Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities (A - M)

FOR THE YEAR ENDED
31 MARCH 2013

Newfoundland Labrador

Province of Newfoundland and Labrador

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

For The Year Ended 31 March 2013

PRINTED UNDER AUTHORITY OF THE HOUSE OF ASSEMBLY

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. This report includes board-signed financial statements of crown corporations, boards and authorities for their most recent fiscal year end up to March 31, 2013. In certain instances, the financial statements for their prior fiscal year end are included due to timing of obtaining board signatures. Financial statements older than two previous fiscal year ends are excluded from this report.

Information on the financial position and results of operations of the Province for the 2012-13 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 are also available on the Government's website at: http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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This report includes the most recent fiscal year financial statements (current or one prior year), up to March 31, 2012, those have been received prior to the publication date. All earlier fiscal year statements have been excluded from this report. The financial statements of the following agencies were not received in time for the inclusion in this report:

Burin Peninsula Health Care Foundation Inc. (2013)

Business Investment Corporation (2013)

C.A. Pippy Park Commission (2013)

C.A. Pippy Park Golf Course Limited (2013)

Discovery Health Care Foundation Inc. (2013)

Dr. H. Bliss Murphy Cancer Care Foundation (2012 & 2013)

Eastern Education Foundation Inc. (2012)

Egg Farmers of Newfoundland and Labrador (2012)

Health Care Foundation of St. John's Inc. (2012 & 2013)

Heritage Foundation of Newfoundland and Labrador (2013)

House of Assembly (2012 & 2013)

Janeway Children's Hospital Foundation (2013)

Labrador School Board Trust Fund (2012)

Labrador-Grenfell Regional Health Authority (2013)

Marble Mountain Development Corporation (2013)

Newfoundland and Labrador Arts Council (2013)

Newfoundland and Labrador Farm Products (2012 & 2013)

Newfoundland and Labrador Film Development Corporation (2012)

Newfoundland and Labrador Government Sinking Fund (2013)

Newfoundland and Labrador Housing Corporation (2013)

Newfoundland and Labrador Immigrant Investor Fund Limited (2013)

Newfoundland and Labrador Industrial Development Corporation (2013)

Newfoundland and Labrador Legal Aid Commission (2012 & 2013)

Newfoundland and Labrador Municipal Financing Corporation (2013)

Newfoundland and Labrador Sports Centre Inc. (2013)

Newfoundland Hardwoods Limited (2013)

Newfoundland Government Fund (2012 & 2013)

Newfoundland International Student Education Program Inc. (2012 & 2013)

Newfoundland Ocean Enterprises Limited (2013)

Newvest Realty Corporation (2012)

Office of the High Sheriff of Newfoundland and Labrador (2013)

Office of the Public Trustee (2013)

Private Training Corporation Train Out Fund (2012)

Province of Newfoundland and Labrador Pooled Pension Fund (2012)

Provincial Advisory Council On The Status Of Women – Newfoundland and Labrador (2013)

Public Health Laboratory (2013)

Registrar of the Supreme Court – Supreme Court Fund (2013)

The Rooms Corporation of Newfoundland and Labrador (2013)

Trinity-Conception-Placentia Health Foundation Inc. (2013)

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

FINANCIAL STATEMENTS

MARCH 31, 2013

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Commissioners of Public Utilities

We have audited the accompanying financial statements of the Board of Commissioners of Public Utilities, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, accumulated surplus and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Commissioners of Public Utilities as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Noseworthy Chapman
Chartered Accountants
St. John's, Newfoundland & Labrador
May 31, 2013

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
March 31, 2013

	March 31, 2013	March 31, 2012	April 1, 2011
FINANCIAL ASSETS			
Cash	**$1,683,223**	$ 941,173	$1,372,945
Receivables (Note 5)	**195,958**	160,375	154,154
Government remittances receivable (Note 6)	**132,941**	175,471	28,106
Recoverable costs (Note 3 & 7)	**1,142,413**	1,563,318	557,047
Designated pension funds (Note 8)	**27,308**	18,399	-
	3,181,843	2,858,736	2,112,252
LIABILITIES			
Payables and accruals	**$ 711,658**	$ 494,917	$ 124,198
Government remittances payable	**1,168**	1,631	695
Payroll accruals	**885,822**	954,545	843,658
Designated pension funds (Note 8)	**-**	-	204,813
	1,598,648	1,451,093	1,173,364
NET FINANCIAL ASSETS	**1,583,195**	1,407,643	938,888
NON-FINANCIAL ASSETS			
Capital assets (Note 9)	**61,644**	112,078	103,698
Prepaid expenses	**8,350**	10,785	14,771
	69,994	122,863	118,469
ACCUMULATED SURPLUS	**$1,653,189**	$1,530,506	$1,057,357
Accumulated surplus is comprised of:			
Invested in capital assets	**61,644**	112,078	103,698
Invested in designated pension funds	**27,308**	18,399	(204,813)
Internally restricted (Note 12)	**1,409,554**	1,381,792	1,320,049
Unrestricted	**154,683**	18,237	(161,577)
	$1,653,189	$1,530,506	$1,057,357

