700,471	4,941,006
Other employee benefits (note 10)	<u>477,738</u>	<u>432,709</u>
	<u>100,309,482</u>	<u>100,431,667</u>
<b>District Equity</b>		
Investment in capital assets (note 9)	300,031,417	286,743,926
District deficiency (note 19)	<u>(53,531,769)</u>	<u>(53,808,226)</u>
	246,499,648	232,935,700
	<u>\$346,809,130</u>	<u>\$333,367,367</u>
<b>Contingent Liability (Note 16)</b>		

On Behalf of the Board:

 Chairperson

 Treasurer

See accompanying notes to financial statements.



Eastern School District  
Statement of Current Revenue, Expenditures and District Deficiency

		(Note 17)
For the Year Ended June 30, 2006	2006	2005
<b>Current Revenue (Schedule 1)</b>		
Provincial Government grants	\$ 301,567,827	\$ 290,625,859
Ancillary services	44,132	26,772
Miscellaneous	<u>688,613</u>	<u>718,414</u>
	<u>302,300,572</u>	<u>291,371,045</u>
<b>Current Expenditures</b>		
Administration (Schedule 2)	4,513,620	4,222,005
Instruction (Schedule 3)	247,195,027	244,308,039
Operations and maintenance (Schedule 4)	28,046,912	23,451,010
Pupil transportation (Schedule 5)	19,661,974	17,554,457
Ancillary services (Schedule 6)	131,410	120,882
Interest (Schedule 8C)	372,202	311,802
Amortization of deferred costs (Note 12)	373,747	311,456
Miscellaneous (Schedule 6)	<u>102,075</u>	<u>203,312</u>
	<u>300,396,967</u>	<u>290,482,963</u>
<b>Excess of revenue over expenditures before undernoted items</b>	1,903,605	888,082
<b>Transfer (to) capital (Note 9)</b>	<u>(1,627,032)</u>	<u>(1,364,995)</u>
<b>Excess of revenue over expenditures before teachers' severance</b>	276,573	(476,913)
<b>Net change in teachers' severance liability (Note 2)</b>	<u>116</u>	<u>(846,656)</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 276,457</u>	<u>\$ 369,743</u>
<hr/>		
<b>District deficiency, beginning of the year (Note 19)</b>	\$ (53,808,226)	\$ (54,177,969)
<b>Excess of revenue over expenditures</b>	<u>276,457</u>	<u>369,743</u>
<b>District deficiency, end of the year</b>	<u>\$(53,531,769)</u>	<u>\$(53,808,226)</u>

See accompanying notes to financial statements.



Eastern School District  
Statement of Cash Flows

(Note 17)  
2005

For the Year Ended June 30, 2006

2006

**CASH PROVIDED BY OPERATING ACTIVITIES**

<b>Excess of revenue over expenditures</b>	\$ 276,457	\$ 369,743
Items not affecting cash:		
Amortization of deferred costs	373,747	311,456
Amortization of energy retrofit	814,739	688,430
Severance pay accrual	(240,535)	181,708
Teachers severance liability	116	(846,656)
Other employee benefits liability	45,029	(14,568)
Changes in non-cash working capital balances:		
Short term investments		(75,737)
Accounts receivable	274,607	923,332
Prepaid expenses	9,528	454,282
Accounts payable and accrued liabilities	<u>1,247,311</u>	<u>(338,354)</u>
	<u>2,800,999</u>	<u>1,653,636</u>

**INVESTING ACTIVITIES**

Additions to Property and Equipment	(12,547,214)	(4,967,333)
Change in investment in capital assets	13,287,491	5,666,303
Change in long-term receivable		(64,871)
Change in reserve fund		<u>(110,202)</u>
	<u>740,277</u>	<u>523,897</u>

**FINANCING ACTIVITIES**

Proceeds from obligation under capital lease	415,597	182,035
Repayment of obligation under capital lease	(709,738)	(168,130)
Proceeds from long-term borrowings	488,000	233,200
Repayment of long-term debt	<u>(1,106,222)</u>	<u>(1,200,937)</u>
	<u>(912,363)</u>	<u>(953,832)</u>
<b>Change in cash resources</b>	2,628,913	1,223,701
<b>Cash, beginning of the year</b>	<u>2,590,266</u>	<u>1,366,565</u>
<b>Cash, end of the year</b>	<u>\$ 5,219,179</u>	<u>\$ 2,590,266</u>

**Supplementary cash flow information:**

Interest paid	\$ 372,202	\$ 311,802
Interest paid - bussing loans	<u>134,355</u>	<u>104,698</u>
	<u>\$ 506,557</u>	<u>\$ 416,500</u>

See accompanying notes to financial statements.



Eastern School District  
Statement of Changes in Capital Fund

For the Year Ended June 30, 2006	2006	(Note 17) 2005
<b>70 Capital receipts</b>		
<b>71 Proceeds from bank loans</b>		
011 School construction		
012 Equipment	\$ 488,000	\$ 233,200
013 Service vehicles		
014 Pupil transportation		
015 Other and capital lease	<u>415,598</u>	<u>182,035</u>
	<u>903,598</u>	<u>415,235</u>
<b>72 EIC grants</b>		
011 School construction and equipment	12,606,684	4,052,217
012 Other - special grants for debt repayment		
	<u>12,606,684</u>	<u>4,052,217</u>
<b>73 Donations</b>		
011 Cash receipts		
012 Non-cash receipts		
013 Restricted use		
<b>74 Sale of capital assets - proceeds</b>		
011 Land and 012 buildings		
013 Equipment		
014 Service vehicles		
015 Pupil transportation vehicles		
016 Other		
<b>75 Other capital revenues</b>		
011 Interest on capital fund investments		
012 Premiums on debentures		
013 Recoveries of expenditures	347,017	15,957
015 Insurance proceeds		
016 Native peoples grants		
017 Miscellaneous		
Gain on sale of capital assets		
Department of Education technology grants		
Cost sharing for technology grants		
	<u>347,017</u>	<u>15,957</u>
<b>78 Transfer from (to) current fund</b>	<u>1,627,032</u>	<u>1,364,995</u>
	<u>\$ 15,484,331</u>	<u>\$ 5,848,404</u>

See accompanying notes to financial statements.



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Eastern School District  
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2006 2006 (Note 17)  
2005

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**80 Capital disbursements**

**81 Additions to capital assets**

011 Land and sites		
012 Buildings	\$ 12,539,227	\$ 4,095,055
013 Furniture and equipment - School	640,045	277,539
014 Furniture and equipment - other		
015 Service vehicles	465,799	27,664
016 Pupil transportation		26,397
017 Other		52,682
	<u>13,645,071</u>	<u>4,479,337</u>

**82 Principal repayment of long-term debt**

011 School construction		
012 Equipment	1,249,936	1,369,067
013 Service vehicles		
014 Energy Performance Contract	566,025	
	<u>1,815,961</u>	<u>1,369,067</u>

**83 Miscellaneous disbursements**

013 Other (decrease in capital payables)	<u>23,299</u>	
	<u>\$ 15,484,331</u>	<u>\$ 5,848,404</u>

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See accompanying notes to financial statements.



For the Year Ended June 30, 2006

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### Nature of Operations

The Eastern School District is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

### 1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

#### Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

#### Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

#### Capital Assets

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the Schools Act and the Education Act, are recorded based on the Net Book Values shown on the audited financial statements of the predecessor entities. Subsequent additions are only capitalized if they represent items of a major nature. Replacement items such as furniture and equipment are considered a current year expenditure. Proceeds are credited to appropriate property accounts and gains or losses are not recorded. The Board does not calculate or record amortization on any of its capital assets. However, deferred costs for the energy retrofit project are amortized on the straight-line basis over a period of seven years.

All additions to buildings and building improvements administered by the Government of Newfoundland and Labrador, Department of Works, Service and Transportation have not been reflected in these financial statements. The total cost of new additions to School Buildings during the year was \$ 12,539,227. The carrying value of School Buildings torn down during the year was \$ 1,043,531, resulting in net additions of \$ 11,495,696, see schedule 7. The total cost of new additions to School Equipment during the year was \$ 640,045. The carrying value of School Equipment removed during the year was \$ 54,326 resulting in net additions of \$ 585,719, see schedule 7.

#### Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries for the year.

For the Year Ended June 30, 2006

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**1. Significant Accounting Policies (Cont'd)**

**Pension Costs**

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

**Other Severance Pay Accrual**

The District records severance pay liability for employees other than teachers. Employees are entitled to one week of severance pay for each year of service to a maximum of twenty weeks once they reach 9 years of service with the District.

**Use of Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

**2. Teachers' Severance Pay Benefits**

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

	<u>2006</u>	(Note 17) <u>2005</u>
Balance, beginning of the year	\$ 49,100,268	\$ 49,946,924
Net (decrease), increase for the period	<u>116</u>	<u>(846,656)</u>
Balance, end of the year	<u>\$ 49,100,384</u>	<u>\$ 49,100,268</u>

**3. Bond Coverage**

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District employees	\$ 100,000
Principals, Vice Principals and Staff	\$ 100,000

This coverage was implemented for each of the former Boards making up the new Eastern School District. Considering the significant increase in revenue under the new Eastern School District the Board should examine the adequacy of this coverage.



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Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2006

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**4. Accounts Receivable**

(Note 17)

Current	<u>2006</u>	<u>2005</u>
11 131 Provincial Government	\$ 2,758,687	\$ 3,036,885
132 Transportation	222,802	143,137
133 Federal Government		
134 Insurance		
138 Interest		
139 Travel advances and miscellaneous	931,186	752,296
140 Goods and Service Tax Rebate	375,468	706,342
141 Eastern School District		
Capital		
11 231 Provincial Gov't -construction grants	78,329	2,419
235 Other		
	<u>\$ 4,366,472</u>	<u>\$ 4,641,079</u>

**5. Teachers' Vacation Pay**

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Although the directive requested that a receivable from the Department for the liability not be recorded, the Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. Accordingly, the District has recorded teachers' vacation pay receivable of \$ 28,279,293 at June 30, 2006, ( 2005 - \$ 28,541,036 ).

**6. Bank Indebtedness**

21 131 On operating credit	\$	\$
132 On capital account		
	<u>\$</u>	<u>\$</u>

The District had an authorized operating demand loan of \$4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2006 and June 30, 2005. In accordance with the Schools Act 1997, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education. This authorized operating demand loan expired June 30, 2006.

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Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2006

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7. Accounts Payable and Accrued Liabilities

(Note 17)

<b>Current</b>	<b>2006</b>	<b>2005</b>
21 111 Trade payables	\$ 2,179,697	\$ 3,151,766
112 Accrued liabilities	671,074	446,115
114 Wages	140,567	83,028
115 Payroll deductions	551,987	501,508
117 Deferred grants	1,529,046	764,143
118 Other - Specify		
Vacation pay accrual	1,442,245	1,254,876
Scholarship fund	120,194	109,441
N.I.S.E.P, a related corporation	462,579	
<b>Capital</b>		
21 211 Trade payable (note 18)	465,799	
212 Accrued Liabilities		5,000
213 Accrued interest		
217 Deferred Grants	<u>406,856</u>	<u>406,856</u>
	<u>\$ 7,970,044</u>	<u>\$ 6,722,733</u>

8. Reserve Account

(Note 17)

	<b>2006</b>	<b>2005</b>
Balance, beginning of year	\$	\$ 110,202
Less transfer from reserve	<u>                    </u>	<u>110,202</u>
Add transfer to reserve	<u>                    </u>	<u>                    </u>
Balance, end of year	<u>\$ NIL</u>	<u>\$ NIL</u>



Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2006

9. Investment in Capital Assets

	<u>2006</u>	(Note 17) <u>2005</u>
Investment in capital assets, beginning of the year	\$286,743,926	\$281,077,620
Add:		
Grants - contributions for capital construction	12,606,685	4,152,665
Proceeds from sale of capital assets		
Gain on sale of capital assets		
Recoveries of expenditures		
Insurance proceeds - capital		
Capital purchases out of revenue	158,091	144,530
Miscellaneous		
School contributions		
Principal repayment paid with operating grants	<u>1,620,675</u>	<u>1,369,111</u>
	<u>301,129,377</u>	<u>286,743,926</u>
Deduct adjustments:		
Cost of assets disposed		
Building and equipment	1,097,960	
Pupil transportation vehicles		
Other		
Government of Newfoundland and Labrador adjustments		
Adjustment to carrying value of certain capital assets		
Doubtful Accounts	<u>1,097,960</u>	<u>                    </u>
	<u>1,097,960</u>	<u>                    </u>
23 221 Investment in capital assets, end of the year	<u>\$300,031,417</u>	<u>\$286,743,926</u>

10. Other Employee Benefits

	<u>2006</u>	(Note 17) <u>2005</u>
Pension plan	\$ (9,213)	\$ (6,326)
Unused pre-1985 sick leave	<u>486,951</u>	<u>439,035</u>
	<u>\$ 477,738</u>	<u>\$ 432,709</u>

The District charges operations with the amount of benefits accruing to employees in each year.

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.



Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2006

**11. Obligation Under Capital Leases**

The District has entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease is for \$3,000,000 for 5 years with a purchase option of \$2,750,000 at the end of the term.

The District also entered into capital leases with the Royal Bank of Canada for various photocopy equipment. The leases total \$762,145 for 5 years with a purchase option of \$10 at the end of the term.

Future minimum payments under these capital leases is as follows for the year ending in:

	<u>Risographs</u>	<u>EPC</u>	<u>Copiers</u>	<u>Total</u>
2007	\$ 93,204	\$ 616,920	\$ 323,292	\$ 1,033,416
2008	93,204	565,510	225,587	884,301
2009	93,204			93,204
2010	93,204			93,204
2011	54,369			54,369
	<u>427,185</u>	<u>1,182,430</u>	<u>548,879</u>	<u>2,158,494</u>
Add: Purchase option price		2,750,000		2,750,000
Less: amount representing interest	<u>43,670</u>	<u>269,452</u>	<u>125,093</u>	<u>438,215</u>
	383,515	3,662,978	423,786	4,470,279
Less: current portion	<u>76,809</u>	<u>472,088</u>	<u>237,395</u>	<u>786,292</u>
	<u>\$ 306,706</u>	<u>\$ 3,190,890</u>	<u>\$ 186,391</u>	<u>\$ 3,683,987</u>

Interest has been imputed at a rate of 4.20% for the EPC and 2004 Copier leases.

Interest has been imputed at a rate of 5.224% for the 2006 Risograph lease.

**12. Deferred Costs**

A predecessor School Board had entered into a sale lease contract with the Royal Bank of Canada for their Energy Performance contract. A gain of \$1,868,737 was recorded upon sale of these assets. This gain is amortized over sixty months. During the year \$ 373,747 (2005 - \$311,456) was recorded as amortization expense in the financial statements.

**13. Lease Commitments**

The District is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2007	\$	542,877
2008	\$	470,266
2009	\$	262,389
2010	\$	97,375
2011	\$	88,577

**14. Financial Instruments**

The carrying value of the Districts financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.



For the Year Ended June 30, 2006

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**15. Insurance Subsidy**

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

**16. Contingent Liability**

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable.

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$11,225,000. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

**17. Comparative Figures**

The comparative figures are for the ten months ended June 30, 2005. Certain of the 2005 amounts have been reclassified to conform with the financial statement presentation adopted for 2006.

**18. Subsequent Events**

Subsequent to June 30, 2006, the Board applied for financing in the amount of \$465,799 to fund the purchase of school busses acquired in the current fiscal period. This amount was included in accounts payable at year end, see note 7.

**19. Correction on an Isolated Accounting Error in a prior period**

During the 2006 audit process an error was discovered in the 2005 financial statements. This isolated accounting error was an over accrual of a specific accounts receivable in the amount of \$ 616,920. The result of this correction was to reduce revenue and reduce accounts receivable in 2005. This error has been corrected retroactively. Closing equity for 2005 was restated as follows:

District deficiency, as previously stated June 30, 2005	\$ (53,191,306)
Reduction in revenue - Provincial Government Grants	<u>(616,920)</u>
District deficiency, as restated June 30, 2005	<u>\$ (53,808,226)</u>

**20. Long term receivable - from Province**

This represents costs incurred by a predecessor School Board to satisfy an Energy Performance Contract. These costs are to be recovered from the Province of Newfoundland and Labrador. This amount has been confirmed with the Province but payment terms have not been provided.

**21. Security for Long Term Debt**

Various long term debt arrangements have been secured by a guarantee from the Province of Newfoundland and Labrador.

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Eastern School District  
 Schedule 1  
 Current Revenues

For the Year Ended June 30, 2006	2006	(Note 17) 2005
Current Revenues		
<b>32 010 Provincial Government Grants</b>		
011 Regular operating grants	\$ 42,010,873	\$ 36,632,804
016 Special grants		
French immersion		
Official language monitor		
French language recuperation		
Textbook credit allocation		
Communication technology		
Other		
Salaries and benefits		
017 Directors and assistant directors	1,378,525	1,747,194
021 Regular teachers	232,298,147	229,391,605
Teachers' severance	116	(846,656)
022 Substitute teachers		
Student assistants	6,241,880	6,191,199
030 Pupil transportation		
031 Board owned	2,980,774	2,644,113
032 Contracted	14,616,103	13,254,936
033 Handicapped	<u>2,041,409</u>	<u>1,610,664</u>
	<u>301,567,827</u>	<u>290,625,859</u>
<b>33 010 Donations</b>		
012 Cash receipts		
013 Non cash receipts		
014 Restricted use		
<b>34 010 Ancillary Services</b>		
011 Revenues from rental of residences		
021 Revenues from rental of Schools and facilities (Net)	44,132	26,772
031 Cafeterias		
032 Other		
	<u>44,132</u>	<u>26,772</u>

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Eastern School District  
Schedule 1 (Cont'd)  
Current Revenues

	2006	(Note 17) 2005
<hr/>		
35 010 <b>Miscellaneous</b>		
011 Interest on investments and bank	\$ 210,151	\$ 84,717
012 Bus charters		
021 Recoveries of expenditures (workers' compensation)		
031 Revenues from other School Districts		
051 Insurance proceeds		
061 Bilingual education revenue		
071 Operating revenue from native peoples grant		
081 Miscellaneous federal grants: Special Projects	28,415	21,278
091 Textbooks	351,169	388,189
092 Other		
Summer and night school fees - net	(8,475)	25,143
Gain on sale of capital assets		
Technology support initiative		
Sundry	107,353	199,087
093 Grant - MUN		
	<hr/>	<hr/>
	688,613	718,414
	<hr/>	<hr/>
Total Current Revenues	<u>\$194,684,120</u>	<u>\$291,371,045</u>

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Eastern School District  
Schedule 2  
Administration Expenditures

For the Year Ended June 30, 2006

2006

(Note 17)  
2005

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51 Salaries and benefits		
011 Directors and assistant directors	\$ 1,378,525	\$ 1,451,484
012 Board office personnel	1,920,106	1,902,458
013 Office supplies	52,312	45,897
014 Replacement furniture and equipment	7,259	1,547
015 Postage	27,661	33,675
016 Telephone	109,873	120,219
017 Office equipment rentals and repairs	41,976	29,374
018 Bank charges	2,646	4,784
019 Electricity	75,004	77,910
021 Fuel	5,247	6,287
023 Repairs and maintenance (office building)	4,350	270
024 Travel	129,460	70,097
025 Board meeting expenses	123,913	59,831
026 Election expenses	74,485	
027 Professional fees	169,131	84,337
028 Advertising	67,685	53,368
029 Membership dues	63,531	70,000
031 Municipal service fees	4,246	7,373
032 Rental of office space	<u>256,210</u>	<u>203,094</u>
Total Administration expenditures	\$ <u>4,513,620</u>	\$ <u>4,222,005</u>



Eastern School District  
 Schedule 3  
 Instruction Expenditures

For the Year Ended June 30, 2006

2006

(Note 17)  
 2005

52 010 Instructional Salaries (Gross)

Teachers' salaries		
011 Regular	\$186,622,230	\$187,402,789
012 Substitute	7,774,098	6,992,089
013 Board paid		
Teachers' severance (net change in liability)	116	(846,656)
014 Augmentation		
015 Employee benefits	33,927,919	32,768,166
016 School secretaries - salaries and benefits	4,329,881	4,245,822
017 Payroll tax	4,106,889	3,534,746
018 Other		
Co-operative education		
IT Salaries and benefits	550,997	605,634
Salaries and benefits - program assistants	61,179	66,150
Salaries and benefits - student assistants	<u>6,182,214</u>	<u>5,220,440</u>

243,555,523                      239,989,180

52 040 Instructional Materials

041 General supplies	1,321,852	1,441,216
042 Library resource materials	115,101	139,906
043 Teaching aids	1,254,091	1,503,162
044 Textbooks	334,716	392,097
045 Other - Special and regional services		

3,025,760                      3,476,381

52 060 Instructional Furniture and Equipment

061 Replacement	45,478	303,987
062 Rentals and repairs		2,010
063 Salary and benefits - computer technicians		

45,478                      305,997

50 080 Instructional Staff Travel

080 IT Travel	49,732	29,056
081 Program co-ordinators	326,274	321,301
082 Teachers' travel	55,892	55,744
083 Inservice and conferences	<u>96,361</u>	<u>115,528</u>

528,259                      521,629

52 090 Other Instructional Costs

091 Postage and stationary	<u>40,007</u>	<u>14,852</u>
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Total instruction expenditures                      \$247,195,027                      \$244,308,039



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Eastern School District  
Schedule 4  
Operations and Maintenance Expenditures - Schools

		(Note 17)
For the Year Ended June 30, 2006	<u>2006</u>	<u>2005</u>
53		
Salaries		
011 Janitorial	\$ 11,513,079	\$ 9,954,181
012 Maintenance	940,162	788,029
013 Payroll tax	206,020	162,788
014 Electricity	6,728,173	6,005,934
015 Fuel	1,639,062	1,441,486
016 Municipal service fee	592,018	636,531
017 Telephone	1,247,333	804,556
018 Vehicle operating and travel	193,441	150,633
019 Janitorial supplies	651,358	594,815
021 Janitorial equipment	45,561	26,649
022 Repairs and maintenance - buildings	3,099,138	1,823,935
023 Equipment maintenance	9,975	8,873
025 Snow clearing	1,181,592	1,044,350
096 Rental of school space		8,250
	<hr/>	<hr/>
Total operations and maintenance	\$ <u>28,046,912</u>	\$ <u>23,451,010</u>

Eastern School District  
 Schedule 5  
 Pupil Transportation Expenditures

For the Year Ended June 30, 2006	<u>2006</u>	(Note 17) <u>2005</u>
<b>54 010 Operation and Maintenance of Board Owned Fleet</b>		
Salaries and Benefits		
011 Administration	\$ 111,832	\$ 80,186
012 Drivers and Mechanics	1,453,270	1,395,398
013 Payroll Tax	23,580	23,507
014 Debt Repayment- Interest	134,355	104,698
015 Principal	347,019	275,734
017 Gas and oil	417,675	335,081
018 Licenses	30,588	29,642
019 Insurance	52,887	36,481
021 Repairs and Maintenance - Fleet	246,628	264,414
022 Building	12,854	9,146
023 Tires and Tubes	40,522	29,853
024 Heat and Light	9,039	8,539
025 Municipal Service	590	817
026 Snow Clearing	4,471	2,435
027 Office Supplies	6,187	13,010
029 Travel	5,318	4,732
031 Professional Fees	6,625	4,000
032 Miscellaneous	27,437	5,297
033 Telephone	<u>32,708</u>	<u>29,437</u>
	2,963,585	2,652,407
<b>54 040 Contracted Services</b>		
041 Regular transportation	14,561,112	13,211,451
042 Handicapped	2,041,409	1,610,664
047 Salaries	<u>95,868</u>	<u>79,935</u>
Pupil transportation expenditures	<u>\$ 19,661,974</u>	<u>\$ 17,554,457</u>

---

Eastern School District  
Schedule 6  
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2006

2006

(Note 17)  
2005

---

**Ancillary Services**

The Board operates the following ancillary services:

55 Ancillary services

011 Operation of teachers' residences  
031 Cafeterias  
032 Other - Vehicle operating

\$	<u>131,410</u>	\$	<u>120,882</u>
\$	<u>131,410</u>	\$	<u>120,882</u>

**Miscellaneous Expenses**

The Board has incurred the following miscellaneous expenses:

57 011 Bad debt expense

\$	42,234	\$	135,081
----	--------	----	---------

Special incentive program

Other miscellaneous expenditures

59,841	68,231
--------	--------

012 Provision for severance pay

\$	<u>102,075</u>	\$	<u>203,312</u>
----	----------------	----	----------------

Eastern School District  
Schedule 7  
Details of Capital Assets

For the Year Ended June 30, 2006

	NBV August 31, 2005	Additions-net	Amortization	NBV June 30, 2006
<b>12 210 Land and Sites</b>				
211 Land and sites	\$ 5,077,657			\$ 5,023,230
<b>12 220 Buildings</b>				
221 Schools	247,919,552	\$ 11,495,696		259,415,248
222 Administration	2,379,115			2,379,115
223 Residential	10,000			10,000
224 Recreational				
225 Other	152,886			152,886
	<u>250,461,553</u>	<u>11,495,696</u>		<u>261,957,249</u>
<b>12 230 Furniture and Equip.</b>				
231 Schools	27,450,215	585,719		28,090,361
232 Administration	3,173,731			3,173,731
233 Residential	850			850
234 Recreation				
235 Other	27,648			27,648
	<u>30,652,444</u>	<u>585,719</u>		<u>31,292,590</u>
<b>12 240 Vehicles</b>				
241 Service vehicles	231,504	465,799		697,303
<b>12 250 Pupil Transportation</b>				
251 Land				
252 Building	213,356			213,356
Vehicles				
253 Buses	5,095,806			5,095,806
254 Service	59,383			59,383
255 Equipment				
256 Other				
	<u>5,368,545</u>			<u>5,368,545</u>
<b>12 260 Misc. Capital Assets</b>				
Other				
Computers	894,464			894,464
Tools	18,163			18,163
261 Energy retrofit	1,691,815		\$ 814,739	877,076
Water lines	29,151			29,151
Resource lines	269,526			269,526
	<u>2,903,119</u>		<u>814,739</u>	<u>2,088,380</u>
<b>Total Capital Assets</b>	<u>\$294,694,822</u>	<u>\$ 12,547,214</u>	<u>\$ 814,739</u>	<u>\$306,427,297</u>

Eastern School District  
 Schedule 8  
 Details of Long-Term Debt

(Note 17)

For the Year Ended June 30, 2006

2006

2005

Ref. #

211 Bank Loans

Repayable \$ <u>16,814</u> monthly, maturing <u>2007</u>	\$ 851,070	\$ 1,047,833
Repayable \$ <u>9,443</u> monthly, maturing <u>2014</u>	925,430	1,038,748
Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>	561,367	711,062
Repayable \$ <u>459</u> monthly, maturing <u>2006</u>	2,292	7,795
Repayable \$ <u>667</u> monthly, maturing <u>2009</u>		34,167
Repayable \$ <u>1,000</u> monthly, maturing <u>2009</u>		33,333
Repayable \$ <u>4,406</u> monthly, maturing <u>2008</u>		127,786
Repayable \$ <u>7,833</u> monthly, maturing <u>2009</u>	236,364	323,335
Repayable \$ <u>883</u> monthly, maturing <u>2007</u>	25,886	35,886
Repayable \$ <u>833</u> monthly, maturing <u>2006</u>		1,667

Total 211 2,602,409 3,361,612

212 Mortgages

Total 212 \_\_\_\_\_

213 Debentures

repayable \$ _____ monthly, maturing _____	_____	_____
repayable \$ _____ monthly, maturing _____	_____	_____

Total 213 \_\_\_\_\_

Subtotal 2,602,409 3,361,612

215 Less current maturities 517,818 632,516

Total loans other than pupil transportation \$ 2,084,591 \$ 2,729,096



Eastern School District  
 Schedule 8 (Cont'd)  
 Details of Long- Term Debt

For the Year Ended June 30, 2006	2006	(Note 17) 2005
22 220 Loans - pupil transportation		
Ref. #		
<b>221 Vehicle bank loans</b>		
Repayable \$ <u>430</u> monthly, maturing <u>2011</u>	\$ 25,811	\$ 30,967
Repayable \$ <u>4,169</u> monthly, maturing <u>2012</u>	295,984	346,009
Repayable \$ <u>2,019</u> monthly, maturing <u>2011</u>	135,243	159,466
Repayable \$ <u>5,744</u> monthly, maturing <u>2013</u>	515,975	568,006
Repayable \$ <u>580</u> monthly, maturing <u>2007</u>		9,285
Repayable \$ <u>3,910</u> monthly, maturing <u>2016</u>	422,325	469,250
Repayable \$ <u>4,336</u> monthly, maturing <u>2016</u>	488,798	557,724
Repayable \$ <u>1,095</u> monthly, maturing <u>2014</u>	105,133	118,275
Repayable \$ <u>1,679</u> monthly, maturing <u>2014</u>	167,924	188,075
Repayable \$ <u>1,625</u> monthly, maturing <u>2007</u>	13,904	33,404
Repayable \$ <u>521</u> monthly, maturing <u>2012</u>	32,700	38,952
Repayable \$ <u>521</u> monthly, maturing <u>2013</u>	42,216	48,470
Repayable \$ <u>4,393</u> monthly, maturing <u>2015</u>	<u>462,851</u>	
Total 221	<u>2,708,864</u>	<u>2,567,883</u>
222 Land, buildings and equipment bank loans		
repayable \$ _____ monthly, maturing _____		
repayable \$ _____ monthly, maturing _____		
repayable \$ _____ monthly, maturing _____		
repayable \$ _____ monthly, maturing _____		
repayable \$ _____ monthly, maturing _____		
Total 222		
223 Less current maturities	<u>351,612</u>	<u>319,546</u>
Total loans - pupil transportation	<u>2,357,252</u>	<u>2,248,337</u>
Total long-term debt	<u>\$ 4,441,843</u>	<u>\$ 4,977,433</u>



**Eastern School District**  
**Schedule 8A**  
**Summary of Long- Term Debt**  
 (Note 17)  
**For the Year Ended June 30, 2006**

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction					
B) Equipment	7.5%	\$ 3,361,612		\$ 759,203	\$ 2,602,409
C) Service vehicles					
D) Other					
E) Pupil					
Transportation		<u>2,567,883</u>	<u>\$ 488,000</u>	<u>347,019</u>	<u>2,708,864</u>
Total Loans		<u>\$ 5,929,495</u>	<u>\$ 488,000</u>	<u>\$ 1,106,222</u>	<u>\$ 5,311,273</u>



**Eastern School District**  
**Schedule 8B**  
**Schedule of Current Maturities**  
 (Note 17)  
**For the Year Ended June 30, 2006**

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction					
B) Equipment	\$ 517,818	\$ 528,757	\$ 507,802	\$ 417,563	\$ 313,639
C) Service vehicles					
D) Other					
E) Pupil	351,612	336,923	334,382	330,139	331,862
Transportation					
Total loans	\$ 869,430	\$ 865,680	\$ 842,184	\$ 747,702	\$ 645,501

---

Eastern School District  
Schedule 8C  
Schedule of Interest Expense

Year Ended June 30, 2006	2006	(Note 17) 2005
56 010		
Description		
012 Capital		
Equipment	\$ 175,802	\$ 29,467
Other		
Debt restructuring	32,190	71,000
Energy management - capital lease	<u>164,210</u>	<u>211,335</u>
<b>Total Capital</b>	<u>372,202</u>	<u>311,802</u>
Current		
013 Operating loans		
014 Supplier interest charges	<u>                    </u>	<u>                    </u>
<b>Total Current</b>	<u>                    </u>	<u>                    </u>
<b>Total Interest Expense</b>	<u>\$ 372,202</u>	<u>\$ 311,802</u>

**Eastern School District  
Supplementary Information**

**For the Year Ended June 30, 2006**

**2006**

**(Note 17)  
2005**

**1. Cash**

**Current**

11 110 Cash on Hand and in Bank  
Bank

112 Current	\$ 4,847,695	\$ 2,384,434
113 Savings		7,000
114 Teachers' payroll	368,984	196,332
115 Non teachers' payroll		
116 Executive payroll		
117 Other - Funds	<u>2,500</u>	<u>2,500</u>

5,219,179                      2,590,266

**Capital**

11 210 Cash on hand and in bank  
211 Cash on hand

Bank

212 Current  
213 Savings  
214 Other

Total cash on hand and in bank

\$ 5,219,179                      \$ 2,590,266

**2. Short Term Investments**

**Current**

11 121 Term deposits  
122 Canada savings bonds

123 Other

- Canada treasury bills  
- Mutual funds  
- Balance in broker account  
- Guaranteed investment Certificates

5,544

**Capital**

11 221 Term deposits  
222 Canada savings bonds  
223 Other

Total Short-term investments

\$ 155,889                      \$ 155,889

---

Eastern School District  
Supplementary Information

For the Year Ended June 30, 2006

2006

(Note 17)  
2005

**3. Prepaid Expenses**  
**Current**

11 141 Insurance	\$ 17,165	\$ 37,761
142 Municipal service fees	94,910	129,817
143 Supplies	34,999	34,997
144 Other		
Equipment lease		
Workers' compensation	306,874	279,732
Garbage collection		
Vehicle insurance		
Other	18,831	

**Capital**

11 241 Other		
	<u>\$ 472,779</u>	<u>\$ 482,307</u>



**Embalmers and Funeral Directors Board of  
Newfoundland and Labrador**

**Financial Statements**

**December 31, 2006**

## AUDITOR'S REPORT

To the Board of Directors of:

The Embalmers and Funeral Directors Board of Newfoundland and Labrador

I have audited the balance sheet of The Embalmers and Funeral Directors Board of Newfoundland and Labrador as at December 31, 2006 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Board of Managers. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2006, and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.



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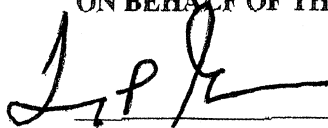
Jackie Feltham, FCGA

Portugal Cove – St. Philips, NL  
May 11, 2007

**EMBALMERS AND FUNERAL DIRECTORS BOARD OF  
NEWFOUNDLAND AND LABRADOR  
BALANCE SHEET  
December 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b><u>CURRENT</u></b>		
Cash and cash equivalents (Note 1)	\$ 152,737	\$ 151,238
Accounts receivable	35,920	28,122
Prepaid expenses	1,444	1,444
	190,101	180,804
	<b>\$ 190,101</b>	<b>\$ 180,804</b>
<b>LIABILITIES</b>		
<b><u>CURRENT</u></b>		
Accrued liabilities	\$ 2,052	\$ 3,540
Deferred revenue (Note 3)	52,370	40,122
	54,422	43,662
<b>MEMBERS' SURPLUS</b>		
<b>SURPLUS</b>	135,679	137,142
	<b>\$ 190,101</b>	<b>\$ 180,804</b>

ON BEHALF OF THE BOARD:

 \_\_\_\_\_, Board Member

 \_\_\_\_\_, Board Member

The accompanying notes form an integral part of these financial statements.



**EMBALMERS AND FUNERAL DIRECTORS BOARD OF  
NEWFOUNDLAND AND LABRADOR  
STATEMENT OF REVENUE, EXPENSES AND SURPLUS  
December 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Fees	\$ 39,240	\$ 39,996
Seminars	4,750	-
Interest	1,882	1,275
	<u>\$ 45,872</u>	<u>\$ 41,271</u>
 <b>EXPENSES</b>		
Administrator fees	\$ 7,000	\$ -
Bank charges	54	38
Board meetings	21,800	32,033
Honorariums	2,400	2,400
Inspections	2,983	4,829
Insurance	1,988	1,780
Office	5,171	6,508
Professional fees	3,431	2,070
Seminars	2,070	-
Telephone	438	482
	<u>\$ 47,335</u>	<u>\$ 50,140</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (1,463)</u>	<u>\$ (8,869)</u>
 <hr/>		
Surplus, beginning of year	\$ 137,142	\$ 146,011
Excess (deficiency) of revenue over expenses	(1,463)	(8,869)
Surplus, end of year	<u>\$ 135,679</u>	<u>\$ 137,142</u>

The accompanying notes form an integral part of these financial statements.

**EMBALMERS AND FUNERAL DIRECTORS BOARD OF  
NEWFOUNDLAND AND LABRADOR  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2006**

	<u>2006</u>	<u>2005</u>
<b><u>Increase (decrease) in cash and cash equivalents</u></b>		
Operating activities:		
Excess of revenues over expenditures	\$ (1,463)	\$ (8,869)
Adjustments for items not affecting cash:		
Amortization	-	-
Changes in non-cash operating working capital		
Accounts receivable	(7,798)	(2,822)
Prepaid expenses	-	(208)
Accrued liabilities	(1,488)	1,435
Deferred revenue	12,248	2,102
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	1,499	(8,362)
Cash and cash equivalents, beginning	151,238	159,600
	<hr/>	<hr/>
<b>Cash and cash equivalents, end</b>	<b><u>\$ 152,737</u></b>	<b><u>\$ 151,238</u></b>

---

Cash and cash equivalents consists of:	<u>2006</u>	<u>2005</u>
Cash	\$ 86,113	\$ 87,697
Term deposits	66,624	63,541
	<hr/>	<hr/>
	<u>\$ 152,737</u>	<u>\$ 151,238</u>

The accompanying notes form an integral part of these financial statements.

**EMBALMERS AND FUNERAL DIRECTORS BOARD OF  
NEWFOUNDLAND AND LABRADOR  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006**

**1. Summary of significant accounting policies**

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

**Use of estimates**

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balance with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Balances at December 31,	<u>2006</u>	<u>2005</u>
Cash	\$ 86,113	\$ 87,697
GIC Investment	66,624	63,541
	<u>\$ 152,737</u>	<u>\$ 151,238</u>

**2. Financial instruments**

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

**3. Deferred revenue**

Deferred revenue is calculated as the revenue recorded in October-December of the current year which relates to fees that are collected in and are for the following year.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2007

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

FINANCIAL STATEMENTS

MARCH 31, 2007

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

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March 31, 2007

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Statement of Changes in Net Assets .....	3
Statement of Operations .....	4
Statement of Cash Flow .....	5
Notes to the Financial Statements .....	6

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority**

We have audited the consolidated balance sheet of **Labrador - Grenfell Regional Health Authority** as at March 31, 2007 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Balance Sheet

March 31, 2007

2007

2006

**Assets**

Current assets:

Cash	\$ 152,210	158,146
Restricted cash (Note 3)	2,276,245	1,967,000
Receivables (Note 4)	12,212,690	5,620,672
Inventories	1,722,466	1,616,358
Prepaid expenses	<u>1,475,852</u>	<u>1,316,524</u>

Total current assets 17,839,463 10,678,700

Residents' Trust Funds held on deposit	175,630	189,838
Replacement reserve funding (Note 7)	67,300	74,945
Property, plant and equipment (Note 5)	<u>20,974,307</u>	<u>19,837,045</u>

\$ 39,056,700 30,780,528

**Liabilities**

Current liabilities:

Bank indebtedness (Note 6)	\$ 20,604,543	13,248,229
Payables and accruals	8,180,847	7,393,264
Accrued vacation pay	4,758,596	4,571,041
Other accrued benefits	1,813,069	1,629,339
Deferred contributions - operating	2,526,804	2,156,772
- National Child Benefit program	1,413,702	782,128
- Capital	1,969,671	3,631,116
- Special purpose funds	1,281,988	972,852
Current portion of accrued severance pay - estimated	720,549	540,349
Current portion of long-term debt (Note 8)	<u>94,758</u>	<u>84,767</u>

Total current liabilities 43,364,527 35,009,857

Residents' Trust Funds payable	175,630	189,838
Accrued severance pay, less estimated current portion	7,903,538	7,626,225
Replacement reserve (Note 7)	67,300	74,945
Long-term debt (Note 8)	2,690,177	2,786,039
Deferred contributions related to property, plant and equipment (Note 9)	<u>16,991,309</u>	<u>15,522,852</u>

71,192,481 61,209,756

**Net assets, per accompanying statement:**

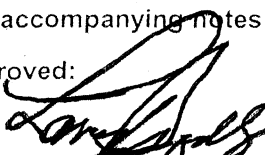
Net assets invested in property, plant and equipment	1,205,880	1,443,280
Net assets restricted for endowment purposes	994,257	994,148
Unrestricted net assets (deficit)	<u>(34,335,918)</u>	<u>(32,866,656)</u>

(32,135,781) (30,429,228)

\$ 39,056,700 30,780,528

See accompanying notes

Approved:

 Trustee  
 Trustee



LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007			2006	
	Invested in Property, Plant and Equipment	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	\$ 1,443,280	994,148	(32,866,656)	(30,429,228)	(25,946,914)
Excess (deficiency) of revenue over expenditure	( 323,271)	-	( 1,383,391)	( 1,706,662)	( 4,482,314)
Donations received for endowment purposes	-	109	-	109	-
Investment in property, plant and equipment (Note 10)	85,871	-	( 85,871)	-	-
Balance, ending	<u>\$ 1,205,880</u>	<u>994,257</u>	<u>(34,335,918)</u>	<u>(32,135,781)</u>	<u>(30,429,228)</u>

See accompanying notes

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Statement of Operations

Year ended March 31, 2007

2007

2006

Revenue:

Provincial plan	\$ 88,589,422	80,504,679
National Child Benefit	2,196,846	1,110,625
WST	5,242,066	5,044,898
MCP physicians	11,137,883	11,315,704
Child Youth and Family Services Agreement	7,678,992	5,977,452
Inpatient	2,490,760	2,451,830
Outpatient	770,409	1,004,343
Long-term care	1,412,389	1,293,885
Other (Note 11)	6,324,172	5,642,528
	<u>125,842,939</u>	<u>114,345,944</u>

Expenditure:

Administration	13,289,678	12,871,229
Support services	23,065,775	22,247,775
Nursing inpatient services	18,757,853	18,311,363
Ambulatory care services	13,551,953	13,090,653
Diagnostic and therapeutic services	11,122,641	10,809,456
Community and social services	31,922,979	25,360,235
Medical services	12,691,331	13,181,423
Research	68,083	67,938
Education	863,898	926,182
Undistributed	1,354,268	1,109,344
	<u>126,688,459</u>	<u>117,975,598</u>

Surplus (deficit) prior to other operations ( 845,520) ( 3,629,654)

12 Unit Cottage Project - net -

20 Unit Cottage Project - net ( 35,075) ( 15,049)

Grenfell Foundation Inc. - net 70,423 ( 285,009)

Surplus (deficit) before non-shareable items ( 810,172) ( 3,929,712)

Non-shareable items:

Amortization	2,874,143	2,505,886
Accrued vacation pay - increase	187,555	93,284
Accrued severance pay - increase	457,513	261,803
Amortization of deferred contributions	( 2,622,721)	( 2,308,371)
	<u>896,490</u>	<u>552,602</u>

Excess (deficiency) of revenue over expenditure \$( 1,706,662) ( 4,482,314)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$( 1,706,662)	( 4,482,314)
Amortization	2,945,992	2,574,347
Loss on disposal of buildings	93,632	-
Amortization of deferred contributions	( 2,622,721)	( 2,308,371)
Unamortized contribution on assets disposed	<u>( 364,526)</u>	<u>-</u>
	( 1,654,285)	( 4,216,338)
Changes in:		
Receivables	( 6,592,019)	( 614,023)
Inventories	( 106,108)	( 75,100)
Prepaid expenses	( 159,328)	279,300
Payables and accruals	971,314	1,716,792
Accrued vacation pay	187,555	93,283
Deferred contributions relating to operating and NCB initiatives	1,001,606	628,595
Accrued severance pay	<u>457,513</u>	<u>261,803</u>
	<u>( 5,893,752)</u>	<u>( 1,925,688)</u>
Investing:		
Proceeds from disposal of property, plant and equipment	270,894	-
Additions to property, plant and equipment	<u>( 4,447,781)</u>	<u>( 2,021,286)</u>
	<u>( 4,176,887)</u>	<u>( 2,021,286)</u>
Financing:		
Deferred contributions - capital	( 1,661,445)	424,304
- special purpose funds	309,136	( 180,335)
Repayment of long-term debt	( 85,870)	( 81,273)
Deferred contributions related to property, plant and equipment	4,455,704	1,889,953
Donations for endowment purposes	<u>109</u>	<u>-</u>
	<u>3,017,634</u>	<u>2,052,649</u>
Net increase (decrease) in cash and cash equivalents	( 7,053,005)	( 1,894,325)
Cash and cash equivalents:		
Beginning	<u>(11,123,083)</u>	<u>( 9,228,758)</u>
Ending	<u><u>\$ (18,176,088)</u></u>	<u><u>(11,123,083)</u></u>
Represented by:		
Cash and short-term investments	\$ 152,210	158,146
Restricted cash	2,276,245	1,967,000
Bank indebtedness	<u>(20,604,543)</u>	<u>(13,248,229)</u>
	<u><u>\$ (18,176,088)</u></u>	<u><u>(11,123,083)</u></u>

See accompanying notes

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Notes to the Financial Statements

March 31, 2007

---

#### 1. Nature of operations:

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay  
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay  
Captain William Jackman Memorial Hospital, Labrador City  
Charles S. Curtis Memorial Hospital, St. Anthony  
John M. Gray Centre, St. Anthony  
St. Anthony Inter-Faith Home Apartment Complexes, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

#### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

##### *Fund accounting:*

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenue and expenditure related to the delivery and administration of health services are reported in the operating financial statements.

Assets, liabilities, revenue and expenditure related to other operations are reported in the financial statements for the 12 Unit Cottage Project, 20 Unit Cottage Project and the Grenfell Foundation Inc.

##### *Revenue recognition:*

The Authority follows the deferral method of accounting of contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

(Continued...)

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Notes to the Financial Statements

March 31, 2007

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#### 2. Significant accounting policies (Continued):

##### *Inventories:*

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts, and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

##### *Property, plant and equipment:*

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution.

Property, plant and equipment are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and St. Anthony Interfaith Home Apartment Complexes buildings and equipment are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

##### *Replacement reserve:*

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserve are shown in Note 7.

##### *Severance pay:*

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

## LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

## Notes to the Financial Statements

March 31, 2007

## 2. Significant accounting policies (Continued):

*Pension and other post employment benefits:*

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

*Use of estimates:*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## 3. Restricted cash:

Cash is currently restricted to fund the following items:

	<u>2007</u>	<u>2006</u>
Deferred contributions - special purpose funds	\$ 1,281,988	972,852
Endowment funds	<u>994,257</u>	<u>994,148</u>
	<u>\$ 2,276,245</u>	<u>1,967,000</u>

## 4. Receivables:

	<u>2007</u>	<u>2006</u>
Government of Newfoundland and Labrador	\$ 6,501,450	981,956
Government of Canada	2,108,577	1,407,037
Patient	2,426,112	2,236,224
Other	<u>1,176,551</u>	<u>995,455</u>
	<u>\$ 12,212,690</u>	<u>5,620,672</u>

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Notes to the Financial Statements

March 31, 2007

#### 5. Property, plant and equipment:

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 11,203	-	11,203	11,203
Land improvements	187,061	148,191	38,870	42,374
Buildings	23,722,396	12,903,920	10,818,476	11,211,214
Leasehold improvements	223,678	65,568	158,110	166,432
Equipment and vehicles	40,914,314	31,162,380	9,751,934	8,210,107
Artwork	195,714	-	195,714	195,714
	<u>\$ 65,254,366</u>	<u>44,280,059</u>	<u>20,974,307</u>	<u>19,837,044</u>

#### 6. Bank indebtedness:

The Authority has access to a \$22.6 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for \$9 million up to \$19 million with the first \$10 million being unsecured.

On April 30, 2007, the line of credit was reduced to \$19.0 million.