Commitments (Note 13)

On Behalf of the Board:

____________________ Chairperson and CEO

____________________ Vice Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2013

	Budget (Note15) (Unaudited)	2013	2012
Revenues			
Regulatory assessments	$2,556,852	**$2,556,860**	$2,602,565
Interest and other income	7,500	**13,647**	9,656
Pension fund earnings, net of expenses (Note 8)	-	**(3,294)**	(1,703)
	2,564,352	**2,567,213**	2,610,518
Expenditures			
Amortization	-	**60,522**	51,849
Consulting fees	379,300	**339,300**	224,505
Office equipment, supplies and services	86,084	**65,479**	73,697
Pension obligations estimation adjustment (Note 8)	-	**(12,204)**	(224,915)
Rent and insurance (Note 13)	224,750	**224,862**	249,551
Salaries and associated costs	1,709,382	**1,687,530**	1,645,064
Telecommunications	31,800	**28,705**	33,353
Training and membership	70,315	**20,741**	27,301
Travel	62,721	**26,930**	51,082
Write down of capital assets	-	**2,665**	5,882
	2,564,352	**2,444,530**	2,137,369
Excess of revenues over expenditures	$ -	**$ 122,683**	$ 473,149

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Assets
Year Ended March 31, 2013

	Budget 2013 (Unaudited)	2013	2012
Annual surplus	$ -	**$ 122,683**	$ 473,149
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	**(12,753)**	(66,111)
Amortization of tangible capital assets	-	**60,522**	51,849
Write down of capital assets	-	**2,665**	5,882
	-	**50,434**	(8,380)
Changes in other non-financial assets			
Net acquisition of prepaid expenses	-	**2,435**	3,986
	-	**2,435**	3,986
(Increase) decrease in net assets	-	**175,552**	468,755
Net assets, beginning of year	1,407,643	**1,407,643**	938,888
Net assets, end of year	$1,407,643	**$1,583,195**	$1,407,643

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2013

	2013	2012
Operating transactions		
Cash receipts from assessments and other revenues	**$ 2,541,470**	$ 2,463,852
Cash paid to suppliers and employees	**(2,198,663)**	(1,600,029)
Cash provided by operating transactions	**342,807**	863,823
Hearing and review transactions		
Decrease (increase) in recoverable costs	**420,905**	(1,006,271)
Cash provided by (used in) hearing and review transactions	**420,905**	(1,006,271)
Capital transactions		
Purchase of capital assets	**(12,753)**	(67,372)
Proceeds on sale of capital assets	**-**	1,260
Cash used in capital transactions	**(12,753)**	(66,112)
Investing transactions		
Increase in designated pension funds	**(8,909)**	(223,212)
Cash used in investing transactions	**(8,909)**	(223,212)
Increase (decrease) in cash during year	**742,050**	(431,772)
Cash position as at beginning of year	**941,173**	1,372,945
Cash position as at end of year	**$ 1,683,223**	$ 941,173

1. General

The Board of Commissioners of Public Utilities (the "Board") 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) establishing 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. Conversion to Public Sector Accounting Standards

Commencing with the 2013 fiscal year, the Board has adopted Canadian public sector accounting ("CPSA") standards. These financial statements are the first financial statements for which the Board has applied CPSA standards. The change over became effective on April 1, 2012 with retroactive application to April 1, 2011.