#### 7. Replacement reserve:

	2007	2006
Balance, beginning	\$ 74,945	73,909
Add:		
Allocation for year	10,350	10,350
Interest earned	395	165
	<u>85,690</u>	<u>84,424</u>
Less:		
Approved expenditures	<u>18,390</u>	<u>9,479</u>
Balance, ending	<u>\$ 67,300</u>	<u>74,945</u>
Funding:		
Replacement reserve funds	\$ -	7,146
Due from Newfoundland and Labrador Housing Corporation for replacement reserve	<u>67,300</u>	<u>67,799</u>
	<u>\$ 67,300</u>	<u>74,945</u>

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Notes to the Financial Statements

March 31, 2007

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#### 8. Long-term debt:

	<u>2006</u>	<u>2005</u>
10%, Canada Mortgage and Housing Corporation first mortgage on land and building of Harry L. Paddon Memorial Home; repayable \$11,245 monthly, interest included; maturing November, 2029	\$ 1,227,194	1,241,216
4.47% Newfoundland and Labrador Housing Corporation first mortgage on land and building of 20 unit apartment complex; repayable \$7,051 monthly, interest included; maturing January, 2019	777,939	826,898
5.79% Newfoundland and Labrador Housing Corporation first mortgage on land and building of 12 unit apartment complex; repayable \$5,686 monthly, interest included; maturing October, 2025	<u>779,802</u>	<u>802,692</u>
	<u>2,784,935</u>	<u>2,870,806</u>
Less current portion	<u>94,758</u>	<u>84,767</u>
	<u>\$ 2,690,177</u>	<u>2,786,039</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	\$ 94,758
2009	99,880
2010	105,323
2011	110,965
2012	116,943

#### *Interest subsidy:*

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2007 was \$107,271 (2006 - \$105,328).



# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

### Notes to the Financial Statements

**March 31, 2007**

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#### 9. Unamortized deferred contributions related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning	\$ 15,522,852	15,941,270
Add:		
Equipment grants	4,021,137	993,450
Donations for equipment	<u>434,567</u>	<u>896,503</u>
	19,978,556	17,831,223
Less:		
Amortization	2,622,721	2,308,371
Unamortized contribution on assets disposed	<u>364,526</u>	<u>-</u>
Balance, ending	<u>\$ 16,991,309</u>	<u>15,522,852</u>

#### 10. Investment in property, plant and equipment:

	<u>2007</u>	<u>2006</u>
Repayment of long-term debt	\$ 85,871	81,274
Purchase of property, plant and equipment with unrestricted resources	<u>-</u>	<u>131,334</u>
	<u>\$ 85,871</u>	<u>212,608</u>

#### 11. Other revenue:

	<u>2007</u>	<u>2006</u>
Drug recoveries	\$ 3,037,931	2,697,477
Dental	785,440	653,076
Rentals	231,643	231,147
Interest	118,522	102,297
Unamortized contributions on assets disposed	364,526	-
Miscellaneous	<u>1,786,110</u>	<u>1,958,531</u>
	<u>\$ 6,324,172</u>	<u>5,642,528</u>

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Consolidated

## Notes to the Financial Statements

March 31, 2007

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### 12. Commitments:

#### *Energy performance contract:*

The Authority entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2007 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$415,235 (2006 - \$548,992). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2007.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Authority's operating statements as a normal operating cost.

### 13. Contingencies:

As of March 31, 2007, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

### 14. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the current presentation.

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

OPERATING

FINANCIAL STATEMENTS

MARCH 31, 2007

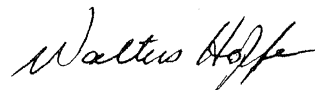
AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority**

We have audited the operating balance sheet of **Labrador - Grenfell Regional Health Authority** as at March 31, 2007 and the operating statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these operating financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these operating financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Balance Sheet

March 31, 2007

2007

2006

#### Assets

##### Current assets:

Restricted cash (Note 3)	\$ 1,498,014	1,188,768
Receivables (Note 4)	12,387,624	5,827,642
Inventories	1,722,466	1,616,358
Prepaid expenses	<u>1,467,212</u>	<u>1,307,885</u>

Total current assets 17,075,316 9,940,653

Residents' Trust Funds held on deposit 175,630 189,838  
Property, plant and equipment (Note 5) 19,396,846 18,187,734

\$ 36,647,792 28,318,225

#### Liabilities

##### Current liabilities:

Bank indebtedness (Note 6)	\$ 20,604,544	13,248,231
Payables and accruals	8,169,713	7,372,880
Accrued vacation pay	4,758,596	4,571,041
Other accrued benefits	1,813,069	1,629,339
Deferred contributions - operating	2,522,804	2,152,772
- National Child Benefit (NCB) initiatives	1,413,702	782,128
- capital	1,969,671	3,631,116
- special purpose funds	1,281,988	972,852
Current portion of accrued severance pay - estimated	720,549	540,349
Current portion of long-term debt (Note 7)	<u>15,459</u>	<u>13,927</u>

Total current liabilities 43,270,095 34,914,635

Residents' Trust Funds payable 175,630 189,838  
Accrued severance pay, less estimated current portion 7,903,538 7,626,225  
Long-term debt (Note 7) 1,211,735 1,227,289  
Deferred contributions related to property, plant and equipment (Note 8) 16,991,309 15,522,852

69,552,307 59,480,839

#### Net assets, per accompanying statement

Net assets invested in property, plant and equipment 1,205,880 1,443,280  
Net assets restricted for endowment purposes 216,026 215,917  
Unrestricted net assets (34,326,421) (32,821,811)

(32,904,515) (31,162,614)

\$ 36,647,792 28,318,225

See accompanying notes

Approved:

  
Trustee  
  
Trustee

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007			2006	
	Invested in Property, Plant and Equipment	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	\$ 1,443,280	215,917	(32,821,811)	(31,162,614)	(26,980,358)
Excess (deficiency) of revenue over expenditure	( 251,422)	-	( 1,490,588)	( 1,742,010)	( 4,182,256)
Donations received for endowment purposes	-	109	-	109	-
Investment in property, plant and equipment (Note 9)	14,022	-	( 14,022)	-	-
Balance, ending	<u>\$ 1,205,880</u>	<u>216,026</u>	<u>(34,326,421)</u>	<u>(32,904,515)</u>	<u>(31,162,614)</u>

See accompanying notes

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Statement of Operations

Year ended March 31, 2007

2007

2006

Revenue:

Provincial plan	\$ 88,589,422	80,504,679
National Child Benefit	2,196,846	1,110,625
WST	5,242,066	5,044,898
MCP physicians	11,137,883	11,315,704
Child Youth and Family Services Agreement	7,678,992	5,977,452
Inpatient	2,490,760	2,451,830
Outpatient	770,409	1,004,343
Long-term care	1,412,389	1,293,885
Other (Note 10)	6,324,172	5,642,528
	<u>125,842,939</u>	<u>114,345,944</u>

Expenditure:

Administration	13,289,678	12,871,229
Support services	23,065,775	22,247,775
Nursing inpatient services	18,757,853	18,311,363
Ambulatory care services	13,551,953	13,090,653
Diagnostic and therapeutic services	11,122,641	10,809,456
Community and social services	31,922,979	25,360,235
Medical services	12,691,331	13,181,423
Research	68,083	67,938
Education	863,898	926,182
Undistributed	1,354,268	1,109,344
	<u>126,688,459</u>	<u>117,975,598</u>

Surplus (deficit) before non-shareable items ( 845,520) ( 3,629,654)

Non-shareable items:

Amortization	2,874,143	2,505,886
Accrued vacation pay - increase	187,555	93,284
Accrued severance pay - increase	457,513	261,803
Amortization of deferred contributions	( 2,622,721)	( 2,308,371)
	<u>896,490</u>	<u>552,602</u>

Excess (deficiency) of revenue over expenditure \$( 1,742,010) ( 4,182,256)

See accompanying notes

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditure	\$( 1,742,010)	( 4,182,256)
Amortization	2,874,143	2,505,886
Loss on disposal of buildings	93,632	-
Amortization of deferred contributions	( 2,622,721)	( 2,308,371)
Unamortized contributions on assets disposed	<u>( 364,526)</u>	<u>-</u>
	<u>( 1,761,482)</u>	<u>( 3,984,741)</u>

Changes in:

Receivables	( 6,511,886)	( 675,427)
Due from Cottages Projects	( 48,096)	( 28,616)
Inventories	( 106,108)	( 75,100)
Prepaid expenses	( 159,327)	279,300
Payables and accruals	980,563	1,723,517
Accrued vacation pay	187,555	93,284
Deferred contributions relating to operating and NCB program	1,001,606	628,595
Accrued severance pay	<u>457,513</u>	<u>261,803</u>
	<u>( 5,959,662)</u>	<u>( 1,777,385)</u>

Investing:

Proceeds from disposal of property, plant and equipment	270,894	-
Additions to property, plant and equipment	<u>( 4,447,781)</u>	<u>( 2,021,286)</u>
	<u>( 4,176,887)</u>	<u>( 2,021,286)</u>

Financing:

Deferred contributions - capital	( 1,661,445)	424,304
- special purpose funds	309,136	( 179,935)
Repayment of long-term debt	( 14,022)	( 12,813)
Deferred contributions related to property, plant and equipment	4,455,704	1,889,953
Donations for endowment purposes	<u>109</u>	<u>-</u>
	<u>3,089,482</u>	<u>2,121,509</u>

Net increase (decrease) in cash and cash equivalents ( 7,047,067) ( 1,677,162)

Cash and cash equivalents:

Beginning	<u>(12,059,463)</u>	<u>(10,382,301)</u>
Ending	<u>\$(19,106,530)</u>	<u>(12,059,463)</u>

Represented by:

Restricted cash (Note 3)	\$ 1,498,014	1,188,768
Bank indebtedness (Note 6)	<u>(20,604,544)</u>	<u>(13,248,231)</u>
	<u>\$(19,106,530)</u>	<u>(12,059,463)</u>

See accompanying notes



# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

March 31, 2007

---

#### 1. Nature of operations:

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay  
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay  
Captain William Jackman Memorial Hospital, Labrador City  
Charles S. Curtis Memorial Hospital, St. Anthony  
John M. Gray Centre, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

#### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

##### *Revenue recognition:*

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

##### *Inventories:*

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts, and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

(Continued...)

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

March 31, 2007

---

#### 2. Significant accounting policies (continued):

##### *Property, plant and equipment:*

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution.

Property, plant and equipment are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%	
Buildings	5%	
Leasehold improvements	5%	
Equipment and vehicles		20%
Artwork		0%

In addition, the Harry L. Paddon Memorial Home and equipment are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

##### *Severance pay:*

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

##### *Pension and other post employment benefits:*

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

##### *Use of estimates:*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

March 31, 2007

#### 3. Restricted cash:

Cash is currently restricted to fund the following items:

	<u>2007</u>	<u>2006</u>
Deferred contributions - special purpose funds	\$ 1,281,988	972,851
Endowment Fund	<u>216,026</u>	<u>215,917</u>
	<u>\$ 1,498,014</u>	<u>1,188,768</u>

#### 4. Receivables:

	<u>2007</u>	<u>2006</u>
Government of Newfoundland and Labrador	\$ 6,501,450	981,956
Government of Canada	2,108,577	1,407,037
Patient	2,426,112	2,236,224
Other	<u>1,351,485</u>	<u>1,202,425</u>
	<u>\$ 12,387,624</u>	<u>5,827,642</u>

#### 5. Property, plant and equipment:

	<u>2007</u>			<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 11,201	-	11,201	11,201
Land improvements	162,208	148,191	14,017	17,521
Buildings	21,496,083	12,215,964	9,280,119	9,601,364
Leasehold improvements	223,678	65,568	158,110	166,432
Equipment and vehicles	40,896,560	31,158,875	9,737,685	8,195,502
Artwork	<u>195,714</u>	<u>-</u>	<u>195,714</u>	<u>195,714</u>
	<u>\$ 62,985,444</u>	<u>43,588,598</u>	<u>19,396,846</u>	<u>18,187,734</u>

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

March 31, 2007

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#### 6. Bank indebtedness:

The Authority has access to a \$22.6 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for \$9 million up to \$19 million with the first \$10 million being unsecured.

On April 30, 2007, the line of credit was reduced to \$19.0 million.

#### 7. Long-term debt:

10%, Canada Mortgage and Housing Corporation first mortgage on land and building of Harry L. Paddon Memorial Home; repayable \$11,245 monthly, interest included; maturing November, 2029

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	\$ 15,459
2009	17,043
2010	18,790
2011	20,570
2012	22,514

#### *Interest subsidy:*

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2006/07 was \$25,205 (2005/06 - \$25,205).

#### 8. Unamortized deferred contributions related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning	\$ 15,522,852	15,941,270
Add:		
Equipment grants	4,021,137	993,450
Donations for equipment	434,567	896,503
	<u>19978,556</u>	<u>17,831,223</u>
Less:		
Amortization	2,622,721	2,308,371
Unamortized contributions on assets disposed	364,526	-
	<u>\$ 16,991,309</u>	<u>15,522,852</u>

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

March 31, 2007

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9. Investment in property, plant and equipment:

	<u>2007</u>	<u>2006</u>
Repayment of long-term debt	\$ 14,022	12,813
Purchase of property, plant and equipment	<u>-</u>	<u>131,334</u>
	<u>\$ 14,022</u>	<u>144,147</u>

10. Other revenue:

	<u>2007</u>	<u>2006</u>
Drug recoveries	\$ 3,037,931	2,713,791
Dental	785,440	653,076
Rentals	231,643	231,127
Mortgage interest subsidy (Note 7)	25,205	25,205
Interest	118,522	102,297
Unamortized contribution on assets disposed	364,526	-
Miscellaneous	<u>1,760,905</u>	<u>1,917,032</u>
	<u>\$ 6,324,172</u>	<u>5,642,528</u>

11. Commitments:

*Energy Performance Contract*

The Authority entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2007 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$415,235 (2006 - \$548,992). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the authority for the energy savings component of the contract.

In the opinion of management of the Authority the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2007.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Authority's operating statements as a normal operating cost.

# LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

## Operating

### Notes to the Financial Statements

**March 31, 2007**

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#### 12. Contingencies:

As of March 31, 2007, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

#### 13. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the current presentation.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME  
12 UNIT APARTMENT COMPLEX

FINANCIAL STATEMENTS

MARCH 31, 2007

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 12 Unit Apartment Complex**

We have audited the balance sheet of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 12 Unit Apartment Complex** as at March 31, 2007 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 12 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 12 Unit Apartment Complex as at March 31, 2007 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007



LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Balance Sheet

March 31, 2007	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 26,337	25,372
Receivables	2,789	2,103
Prepaid expenses	<u>3,240</u>	<u>3,240</u>
Total current assets	32,366	30,715
Property, plant and equipment (Note 3)	795,800	818,690
Due from Newfoundland and Labrador Housing Corporation for replacement reserve (Note 5)	<u>67,300</u>	<u>67,799</u>
	<u>\$ 895,466</u>	<u>917,204</u>
<b>Liabilities</b>		
Current liabilities:		
Payables and accruals	\$ 4,488	7,223
Due to Labrador-Grenfell Regional Health Authority	25,657	17,128
Due to Newfoundland and Labrador Housing Corporation	2,219	6,362
Current portion of long-term debt (Note 4)	<u>28,111</u>	<u>22,240</u>
Total current liabilities	60,475	52,953
Long-term debt (Note 4)	751,691	780,452
Replacement reserve (Note 5)	<u>67,300</u>	<u>67,799</u>
	<u>879,466</u>	<u>901,204</u>
Net assets, per accompanying statement:		
Unrestricted net assets	<u>16,000</u>	<u>16,000</u>
	<u>\$ 895,466</u>	<u>917,204</u>

See accompanying notes

Approved:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2007

	<u>2007</u>			<u>2006</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ -	16,000	16,000	16,000
Excess (deficiency) of revenue over expenditure	( 22,890)	22,890	-	-
Repayment of long-term debt	<u>22,890</u>	<u>( 22,890)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ -</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
Revenue:			
Rental	\$ 52,884	56,254	54,775
NLHC subsidy	57,381	56,718	52,932
Hydro recoveries	3,180	3,160	3,155
Laundry recoveries	1,440	1,430	1,430
HST recoveries	2,520	1,509	1,555
Interest	-	1,074	679
	\$ 117,405	120,145	114,526
Expenditure:			
Amortization	\$ 22,890	22,890	21,620
Heat and light	20,400	24,341	23,806
Insurance	1,704	1,766	1,945
Interest and bank charges	-	260	128
Interest on long-term debt	45,347	44,253	46,511
Management fees	5,100	5,000	5,000
Miscellaneous	-	556	-
Professional fees	2,600	2,700	2,799
Water and sewer	4,320	4,320	4,320
Repairs, maintenance and janitorial expense (Note 6)	14,204	13,476	7,663
Snowclearing	840	583	734
	\$ 117,405	120,145	114,526

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
 ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash Flows:		
Operations:		
Amortization	\$ 22,890	21,620
Changes in:		
Receivables	( 686)	( 2,103)
Prepaid expenses	-	( 1)
Payables and accruals	( 2,735)	( 46)
Due to Labrador-Grenfell Regional Health Authority	8,529	7,833
Due to Newfoundland and Labrador Housing Corporation	( 4,143)	( 7,588)
	<u>23,855</u>	<u>19,715</u>
Financing:		
Principal repayments	<u>( 22,890)</u>	<u>( 21,620)</u>
Net increase (decrease) in cash flow	965	( 1,905)
Cash:		
Beginning	<u>25,372</u>	<u>27,277</u>
Ending	<u>\$ 26,337</u>	<u>25,372</u>

See accompanying notes

**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**

**Notes to the Financial Statements**

**March 31, 2007**

**1. Nature of operations**

The St. Anthony Interfaith Home 12 Unit Apartment Complex is sponsored by the Labrador-Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

**2. Summary of significant accounting policies:**

The accounting policies of the St. Anthony Interfaith Home 12 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

*Property, plant and equipment*

Purchased property, plant and equipment are recorded at cost.

Amortization is provided on buildings and equipment at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

*Replacement reserve*

NLHC maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for not-for-profit housing groups. NLHC provides the organization with an annual statement as of March 31, 2007 indicating its reserve balance.

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 5.

**3. Property, plant and equipment:**

	<u>2007</u>			<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1	-	1	1
Land improvements	20,000	-	-	20,000
Buildings	955,047	193,497	761,550	784,084
Equipment	17,754	3,505	14,249	14,605
	<u>\$ 992,802</u>	<u>197,002</u>	<u>795,800</u>	<u>818,690</u>

**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**

**Notes to the Financial Statements**

**March 31, 2007**

**4. Long-term debt:**

5.79% Newfoundland and Labrador Housing Corporation first mortgage on land and building ; repayable in equal monthly installments of \$5,686, interest included; maturing October, 2025, renewable on April 1, 2007 at a rate of 4.315.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	\$ 28,111
2009	29,335
2010	30,613
2011	31,947
2012	33,339

*Interest subsidy:*

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2007 was \$56,718(2006 - \$59,443).

<b>5. Replacement reserve:</b>	<u>2007</u>	<u>2006</u>
Balance, beginning	\$ 67,799	69,902
Less, approved expenditures	<u>499</u>	<u>2,103</u>
Balance, ending	<u>\$ 67,300</u>	<u>67,799</u>
<b>6. Repairs and maintenance:</b>	<u>2007</u>	<u>2006</u>
Fire and safety supplies	\$ 1,724	782
Maintenance supplies	2,836	1,269
Salary	<u>8,916</u>	<u>5,612</u>
	<u>\$ 13,476</u>	<u>7,663</u>

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME  
20 UNIT APARTMENT COMPLEX

FINANCIAL STATEMENTS

MARCH 31, 2007

## AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 20 Unit Apartment Complex**

We have audited the balance sheet of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 20 Unit Apartment Complex** as at March 31, 2007 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 20 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 20 Unit Apartment Complex as at March 31, 2007 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007



LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Balance Sheet

March 31, 2007

2007

2006

Assets

Current assets:

Cash	\$ 18,932	18,661
Receivables	1,851	-
Prepaid expenses	<u>5,400</u>	<u>5,400</u>

Total current assets	26,183	24,061
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Replacement reserve cash (Note 4)	-	7,146
Property, plant and equipment (Note 3)	<u>781,661</u>	<u>830,620</u>

	<u>\$ 807,844</u>	<u>861,827</u>
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Liabilities

Current liabilities:

Payables and accruals	\$ 5,895	6,800
Due to Labrador-Grenfell Regional Health Authority	169,144	131,042
Current portion of long-term debt (Note 5)	<u>51,188</u>	<u>48,600</u>

Total current liabilities	226,227	186,442
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Long-term debt (Note 5)	726,751	778,298
Replacement reserve fund (Note 4)	<u>-</u>	<u>7,146</u>

	<u>952,978</u>	<u>971,886</u>
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Net assets (deficit), per accompanying statement:

Net assets invested in property, plant and equipment	-	-
Unrestricted net assets	<u>(145,134)</u>	<u>(110,059)</u>

	<u>(145,134)</u>	<u>(110,059)</u>
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	<u>\$ 807,844</u>	<u>861,827</u>
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See accompanying notes

Approved:  Trustee

 Trustee

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007		2006
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>
Balance (deficit), beginning	\$ -	(110,059)	(110,059)
Excess (deficiency) of revenue over expenditure	( 48,959)	13,884	( 35,075)
Repayment of long-term debt	<u>48,959</u>	<u>( 48,959)</u>	<u>-</u>
Balance (deficit), ending	<u>\$ -</u>	<u>(145,134)</u>	<u>(145,134)</u>

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
Revenue:			
Rental	\$ 106,500	106,253	105,370
CMHC subsidy	25,340	25,348	25,348
Hydro recoveries	12,500	13,189	13,091
Cable television recoveries	5,000	4,695	4,189
HST recoveries	1,200	1,851	1,829
Interest	400	408	323
	<u>150,940</u>	<u>151,744</u>	<u>150,150</u>
Expenditure:			
Allocation to replacement reserve	10,350	10,350	10,350
Amortization	48,959	48,959	46,841
Cable television	4,400	4,332	3,997
Heat and light	37,000	40,225	37,675
Insurance	2,290	2,291	2,593
Interest and bank charges	-	387	229
Interest on long-term debt	35,653	35,469	38,732
Management fees	5,000	5,000	5,000
Professional fees	2,600	2,700	2,799
Property taxes	5,400	7,200	7,200
Repairs and maintenance (Note 6)	5,300	29,906	9,783
	<u>156,952</u>	<u>186,819</u>	<u>165,199</u>
Excess (deficiency) of revenue over expenditure	<u>\$ ( 6,012)</u>	<u>( 35,075)</u>	<u>( 15,049)</u>

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash Flows:

Operations:

Excess (deficiency) of revenue over expenditures	\$ ( 35,075)	( 15,049)
Amortization	<u>48,959</u>	<u>46,841</u>

	13,884	31,792
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Changes in:

Receivables	( 1,851)	-
Payables and accruals	( 905)	908
Due to Labrador-Grenfell Regional Health Authority	<u>38,102</u>	<u>20,782</u>

	<u>49,230</u>	<u>53,482</u>
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Financing:

Principal repayments	<u>( 48,959)</u>	<u>( 46,841)</u>
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Net increase in cash flow

	271	6,641
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Cash:

Beginning	<u>18,661</u>	<u>12,020</u>
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Ending	<u>\$ 18,932</u>	<u>18,661</u>
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See accompanying notes

**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**

**Notes to the Financial Statements**

**March 31, 2007**

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**1. Nature of operations**

The St. Anthony Interfaith Home 20 Unit Apartment Complex is sponsored by the Labrador-Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

**2. Summary of significant accounting policies:**

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

*Property, plant and equipment*

Purchased property, plant and equipment are recorded at cost.

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

*Replacement reserve*

In accordance with the operating agreements with NLHC the Authority is required to fund a replacement reserve annually in the amount of \$10,350. This allocation of funds is expensed annually and transferred to a separate bank account and added to the liability "Replacement Reserve."

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 4.