The impact of the conversion to Canadian public sector accounting standards on the accumulated surplus at the beginning of the fiscal 2012 fiscal year, the date on transition, and the comparative annual surplus is presented in the Statement of Change in Accumulated Operating Surplus. These accounting changes have been applied retroactively with restatement of prior periods except for the accounting standards contained in PS 2601 and PS 3450 as these standards specifically prohibit retroactive application. The following changes have been implemented to comply with PSA:

2. Conversion to Public Sector Accounting Standards (cont'd)

a) Statement of Financial Position

		Previously Stated April 1, 2011	Adjustment April 1, 2011	Restated April 1, 2011
FINANCIAL ASSETS				
Current				
Cash		$1,372,945	$ -	$1,372,945
Receivables	(i)	194,479	(40,325)	154,154
Government remittances receivable	(i)	-	28,106	28,106
Recoverable costs		557,047	-	557,047
Designated pension funds		-	-	-
		2,124,471	(12,219)	2,112,252
LIABILITIES				
Current				
Payables and accruals	(i)	$ 136,417	$ (12,219)	$ 124,198
Government remittances payable		695	-	695
Payroll accruals	(ii)	534,268	309,390	843,658
Designated pension funds		204,813	-	204,813
		876,193	297,171	1,173,364
Net financial assets		1,248,278	309,390	938,888
NON-FINANCIAL ASSETS				
Capital assets		103,698	-	103,698
Prepaid expenses		14,771	-	14,771
		118,469	-	118,469
ACCUMULATED SURPLUS		$1,366,747	$ 309,390	$1,057,357
Accumulated surplus is comprised of:				
Invested in capital assets		$ 103,698	$ -	$ 103,698
Invested in designated pension funds		(204,813)	-	(204,813)
Internally restricted		1,320,049	-	1,320,049
Unrestricted		147,813	(309,390)	(161,577)
		$1,366,747	$ -	$1,057,357

i) Certain comparative figures have been reclassified to conform to the financial statement classifications adopted in 2013.

ii) Under CPSA standards, a liability and an expense are recognized for compensated absences that accumulate in the period in which employees render services. As a result, a liability was calculated for non-vesting sick leave benefits at the date of transition and an adjustment to decrease the liability by $58,667 (2012 – increase of $16,953) (2011 – increase of $309,390) was made to retroactively apply the standard.

2. Conversion to Public Sector Accounting Standards (cont'd)

b) Statement of Operations

		Previously Stated March 31, 2012	Adjustment March 31, 2012	Restated March 31,2012
Revenues				
Regulatory assessments		$2,602,565	$ -	$2,602,565
Interest and other income		9,656	-	9,656
Pension fund earnings, net of expenses		(1,703)	-	(1,703)
		2,610,518	-	2,610,518
Expenditures				
Amortization		51,849	-	51,849
Consulting fees		224,505	-	224,505
Office equipment, supplies and services		73,697	-	73,697
Pension obligations estimation adjustment		(224,915)	-	(224,915)
Rent and insurance		249,551	-	249,551
Salaries and associated costs	(ii)	1,628,111	16,953	1,645,064
Telecommunications		33,353	-	33,353
Training and membership		27,301	-	27,301
Travel		51,082	-	51,082
Write down of capital assets		5,882	-	5,882
		2,120,416	16,953	2,137,369
Excess of revenues over expenditures		$ 490,102	$ 16,953	$ 473,149

c) Accumulated operating surplus

	2013	2012
Accumulated operating surplus beginning of year, as originally reported	$1,856,849	$ 1,366,747
Adjustments to accumulated operating surplus:		
Accrued sick pay	326,343	309,390
Accumulated operating surplus beginning of year, as restated	1,530,506	1,057,357
Annual operating surplus for the year, as originally reported	122,683	490,102
Adjustments to annual operating surplus for the year:		
Salaries and associated costs	-	(16,953)
Annual operating surplus for the year, as restated	122,683	473,149
Accumulated operating surplus – end of year	$1,653,189	$1,530,506

3. Summary of significant accounting policies

a) Basis of accounting

These financial statements are prepared by management in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board.

b) Conversion to Public Sector Accounting Standards

Commencing with the 2013 fiscal year, the Board has adopted Canadian public sector accounting ("PSA") standards as issued by the Public Sector Accounting Board. These financial statements are the first financial statements for which the Board has applied PSA standards.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is provided in Note 2.

c) 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 expenditures of the Board.

d) Capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization 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

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

e) Prepaid expenses

Prepaid expenses include amounts paid in advance for membership fees, insurance and workers compensation and are charged to expense over the periods expected to benefit from it.

f) Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

3. Summary of significant accounting policies (cont'd)

g) Revenues

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

h) Expenses

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

i) 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.