**3. Property, plant and equipment:**

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1	-	1	1
Land improvements	4,853	-	4,853	4,853
Buildings	<u>1,271,266</u>	<u>494,459</u>	<u>776,807</u>	<u>825,766</u>
	<u>\$ 1,276,120</u>	<u>494,459</u>	<u>781,661</u>	<u>830,620</u>

**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**

**Notes to the Financial Statements**

**March 31, 2007**

**4. Replacement reserve:**

	<u>2007</u>	<u>2006</u>
Balance, beginning	\$ 7,146	4,007
Add:		
Allocation for year	10,350	10,350
Interest earned	<u>395</u>	<u>165</u>
	<u>17,891</u>	<u>14,522</u>
Less:		
Approved expenditures	<u>17,891</u>	<u>7,376</u>
Balance, ending	<u>\$ -</u>	<u>7,146</u>

**5. Long-term debt:**

4.47% Newfoundland and Labrador Housing Corporation first mortgage on land and building ; repayable in equal monthly installments of \$7,051, interest included; maturing January, 2019, renewable on December 1, 2008.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	\$ 51,188
2009	53,502
2010	55,920
2011	58,448
2012	61,090

*Interest subsidy:*

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2007 was \$25,348 (2006 - \$25,348).

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Notes to the Financial Statements

March 31, 2007

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6. Repairs and maintenance:	<u>2007</u>	<u>2006</u>
Maintenance supplies	\$ 18,546	1,405
Pest control	-	605
Salary	9,904	5,937
Snowclearing	<u>1,456</u>	<u>1,836</u>
	<u>\$ 29,906</u>	<u>9,783</u>

**GRENFELL FOUNDATION INCORPORATED**  
AUDITOR'S REPORT  
FINANCIAL STATEMENTS - MARCH 31, 2007



AUDITORS' REPORT

To the Board of Directors of **Grenfell Foundation Incorporated**

We have audited the balance sheet of **Grenfell Foundation Incorporated** as at March 31, 2007 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, except for the effect of any adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007

# GRENFELL FOUNDATION INCORPORATED

## Balance Sheet

March 31, 2007

2007

2006

### Assets

#### Current assets:

Cash - regular	\$ 106,942	114,114
- restricted for endowment purposes	778,231	778,231
Receivables	<u>18,422</u>	<u>1,272</u>
	<u>\$ 903,595</u>	<u>893,617</u>

### Liabilities

#### Current liabilities:

Due to Labrador-Grenfell Regional Health Authority	\$ 1,729	62,174
Deferred contributions	<u>4,000</u>	<u>4,000</u>

Total liabilities 5,729 66,174

#### Net assets, per accompanying statement:

Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	<u>119,635</u>	<u>49,212</u>

897,866 827,443

\$ 903,595 893,617

See accompanying notes

Approved:  Director

 Director

Subject to the accompanying Auditors' Report

GRENFELL FOUNDATION INCORPORATED

Statement of Changes in Net Assets

Year ended March 31, 2007

---

	<u>2007</u>			<u>2006</u>
	<u>Restricted for Endowment Purposes</u>	<u>Unrestricted Operating</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 778,231	49,212	827,443	1,112,452
Excess (deficiency) of revenue over expenditure	<u>-</u>	<u>70,423</u>	<u>70,423</u>	<u>( 285,009)</u>
Balance, ending	<u>\$ 778,231</u>	<u>119,635</u>	<u>897,866</u>	<u>827,443</u>

See accompanying notes

Subject to the accompanying Auditors' Report

# GRENFELL FOUNDATION INCORPORATED

## Statement of Operations

Year ended March 31, 2007

2007

2006

Revenue:

Donations	\$ 111,309	54,375
Fundraising	13,428	26,029
Interest	54,239	19,415
Miscellaneous	<u>1,888</u>	<u>546</u>
	<u>180,864</u>	<u>100,365</u>

Expenditure:

Advertising and promotion	607	993
Donations to Labrador-Grenfell Regional Health Authority (Note 3)	77,581	353,671
Heritage night	5,003	7,182
Fundraising	5,792	-
Office	840	2,243
Professional fees	1,732	192
Salaries and wages	18,309	15,807
Supplies	577	3,285
Trade show	-	1,259
Travel	<u>-</u>	<u>742</u>
	<u>110,441</u>	<u>385,374</u>

Excess (deficiency) of revenue and expenditures \$ 70,423 (285,009)

See accompanying notes

Subject to the accompanying Auditors' Report

# GRENFELL FOUNDATION INCORPORATED

## Statement of Cash Flow

Year ended March 31, 2007

2007

2006

Cash Flows:

Operations:

Excess (deficiency) of revenue over expenditure \$ 70,423 ( 285,009)

Changes in:

Receivables ( 17,150) 37,382

Due to Authority ( 60,445) 26,126

Deferred contributions           - ( 400)

Net increase (decrease) in cash ( 7,172) ( 221,901)

Cash:

Beginning 892,345 1,114,246

Ending \$ 885,173 892,345

See accompanying notes

Subject to the accompanying Auditors' Report

# GRENFELL FOUNDATION INCORPORATED

## Notes to the Financial Statements

March 31, 2007

---

1. **Nature of operations:**

The Foundation is incorporated under the Newfoundland and Labrador Corporation Act and is a not-for-profit organization which raises funds to help the Labrador-Grenfell Regional Health Authority purchase capital equipment.

2. **Significant accounting policy:**

*Pledges:*

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

3. **Donations to Labrador-Grenfell Regional Health Authority for the purchase of capital equipment:**

	<u>2007</u>	<u>2006</u>
Neonatal resuscitaire	\$ 29,250	-
Ultrasound probe	15,000	-
Infant flow driver	9,194	-
Pagewriter	8,636	-
Oximax monitor	8,221	-
Lift and slings	4,387	-
Bili light	2,893	-
Cardiac monitoring system	-	158,000
Anesthetic system	-	130,000
Washer/sterilizer	-	37,141
Compact monitor	-	12,092
Infusion pump	-	4,200
Other	-	12,238
	<u>\$ 77,581</u>	<u>353,671</u>

4. **Income taxes:**

The foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY  
SUPPLEMENTARY FINANCIAL INFORMATION  
MARCH 31, 2007

**AUDITORS' COMMENTS ON  
SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Trustees of the **Labrador-Grenfell Regional Health Authority**

The audited consolidated financial statements of the Authority and our report thereon are presented in the preceding section of this annual report. The financial information presented hereafter was derived from the accounting records tested by us as a part of the auditing procedures followed in our examination of the overall consolidated financial statements, and, in our opinion, this financial information is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.



Chartered Accountants

Happy Valley-Goose Bay, NL

June 22, 2007



# LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

## Expenditure - Operating/Shareable Schedule 1

Year ended March 31, 2007

2007

2006

<b>Administration:</b>		
General	\$ 8,132,641	7,742,855
Finance	1,238,665	1,141,260
Personnel services	1,141,927	1,269,371
Systems support	1,695,453	1,526,336
Other	<u>1,080,992</u>	<u>1,191,407</u>
	<u>13,289,678</u>	<u>12,871,229</u>
<b>Support services:</b>		
Housekeeping	2,778,173	2,719,651
Laundry and linen	782,191	740,990
Plant services	7,600,312	7,044,970
Patient food services	2,591,501	2,485,398
Other	<u>9,313,598</u>	<u>9,256,766</u>
	<u>23,065,775</u>	<u>22,247,775</u>
<b>Nursing inpatient services:</b>		
Acute care	13,670,615	13,295,268
Long-term care	<u>5,087,238</u>	<u>5,016,095</u>
	<u>18,757,853</u>	<u>18,311,363</u>
<b>Medical services</b>	<u>12,691,331</u>	<u>13,181,423</u>
<b>Ambulatory care services</b>	<u>13,551,953</u>	<u>13,090,653</u>
<b>Diagnostic and therapeutic services:</b>		
Clinical laboratory	3,903,402	4,387,610
Diagnostic imaging	2,424,558	2,194,801
Other	<u>4,794,681</u>	<u>4,227,045</u>
	<u>11,122,641</u>	<u>10,809,456</u>
Sub-total	<u>\$ 92,479,231</u>	<u>90,511,899</u>

(Continued ...)

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

Expenditure - Operating/Shareable  
Schedule 1(Continued)

Year ended March 31, 2007

2007

2006

Balance forward	<u>\$ 92,479,231</u>	<u>90,511,899</u>
<b>Community and social services:</b>		
Addictions	555,150	523,139
Continuing care	3,207,974	3,037,546
Dental	1,170,009	921,251
Health promotion	2,398,595	1,081,504
Health protection	897,080	819,026
Mental health	1,305,529	1,227,621
Child, youth and family services	15,454,545	13,140,540
Cervical cancer screening	33,590	-
Family and rehab services	4,930,912	4,313,433
Community corrections	<u>1,969,595</u>	<u>296,175</u>
	<u>31,922,979</u>	<u>25,360,235</u>
Research	<u>68,083</u>	<u>67,938</u>
Education	<u>863,898</u>	<u>926,182</u>
Undistributed	<u>1,354,268</u>	<u>1,109,344</u>
	<u>\$ 126,688,459</u>	<u>117,975,598</u>

# LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

## Operating Revenue and Expenditure for Government Reporting Schedule 2 Year ended March 31, 2007

	2007	2006
Revenue	<u>\$ 125,842,939</u>	<u>114,345,944</u>
Expenditure:		
Compensation:		
Worked and benefit salaries and contributions	67,608,385	66,460,423
Benefit contributions (third party)	<u>9,386,886</u>	<u>9,397,445</u>
	<u>76,995,271</u>	<u>75,857,868</u>
Supplies:		
Plant operation and maintenance	3,571,766	3,377,371
Drugs	3,549,513	3,994,262
Medical and surgical	2,030,824	1,934,107
Other	<u>4,053,740</u>	<u>3,446,682</u>
	<u>13,205,843</u>	<u>12,752,422</u>
Direct client costs:		
Continuing care	1,761,938	1,712,763
Child, youth and family services	11,312,696	9,191,448
Family and rehab services	3,866,678	3,735,269
Community corrections	<u>71,753</u>	<u>113,171</u>
	<u>17,013,065</u>	<u>14,752,651</u>
Other shareable expenses	<u>19,353,472</u>	<u>14,490,629</u>
Long-term debt:		
Interest	120,808	122,028
Principal	<u>14,022</u>	<u>12,813</u>
	<u>134,830</u>	<u>134,841</u>
<b>Total expenditure</b>	<u>126,702,481</u>	<u>117,988,411</u>
<b>Surplus (deficit) for government reporting</b>	( 859,542)	( 3,642,467)
Other operations:		
Long-term debt - principal (above)	<u>14,022</u>	<u>12,813</u>
<b>Surplus (deficit) before non-shareable items</b>	( 845,520)	( 3,629,654)
<b>Non-shareable items:</b>		
Amortization	2,874,143	2,505,886
Accrued vacation pay - increase (decrease)	187,555	93,284
Accrued severance pay - increase (decrease)	457,513	261,803
Amortization of deferred contributions	<u>( 2,622,721)</u>	<u>( 2,308,371)</u>
	<u>896,490</u>	<u>552,602</u>
<b>Surplus (deficit) inclusive of non-shareable items</b>	<u>\$( 1,742,010)</u>	<u>( 4,182,256)</u>

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

Capital Transactions  
 Funding and Expenditure for Government Reporting  
 Schedule 3  
 Year ended March 31, 2007

2007

2006

	2007	2006
<b>Sources of funds:</b>		
Provincial capital equipment grant in current year	\$ 797,000	1,291,900
Provincial facility capital grant in current year	1,746,394	276,200
Deferred capital grant from prior year	3,631,116	3,206,812
Deferred capital grant from current year	<u>(1,969,671)</u>	<u>(3,631,116)</u>
	4,204,839	1,143,796
Other contributions:		
Other grants	127,374	-
Capital donations	<u>434,567</u>	<u>896,503</u>
<b>Total funding</b>	<u>4,766,780</u>	<u>2,040,299</u>
<b>Expenditure:</b>		
Buildings	477,379	104,678
Equipment	3,970,402	1,916,610
Major repairs and maintenance	<u>296,842</u>	<u>150,345</u>
<b>Total expenditure</b>	<u>4,744,623</u>	<u>2,171,633</u>
<b>Surplus (deficit) on capital purchases</b>	<u>\$ 22,157</u>	<u>( 131,334)</u>

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

Accumulated Operating Surplus (Deficit) for Government Reporting  
Schedule 4  
Year ended March 31, 2007

	Consolidated		Operating	
	2007	2006	2007	2006
<b>Current assets:</b>				
Cash	\$ 152,210	158,146		
Restricted cash, less endowment	1,281,988	972,851	1,281,988	972,851
Receivables	12,212,690	5,620,671	12,387,624	5,827,642
Inventories	1,722,466	1,616,358	1,722,466	1,616,358
Prepaid expenses	1,475,852	1,316,524	1,467,212	1,307,885
Total current assets	16,845,206	9,684,550	16,859,290	9,724,736
<b>Current liabilities:</b>				
Bank indebtedness	20,604,543	13,248,229	20,604,544	13,248,231
Accounts payable and accrued liabilities	8,180,847	7,393,264	8,169,713	7,372,880
Other accrued benefits	1,813,069	1,629,339	1,813,069	1,629,339
Deferred contributions:				
Operating	2,526,804	2,156,772	2,522,804	2,152,772
NCB program	1,413,702	782,128	1,413,702	782,128
Capital	1,969,671	3,631,116	1,969,671	3,631,116
Special purpose funds	1,281,988	972,852	1,281,988	972,852
Total current liabilities	37,790,624	29,813,700	37,775,491	29,789,318
Accumulated operating surplus (deficit)	\$(20,945,418)	(20,129,150)	(20,916,201)	(20,064,582)
<b>Reconciliation of Accumulated Operating Surplus (Deficit)</b>				
Balance, beginning			(20,064,582)	(16,290,667)
Deficit before non-sharable items - Schedule 2			( 845,520)	( 3,629,654)
Deficit on capital purchases - Schedule 3			22,157	( 131,334)
Principal payment on long-term debt			( 14,022)	( 12,813)
Miscellaneous difference			( 14,234)	( 114)
Balance, ending			(20,916,201)	(20,064,582)

**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY**

**Deferred Revenue for the National Child Benefit (NCB),  
Early Childhood Development (ECD) and Early Learning and Childcare (ELC) Programs  
Year ended March 31, 2007**

Initiative	Funding		Total Available For Year	Expenses		Capital Expenditure out of Revenue	Deferred Revenue	
	Deferred From Prior Year	Allocated For Current Year		Gross Expenses	Excess Expenses (Deficit)		2007	2006
<b>National Child Benefit:</b>								
Residential and mental health	\$ 99,787	171,027	270,814	183,147	-	-	87,667	99,787
Child care subsidy program	45,400	24,900	70,300	2,200	-	-	68,100	45,400
ABA therapy	32,023	260,158	292,181	114,434	-	-	177,747	32,023
ABA therapy training	3,243	15,000	18,243	18,243	-	-	-	3,243
Day care equipment and renovations	18,094	14,900	32,994	15,190	-	-	17,804	18,094
Child care consultants	( 71,586)	155,032	83,446	83,446	-	-	-	( 71,586)
Special child welfare allowance	8,500	5,250	13,750	1,000	-	-	12,750	8,500
Community youth network	178,696	453,900	632,596	437,204	-	-	195,392	178,696
Family Resource Centres	-	613,530	613,530	601,196	-	-	12,334	-
<b>Total NCB</b>	<b>314,157</b>	<b>1,713,697</b>	<b>2,027,854</b>	<b>1,456,060</b>	<b>-</b>	<b>-</b>	<b>571,794</b>	<b>314,157</b>
<b>Early Childhood Development:</b>								
Early intervention	41,965	146,000	187,965	84,194	-	-	103,771	41,965
Child care consultants	166,410	55,068	221,478	93,096	-	-	128,382	166,410
ABA therapy	68,052	-	68,052	53,911	-	-	14,141	68,052
Family resource centres	-	480,400	480,400	479,266	-	-	1,134	-
<b>Total ECD</b>	<b>276,427</b>	<b>681,468</b>	<b>957,895</b>	<b>710,467</b>	<b>-</b>	<b>-</b>	<b>247,428</b>	<b>276,427</b>
<b>Early Learning and Childcare:</b>								
Child care subsidy	104,194	116,418	220,612	3,420	-	-	217,192	104,194
Inclusion Consultant, travel and training	75,000	52,342	127,342	26,146	-	-	101,196	75,000
Inclusion staffing support grant	2,000	17,295	19,295	9,617	-	-	9,678	2,000
Inclusion equipment grants	5,350	5,500	10,850	-	-	-	10,850	5,350
E.Q.U.I.P. training, resources and travel	5,000	11,500	16,500	-	-	-	16,500	5,000
Start up grant	-	50,000	50,000	11,135	-	-	38,865	-
Salary to support capacity development	-	50,000	50,000	-	-	-	50,000	-
Initiative grants	-	150,000	150,000	-	-	-	150,000	-
<b>Total ELC</b>	<b>191,544</b>	<b>453,055</b>	<b>644,599</b>	<b>50,318</b>	<b>-</b>	<b>-</b>	<b>594,281</b>	<b>191,544</b>
<b>Total NCB, ECD and ELC</b>	<b>\$ 782,128</b>	<b>2,848,220</b>	<b>3,630,348</b>	<b>2,216,845</b>	<b>-</b>	<b>-</b>	<b>1,413,503</b>	<b>782,128</b>

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

Statement of Revenue and Expenditure  
 Child Youth and Family Services Agreement  
 Schedule 6  
 Year ended March 31, 2007

	Total 2007	Operations 2007	Maintenance 2007	Capital 2007	Total 2006
Revenue:					
Child Youth and Family Services Agreement - DIAND	\$ 7,678,992	970,415	6,708,577	-	5,977,452
Expenses:					
Salaries	931,479	931,479	-	-	916,605
Employer matching	130,580	130,580	-	-	136,840
Maintenance costs recoverable under the agreement	6,708,577	-	6,708,577	-	5,006,651
Maintenance costs not recoverable under the agreement	474,346	474,346	-	-	525,008
Administration	49,232	49,232	-	-	50,548
Rent	17,599	17,599	-	-	15,602
Travel	43,485	43,485	-	-	26,343
	8,355,298	1,646,721	6,708,577	-	6,677,597
Surplus (deficit)	<u>\$ ( 676,306 )</u>	<u>( 676,306 )</u>	<u>-</u>	<u>-</u>	<u>( 700,145 )</u>
Reconciliation of DIAND Funding					
Balance, April 1	\$ 1,407,037				634,571
Settlement from DIAND for 2005/06	(1,407,037)				( 634,571 )
Advances from DIAND - operational	<u>5,570,415</u>				<u>4,570,415</u>
	5,570,415				4,570,415
Less:					
Claimable operational expenses	970,415				970,801
Claimable maintenance expenses	<u>6,708,577</u>				<u>5,006,651</u>
	7,678,992				5,977,452
Receivable from DIAND as of March 31, 2007	<u>\$ 2,108,577</u>				<u>1,407,037</u>

**LABRADOR SCHOOL BOARD TRUST FUND**

**AUDITORS' REPORT**

**FINANCIAL STATEMENTS - DECEMBER 31, 2006**



**AUDITORS' REPORT**

To the Board of Directors of

**Labrador School Board Trust Fund**

We have audited the statement of financial position of **Labrador School Board Trust Fund** as at December 31, 2006 and the statements operations for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust fund as at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Happy Valley-Goose Bay, NL

March 16, 2007



Chartered Accountants

LABRADOR SCHOOL BOARD TRUST FUND

Statement of Financial Position

December 31, 2006

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Assets

Current assets:

Cash	\$	22,094
Receivables - HST		<u>1,747</u>
	\$	<u>23,841</u>

Liabilities and Net Assets

Current liabilities:

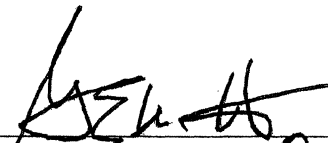
Accrued professional fees	\$	500
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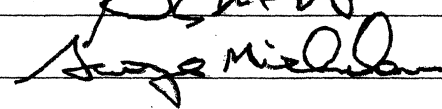
Trust equity:

Balance, opening		4,166
Excess revenue over expenditures, per accompanying statement		<u>19,175</u>
Balance, ending		<u>23,341</u>
	\$	<u>23,841</u>

See accompanying note

Approved:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

LABRADOR SCHOOL BOARD TRUST FUND

Statement of Operations

Year ended December 31, 2006

---

Revenue:	
Donations	\$ <u>47,900</u>
Expenditures:	
Library resources	25,034
Scholarships	2,900
Professional fees	500
Donations	100
Bank service charges	<u>191</u>
	<u>28,725</u>
Excess of revenue over expenditures	\$ <u>19,175</u>

See accompanying note

## LABRADOR SCHOOL BOARD TRUST FUND

### Note to the Financial Statements

December 31, 2006

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1. **Nature of the operations:**

The Labrador School Board Trust Fund was established to encourage donations from the business community and individuals to assist with the provision of scholarships, the purchase of additional classroom resources, the broadening of the educational curriculum and to assist students to avail of greater academic opportunities.



**LABRADOR TRANSPORTATION INITIATIVE FUND**

**FINANCIAL STATEMENTS**

**31 MARCH 2007**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

**AUDITOR'S REPORT**

To the Members  
Labrador Transportation Initiative Fund  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2007 and the statements of revenue, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy'.

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
11 June 2007

**LABRADOR TRANSPORTATION INITIATIVE FUND**

**BALANCE SHEET**

**31 March**

**2007**

**2006**

**ASSETS**

**Current**

Cash	\$	-	\$	334,864
Investments, at cost		-		10,364,744
Accrued investment income receivable		-		9,834
	\$	-	\$	10,709,442

**LIABILITIES AND EQUITY**

**Liabilities**

**Current**

Accrued liabilities	\$	-	\$	435
Due to Province of Newfoundland and Labrador		-		208,884
		-		209,319

**Equity**

Fund balance		-		10,500,123
		-		10,500,123
	\$	-	\$	10,709,442

*See accompanying notes*

Signed on behalf of the Board:



Chairperson



Member



**LABRADOR TRANSPORTATION INITIATIVE FUND  
STATEMENT OF REVENUE, EXPENSES AND FUND BALANCE**

**For the Year Ended 31 March**

**2007**

**2006**

**REVENUE**

Investment income	\$ 226,293	\$ 1,247,088
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**EXPENSES**

Bank charges	613	4,463
Funded initiatives (Note 2)	10,725,803	50,053,778
Professional fees	-	300

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	10,726,416	50,058,541
--	------------	------------

Excess of expenses over revenue	(10,500,123)	(48,811,453)
---------------------------------	--------------	--------------

Fund balance, beginning of year	10,500,123	59,311,576
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Fund balance, end of year	\$ -	\$ 10,500,123
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*See accompanying notes*

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

**2007**

**2006**

**Cash flows from operating activities**

Excess of expenses over revenue	\$ (10,500,123)	\$ (48,811,453)
Changes in non-cash working capital		
Accrued investment income receivable	9,834	82,885
Accrued liabilities	(435)	435
Due to Province of Newfoundland and Labrador	(208,884)	208,884
	<b>(10,699,608)</b>	<b>(48,519,249)</b>

**Cash flows from investing activities**

Purchases of investments	(41,718,240)	(526,776,458)
Maturities of investments	52,082,984	575,245,798
	<b>10,364,744</b>	<b>48,469,340</b>
<b>Net decrease in cash</b>	<b>(334,864)</b>	<b>(49,909)</b>
<b>Cash, beginning of year</b>	<b>334,864</b>	<b>384,773</b>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ 334,864</b>

*See accompanying notes*

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2007**

**Authority**

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the *Labrador Transportation Initiative Fund Act* enacted 19 December 1997. Its affairs are managed by a board of management (the Board) appointed by the Lieutenant-Governor in Council.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador, and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

**1. Significant accounting policies**

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

**2. Funded initiatives**

The Board approved the following initiatives for the year ended 31 March 2007:

	Approved Amount 2007 \$	Actual Claim 2007 \$	Adjustments Relating to 2006 \$	Funded Initiatives 2007 \$	Funded Initiatives 2006 \$
Trans Labrador Highway (TLH)	-	159,959	(159,959)	-	32,193,796
Depot Construction - TLH	-	-	-	-	50,021
Pinsent's Arm Access Road	-	-	-	-	(1,760)
Coastal Labrador Ferry Service	11,000,000	10,774,706	(48,903)	10,725,803	17,439,879
Ferry Terminals	-	22	(22)	-	371,842
	<b>11,000,000</b>	<b>10,934,687</b>	<b>(208,884)</b>	<b>10,725,803</b>	<b>50,053,778</b>

The Fund paid the claimed amount noted above to the Department of Transportation and Works representing approved costs incurred. The adjustments relating to March 2006 were submitted by the Department, accrued in the financial statements for the year ended 31 March 2006, and paid during the current year.