j) Sick pay

The cost of non-vesting sick leave benefits are determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

k) Financial instruments

The Board has classified its cash as held-for-trading and measures it at fair value. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

l) Designated pension funds

The Board maintains a defined benefit pension plan for one former commissioner. The Board accrues its obligation under employee benefit plans, net of plan assets. The cost of the Board's defined benefit pension plan is actuarially determined using the accumulated benefit method. The actuarial assumptions are a rate of return of 4.70% per annum using the UP94 mortality table projected to 2020 with scale AA.

m) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. Financial instruments

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Fair Value

The Board's carrying value of cash, receivables, recoverable costs, payables and accruals, and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

5. Receivables

	2013	2012
Revenues receivable	$ 192,664	$ 155,264
Accrued interest receivable	1,315	1,552
Other receivables	1,979	3,559
	$ 195,958	$ 160,375

6. Due from government and other government organizations

	2013	2012
HST rebate receivable from federal government	$ 170,931	$ 180,771
HST payable to federal government	(37,990)	(5,300)
	$ 132,941	$ 175,471

7. Recoverable costs

	2013	2012
Recoverable costs, beginning of year	$1,563,318	$ 557,047
Add – specific enquiry costs incurred during the year:		
Consulting fees	556,915	1,330,806
Consumer Advocate	860,976	692,538
Legal	114,950	198,364
Transcription and printing	14,671	8,293
Advertising and notice	26,350	5,955
Other	2,069	270,131
	1,575,931	2,506,087
	3,139,249	3,063,134
Less – costs recovered during the year	(1,996,836)	(1,499,816)
Recoverable costs, end of year	$1,142,413	$ 1,563,318

8. Designated pension funds and pension asset (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 one former commissioner (2012 – 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 this pensioner and are recorded at market value.

	2013	2012
Balance on deposit, beginning of year	**$ 39,499**	$ 69,487
Add – earnings net of expenses	**(3,294)**	(1,703)
	36,205	67,784
Deduct – benefit payments	**8,897**	28,285
Balance on deposit, end of year	**27,308**	39,499
Related pension obligation	**-**	(21,100)
	$ 27,308	$ 18,399

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated April 13, 2010. A pension obligations estimation adjustment of $12,204 (2012 - $224,915) is included in expenses in the fiscal year.

During the year, the last remaining pensioner passed away. The wind up of this plan will occur in fiscal 2014.

In addition, other commissioners and employees for whom no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year of $118,469 (2012 - $118,627) is included in salaries and associated costs.

9. Capital assets

2013

	Furniture and equipment	Computer hardware and software	Leasehold improvements	**Total**
Cost				
Opening balance	$246,886	$212,472	$190,047	**$649,405**
Additions	3,876	8,408	468	**12,752**
Disposals	13,869	1,781	-	**15,650**
Closing balance	236,893	219,099	190,515	**646,507**
Accumulated amortization				
Opening balance	213,308	162,361	161,657	**537,326**
Amortization	7,026	24,657	28,858	**60,541**
Disposals	11,541	1,463	-	**13,004**
Closing balance	208,793	185,555	190,515	**584,863**
Net book value	$28,100	$ 33,544	$ -	**$ 61,644**

2012

	Furniture and equipment	Computer hardware and software	Leasehold improvements	Total
Cost				
Opening balance	$263,327	$206,210	$136,528	$606,065
Additions	4,591	9,261	53,519	67,371
Disposals	21,032	2,999	-	24,031
Closing balance	246,886	212,472	190,047	649,405
Accumulated amortization				
Opening balance	219,058	150,024	133,285	502,367
Amortization	8,396	15,082	28,371	51,849
Disposals	14,144	2,745	-	16,889
Closing balance	213,310	162,361	161,656	537,327
Net book value	$ 33,576	$ 50,111	$ 28,391	$112,078

10. 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%. As at March 31, 2013, the balance outstanding was $Nil.

11. Non-vested sick-leave payouts

Prior to a change in government policy, several employees were allowed to accumulate unused sick day credits. As of March 31, 2013, there are four employees who have an accumulated sick-leave payout balance. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

12. 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, 2013 are as follows:

	2013	2012
Lease commitments	**$ 223,300**	$ 223,300
Payroll contingency	**66,341**	80,276
Redundancy pay contingency	**693,092**	643,414
Working capital	**426,821**	434,802
	$1,409,554	$1,381,792

13. Commitments

The Board has a premises lease agreement in the amount of $18,608 per month ($223,296 per annum), concluding May 31, 2018.

The Board entered into a contract for telecommunications subsequent to year end. The annual expenditure is $14,400, concluding in 2014.

14. Comparative figures

Certain comparative figures have been restated to conform to current year's presentation.

15. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2012

Management's Report

Management's Responsibility for the C.A. Pippy Park Commission Consolidated Financial Statements

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

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

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

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

The Auditor General conducts an independent audit of the annual consolidated financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the C.A. Pippy Park Commission.

On behalf of the C.A. Pippy Park Commission.

Ric Mercer

Mr. Ric Mercer
Executive Director

21 December 2012

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

AUDITOR'S REPORT

To the Chairperson and Members
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the C.A. Pippy Park Commission which comprise the consolidated statement of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the years ended 31 March 2012 and 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Report (cont.)

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

Opinion

In my opinion the consolidated financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Commission as at 31 March 2012, 31 March 2011 and 1 April 2010 and its financial performance and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

21 December 2012
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at

	31 March 2012	31 March 2011	1 April 2010
		Restated (Note 2)	Restated (Note 2)
FINANCIAL ASSETS			
Cash	$ 304,617	$ 279,134	$ 213,662
Accounts receivable (Note 5)	25,308	61,613	45,564
Inventories held for resale	30,063	20,333	17,012
	359,988	361,080	276,238
LIABILITIES			
Accounts payable and accrued liabilities	123,537	204,916	189,402
Deferred revenue (Note 6)	78,909	61,823	134,259
Obligations under capital leases (Note 7)	184,895	111,050	141,554
Employee future benefits (Note 8)	266,376	254,795	225,832
Advance from Province of Newfoundland and Labrador (Note 9)	250,000	250,000	250,000
	903,717	882,584	941,047
Net debt	(543,729)	(521,504)	(664,809)
NON-FINANCIAL ASSETS			
Prepaid expenses	17,785	17,483	19,032
Inventories held for use	15,347	12,177	11,154
Tangible capital assets (Note 10)	9,515,620	9,628,220	9,685,737
	9,548,752	9,657,880	9,715,923
Accumulated surplus	$ 9,005,023	$ 9,136,376	$ 9,051,114

Contingent liabilities (Note 11)
Operating lease obligations (Note 16)

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

Signed on behalf of the Board: ______________ **Chairperson** ______________ **Member**

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 19)		Restated (Note 2)
REVENUES			
Province of Newfoundland and Labrador			
Operating grant	$ 598,000	$ 598,000	$ 558,000
Golf Course (Note 13)	1,028,562	975,786	890,895
Trailer Park (Note 14)	545,000	538,406	511,611
Services	227,000	238,138	236,463
Rental	69,000	63,686	69,235
Advertising	17,000	15,110	16,664
Miscellaneous	-	9,220	25,731
Interest	-	4,128	3,054
	2,484,562	2,442,474	2,311,653
EXPENSES (Note 15)			
Golf course	1,017,277	897,181	921,854
Trailer park	595,588	565,136	574,012
General park	292,500	278,527	273,934
Administration and other	737,700	850,253	832,341
	2,643,065	2,591,097	2,602,141
Annual deficit from operations	(158,503)	(148,623)	(290,488)
Other revenues			
Property sales	-	17,270	375,750
Annual surplus (deficit)	(158,503)	(131,353)	85,262
Accumulated surplus, beginning of year	9,136,376	9,136,376	9,051,114
Accumulated surplus, end of year	$ 8,977,873	$ 9,005,023	$ 9,136,376

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

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual
	(Note 19)		Restated (Note 2)
Annual surplus (deficit)	$ (158,503)	$ (131,353)	$ 85,262
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(183,133)	(227,686)
Loss on disposal of tangible capital assets	-	2,593	890
Amortization of tangible capital assets	-	293,140	284,313
	-	112,600	57,517
Changes in prepaid items			
Use of prepaid expenses	-	17,483	19,032
Acquisition of prepaid expenses	-	(17,785)	(17,483)
Net acquisition of inventories held for use	-	(3,170)	(1,023)
	-	(3,472)	526
(Increase) decrease in net debt	(158,503)	(22,225)	143,305
Net debt, beginning of year	(521,504)	(521,504)	(664,809)
Net debt, end of year	$ (680,007)	$ (543,729)	$ (521,504)