**3. Cessation of business**

On 9 April 2007, the Board served notice of their intention to dissolve the Fund. Further to this, the Board will request to have the *Labrador Transportation Initiative Fund Act* repealed during 2007-08 and will cease doing business as of the date of approval by the Legislature. As a result, these financial statements are expected to represent the Fund's final financial position.

# LABRADOR TRANSPORTATION INITIATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

31 March 2007

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### 4. Related party transactions

The Fund is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

### 5. Income taxes

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



**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2007**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

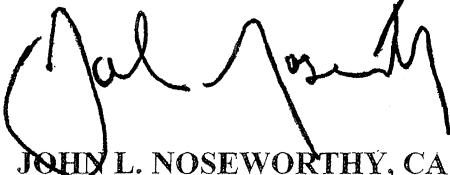
**AUDITOR'S REPORT**

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

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2007 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
19 June 2007

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
BALANCE SHEET**

31 March

2007

2006

**ASSETS**

**Current**

Cash	\$ 17,351	\$ 16,675
Accounts receivable	920	819
	\$ 18,271	\$ 17,494

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 1,044	\$ 944
--	----------	--------

**Equity**

Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(61,668)	(62,345)
	17,227	16,550
	\$ 18,271	\$ 17,494

*See accompanying notes*

Signed on behalf of the Board:

*C. MacDonald*

Chairperson

*B. Brantley*

Member



**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
STATEMENT OF REVENUES, EXPENSES AND DEFICIT  
For the Year Ended 31 March**

2007

2006

**REVENUES**

Province of Newfoundland and Labrador

Payments on behalf of the Board  
for administration (Note 2)

\$ 6,460

\$ 6,906

Premiums from livestock owners

1,063

1,108

7,523

8,014

**EXPENSES**

Bank charges

31

30

Indemnity claims

355

711

Professional services (Note 2)

1,000

1,100

Salaries (Note 2)

5,360

5,645

Supplies (Note 2)

100

148

Transportation and communication (Note 2)

-

13

6,846

7,647

Excess of revenues over expenses

677

367

Deficit, beginning of year

(62,345)

(62,712)

Deficit, end of year

\$ (61,668)

\$ (62,345)

*See accompanying notes*

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2007**

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**Authority**

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

**1. Significant accounting policies**

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

**2. Payments on behalf of the Board for administration**

The Board is administered by employees of the Department of Natural Resources. Salary costs of \$5,360 (2006 - \$5,645) and other costs of \$1,100 (2006 - \$1,261) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

**3. Economic dependence**

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

**4. Financial instruments**

The Board's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

**5. Income taxes**

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



**MARBLE MOUNTAIN DEVELOPMENT  
CORPORATION**

AUDITED FINANCIAL STATEMENTS

April 30, 2007

# SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248  
Corner Brook, Newfoundland, A2H 6C9  
Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

## AUDITORS' REPORT

To the Directors of  
Marble Mountain Development Corporation

We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2007 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

The Corporation's policy is not to amortize its property, plant and equipment. Canadian generally accepted accounting principles require that property, plant and equipment with a limited life held by not-for-profit organizations be amortized over their useful lives. The Corporation's policy is not to amortize its government assistance relating to the purchase of property, plant and equipment. Canadian generally accepted accounting principles require that government assistance be amortized on the same basis as the amortization expense of the related property, plant and equipment to which it relates.

In our opinion, except for the effects of the above as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

July 05, 2007



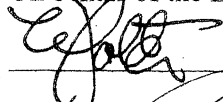
**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**BALANCE SHEET**  
As at April 30, 2007

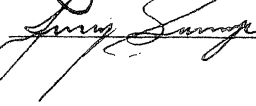
	2007	2006
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	8,599	4,488
Accounts receivable	101,911	83,727
Inventory	36,360	41,293
Prepaid expenses	<u>79,160</u>	<u>92,146</u>
	226,030	221,654
<b>PROPERTY, PLANT AND EQUIPMENT (note 1)</b>	34,614,081	34,600,028
<b>DEFERRED CHARGE</b>	<u>          -</u>	<u>    6,776</u>
	<u>34,840,111</u>	<u>34,828,458</u>
	<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>		
Bank indebtedness (note 2)	1,887,423	1,661,594
Accounts payable and accrued liabilities (note 3)	309,730	309,785
Deferred revenue	16,168	6,800
Current portion - obligations under capital leases (note 4)	<u>111,759</u>	<u>103,484</u>
	2,325,080	2,081,663
<b>OBLIGATIONS UNDER CAPITAL LEASES (note 4)</b>	236,980	348,756
<b>LONG-TERM DEBT (note 5)</b>	300,000	300,000
<b>GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS (note 6)</b>	<u>32,884,719</u>	<u>32,884,719</u>
	<u>35,746,779</u>	<u>35,615,138</u>
	<b>SHAREHOLDER'S DEFICIENCY</b>	
<b>SHARE CAPITAL (note 7)</b>	-	-
<b>DEFICIT (note 15)</b>	<u>(906,668)</u>	<u>(786,680)</u>
	<u>(906,668)</u>	<u>(786,680)</u>
	<u>34,840,111</u>	<u>34,828,458</u>

Lease commitments (note 10)  
Contingent liability (note 11)

On behalf of the Board:



Director



Director

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT**  
**For the year ended April 30, 2007**

	2007	2006
	\$	\$
<b>REVENUE</b>		
Income (loss) from operations		
Lift operations – Schedule I	(509,841)	(456,330)
Rental and repair shop – Schedule II	189,108	163,441
Cafeteria – Schedule III	51,307	36,162
Bar – Schedule IV	42,087	31,046
Ski school – Schedule V	57,726	45,175
Events – Schedule VI	30,061	2,455
Marketing – Schedule VII	(101,445)	(42,552)
Marble Villa – Schedule VIII	135,701	104,183
Tube park – Schedule IX	(14,152)	(13,768)
Interest income	1,499	1,521
Operating grant (note 8)	<u>400,000</u>	<u>820,000</u>
	<u>282,051</u>	<u>691,333</u>
<b>EXPENDITURES</b>		
Directors' fees (note 12)	9,421	4,326
Advertising	577	422
Labour services	172,195	165,332
Management fees (note 12)	6,000	6,030
Administration	12,611	10,058
Communications	7,331	6,014
Travel and conference	1,914	2,994
Interest on capital leases	30,594	20,631
Maintenance – sewer lagoon	-	1,368
Interest and bank charges	89,093	71,936
Professional fees	7,078	9,118
Board and committee meetings	9,870	8,041
Miscellaneous	647	1,020
	<u>347,331</u>	<u>307,290</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE THE UNDERNOTED</b>	(65,280)	384,043
Write off of property, plant and equipment retired from service during the year (note 13)	<u>(54,708)</u>	<u>(388,140)</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	(119,988)	(4,097)
Deficit at beginning of year (note 15)	<u>(786,680)</u>	<u>(782,583)</u>
<b>DEFICIT AT END OF YEAR</b>	<u>(906,668)</u>	<u>(786,680)</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS**  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	2,357,701	1,980,782
Cash paid to suppliers and employees	(2,660,854)	(2,257,870)
Interest received	1,499	1,521
Interest paid	<u>(147,802)</u>	<u>(122,670)</u>
	<u>(449,456)</u>	<u>(398,237)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(70,803)	(1,355,342)
Proceeds on disposal of property, plant and equipment	<u>2,042</u>	<u>71,729</u>
	<u>(68,761)</u>	<u>(1,283,613)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in capital lease obligations	-	529,625
Repayment of capital lease obligations	(103,501)	(123,933)
Decrease in due from Marble Mountain Management Corporation	-	1,616
Operating grant	400,000	420,000
Department of Tourism, Culture & Recreation capital grant	<u>-</u>	<u>688,000</u>
	<u>296,499</u>	<u>1,515,308</u>
<b>CASH FLOWS FROM OTHER ACTIVITIES</b>		
Amalgamation (note 15)	<u>-</u>	<u>2,508</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(221,718)	(164,034)
Cash and cash equivalents at beginning of year (note)	<u>(1,657,106)</u>	<u>(1,493,072)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (note)</b>	<u>(1,878,824)</u>	<u>(1,657,106)</u>

Note to the statement of cash flows

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2007	2006
	\$	\$
Cash	8,599	4,488
Bank indebtedness	<u>(1,887,423)</u>	<u>(1,661,594)</u>
	<u>(1,878,824)</u>	<u>(1,657,106)</u>



# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2007

### **GENERAL**

The Corporation is a "Non-Profit Development Corporation" incorporated under the *Corporations Act* of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal business activity of the Corporation is managing and controlling the operations of the area known as the Marble Mountain Development area.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value.

#### **Property, plant and equipment**

Property, plant and equipment purchased by the Corporation are accounted for at cost. Donated assets are recorded at their estimated fair market value. No provision for amortization of property, plant and equipment is recorded in the financial statements of the Corporation.

#### **Deferred charge**

Deferred charge represents the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over three years and is recorded as ski patrol expense in lift operations.

#### **Government assistance and other contributions**

Government grants and other contributions related to the acquisition of property, plant and equipment are accounted for as deferred credits. The deferred credits related to the acquisition of property, plant and equipment have not been amortized. Government assistance and other contributions related to property, plant and equipment retired from service are credited against the related property, plant and equipment in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

#### **Accounting estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (Continued)  
For the year ended April 30, 2007

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue recognition**

Revenue is accounted for when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

**1. PROPERTY, PLANT AND EQUIPMENT**

	<u>2007</u>	<u>2006</u>
	\$	\$
Snowmaking – water intake system	<u>1,624,229</u>	<u>1,624,229</u>
Buildings		
Maintenance building	415,161	413,919
Day Lodge	6,909,191	6,909,191
Buildings – other	122,309	120,309
Condominium	<u>3,157,617</u>	<u>3,157,617</u>
	<u>10,604,278</u>	<u>10,601,036</u>
Equipment		
Snowmaking	5,114,488	5,103,704
Chairlifts	2,318,412	2,318,412
IT equipment	5,624	-
Snowgroomers	548,739	548,739
T-bars/platter lift	120,824	120,824
Ski rental	148,638	169,481
Detachable quad lift	2,302,738	2,302,738
Tube park lift	<u>9,582</u>	<u>9,582</u>
	<u>10,569,045</u>	<u>10,573,480</u>
Other		
Heritage tree	120,856	120,856
Motor vehicles	45,529	45,529
Slopes, roads and parking lots	8,352,366	8,345,166
Furniture and equipment	745,484	741,538
Land assembly	1,870,356	1,870,356
Equipment under capital lease	529,625	529,625
Snowboard park	38,922	34,822
Playground equipment	23,965	23,965
Walking trails	<u>89,426</u>	<u>89,426</u>
	<u>11,816,529</u>	<u>11,801,283</u>
	<u>34,614,081</u>	<u>34,600,028</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
For the year ended April 30, 2007

2. BANK INDEBTEDNESS

	<u>2007</u>	<u>2006</u>
	\$	\$
Outstanding cheques in excess of funds on deposit	80,568	24,735
Line of credit	<u>1,806,855</u>	<u>1,636,859</u>
	<u>1,887,423</u>	<u>1,661,594</u>

The line of credit is authorized in the amount of \$2,100,000 and bears interest at the rate of bank prime less .5%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2007</u>	<u>2006</u>
	\$	\$
Trade	279,765	271,379
Harmonized Sales Tax payable	9,980	528
Payroll deductions payable	17,005	33,970
Wages payable	<u>2,980</u>	<u>3,908</u>
	<u>309,730</u>	<u>309,785</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)  
For the year ended April 30, 2007

4. OBLIGATIONS UNDER CAPITAL LEASES

	<u>2007</u>	<u>2006</u>
	\$	\$
<p>Obligations under capital leases represents the future minimum lease payments discounted at the interest rate implicit in the leases. Interest rates implicit in the capital leases outstanding at April 30, 2007 were 8.6% and 6.77%.</p>		
<p>The future minimum lease payments required under the lease agreements are as follows:</p>		
	\$	
2008	134,100	
2009	134,100	
2010	88,732	
2011	<u>33,024</u>	
	389,956	
Less: Amount representing interest	<u>(41,217)</u>	348,739
Principal included in current liabilities		<u>(111,759)</u>
		<u>236,980</u>
		<u>348,756</u>

Principal due within each of the next four years on capital lease obligations is approximately as follows:

	\$
2008	111,759
2009	120,705
2010	83,873
2011	<u>32,402</u>
	<u>348,739</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2007

**5. LONG-TERM DEBT**

	<u>2007</u>	<u>2006</u>
	\$	\$
Department of Innovation, Trade and Rural Development loan, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	<u>300,000</u>	<u>300,000</u>

The above long-term debt is secured by a chattel mortgage on specific equipment. Long-term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. In the current year, there is no available cash flow, therefore no repayment is due. The Corporation has until 2015 to repay the loan in full.

**6. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - CAPITAL**

The Corporation has recorded government grants and other contributions related to the acquisition of property, plant and equipment as deferred credits.

	<u>2007</u>	<u>2006</u>
	\$	\$
Balance at beginning of year	32,884,719	32,363,529
Assistance received during the year from the Province of Newfoundland and Labrador Department of Tourism, Culture and Recreation	-	<u>688,000</u>
	<u>32,884,719</u>	33,051,529
Less amount related to property, plant and equipment retired from service or sold during the year	-	<u>(166,810)</u>
Balance at end of year	<u>32,884,719</u>	<u>32,884,719</u>

**7. SHARE CAPITAL**

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the year ended April 30, 2007

**8. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS – OPERATIONS**

Province of Newfoundland and Labrador – Operating grant

For the year ended April 30, 2007, an administrative operating grant in the amount of \$400,000 (2006 - \$820,000) was approved and received.

The above contribution is subject to the terms and conditions as outlined in the contribution agreement.

**9. INCOME TAXES**

The Corporation is a not-for-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes under the Canadian Income Tax Act.

**10. LEASE COMMITMENTS**

The corporation leases equipment under long-term operating leases which expire at various times between 2007 and 2010. The future minimum lease payments required under these long-term leases is approximately as follows:

	\$
2008	17,260
2009	14,210
2010	7,866

**11. CONTINGENT LIABILITY**

As at April 30, 2007, a supplier had claimed that the Corporation owed it approximately \$70,005 for services rendered. The Corporation's management feels that the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded in its accounts any provision for losses that may result from the claim.

**12. RELATED PARTY TRANSACTIONS**

During the year ended April 30, 2007, a management fee was paid to the Chairperson of the Board of Directors in the amount of \$6,000 (2006 - \$6,030). In addition, directors' fees of \$9,421 (2006 - \$4,326) were paid in aggregate to the Board of Directors of the Corporation.

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (Continued)  
For the year ended April 30, 2007

**13. PROPERTY, PLANT AND EQUIPMENT RETIRED FROM SERVICE**

During the year the Corporation retired property, plant and equipment which were no longer required in the operation. Property, plant and equipment retired from service has been charged to operations.

**14. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, deferred revenue, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant currency or credit risks from these financial instruments. However, the entity is exposed to interest rate risk on its operating line of credit. The interest rate is variable and is subject to interest rate volatility. The fair values of these financial instruments approximates their carrying values unless otherwise noted.

**15. AMALGAMATION**

On April 30, 2007 Marble Mountain Development Corporation and Marble Mountain Management Corporation were amalgamated under Section 293 of the Corporations Act of Newfoundland and Labrador. The amalgamation was accounted for under the continuity of interest method. Under this method, the various assets and liabilities were accounted for at the carrying value of the amalgamated corporations. The 2006 comparative figures have been presented on an amalgamated basis. The amalgamated corporation will continue as Marble Mountain Development Corporation.

The details of the amalgamation are as follows on a condensed basis:

	April 30, 2007		
	Marble Mountain Development Corporation	Marble Mountain Management Corporation	Amalgamated
<u>Assets</u>	\$	\$	\$
Cash	2,200	6,399	8,599
Due from Marble Mountain Management Corporation	197,178	-	-
Other assets	<u>34,831,512</u>	-	<u>34,831,512</u>
	<u>35,030,890</u>	<u>6,399</u>	<u>34,840,111</u>
 <b><u>Liabilities and Deficit</u></b>			
Payable to Marble Mountain Development Corporation	-	197,178	-
Other liabilities and deferred credits	35,746,779	-	35,746,779
Deficit	<u>(715,889)</u>	<u>(190,779)</u>	<u>(906,668)</u>
	<u>35,030,890</u>	<u>6,399</u>	<u>34,840,111</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the year ended April 30, 2007

**15. AMALGAMATION (Continued)**

	April 30, 2006		
	Marble Mountain Development Corporation	Marble Mountain Management Corporation	Amalgamated
<u>Assets</u>	\$	\$	\$
Cash	1,980	2,508	4,488
Due from Marble Mountain Management Corporation	193,287	-	-
Other assets	34,823,970	-	34,823,970
	<u>35,019,237</u>	<u>2,508</u>	<u>34,828,458</u>
<u>Liabilities and Deficit</u>			
Payable to Marble Mountain Development Corporation	-	193,287	-
Other liabilities and deferred credits	35,615,138	-	35,615,138
Deficit	(595,901)	(190,779)	(786,680)
	<u>35,019,237</u>	<u>2,508</u>	<u>34,828,458</u>



MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE I  
STATEMENT OF REVENUE AND EXPENDITURES - LIFT OPERATIONS  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>		
Lift tickets	599,244	452,364
Season passes	377,089	388,428
Tenant - revenue	14,630	12,639
Children's centre	15,158	13,129
Facilities rental	1,210	5,882
Other	2,850	3,031
	<u>1,010,181</u>	<u>875,473</u>
<b>EXPENDITURES</b>		
Management contract	100,803	99,700
Snowmaking		
Electricity	120,450	107,436
Labour services	38,835	29,266
Equipment maintenance	37,859	53,539
Snowgun rental	10,936	10,936
Vehicle operating		
Repairs	28,173	43,505
Fuel	63,247	48,793
Lift repairs	141,092	115,500
Lift rental	10,000	10,000
Maintenance		
Equipment	479	200
Building	48,971	49,193
Slopes	65,535	13,345
Labour services	369,789	301,920
Heating and electricity	108,818	103,896
Insurance	123,455	129,153
Ski patrol	77,586	65,890
Supplies	29,723	28,539
Municipal fees	18,758	17,500
Interest and bank charges	25,850	23,461
Security	2,573	1,514
Children's centre	20,120	17,065
Miscellaneous	20,914	14,293
Snowclearing	16,032	12,740
Communications	17,155	18,451
Equipment rental	17,371	11,979
Uniforms	1,989	2,886
Special Events	3,509	1,103
	<u>1,520,022</u>	<u>1,331,803</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<u>(509,841)</u>	<u>(456,330)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE II  
STATEMENT OF REVENUE AND EXPENDITURES - RENTAL AND REPAIR SHOP  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	<u>255,003</u>	<u>211,227</u>
<b>EXPENDITURES</b>		
Labour services	59,524	45,106
Supplies	3,994	2,269
Miscellaneous	540	40
Communications	283	371
Equipment rental	<u>1,554</u>	<u>-</u>
	<u>65,895</u>	<u>47,786</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>189,108</u>	<u>163,441</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE III  
STATEMENT OF REVENUE AND EXPENDITURES - CAFETERIA  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	299,472	222,962
<b>COST OF SALES</b>	<u>132,506</u>	<u>102,344</u>
<b>GROSS PROFIT</b>	<u>166,966</u>	<u>120,618</u>
<b>EXPENDITURES</b>		
Repairs and maintenance	8,928	1,036
Miscellaneous	495	867
Supplies	15,719	10,967
Communications	347	583
Labour services	<u>90,170</u>	<u>71,003</u>
	<u>115,659</u>	<u>84,456</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>51,307</u>	<u>36,162</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**SCHEDULE IV  
STATEMENT OF REVENUE AND EXPENDITURES - BAR  
For the year ended April 30, 2007**

	2007	2006
	\$	\$
<b>REVENUE</b>	146,612	113,530
<b>COST OF SALES</b>	<u>51,655</u>	<u>39,889</u>
<b>GROSS PROFIT</b>	<u>94,957</u>	<u>73,641</u>
<b>EXPENDITURES</b>		
Entertainment	11,775	4,750
Repairs and maintenance	1,503	111
Labour services	30,323	26,319
Communications	475	385
Security	1,838	-
Special events	4,918	5,723
Supplies	1,557	788
Licenses and fees	481	806
Sno Jam accommodations	-	<u>3,713</u>
	<u>52,870</u>	<u>42,595</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>42,087</u>	<u>31,046</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE V  
STATEMENT OF REVENUE AND EXPENDITURES - SKI SCHOOL  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	<u>165,016</u>	<u>135,560</u>
<b>EXPENDITURES</b>		
Labour services	90,461	74,026
Uniforms	6,776	7,631
Training	3,857	4,440
Advertising	443	-
Supplies	487	551
Computer lease	183	-
Miscellaneous	846	500
Krunchers Club	3,817	2,891
Communications	420	346
	<u>107,290</u>	<u>90,385</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>57,726</u>	<u>45,175</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VI  
STATEMENT OF REVENUE AND EXPENDITURES - EVENTS  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	134,345	87,019
<b>COST OF SALES</b>	<u>31,155</u>	<u>23,804</u>
<b>GROSS PROFIT</b>	<u>103,190</u>	<u>63,215</u>
<b>EXPENDITURES</b>		
Labour services	59,594	50,727
Maintenance	850	810
Supplies	6,658	5,395
Miscellaneous	1,810	643
Complimentary rooms	1,142	150
Interest and bank charges	2,215	1,733
Communications	<u>860</u>	<u>1,302</u>
	<u>73,129</u>	<u>60,760</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>30,061</u>	<u>2,455</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**SCHEDULE VII  
STATEMENT OF REVENUE AND EXPENDITURES - MARKETING  
For the year ended April 30, 2007**

	2007	2006
	\$	\$
<b>REVENUE</b>		
Sponsorship	29,900	29,200
Advertising	<u>31,002</u>	<u>30,312</u>
	<u>60,902</u>	<u>59,512</u>
 <b>EXPENDITURES</b>		
Advertising		
Television	2,384	1,837
Print	7,841	10,138
Radio	35,403	27,584
Internet	2,999	3,219
Marketing campaign	50,337	-
Atlantic Marketing Initiatives	-	435
UK/International marketing	6,901	5,000
Labour services	39,844	38,181
Communications	4,172	4,048
Complementary Marble Villa rooms	1,428	762
Membership fees	1,625	670
Travel and meetings	563	78
Ski shows and familiarization tours	4,430	4,420
Sign maintenance	343	-
Office and postage	123	489
Supplies	<u>3,954</u>	<u>5,203</u>
	<u>162,347</u>	<u>102,064</u>
 <b>EXCESS OF EXPENDITURES OVER REVENUE</b>	 <u>(101,445)</u>	 <u>(42,552)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VIII  
STATEMENT OF REVENUE AND EXPENDITURES – MARBLE VILLA  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>		
Rental revenue	<u>259,713</u>	<u>216,461</u>
<b>EXPENDITURES</b>		
Housekeeping	19,735	16,475
Heat and light	27,858	30,653
Repairs and maintenance	12,717	11,419
Labour services	18,453	16,165
Security wages	3,878	5,458
Common area expense	7,100	7,100
Insurance	7,504	8,000
Communications	5,288	5,517
Cable television	4,244	4,705
Supplies	4,044	5,608
Miscellaneous	50	-
Marketing	5,706	731
Laundry	7,435	447
	<u>124,012</u>	<u>112,278</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>135,701</u>	<u>104,183</u>



MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE IX  
STATEMENT OF REVENUE AND EXPENDITURES – TUBE PARK  
For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	<u>35,273</u>	<u>26,059</u>
<b>EXPENDITURES</b>		
Lift rental	20,000	20,000
Labour services	20,132	15,817
Insurance	6,561	2,915
Supplies	555	545
Miscellaneous	-	50
Inspection	2,177	500
	<u>49,425</u>	<u>39,827</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<u>(14,152)</u>	<u>(13,768)</u>

**MARBLE MOUNTAIN MANAGEMENT  
CORPORATION**

AUDITED FINANCIAL STATEMENTS

April 30, 2007

# SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248

Corner Brook, Newfoundland, A2H 6C9

Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

## AUDITORS' REPORT

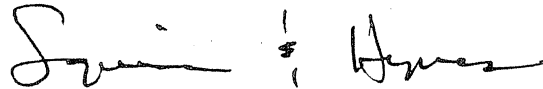
To the Directors of  
Marble Mountain Management Corporation

We have audited the balance sheet of Marble Mountain Management Corporation as at April 30, 2007 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at April 30, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

July 05, 2007

Handwritten signature of Squire & Hynes in cursive script.

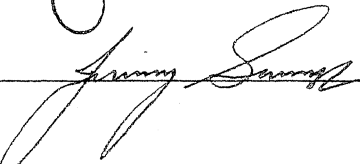
MARBLE MOUNTAIN MANAGEMENT CORPORATION

BALANCE SHEET  
As at April 30, 2007

	2007	2006
<hr/>		
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	-	-
<hr/>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	-	-
<hr/>		
<b>SHAREHOLDER'S DEFICIENCY</b>		
<b>SHARE CAPITAL (note 1)</b>		
Authorized and issued		
500 Common shares	-	-
<b>DEFICIT (note 1)</b>	-	-
	-	-
	-	-
<hr/>		

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT

For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>REVENUE</b>	—	—
<b>EXPENDITURES</b>	—	—
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	-	-
Deficit at beginning of year	—	—
<b>DEFICIT AT END OF YEAR (note 1)</b>	-	-

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF CASH FLOWS

For the year ended April 30, 2007

	2007	2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	—	—
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	-	-
Cash and cash equivalents at beginning of year (note)	—	—
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (note)</b>	-	-

Note to the statement of cash flows

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2007

**GENERAL**

The Corporation is incorporated under the *Corporations Act* of Newfoundland and Labrador. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal activity of the Corporation is providing labour services for Marble Mountain Development Corporation.

**SIGNIFICANT ACCOUNTING POLICY**

**Accounting estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

**1. AMALGAMATION**

On April 30, 2007 Marble Mountain Development Corporation and Marble Mountain Management Corporation were amalgamated under Section 293 of the Corporations Act of Newfoundland and Labrador. The amalgamation was accounted for under the continuity of interest method. Under this method, the various assets and liabilities were accounted for at the carrying value of the amalgamated corporations. The 2006 comparative figures have been presented on an amalgamated basis. The amalgamated corporation will continue as Marble Mountain Development Corporation.

The details of the amalgamation are as follows on a condensed basis:

	April 30, 2007		
	Marble Mountain Development Corporation	Marble Mountain Management Corporation	Amalgamated
<u>Assets</u>	\$	\$	\$
Cash	2,200	6,399	8,599
Due from Marble Mountain Management Corporation	197,178	-	-
Other assets	34,831,512	-	34,831,512
	35,030,890	6,399	34,840,111
<u>Liabilities and Deficit</u>			
Payable to Marble Mountain Development Corporation	-	197,178	-
Other liabilities and deferred credits	35,746,779	-	35,746,779
Deficit	(715,889)	(190,779)	(906,668)
	35,030,890	6,399	34,840,111

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2007

1. AMALGAMATION (Continued)

	April 30, 2006		
	Marble Mountain Development Corporation	Marble Mountain Management Corporation	Amalgamated
<u>Assets</u>	\$	\$	\$
Cash	1,980	2,508	4,488
Due from Marble Mountain Management Corporation	193,287	-	-
Other assets	34,823,970	-	34,823,970
	<u>35,019,237</u>	<u>2,508</u>	<u>34,828,458</u>
<u>Liabilities and Deficit</u>			
Payable to Marble Mountain Development Corporation	-	193,287	-
Other liabilities and deferred credits	35,615,138	-	35,615,138
Deficit	(595,901)	(190,779)	(786,680)
	<u>35,019,237</u>	<u>2,508</u>	<u>34,828,458</u>







**Consolidated Financial Statements  
with Supplementary Schedules**

**Year Ended March 31, 2007**

*Consolidated Financial Statements of*  
**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
*March 31, 2007*

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**

**Consolidated Financial Statements**

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Consolidated Statement of Financial Position	Statement 1
Consolidated Statement of Operations	Statement 2
Consolidated Statement of Changes in Net Assets	Statement 3
Consolidated Statement of Cash Flows	Statement 4
Notes to Consolidated Financial Statements	

**Audited Supplementary Information**

Auditors' Report on Supplementary Information	
Consolidated Schedule of Financial Position by Fund	Schedule 1
Consolidated Schedule of Operations by Fund	Schedule 2

**Unaudited Supplementary Information**

Schedule of Operating Fund Revenue	Schedule A
Schedule of Gross Operating Fund Expenditures by Function	Schedule B
Schedule of Gross Operating Fund Expenditures by Account	Schedule C
Compensation Practices	Schedule D

## Auditors' Report

To the Board of Regents of  
Memorial University of Newfoundland

We have audited the consolidated statement of financial position of Memorial University of Newfoundland (the "University") as at March 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LP*

Chartered Accountants  
June 12, 2007

MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
 Consolidated Statement of Financial Position  
 March 31, 2007, with comparative figures for 2006

STATEMENT 1

(thousands of dollars)

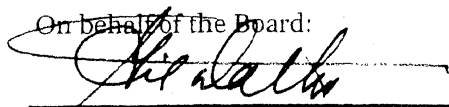
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,360	\$ 36,348
Short-term investments	-	9,905
Accounts receivable	47,586	35,892
Accrued interest receivable	1,397	959
Inventory and prepaid expense	9,164	6,148
	<u>107,507</u>	<u>89,252</u>
Long-term receivable	3,074	3,523
Investments (note 7)	57,452	48,699
Capital assets (note 3)	160,280	157,085
	<u>\$ 328,313</u>	<u>\$ 298,559</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness (note 6)	\$ 5,541	\$ 6,003
Accounts payable and accrued liabilities	16,519	11,912
Deferred revenue	10,385	10,616
Current portion of employee future benefits (note 11)	9,901	9,390
Current portion of long term-debt (note 5)	1,003	1,311
	<u>43,349</u>	<u>39,232</u>
Long-term liabilities:		
Long-term debt (note 5)	451	840
Employee future benefits (note 11)	89,837	79,367
	<u>90,288</u>	<u>80,207</u>
Deferred contributions (note 4)	204,533	191,361
Net Assets:		
Net assets restricted for endowment purposes (note 10)	56,186	53,114
Net assets invested in capital assets	-1,413	-1,638
Unrestricted net assets	-64,630	-63,717
	<u>-9,857</u>	<u>-12,241</u>
	<u>\$ 328,313</u>	<u>\$ 298,559</u>

See accompanying notes to consolidated financial statements.

Commitment (note 12)

Contingencies (note 9)

On behalf of the Board:

  
 Chair of the Board of Regents

  
 Chair of the Finance Committee

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**Consolidated Statement of Operations**  
**Year ended March 31, 2007, with comparative figures for 2006**

**STATEMENT 2**

**(thousands of dollars)**

	<b>2007</b>	<b>2006</b>
<b>Revenue:</b>		
Government grants	\$ 263,624	\$ 243,191
Student fees	54,157	54,924
Other revenue	24,063	29,721
Amortization of deferred capital contributions	21,521	20,702
Sales and services	15,972	14,800
Investment income	5,946	6,162
Donations	2,026	2,757
	<b>387,309</b>	<b>372,257</b>
<b>Expenditures:</b>		
Salaries	201,824	193,158
Employee benefits	34,972	33,400
Materials and supplies	29,743	38,298
Amortization	21,333	20,455
Utilities	19,371	17,176
Scholarships, bursaries and awards	17,707	16,297
Repairs and maintenance	14,954	10,673
Travel and hosting	13,580	12,293
Externally contracted services	13,402	12,895
Professional fees	11,975	8,629
Employee future benefits	11,256	5,000
Other operating expenses	9,613	13,495
Reference materials	2,344	625
Equipment rentals	2,318	2,056
External cost recoveries	-15,546	-15,596
	<b>388,846</b>	<b>368,854</b>
<b>Excess of revenue over expenditures</b>		
<b>(expenditures over revenue)</b>	<b>\$ -1,537</b>	<b>\$ 3,403</b>

See accompanying notes to consolidated financial statements.

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**Consolidated Statement of Changes in Net Assets**  
**Year ended March 31, 2007, with comparative figures for 2006**

**STATEMENT 3**

**(thousands of dollars)**

	Invested in Capital Assets	Restricted for Endowment Purposes	Unrestricted	2007 Total	2006 Total
Balance, beginning of year	\$ -1,638	\$ 53,114	\$ -63,717	\$ -12,241	\$ -18,534
Excess of revenue over expenditures (expenditures over revenue)	188	-849	-876	-1,537	3,403
Endowment contributions	-	3,921	-	3,921	2,890
Increase (decrease) to invested in capital assets	37	-	-37	-	-
<b>Balance, end of year</b>	<b>\$ -1,413</b>	<b>\$ 56,186</b>	<b>\$ -64,630</b>	<b>\$ -9,857</b>	<b>\$ -12,241</b>

See accompanying notes to consolidated financial statements.



MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
 Consolidated Statement of Cash Flows  
 Year ended March 31, 2007, with comparative figures for 2006

STATEMENT 4

(thousands of dollars)

	2007	2006
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ -1,537	\$ 3,403
Items not involving cash:		
Amortization of capital assets	21,333	20,455
Net increase in deferred contributions related to expenses of future periods	8,965	5,050
Increase in long-term portion of employee future benefits	10,470	5,348
Increase in current portion of employee future benefits	511	-282
Amortization of deferred capital contributions	-21,521	-20,702
Loss on disposal of capital assets	129	144
Change in non-cash working capital	-10,772	-9,131
	<u>7,578</u>	<u>4,285</u>
Financing activities:		
Repayment of long-term debt	-697	-1,527
Decrease in bank indebtedness	-462	-1,139
Endowment contributions	3,921	2,890
Addition to deferred capital contributions	25,728	28,014
	<u>28,490</u>	<u>28,238</u>
Investing activities:		
Capital assets acquired	-24,657	-25,310
Increase in pooled investments	-8,753	-1,563
Reduction in long-term receivable	449	140
Decrease in short-term investments	9,905	4,009
	<u>-23,056</u>	<u>-22,724</u>
<b>Increase in cash and cash equivalents</b>	<b>13,012</b>	<b>9,799</b>
Cash and cash equivalents, beginning of year	36,348	26,549
<b>Cash and cash equivalents, end of year</b>	<b>\$ 49,360</b>	<b>\$ 36,348</b>

See accompanying notes to consolidated financial statements.

# Memorial University of Newfoundland

## Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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### 1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland (the "University") is a corporation operating under the authority of the *Memorial University Act*. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

### 2. Significant Accounting Policies

#### General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting principles are summarized as follows:

#### (a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### (b) Consolidated statements

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organizations:

- ⇒ C-CORE
- ⇒ The Canadian Centre for Marine Communications (CCMC)
- ⇒ The Canadian Centre for Fisheries Innovation (CCFI)
- ⇒ Genesis Group Inc.
- ⇒ The Memorial University of Newfoundland Botanical Garden Incorporated
- ⇒ Memorial University Recreation Complex (MURC)
- ⇒ Western Sports and Entertainment Inc.
- ⇒ Campus Childcare Inc.
- ⇒ Newfoundland Quarterly Foundation

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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**2. Significant Accounting Policies (cont'd)**

**(c) Cash equivalents and short-term investments**

Cash equivalents and short-term investments consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities less than three months past year end are classified as cash equivalents. Investments with maturities beyond three months to one year past year end are classified as short-term investments. Short-term investments are carried at cost, which approximates market value.

**(d) Revenue recognition**

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year in which they are received. Revenues from contracts, sales and student fees are recognized when the goods or services are provided and collection is reasonably assured.

**(e) Contributed services**

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services is not recognized in these financial statements.

**(f) Investments**

Investments are carried at cost. Fair values have been determined on the basis described in note 7 and are considered to approximate market values.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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**2. Significant Accounting Policies (cont'd)**

**(g) Capital assets**

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these financial statements.

Capital assets are amortized using the following rates. One-half year's amortization is taken in the year of acquisition and no amortization in the year of disposal.

⇒ Buildings	8% declining balance
⇒ Furniture and equipment	20% declining balance
⇒ Computers	30% declining balance
⇒ Banner Finance	20% declining balance
⇒ Vehicles	30% declining balance
⇒ Campus network	5 years straight line
⇒ Library collection	10 years straight line

**(h) Employee future benefits**

**(i) Pension costs and obligations**

The employees of the University participate in a defined benefit pension plan administered under the Memorial University Pensions Act with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the pension plan consist of contributions from employees and contributions from the University as prescribed in the Pension Benefits Act (1997). In addition, where the plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within 5 years of the solvency valuation date. The University's contributions to the Pension Plan are recorded as an expenditure in the Statement of Operations.

The most recent actuarial valuation prepared by Eckler Partners Ltd. disclosed a solvency deficiency of \$133,141 and a going concern deficiency of \$57,893 at March 31, 2007. Under the Pension Benefits Act (PBA), a going concern deficiency must be funded over a period of not more than 15 years while a solvency deficiency is to be funded over a maximum 5 year period.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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**2. Significant Accounting Policies (cont'd)**

**(i) Pension costs and obligations (cont'd)**

The going concern deficiency of \$57,893 includes \$53,747 in respect of past service costs related to the introduction of indexing in 2004. This indexing liability is being financed under a special PBA provision through both employee and employer contributions over a remaining period of 37.25 years. In accordance with the PBA, the balance of the going concern, namely \$4,146, must be liquidated during the 2007/08 fiscal year.

At present, the University has an exemption under the PBA from making payments relating to the solvency deficiency. This exemption expires December 31, 2010.

**(ii) Other post employment benefits**

The University accrues its obligations for employee benefit plans. The employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays.

The University recognizes the cost of the Supplemental Retirement Income Plan (SRIP), the Voluntary Early Retirement Income Plan (VERIP) and the cost of future employee benefits which include severance, accrued vacation, group life insurance and health care benefits.

**(i) Agency obligations**

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases to these liabilities.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**3. Capital Assets**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2007 Net Book Value</b>	<b>2006 Net Book Value</b>
Buildings	\$192,377	\$107,298	<b>\$85,079</b>	\$87,998
Furniture & equipment	66,908	31,249	<b>35,659</b>	29,803
Computers	27,361	20,569	<b>6,792</b>	7,307
Banner Finance	1,722	1,087	<b>635</b>	794
Vehicles	2,334	1,495	<b>839</b>	884
Campus network	3,282	3,282	-	330
Library collection	113,694	82,418	<b>31,276</b>	29,969
	<b>\$407,678</b>	<b>\$247,398</b>	<b>\$160,280</b>	<b>\$157,085</b>

Capital assets include certain assets under capital lease with a net book value of \$2.415 million (2006 – \$3.354 million).

**4. Deferred Contributions**

**(a) Expenses of future periods**

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

	<b>2007</b>	<b>2006</b>
Balance, beginning of year	<b>\$40,869</b>	\$35,829
Revenue received during the year	<b>57,731</b>	54,129
Expenses incurred during the year	<b>-48,766</b>	-49,089
	<b>\$49,834</b>	<b>\$40,869</b>

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**4. Deferred Contributions (cont'd)**

**(b) Capital assets**

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	<b>2007</b>	2006
Balance, beginning of year	<b>\$150,492</b>	\$143,180
Additional contributions received	<b>25,728</b>	28,014
Less amounts amortized to revenue	<b>-21,521</b>	-20,702
	<b>\$154,699</b>	\$150,492

**(c) Total deferred contributions**

	<b>2007</b>	2006
Expenses of future periods	<b>\$49,834</b>	\$40,869
Capital assets	<b>154,699</b>	150,492
	<b>\$204,533</b>	\$191,361

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**5. Long-term Debt**

	2007	2006
RBC Royal Bank, fixed term demand loan, 5.19% interest, repayable in 9 equal annual, blended payments of \$121,580, maturing in April 2012, unsecured	<b>\$613</b>	\$699
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of \$29,095 semi-annually, maturing in June 2019, secured	<b>482</b>	510
Capital leases negotiated through the Royal Bank, interest rates vary, payable in equal annual installments, secured by assets under lease	<b>359</b>	942
	<b>\$1,454</b>	\$2,151
Less current portion	<b>1,003</b>	1,311
	<b>\$451</b>	\$840

Annual repayments of long-term debt over the next five years are as follows:

⇒ 2008	\$1,003
⇒ 2009	\$ 32
⇒ 2010	\$ 34
⇒ 2011	\$ 36
⇒ 2012	\$ 38

**6. Bank Indebtedness**

Pursuant to Section 41 of the Memorial University Act, the University has received approval from the Lieutenant-Governor in Council to borrow to finance a capital project. The project involved the construction of a new residence complex for Sir Wilfred Grenfell College. Currently the Sir Wilfred Grenfell College Residence debt has been negotiated using bankers' acceptances which mature during 2007. Management expects to refinance this loan through bankers' acceptance for the balance of the term of the loan.



**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**7. Financial Instruments**

The carrying values of financial instruments included in current assets and current liabilities approximate their market value due to the relatively short periods to maturity of the instruments.

The carrying values of long-term receivables are non-interest bearing and thus do not reflect fair value.

The carrying values of long-term debts approximate their fair value based on current borrowing rates available to the University.

Long-term investments are recorded at cost. The carrying amounts and fair values of investments are summarized as follows:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed Income	\$30,125	\$31,468	\$23,405	\$24,278
Equities	27,327	32,934	25,294	29,695
	\$57,452	\$64,402	\$48,699	\$53,973

Details of significant terms and considerations, exposures to interest rate and credit risks on investments are as follows:

- (i) The quality of fixed income securities is supported by federal, provincial and municipal government guarantees or high quality corporate bonds. No significant weightings exist within the corporate bond category that would pose any material credit rate risk to the University.
- (ii) Interest rates on fixed income securities range from 4.1% to 7.4% with maturities ranging from 2007 to 2049.
- (iii) The income earned on the securities is used to pay scholarships and fund endowed chairs. Expenditure levels on these activities are determined based on the performance of the investments.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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**8. Memorial University Act**

In accordance with the Memorial University Act, the University is normally prohibited from recording a deficit on their financial statements. During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to \$5 million in 1996 and an additional \$10 million in 1997 as a result of the recognition of the liabilities related to Voluntary Early Retirement Plans for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post employment benefits.

**9. Contingencies**

**Reciprocal exchange of insurance risks**

The University, in association with fifty-six Canadian universities, participates in a reciprocal exchange (CURIE) of insurance risks. The self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The projected cost of claims will be funded through members' premiums based on actuarial projections. As of December 31, 2006, CURIE has a surplus of \$16.507 million, of which the University's prorata share is approximately 3% on an ongoing basis. In addition, the reciprocal has obtained \$645 re-insurance with commercial insurers to cover major property claims in excess of \$5 million per occurrence.

In respect of general liability, the limit is \$5 million per occurrence. Re-insurance for liability coverage in the amount of \$15 million in excess of a \$5 million per occurrence retention is in place.

In respect of errors and omissions liability policy, the limit is \$5 million per occurrence. Re-insurance for errors and omissions was purchased through a combined excess program with general liability in the amount of \$15 million.

As the originating insurers, CURIE has a contingent liability in the event that a re-insurer is unable to meet its obligations. In this respect, all re-insurance is placed with insurers registered in Canada and subject to supervision by the Office of the Superintendent of Financial Institutions Canada.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**10. Net Assets**

The University has total restricted net assets for endowment purposes as follows:

	<b>2007</b>	2006
Restricted assets subject to externally imposed restrictions requiring the principal to be maintained	<b>\$47,132</b>	\$43,898
Restricted assets subject to externally imposed restrictions requiring the principal be loaned to students	<b>1,238</b>	1,268
General University Endowment Fund is an internally restricted endowment	<b>7,816</b>	7,948
	<b>\$56,186</b>	\$53,114

Investment income on the various funds is restricted as stipulated in the terms and conditions of the individual funds. Investment income on the internally restricted fund and any other unrestricted funds is recorded in the Statement of Operations.

The University has unrestricted operating net assets calculated as follows:

	<b>2007</b>	2006
Total net assets	<b>\$-9,857</b>	\$-12,241
Less:		
Net assets restricted for endowment purposes	<b>56,186</b>	53,114
Net assets invested in capital assets	<b>-1,413</b>	-1,638
Net assets internally restricted for specific purposes	<b>7,474</b>	3,443
Net assets invested in separately incorporated entities	<b>8,512</b>	7,266
Net assets invested in employee future benefits	<b>-90,504</b>	-80,089
Net assets invested in accrued vacation benefits	<b>-9,234</b>	-8,668
Unrestricted operating net assets	<b>\$19,122</b>	\$14,331

# Memorial University of Newfoundland

## Notes to Consolidated Financial Statements

Year ended March 31, 2007

(thousands of dollars)

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### 11. Employee Future Benefits

The University has a number of defined benefit and defined contribution plans providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays a severance payment, to certain employee groups, upon termination, retirement or death, provided they meet certain eligibility criteria.

In May 1996, the Board of Regents approved a Supplemental Retirement Income Plan to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the Plan.

In February and May 1996, the University offered faculty and staff, who reached the age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Plan.

Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is being funded from operations.

The significant actuarial assumptions used in measuring the University's accrued benefit obligation under each plan are as follows:

*Employee future benefits*

Include a discount rate of 5% and an average rate of compensation increase of 4.5%.

*Supplemental retirement income plan (SRIP)*

Include a discount rate of 7% and an average compensation increase of 4.5%.

*Voluntary early retirement income plan (VERIP)*

Include a discount rate of 8%.

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

**11. Employee Future Benefits (cont'd)**

	SRIP		VERIP		Other benefits	
	2007	2006	2007	2006	2007	2006
<b>Accrued Benefit Obligation</b>						
Balance, beginning of year	\$3,691	\$4,051	\$5,726	\$5,893	\$70,672	\$64,841
Current service cost	129	172	-	-	3,112	2,678
Interest cost	258	284	435	448	4,061	3,930
Benefits paid	-204	-163	-587	-598	-2,498	-2,498
Actuarial (gain) loss	-176	-653	-119	-17	6,004	1,721
	<b>\$3,698</b>	<b>\$3,691</b>	<b>\$5,455</b>	<b>\$5,726</b>	<b>\$81,351</b>	<b>\$70,672</b>
<b>Current Plan Expense</b>						
Current service expense	\$129	\$172	\$ -	\$ -	\$3,112	\$2,678
Interest cost	258	284	435	448	4,061	3,930
Actuarial (gain) loss	-176	-653	-119	-17	6,004	1,721
	<b>\$211</b>	<b>\$-197</b>	<b>\$316</b>	<b>\$431</b>	<b>\$13,177</b>	<b>\$8,329</b>

A summary of these accrued benefit obligations are as follows:

	2007	2006
Employee future benefits	\$81,351	\$70,672
Supplemental retirement income plan	3,698	3,691
Voluntary early retirement income plan	5,455	5,726
Accrued vacation	9,234	8,668
	<b>\$99,738</b>	<b>\$88,757</b>
Less current portion	9,901	9,390
	<b>\$89,837</b>	<b>\$79,367</b>

**Memorial University of Newfoundland**  
Notes to Consolidated Financial Statements

Year ended March 31, 2007  
(thousands of dollars)

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**12. Commitment**

Memorial University has embarked on an Energy Saving Retrofit Program with Honeywell aimed at finding ways to save energy and reduce utility costs at various facilities. The project, expected to cost \$14.6 million, will focus on eight buildings on the St. John's campus. Memorial has received approval from the Provincial Government to finance this project.

Subsequent to year end the University has entered into a debt arrangement with the Royal Bank, which will be repaid through the energy savings from the retrofit program. Honeywell has guaranteed these energy savings which are expected to be \$1.5 million per year over the next 14 years. This ensures that the project will be self funded.

**13. Comparative Figures**

Certain of the 2006 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2007.

## **Auditors' Report to the Board of Regents Memorial University of Newfoundland on Supplementary Information**

To the Board of Regents of  
Memorial University of Newfoundland

We have audited and reported separately herein on the consolidated financial statements of Memorial University of Newfoundland (the "University") as at and for the year ended March 31, 2007.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the University taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subject to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Deloitte & Touche LLP*

Chartered Accountants  
June 12, 2007

MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
 CONSOLIDATED SCHEDULE OF FINANCIAL POSITION BY FUND  
 AS AT MARCH 31, 2007 (with comparative figures for 2006)  
 (thousands of dollars)

SCHEDULE 1

	OPERATING		ANCILLARY ENTERPRISES		PLANT		SPONSORED RESEARCH		SPECIAL PURPOSE AND TRUST		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Current assets:												
Cash and cash equivalents	6,679	-7,720	2,829	2,558	-2,229	-499	16,891	17,615	25,190	24,394	49,360	36,348
Short-term investments	-	9,905	-	-	-	-	-	-	-	-	-	9,905
Accounts receivable	17,079	13,378	735	236	445	592	24,513	16,925	4,814	4,761	47,586	35,892
Accrued interest receivable	3	73	-	-	-	-	-	-	1,394	886	1,397	959
Inventory and prepaid expense	4,453	4,446	1,778	1,650	2,828	-	42	28	63	24	9,164	6,148
Interfund accounts	924	1,000	-924	-1,000	-	-	-	-	-	-	-	-
	29,138	21,082	4,418	3,444	1,044	93	41,446	34,568	31,461	30,065	107,597	89,252
Long-term receivable	-	-	-	-	-	-	-	-	-	-	-	-
Investments (note 7)	-	-	-	-	3,074	3,523	-	-	-	-	3,074	3,523
Capital assets (note 3)	-	-	541	634	157,004	153,698	2,610	2,615	56,852	48,099	57,452	48,699
	-	-	4,959	4,078	161,122	157,314	44,656	37,783	88,438	78,302	328,313	298,559
<b>Total assets</b>	<b>29,138</b>	<b>21,082</b>	<b>4,959</b>	<b>4,078</b>	<b>161,122</b>	<b>157,314</b>	<b>44,656</b>	<b>37,783</b>	<b>88,438</b>	<b>78,302</b>	<b>328,313</b>	<b>298,559</b>
Current liabilities:												
Bank indebtedness (note 6)	-	-	-	-	5,541	6,003	-	-	-	-	5,541	6,003
Accounts payable and accrued liabilities	9,657	6,767	274	163	1,631	793	4,457	3,749	500	440	16,519	11,912
Deferred revenue	2,708	1,911	230	102	2,522	2,859	4,860	5,744	65	-	10,385	10,616
Current portion of employee future benefits (note 11)	9,901	9,390	-	-	-	-	-	-	-	-	9,901	9,390
Current portion of long term-debt (note 5)	-	-	-	-	1,003	1,311	-	-	-	-	1,003	1,311
	22,266	18,068	504	265	10,697	10,966	9,317	9,493	565	440	43,349	39,232
Long-term liabilities:												
Long-term debt (note 5)	-	-	-	-	451	840	-	-	-	-	451	840
Employee future benefits (note 11)	88,656	78,350	347	279	-	-	714	643	120	95	89,837	79,367
	88,656	78,350	347	279	451	840	714	643	120	95	90,288	80,207
Deferred contributions (note 4)	-	-	-	-	151,976	147,753	33,921	26,686	18,636	16,922	204,533	191,361
Net assets:												
Net assets restricted for endowment purposes (note 10)	-	-	-	-	-	-	-	-	56,186	53,114	56,186	53,114
Net assets invested in capital assets	-	-	541	634	-1,966	-2,283	3	3	9	8	-1,413	-1,638
Unrestricted net assets	-81,784	-75,336	3,567	2,900	-36	38	701	958	12,922	7,723	-64,630	-63,717
	-81,784	-75,336	4,108	3,534	-2,002	-2,245	704	961	69,117	60,845	-9,857	-12,241
<b>Total liabilities, deferred contributions and net assets</b>	<b>29,138</b>	<b>21,082</b>	<b>4,959</b>	<b>4,078</b>	<b>161,122</b>	<b>157,314</b>	<b>44,656</b>	<b>37,783</b>	<b>88,438</b>	<b>78,302</b>	<b>328,313</b>	<b>298,559</b>



MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
 CONSOLIDATED SCHEDULE OF OPERATIONS BY FUND  
 FOR THE YEAR ENDED MARCH 31, 2007 (with comparative figures for 2006)  
 (thousands of dollars)

	OPERATING		ANCILLARY ENTERPRISES		PLANT		SPONSORED RESEARCH		SPECIAL PURPOSE AND TRUST		TOTAL
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Revenue:											
Government grants	208,560	191,713	717	150	-	-	51,201	48,569	3,146	2,759	263,624
Student fees	53,980	54,765	-	-	-	-	-	-	177	159	54,922
Other revenue	12,306	14,756	1,389	729	-1,956	-1,328	4,133	10,253	8,191	5,311	24,063
Amortization of deferred capital contributions	-	-	-	-	21,132	20,431	378	258	11	13	20,770
Sales and services	-	-	15,972	14,800	-	-	-	-	-	-	15,972
Investment income	2,988	1,998	-	-	-	-	220	304	2,738	3,860	5,946
Donations	28	25	-	-	-	-	172	94	1,826	2,638	2,725
<b>Total revenue</b>	<b>277,862</b>	<b>263,257</b>	<b>18,078</b>	<b>15,679</b>	<b>19,176</b>	<b>19,103</b>	<b>56,104</b>	<b>59,478</b>	<b>16,089</b>	<b>14,740</b>	<b>387,309</b>
Expenditures:											
Salaries	172,408	166,915	6,461	5,397	1	-	19,169	16,886	3,785	3,960	193,152
Employee benefits	31,212	30,078	929	710	-	-	2,268	2,062	563	550	33,400
Materials and supplies	14,839	14,006	7,316	6,864	330	404	7,298	15,519	-40	1,505	38,292
Amortization	-	-	152	184	20,789	19,997	379	259	13	15	21,333
Utilities	15,693	15,160	2,372	1,640	4	4	270	188	1,032	184	19,371
Scholarships, bursaries and awards	6,291	5,630	3	-	-	-	7,818	6,988	3,595	3,679	16,292
Repairs and maintenance	5,225	4,404	997	909	5,658	4,721	686	231	2,388	408	10,670
Travel and hosting	7,034	6,184	50	34	4	-	4,368	3,902	2,124	2,173	12,292
Externally contracted services	9,077	8,195	700	579	56	24	2,717	2,905	852	1,192	12,892
Professional fees	4,258	4,256	122	11	102	14	5,569	3,058	1,924	1,290	8,622
Employee future benefits	11,118	4,941	68	44	-	-	46	-	24	15	5,000
Other operating expenses	3,829	4,560	347	309	30	31	5,280	8,373	127	222	13,492
Reference materials	2,012	506	68	-60	-	-	177	153	87	26	2,344
Equipment rentals	1,897	1,671	59	53	5	11	281	252	76	69	2,318
External cost recoveries	-13,996	-14,228	-45	-31	-380	-480	-99	-33	-1,026	-824	-15,546
<b>Total expenditures</b>	<b>270,897</b>	<b>252,278</b>	<b>19,599</b>	<b>16,643</b>	<b>26,599</b>	<b>24,726</b>	<b>56,227</b>	<b>60,743</b>	<b>15,524</b>	<b>14,464</b>	<b>388,846</b>
Increase (decrease) for the year before the following	6,965	10,979	-1,521	-964	-7,423	-5,623	-123	-1,265	565	276	-1,537
Interfund transfers	-13,413	-10,771	2,095	1,837	7,666	5,938	-134	1,175	3,786	1,821	-
<b>Net (decrease) increase in net assets for the year</b>	<b>-6,448</b>	<b>208</b>	<b>574</b>	<b>873</b>	<b>243</b>	<b>315</b>	<b>-257</b>	<b>-90</b>	<b>4,351</b>	<b>2,097</b>	<b>-3,400</b>

*Unaudited Supplementary Information*

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

*March 31, 2007*

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
SCHEDULE OF OPERATING FUND REVENUE  
FOR THE YEAR ENDED MARCH 31, 2007  
(thousands of dollars)  
(unaudited)**

**SCHEDULE A**

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Government grants:</b>		
Province of Newfoundland and Labrador:		
Department of Education	176,474	162,012
Department of Health	26,839	24,811
Other	1,022	850
Government of Canada		
Indirect Cost of Research	4,225	4,040
	<u>208,560</u>	<u>191,713</u>
<b>Student fees:</b>		
Semester tuition:		
Undergraduates	36,534	37,221
Graduates	3,985	4,041
Non-credit courses:		
Continuing Studies	685	622
Sir Wilfred Grenfell College	295	283
Marine Institute	9,432	9,553
Other fees	3,049	3,045
	<u>53,980</u>	<u>54,765</u>
<b>Investment income</b>	2,988	1,998
<b>Donations</b>	28	25
<b>Other revenue:</b>		
Rental income	539	497
Miscellaneous income	10,876	13,351
Medical Practice Associates	891	908
	<u>12,306</u>	<u>14,756</u>
	<u>277,862</u>	<u>263,257</u>

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**SCHEDULE OF GROSS OPERATING FUND**  
**EXPENDITURES BY FUNCTION**  
**FOR THE YEAR ENDED MARCH 31, 2007**  
**(thousands of dollars)**  
**(unaudited)**

**SCHEDULE B**

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Academic:</b>		
Faculty of Arts	25,340	24,903
Faculty of Business Administration	8,502	8,485
Faculty of Education	8,257	8,030
Faculty of Engineering and Applied Science	8,668	9,070
Faculty of Medicine	28,757	27,815
Faculty of Science	33,317	33,645
School of Life Long Learning	978	922
School of Graduate Studies	5,027	4,221
School of Music	2,306	2,293
School of Nursing	4,380	4,040
School of Pharmacy	2,142	1,677
School of Human Kinetics	3,227	2,901
School of Social Work	2,306	2,155
Sir Wilfred Grenfell College	16,873	16,072
Labrador Institute	352	391
Distance Education and Learning Technologies	4,037	3,831
Animal Care Unit	1,203	1,207
Fisheries and Marine Institute	31,118	29,223
Technical Services	3,132	2,668
Oil and Gas Development Partnership	288	251
Harris Centre	242	275
CREAIT	693	453
	<u>191,145</u>	<u>184,528</u>
<b>Support services:</b>		
Administrative departments	23,246	19,233
Computing and Communications	11,838	11,349
Library	15,063	13,210
Student Services	8,106	7,165
Facilities Management	21,457	20,179
	<u>79,710</u>	<u>71,136</u>
<b>Total</b>	<u>270,855</u>	<u>255,664</u>

MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
 SCHEDULE OF GROSS OPERATING FUND EXPENDITURES BY ACCOUNT  
 FOR THE YEAR ENDED MARCH 31, 2007  
 (thousands of dollars)  
 (unaudited)

SCHEDULE C

	Academic		Library		Student Services		Facilities Management		Computing & Communications		Administration		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Academic salaries	89,438	88,086	2,195	2,218	814	718	-	-	-	-	662	457	93,109	91,479
Other instruction and research salaries	1,935	1,666	155	136	906	828	6	2	130	108	108	93	3,240	2,833
Other salaries and wages	41,900	41,063	3,633	3,482	2,904	2,684	9,956	9,432	4,339	4,286	13,327	11,656	76,959	72,603
Employee benefits	23,158	22,662	1,160	1,117	645	588	2,504	2,370	840	811	2,905	2,530	31,212	30,078
	<u>156,431</u>	<u>153,477</u>	<u>7,143</u>	<u>6,953</u>	<u>5,269</u>	<u>4,818</u>	<u>12,466</u>	<u>11,804</u>	<u>5,309</u>	<u>5,205</u>	<u>17,002</u>	<u>14,736</u>	<u>203,620</u>	<u>196,993</u>
Travel and hosting	5,173	4,598	101	65	467	386	153	150	58	39	1,082	946	7,934	6,184
Materials and supplies	12,393	11,704	273	517	1,329	1,039	1,029	1,287	3,516	3,188	1,016	718	19,556	18,453
Repairs and maintenance	2,371	1,728	274	38	134	127	1,681	1,709	736	124	280	144	5,476	3,870
Reference materials	1,919	1,665	7,052	5,299	5	5	5	10	1	2	22	20	9,004	7,001
Scholarships, bursaries and awards	5,368	4,573	1	-	633	547	-	-	-	-	289	510	6,291	5,630
Utilities	3,329	3,126	42	36	60	60	12,115	11,482	-32	302	179	154	15,693	15,160
Equipment rentals	1,116	953	99	119	14	13	22	42	574	486	72	58	1,897	1,671
Externally contracted service	3,023	3,008	159	137	97	83	2,631	1,925	2,500	2,490	667	552	9,077	8,395
Professional fees	2,375	2,396	9	12	29	16	211	226	-217	110	1,851	1,496	4,258	4,256
Other operating expenses:														
Institutional memberships	204	187	52	39	25	40	5	4	7	7	303	271	596	548
Property tax	131	105	-	-	-	-	249	236	-	-	-2	-	378	341
Insurance	219	200	-	138	-	-	36	610	2	3	891	8	1,448	959
Debt servicing	285	87	-	-	45	41	1	202	28	13	12	13	371	356
Space rental	419	247	-	-	7	8	-	-	-	-	26	20	452	275
External cost recoveries	<u>-3,611</u>	<u>-3,526</u>	<u>-142</u>	<u>-143</u>	<u>-8</u>	<u>-18</u>	<u>-9,147</u>	<u>-9,508</u>	<u>-644</u>	<u>-620</u>	<u>-444</u>	<u>-413</u>	<u>-13,996</u>	<u>-14,228</u>
	<u>34,714</u>	<u>31,051</u>	<u>7,920</u>	<u>6,257</u>	<u>2,837</u>	<u>2,347</u>	<u>8,991</u>	<u>8,375</u>	<u>6,529</u>	<u>6,144</u>	<u>6,244</u>	<u>4,497</u>	<u>67,235</u>	<u>58,671</u>
	<u>191,145</u>	<u>184,528</u>	<u>15,063</u>	<u>13,210</u>	<u>8,106</u>	<u>7,165</u>	<u>21,457</u>	<u>20,179</u>	<u>11,838</u>	<u>11,349</u>	<u>23,246</u>	<u>19,233</u>	<u>279,855</u>	<u>255,664</u>

## SCHEDULE D

### COMPENSATION PRACTICES AT MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Compensation at Memorial University is determined by the duties and responsibilities of respective positions.

At the executive level, the Board of Regents, on the recommendation of its Executive Compensation Committee, determines the salary levels for the university's president and vice-presidents.

Compensation for deans, academic directors and academic department heads includes a salary on a faculty member's scale, based on experience, rank and highest degree, in accordance with a collective agreement negotiated with the Memorial University of Newfoundland Faculty Association (MUNFA). In addition, there is an administrative stipend, set by the Board of Regents, the level of which is dependent on the size and complexity of the faculty, school or department.

For faculty and staff, compensation is determined through collective bargaining between the university and the various unions representing each employee group; MUNFA, the Canadian Union of Public Employees (CUPE), and the Newfoundland Association of Public Employees (NAPE). Periodic reviews of staff positions, including compensation levels, have been conducted with the assistance of external consultants since 1994.

Compensation for administrative directors and managers is set by the Board of Regents. A review of compensation in these positions was conducted by an external consultant in 1994-95.

The attached tabular information and explanatory notes provide an overview of salary ranges for academic, administrative and executive positions at Memorial University.

**SCHEDULE D**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
EXECUTIVE SALARY RANGES  
MARCH 31, 2007**

	<b>Salary Range (\$)</b>
President and Vice-Chancellor	219,200 - 274,000
Vice-Presidents:	
▶ Academic and Pro Vice-Chancellor	166,960 - 208,700
▶ Admin & Finance	148,400 - 185,500
▶ Research	148,400 - 185,500
Executive Director (Marine Institute)	127,200 - 159,000
Dean-Student Affairs & Services	143,400 - 179,300
Principal – SWGC	127,200 - 159,000

**SCHEDULE D**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
ACADEMIC SALARY RANGES (note 1)  
MARCH 31, 2007**

	<b>Salary Range (\$)</b>	<b>Actual Minimum &amp; Maximum Salaries</b>	<b>Number of Employees</b>
Academic Executive:	note (2)		15
▶ Deans of Faculties/Schools			7
▶ Directors of Schools			5
▶ University Librarian			1
▶ Associate Vice-President			2
Academic Management:	note (3)		63
▶ Vice Dean (Medicine)			1
▶ Vice-Principal (SWGC)			1
▶ Associate Vice Principal Research (SWGC)			1
▶ Associate Deans			16
▶ Assistant Deans			1
▶ Department Heads			29
▶ Directors			6
▶ Associate Directors			4
▶ Associate University Librarians			4
Academic Staff:	25,101 - 121,296	28,696 - 173,535	1118
▶ Professors	75,389 - 121,296	78,555 - 173,535	259
▶ Associate Professors	62,725 - 97,551	64,308 - 135,543	296
▶ Assistant Professors	53,227 - 67,474	50,061 - 99,134	258
▶ Lecturers (note 4)	46,895 - 54,810	46,895 - 64,308	80
▶ Co-op Education Coordinators	45,312 - 80,138	64,308 - 76,972	14
▶ Librarians	40,563 - 110,215	42,146 - 95,968	37
▶ Instructors - Marine Institute	25,101 - 92,897	28,696 - 88,176	174

Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.

Note 2: Academic Deans and Directors receive a salary depending upon professorial rank plus an administrative stipend in the range of \$6,000 to \$25,000 per year depending on the size and complexity of their academic units, and whether they are serving a first or a second term.

Note 3: Academic Departments Heads receive a salary based upon their professorial rank plus an administrative stipend in the range of \$3,000 to \$10,000 depending on the size of their academic unit.

Note 4: Lecturers include 27 Visiting Professors paid on the lecturer scale.



**SCHEDULE D**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
ADMINISTRATIVE SALARY RANGES (note 1)  
MARCH 31, 2007**

	<b>Salary Range (\$)</b>	<b>Actual Minimum &amp; Maximum Salaries</b>	<b>Number of Employees</b>
Administrative Directors Level 1 to 4:	65,833 - 111,914	72,416 - 143,260	24
Marine Institute Academic and Industrial Response Unit Managers	62,107 - 105,991	65,910 - 105,991	14
Management and Professional Staff (note 2)	23,233 - 89,625	32,394 - 95,899	263
Administrative Staff (note 3)	23,001 - 99,424	23,001 - 81,600	1919

Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.

Note 2: Management and professional staff ranges reflect 15 salary levels developed under the university's Job Evaluation System.

Note 3: Administrative and academic support staff salary ranges reflect salary levels defined by union collective agreements or non-bargaining terms and conditions of employment.



## **PENSION PLAN**

**Year Ended March 31, 2007**

## Auditors' Report

To the Board of Regents of  
Memorial University of Newfoundland

We have audited the statement of net assets available for benefits of the Pension Plan of Memorial University of Newfoundland as at March 31, 2007 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Pension Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Pension Plan as at March 31, 2007 and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
June 14, 2007.

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN**

**Statement of Net Assets Available for Benefits**

**As at March 31, 2007 with comparative figures for 2006**  
**(in thousands of dollars)**

	2007	2006
	\$	\$
<b>Assets</b>		
Investments (note 3):		
Cash and cash equivalents	30,069	29,516
Bonds and debentures	284,854	261,441
Equities	415,624	368,955
	<u>730,547</u>	<u>659,912</u>
Receivables:		
Contributions receivable (employees)	793	255
Accrued interest and dividends	2,433	2,092
Amounts due from pending trades	2,558	1,860
Due from Memorial University of Newfoundland	1,086	1,237
	<u>6,870</u>	<u>5,444</u>
<b>Total assets</b>	<u><b>737,417</b></u>	<u><b>665,356</b></u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	479	658
Accrued pension refunds	837	421
Amounts payable from pending trades	2,543	4,783
	<u>3,859</u>	<u>5,862</u>
<b>Total liabilities</b>	<u><b>3,859</b></u>	<u><b>5,862</b></u>
<b>Net assets available for benefits</b>	<u><b>733,558</b></u>	<u><b>659,494</b></u>

On behalf of the Board:

  
 Chair of the Board of Regents

  
 Chair of the Finance Committee

*(see accompanying notes to financial statements)*

## MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

### Statement of Changes in Net Assets Available for Benefits

For the year ended March 31, 2007 with comparative figures for 2006  
(in thousands of dollars)

	2007	2006
	\$	\$
<b>Increase in assets</b>		
Investment income:		
Interest income	9,928	6,413
Dividend income	5,976	6,969
Gain on sale of investments	21,840	16,334
	<u>37,744</u>	<u>29,716</u>
Current period increase in fair value of investments	<u>34,484</u>	<u>43,088</u>
Contributions (note 5):		
Employees'	13,761	13,208
Employer's	20,840	20,241
Past service contributions and transferred service	1,882	662
	<u>36,483</u>	<u>34,111</u>
<b>Total increase in assets</b>	<u>108,711</u>	<u>106,915</u>
<b>Decrease in assets</b>		
Administrative expenses	2,270	2,170
Benefits paid	29,999	26,984
Refunds of contributions	2,378	2,251
	<u>34,647</u>	<u>31,405</u>
<b>Total decrease in assets</b>	<u>34,647</u>	<u>31,405</u>
<b>Increase in net assets</b>	<u>74,064</u>	<u>75,510</u>
<b>Net assets available for benefits, beginning of year</b>	<u>659,494</u>	<u>583,984</u>
<b>Net assets available for benefits, end of year</b>	<u>733,558</u>	<u>659,494</u>

(see accompanying notes to financial statements)

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

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These financial statements follow the guidelines established by the Canadian Institute of Chartered Accountants (CICA) for pension plans.

### 1. Description of Plan

The following description of the Memorial University of Newfoundland Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the *Memorial University Pensions Act*.

#### (a) General

The Plan is a contributory defined-benefit pension plan covering eligible employees of Memorial University of Newfoundland (the "University") in accordance with the *Memorial University Pensions Act*.

Where differences exist between the provisions of the *Memorial University Pensions Act* and the *Newfoundland Pensions Benefits Act, 1997* (the PBA), the minimum standards prescribed by the PBA will prevail unless the Plan provisions exceed these standards.

#### (b) Funding Policy

The Plan is subject to the funding provisions of section 35 of the PBA and section 12 of the PBA Regulations which require that the employer contribute an amount equal to the normal actuarial cost allocated to the employer in the most recent actuarial valuation. In addition, where the Plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the solvency deficiency within 5 years of the solvency valuation date. Likewise, going concern unfunded liabilities are required to be liquidated by the employer over a period not exceeding 15 years.

#### (c) Provincial Guarantee

The Plan is being underwritten by the Province of Newfoundland. Section 6 of the *Memorial University Pensions Act* states:

*All pensions, payments, and refunds and all expenses of the administration of this Act are a charge upon and payable out of the fund and if at any time there is not sufficient money at the credit of the fund for those purposes as they fall due for payment the Minister of Finance shall pay into the fund an amount to cover the deficiency.*

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

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1. **Description of Plan** (cont'd.)

(d) **Service Pensions**

A service pension is available based on the number of years of service times two percent of the best five-year average pensionable salary. Pensions are indexed, from age 65, at the rate of 60% of the annual change in the Consumer Price Index, as measured by Statistics Canada, to a maximum annual increase of 1.2%.

(e) **Survivors' Pensions**

A survivor pension is paid to a surviving principal beneficiary or dependent child, as defined in the *Memorial University Pensions Act*, of a member who has a minimum of two years credited service.

(f) **Death Refunds**

A death refund is payable to the estate of a pensioner or survivor where such pensions have not been paid to the full extent of the individual's contributions plus interest. In a similar manner, a death refund is payable to the estate of a contributor where no survivor pension is paid.

(g) **Refunds**

Upon application and subject to locking-in provisions, a terminated employee may withdraw their contributions and accumulated interest.

(h) **Income Taxes**

The Plan is a Registered Pension Trust as defined in the *Income Tax Act* and is not subject to income taxes.

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

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### 2. Significant Accounting Policies

#### (a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### (b) Basis of Presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

#### (c) Investments

Investments are stated at fair value and transactions are recorded as of the trade date. In determining fair value, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments, at the beginning and end of each fiscal year, is reflected in the statement of changes in net assets available for benefits as current period increase/decrease in fair value of investments.

Fair value of investments is determined as follows:

Bonds, debentures and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair value is calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which, together with accrued interest income, approximates fair value given the short-term nature of these instruments.



# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

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### 2. Significant Accounting Policies (cont'd.)

#### (c) Investments (cont'd.)

Guaranteed investment certificates and term deposits maturing after a year are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality, and maturity.

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represents the Plan's proportionate share of underlying net assets at fair value determined using closing market prices.

#### (d) Gain on Sale of Investments

The realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

#### (e) Investment Income

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

#### (f) Foreign Currency Translation

The fair value of foreign currency denominated investments, included in the statement of net assets available for benefits, is translated into Canadian dollars at year-end rates of exchange. Gains and losses arising from translations are included in the current period increase/decrease in fair value of investments.

Foreign currency denominated transactions, as well as cost amounts included in note 3(b) to the financial statements, are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

### 3. Investments

- (a) The following table summarizes the fair value of investments as at March 31<sup>st</sup> by the earlier of contractual re-pricing or maturity dates, as well as average effective yields by class of investment.

	2007 \$					2006 \$			
	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years	No Specific Maturity	Total	Average Effective Yield (%)	Total	Average Effective Yield (%)
Cash and short-term investments	30,069					30,069	3.77	29,516	3.58
Canadian bonds and debentures	-	44,646	47,219	51,939	141,050	<u>284,854</u> 314,923	4.32	<u>261,441</u> 290,957	4.50
Canadian equities:									
Common stock						205,167		188,712	
Pooled funds						7,519		6,710	
Foreign equities:									
Common stock						130,276		113,475	
Pooled funds						<u>72,662</u>		<u>60,058</u>	
						<u>415,624</u>		<u>368,956</u>	
	<u>30,069</u>	<u>44,646</u>	<u>47,219</u>	<u>51,939</u>	<u>141,050</u>	<u>730,547</u>		<u>659,912</u>	

The average effective yield reflects the result obtained by dividing estimated annual income from a security (based on its coupon or interest rate) into its fair value as at March 31<sup>st</sup>.

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

### 3. Investments (cont'd.)

(b) The following table summarizes investments at cost:

	2007	2006
	\$	\$
Cash and short-term investments	<u>30,086</u>	<u>29,523</u>
Bonds and debentures:		
Federal	56,497	56,787
Provincial	31,992	29,944
Corporate	52,753	40,577
Pooled funds	<u>140,796</u>	<u>133,089</u>
	<u>282,038</u>	<u>260,397</u>
Canadian equities:		
Common stock	119,037	110,024
Pooled funds	<u>6,308</u>	<u>5,492</u>
	<u>125,345</u>	<u>115,516</u>
Foreign equities:		
Common stock	115,157	108,356
Pooled funds	<u>51,857</u>	<u>50,522</u>
	<u>167,014</u>	<u>158,878</u>
	<u>604,483</u>	<u>564,314</u>

(c) Realized losses arising from foreign currency translation amounted to \$4,026,504 for the year ended March 31, 2007 (2006 - \$6,800,489). For financial statement presentation purposes, these amounts have been netted against interest income.

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN**

**Notes to the Financial Statements**

**For the year ended March 31, 2007**  
 (in thousands of dollars)

**4. Obligations for Pension Benefits**

The present value of accrued pension benefits was determined using the projected benefit method pro-rated on service and the administrator's best estimate assumptions. Eckler Ltd., a firm of consulting actuaries, performed an actuarial valuation as at March 31, 2007.

The actuarial present value of benefits as at March 31, 2007 and the principal components of change in actuarial present value during the year were as follows:

	2007	2006
	\$	\$
Actuarial present value of accrued pension benefits at beginning of the year	727,194	695,144
Experience gains	(8,540)	(12,332)
Interest accrued on benefits	50,721	48,515
Benefits accrued	27,173	25,102
Benefits paid	<u>(32,377)</u>	<u>(29,235)</u>
Actuarial present value of accrued pension benefits at end of the year	<u>764,171</u>	<u>727,194</u>

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

**Discount Rate**

7% Pre- and Post-retirement

**Salary Escalation Rate**

4.5% per annum

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007

(in thousands of dollars)

### 4. Obligations for Pension Benefits (cont'd.)

The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends (consistent with assumptions underlying the valuation of the accrued pension benefits). The fair value is the underlying basis and incorporates an investment reserve calculated as the unamortized difference between expected and actual investment returns over a period of 3 years.

The actuarial asset values used in both the 2007 and 2006 valuations were as follows:

	2007	2006
	\$	\$
Net assets available for benefits	733,558	659,494
Fair value changes not reflected in actuarial value of net assets	<u>(27,280)</u>	<u>(23,644)</u>
Actuarial value of net assets available for benefits	<u>706,278</u>	<u>635,850</u>

### 5. Funding Policy

Pursuant to the *Memorial University Pensions Act*, employees are required to contribute to the Plan in accordance with the following schedule:

- 9.20% of pensionable earnings up to the Year's Basic Exemption (YBE) under the Canada Pension Plan;
- 7.40% of pensionable earnings above the YBE up to and including the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan;
- 9.20% of pensionable earnings above the YMPE.

The University is required to contribute an amount equal to the contributions paid by employees and any additional amounts required to be paid by an employer under the PBA. In addition to its matching contributions, the University deposited a special payment of \$6,859,000 into the Plan during the year. This was the second of a series of annual payments required to liquidate the unfunded liability identified in the March 31, 2005 actuarial valuation of the plan.

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements

For the year ended March 31, 2007  
(in thousands of dollars)

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### 5. Funding Policy (cont'd)

The most recent actuarial valuation for funding purposes was prepared by Eckler Ltd. as at March 31, 2007. This valuation revealed a going concern unfunded liability of \$57,893,000 as at March 31, 2007 based on current Plan provisions and PBA requirements. Of this amount, approximately \$53,747,000 relates to the past service costs of indexing, introduced under the Plan, effective July 1, 2004. A financing arrangement was implemented coincident with the introduction of indexing to liquidate this unfunded liability over a period of 40 years. At March 31, 2007, approximately 37.25 years are remaining in the amortization schedule. Due to the nature of the amortization method, which is based upon 1.2% of annual pensionable payroll, and the impact of valuation assumptions, it is not unexpected that the unamortized balance could increase during the first few years that the payment schedule is in place. The balance of the unfunded liability, namely, \$4,146,000 must be liquidated by the University in accordance with note 1(b).

In addition, Eckler Ltd. prepared a solvency valuation, at March 31, 2007 which disclosed a solvency deficiency of \$133,141,000 based upon PBA requirements. The Memorial University Pension Plan is exempt from the solvency funding provisions of the PBA for the period January 1, 2006 to December 31, 2010.

### 6. Contingencies

At March 31, 2007, 98 employees who had terminated their membership in the Plan, with employee contributions and accrued interest totaling \$302,469 had not indicated to the Department of Human Resources their intentions regarding the disposition of their pension. The financial statements have reflected this liability; however, should these employees be eligible to transfer their pensionable service, the actual liability to the Plan could increase to approximately twice this amount.

### 7. Financial Instruments

The fair value of investments is as described in note 2(c). The fair value of other financial assets and liabilities, being: contributions receivable (employees); accrued interest and dividends; due from Memorial University of Newfoundland; accounts payable and accrued expenses; and accrued pension refunds, approximates their carrying value due to the short-term nature of these instruments. The fair value of amounts due from pending trades and amounts payable from pending trades is represented by the fair value of the underlying securities.

# MEMORIAL UNIVERSITY OF NEWFOUNDLAND PENSION PLAN

## Notes to the Financial Statements


For the year ended March 31, 2007  
(in thousands of dollars)

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### 8. Comparative Figures

Certain amounts for 2006 have been reclassified to conform with the presentation adopted for 2007.

**Multi-Materials Stewardship Board**  
**Consolidated Financial Statements**  
March 31, 2007

Grant Thornton 



Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditors' Report

To the Directors of the  
**Multi-Materials Stewardship Board**

We have audited the consolidated statement of financial position of the **Multi-Materials Stewardship Board** at March 31, 2007, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2007, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland and Labrador  
May 28, 2007

Grant Thornton LLP  
Chartered Accountants

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## Multi-Materials Stewardship Board Consolidated Statement of Operations

Year Ended March 31

2007

2006

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Revenue		
Gross revenue from deposits	\$18,251,452	\$17,491,352
By-product revenue	2,427,746	2,231,464
Residential Backyard Composting Program	123,504	186,427
Household Hazardous Waste Program	67,701	56,092
Grant Revenue, Environment Canada	<u>25,000</u>	<u>55,000</u>
	20,895,403	20,020,335
Cost of sales (Note 8)	<u>16,709,861</u>	<u>15,841,715</u>
Gross margin	4,185,542	4,178,620
Miscellaneous income	<u>801,418</u>	<u>369,862</u>
Income before expenses	<u>4,986,960</u>	<u>4,548,482</u>
Expenses		
Administrative (Page 10)	2,324,130	2,294,574
Grant disbursements	<u>711,774</u>	<u>1,663,928</u>
	<u>3,035,904</u>	<u>3,958,502</u>
Excess of revenue over expenses	<u>\$ 1,951,056</u>	<u>\$ 589,980</u>

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See accompanying notes to the consolidated financial statements.

Grant Thornton 

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# Multi-Materials Stewardship Board Consolidated Statement of Changes in Net Assets

Year Ended March 31			2007	2006
	Invested in Capital Assets	Unrestricted Net Assets	Total	Total
Net assets, beginning of year	\$ 443,954	\$15,093,561	<b>\$15,537,515</b>	\$14,936,654
Adjustment for opening net assets of the Household Hazardous Waste Program	-	-	-	10,881
Excess of revenue over expenses	103,204	1,847,852	<b>1,951,056</b>	589,980
Investments in capital assets	<u>(285,293)</u>	<u>285,293</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 261,865</u>	<u>\$17,226,706</u>	<u><b>\$17,488,571</b></u>	<u>\$15,537,515</u>

See accompanying notes to the consolidated financial statements.

# Multi-Materials Stewardship Board Consolidated Statement of Financial Position

March 31

2007

2006

## Assets

### Current

Cash and cash equivalents	\$17,261,255	\$15,338,743
Receivables (Note 4)	2,270,575	2,242,042
Inventories	199,815	226,726
Prepays	<u>51,560</u>	<u>57,382</u>
	19,783,205	17,864,893
Long term investments	433,090	421,029
Note receivable	60,000	60,000
Property and equipment (Note 5)	<u>261,865</u>	<u>443,954</u>
	<u>\$20,538,160</u>	<u>\$18,789,876</u>

## Liabilities

### Current


Payables and accruals	\$ 706,006	\$ 709,755
Grants payable	423,692	563,809
Unearned revenue (Note 3(i))	<u>1,486,801</u>	<u>1,557,768</u>
	2,616,499	2,831,332
Performance bonds payable	<u>433,090</u>	<u>421,029</u>
	<u>3,049,589</u>	<u>3,252,361</u>

## Net Assets

Net assets invested in capital assets	261,865	443,954
Unrestricted net assets	<u>17,226,706</u>	<u>15,093,561</u>
	<u>17,488,571</u>	<u>15,537,515</u>
	<u>\$20,538,160</u>	<u>\$18,789,876</u>

Commitments (Note 7)

On behalf of the Board



Chairperson



Director

See accompanying notes to the consolidated financial statements.

Grant Thornton 

# Multi-Materials Stewardship Board

## Consolidated Statement of Cash Flows

Year Ended March 31

2007

2006

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenue over expenses	\$ 1,951,056	\$ 589,980
Depreciation	103,346	117,625
Gain on disposal of equipment	<u>(206,550)</u>	<u>-</u>
	1,847,852	707,605
Change in non-cash operating working capital (Note 6)	<u>(210,633)</u>	<u>55,353</u>
	<u>1,637,219</u>	<u>762,958</u>
<b>Financing</b>		
Increase in performance bonds payable	12,061	15,364
Adjustment for opening net assets of the Household Hazardous Waste Program	<u>-</u>	<u>10,881</u>
	<u>12,061</u>	<u>26,245</u>
<b>Investing</b>		
Increase in long term investments	(12,061)	(12,383)
Purchase of property and equipment	(40,708)	(205,405)
Proceeds on disposal of equipment	326,001	-
Increase in note receivable	<u>-</u>	<u>(60,000)</u>
	<u>273,232</u>	<u>(277,788)</u>
Net increase in cash and cash equivalents	1,922,512	511,415
Cash and cash equivalents		
Beginning of year	<u>15,338,743</u>	<u>14,827,328</u>
End of year	<u>\$17,261,255</u>	<u>\$15,338,743</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2007

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### 1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

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### 2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board - Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Effective April 1, 2006, the accounts of the Household Hazardous Waste Program were combined with the accounts of the Newfoundland and Labrador Waste Management Trust Fund. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of May 28, 2007.

The accounts of the Residential Backyard Composting Program have also been grouped in these financial statements for consolidated purposes. Separate audited financial statements have also been issued for this Program with an audit report date of May 28, 2007.

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### 3. Summary of significant accounting policies

#### (a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) property and equipment are recorded at cost, net of proceeds on disposal;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of property and equipment and gains (losses) on disposal are included in the net assets invested in capital assets account.

#### (b) Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2007

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### 3. Summary of significant accounting policies (cont'd.)

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

#### (d) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Revenue from the sale of compost bins is recognized when the bins are sold by the depots or to municipalities.

Revenue from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Miscellaneous income (including interest income) is recognized as earned.

#### (e) Inventories

Inventories are valued at the lower of cost and net realizable value.

#### (f) Long term investments

Investments in guaranteed investment certificates are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

#### (g) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Office furniture and equipment	20%, declining balance
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

#### (h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2007

### 3. Summary of significant accounting policies (cont'd.)

#### (i) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2006 – 68%).

4. Receivables	2007	2006
Deposits	\$ 1,825,470	\$ 2,038,740
Trade and other	<u>445,105</u>	<u>203,302</u>
	<u>\$ 2,270,575</u>	<u>\$ 2,242,042</u>

5. Property and equipment		2007	2006
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
			<u>Net Book Value</u>
Office furniture and equipment	\$ 102,766	\$ 51,573	\$ 51,193
Tire equipment	-	-	-
Computer hardware	243,231	179,507	63,724
Computer software	204,440	138,765	65,675
Bags and tubs	263,758	187,939	75,819
Vehicle	<u>24,093</u>	<u>18,639</u>	<u>5,454</u>
	<u>\$ 838,288</u>	<u>576,423</u>	<u>\$ 261,865</u>
			<u>\$ 443,954</u>

6. Supplemental cash flow information	2007	2006
Change in non-cash operating working capital		
Receivables	\$ (28,533)	\$ (569,549)
Inventories	26,911	(156,371)
Prepays	5,822	(2,250)
Payables and accruals	(3,749)	269,924
Grants payable	(140,117)	389,159
Unearned revenue	<u>(70,967)</u>	<u>124,440</u>
	<u>\$ (210,633)</u>	<u>\$ 55,353</u>



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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2007

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### 7. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next five years as follows: 2008 - \$127,913; 2009 - \$126,995; 2010 - \$126,995; 2011 - \$126,533; and 2012 - \$125,229.

The Board has entered into an agreement for processing and transportation of beverage containers to March, 2009. The Board has also entered into an agreement for the collection and transportation of used tires in the Province of Newfoundland and Labrador to February, 2010.

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### 8. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. Included in the cost of sales is \$1,354,148 (2006 - \$587,485) of interim contingency costs. The costs will be incurred until the Board is able to make alternate arrangements with another contractor under the Used Tire Recycling Program.

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### 9. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ materially from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

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### 10. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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## Multi-Materials Stewardship Board Consolidated Schedule of Administrative Expenses

Year Ended March 31	2007	2006
Advertising	\$ 181,211	\$ 152,412
Depreciation	103,346	117,625
Directors' remuneration	20,399	22,425
Dues, licenses and education	13,193	13,326
Equipment rental	12,559	5,976
Insurance	15,449	12,030
Interest and bank charges	10,162	10,960
Marketing and communications	530,669	674,618
Meetings and entertainment	6,085	3,300
Miscellaneous	17,247	7,446
Professional fees	163,250	110,994
Rent	86,419	81,829
Repairs and maintenance	913	-
Recaps supplies	49,374	35,586
Stationery and office supplies	25,945	31,856
Telecommunications	23,075	22,124
Travel – board and staff	98,033	82,583
Vehicle operating	20,088	20,158
Wages and benefits	946,713	889,326
	<u>\$ 2,324,130</u>	<u>\$ 2,294,574</u>



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**MUNICIPAL ASSESSMENT  
AGENCY INC.**

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**FINANCIAL STATEMENTS**  
Year ended March 31, 2007

# **JOHN F. MORGAN**

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*Chartered Accountant  
Suite 901, TD Place, 140 Water Street  
St. John's, NF A1C 6H6  
Office: (709) 576-6776  
Fax: (709) 576-6777*

## **AUDITORS' REPORT**

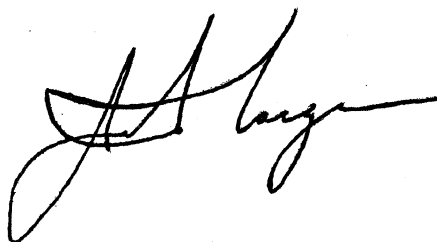
To the Shareholder of  
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2007, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2007, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland  
May 29, 2007



CHARTERED ACCOUNTANT

# MUNICIPAL ASSESSMENT AGENCY INC.

## BALANCE SHEET

AS AT MARCH 31, 2007

	2007	2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$1,483,234	\$1,250,788
Accounts receivable (note 2)	194,904	170,084
Current portion of long term receivables (note 3)	37,987	-
Prepaid expenses	56,629	44,528
	1,772,754	1,465,400
Long term receivables (note 3)	25,876	-
Severance reserve fund (note 4)	755,694	692,947
Capital assets (note 5)	322,387	351,443
	\$2,876,711	\$2,509,790

## LIABILITIES AND SHAREHOLDER'S EQUITY

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 144,518	\$ 201,899
Accrued vacation pay (note 6)	189,168	157,656
Current portion of deferred contributions – capital (note 7)	27,951	27,951
	361,637	387,506
Accrued severance pay (note 6)	755,694	692,947
Deferred contributions - capital (note 7)	-	27,951
	1,117,331	1,108,404

## SHAREHOLDER'S EQUITY

Capital		
Authorized and issued		
1 Common share	1	1
Equity from operations	1,759,379	1,401,385
	1,759,380	1,401,386
	\$2,876,711	\$2,509,790

Commitments and contingencies (note 6 and note 8)

On behalf of the board:

Fred Best

- 391 -

[Signature]

# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
<b>REVENUES:</b>		
Assessment services	\$4,709,272	\$4,601,468
Valuation revenue	12,430	9,880
Interest revenue	87,957	44,249
	<u>4,809,659</u>	<u>4,655,597</u>
<b>EXPENSES:</b>		
Salaries	2,698,369	2,487,991
Benefits	554,621	536,341
Travel	310,627	281,558
Information technology	194,396	202,122
Premises and equipment lease	179,329	179,590
Postage and courier	105,857	130,651
Professional fees	82,431	59,499
Telephone	71,406	73,360
Printing	53,145	45,893
Office supplies	39,047	36,843
Advertising and public relations	27,091	20,786
Insurance	14,613	12,312
Payroll processing	4,519	4,289
Bank charges	2,428	2,296
	<u>4,337,879</u>	<u>4,073,531</u>
Excess of revenues over expenses before the following	471,780	582,066
Provision for severance and vacation pay (note 6)	94,260	55,254
Amortization of deferred contributions - capital (note 7)	(27,951)	(22,362)
Amortization of capital assets	118,615	111,370
Bad debt expense (recovery)	(71,138)	(19,826)
Excess of revenues over expenses	<u>357,994</u>	<u>457,630</u>
Equity from operations, beginning of year	1,401,385	943,755
<b>Equity from operations, end of year</b>	<u>\$1,759,379</u>	<u>\$1,401,385</u>

See Accompanying Notes to Financial Statements

# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
Operating activities:		
Excess of revenues over expenses	\$ 357,994	\$ 457,630
Items not affecting cash:		
Amortization of capital assets	118,615	111,370
Amortization of deferred contributions	(27,951)	(22,362)
Increase in long-term receivable	(36,568)	3,626
Increase in severance pay accrual	62,747	22,130
Increase in vacation pay accrual	31,512	8,158
Net change in non-cash working capital balance	(121,596)	91,379
Cash provided by operating activities	384,753	671,931
Investing activities:		
Purchase of capital assets	(89,560)	(121,558)
Increase in cash position	295,193	550,373
Cash position, beginning of year	1,943,735	1,393,362
Cash position, end of year	\$2,238,928	\$1,943,735
Cash is represented by:		
Operating cash	\$1,483,234	\$1,250,788
Severance reserve fund	755,694	692,947
	\$2,238,928	\$1,943,735

See Accompanying Notes to Financial Statements



# MUNICIPAL ASSESSMENT AGENCY INC.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

### 1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results.

The more significant accounting policies of the Corporation are as follows:

#### (a) Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%

In 1998 and 1999 the Agency received funds from the Government that were used to purchase furniture and equipment, computer hardware and software and integrated assessment system. During the year the Agency changed its method of amortizing these capital assets to a straight line method in order to reflect the remaining economic value of these assets.

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

# MUNICIPAL ASSESSMENT AGENCY INC.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### 1. Summary of significant accounting policies (continued):

#### (b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

#### (c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

#### (d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

#### (e) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

**2. Accounts receivable:**

	2007	2006
Trade receivables	\$ 170,982	\$ 278,148
Accrued interest	8,034	6,058
HST recoverable	48,011	39,340
Employee receivable	2,968	2,755
Allowance for doubtful accounts	(35,091)	(156,217)
	\$ 194,904	\$ 170,084

**3. Long term receivables:**

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

**4. Severance reserve fund:**

The Agency has internally restricted funds for the accrued severance pay liability, these funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

**5. Capital assets:**

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 449,902	\$ 305,335	\$ 144,567	\$ 153,697
Furniture and equipment	219,037	116,281	102,756	86,201
Integrated assessment system	1,101,632	1,032,495	69,137	111,545
Land	5,927	-	5,927	-
	\$1,776,498	\$1,454,111	\$ 322,387	\$ 351,443

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### 6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of \$160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

<b>Severance pay</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
Opening balance	\$ 692,947	\$ 670,817
Current year expense	62,747	47,097
Usage	<u>-</u>	<u>(24,967)</u>
Closing balance	<u>\$ 755,694</u>	<u>\$ 692,947</u>
<b>Vacation pay</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
Opening balance	\$ 157,656	\$ 149,498
Current year expense	<u>31,513</u>	<u>8,158</u>
Closing balance	<u>\$ 189,169</u>	<u>\$ 157,656</u>

### 7. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	<u><b>2007</b></u>	<u><b>2006</b></u>
Opening balance	\$ 55,902	\$ 78,264
Capital contribution recognized	<u>27,951</u>	<u>22,362</u>
Closing balance	<u>\$ 27,951</u>	<u>\$ 55,902</u>

# MUNICIPAL ASSESSMENT AGENCY INC.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### 8. Commitment

The Board of Directors has given its approval to purchase the building currently occupied by the Agency's headquarters in St. John's and to construct a building in Gander for use as office space. As at March 31, 2007 the associated costs and extent of commitments were not finalized.

### 9. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.