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

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2012	2011
		Restated (Note 2)
Cash flows from operating activities		
Annual surplus (deficit)	$ **(131,353)**	$ 85,262
Adjustment for non-cash items		
Amortization	**293,140**	284,313
Bad debts	**4,390**	3,178
Loss on disposal of tangible capital assets	**2,593**	890
	168,770	373,643
Changes in non-cash working capital		
Accounts receivable	**31,915**	(19,227)
Inventories held for resale	**(9,730)**	(3,321)
Prepaid expenses	**(302)**	1,549
Inventories held for use	**(3,170)**	(1,023)
Accounts payable and accrued liabilities	**(81,379)**	15,514
Deferred revenue	**17,086**	(72,436)
Employee future benefits	**11,581**	28,963
Cash provided from operating transactions	**134,771**	323,662
Capital transactions		
Additions to tangible capital assets - purchased from operations	**(53,513)**	(203,861)
Additions to tangible capital assets - purchased under capital lease	**(129,620)**	(23,825)
Cash applied to capital transactions	**(183,133)**	(227,686)
Financing transactions		
Increase in capital lease obligations	**129,620**	23,825
Repayment of capital lease obligations	**(55,775)**	(54,329)
Cash provided from (applied to) financial transactions	**73,845**	(30,504)
Net increase in cash	**25,483**	65,472
Cash, beginning of year	**279,134**	213,662
Cash, end of year	$ **304,617**	$ 279,134

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

1. Nature of operations

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under the authority of the *Pippy Park Commission Act.* The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on 6 January 2006 under the *Corporations Act*. It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. Its purpose is to manage the Pippy Park Golf Course.

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

2. Conversion to Canadian public sector accounting standards

In accordance with recent recommendations of the Public Sector Accounting Board (PSAB), the Commission has determined that it is an Other Government Organization within the Government Reporting Entity. Accordingly, commencing with the 2012 fiscal year, the Commission has adopted Canadian public sector accounting (CPSA) standards. These consolidated financial statements are the first financial statements for which the Commission has applied CPSA standards. The Commission had previously been preparing its consolidated financial statements using Canadian generally accepted accounting principles (CGAAP). The changeover became effective on 1 April 2011 with retroactive applications to 1 April 2010.

In accordance with Section PS 2125, *First-time adoption by Government Organizations*, the Commission has prepared reconciliations to enable readers to understand the effects of the changeover on its consolidated financial position and consolidated comparative results.

2. Conversion to Public Sector Accounting Standards (cont.)

Consolidated statement of financial position reconciliation

The following table presents the reconciliation of the consolidated statement of financial position from the previous reporting framework to the current method of presentation as at 31 March 2011 and at the transition date 1 April 2010.

	Notes	CGAAP 31 March 2011	Adjustments	CPSA Standards 31 March 2011
Financial assets				
Cash		$ 279,134	$ -	$ 279,134
Accounts receivable		61,613	-	61,613
Inventories held for resale		20,333	-	20,333
		361,080	-	361,080
Liabilities				
Accounts payable and accrued liabilities		204,916	-	204,916
Deferred revenue		61,823	-	61,823
Obligations under capital lease	(a)	111,050	-	111,050
Employee future benefits	(b)	160,881	93,914	254,795
Advance from Province of Newfoundland and Labrador		250,000	-	250,000
		788,670	93,914	882,584
Net debt		(427,590)	(93,914)	(521,504)
Non-financial assets				
Prepaid expenses		17,483	-	17,483
Inventories held for use		12,177	-	12,177
Tangible capital assets	(c)	1,973,550	7,654,670	9,628,220
		2,003,210	7,654,670	9,657,880
Accumulated surplus		$ 1,575,620	$ 7,560,756	$ 9,136,376

2. Conversion to Public Sector Accounting Standards (cont.)

	Notes	CGAAP 1 April 2010	Adjustments	CPSA Standards 1 April 2010
Financial assets				
Cash		$ 213,662	$ -	$ 213,662
Accounts receivable		45,564	-	45,564
Inventories held for resale		17,012	-	17,012
		276,238	-	276,238
Liabilities				
Accounts payable and accrued liabilities		189,402	-	189,402
Deferred revenue		134,259	-	134,259
Obligations under capital lease	(a)	141,554	-	141,554
Employee future benefits	(b)	145,315	80,517	225,832
Advance from Province of Newfoundland and Labrador		250,000	-	250,000
		860,530	80,517	941,047
Net debt		(584,292)	(80,517)	(664,809)
Non-financial assets				
Prepaid expenses		19,032	-	19,032
Inventories held for use		11,154	-	11,154
Tangible capital assets	(c)	1,992,474	7,693,263	9,685,737
		2,022,660	7,693,263	9,715,923
Accumulated surplus		$ 1,438,368	$ 7,612,746	$ 9,051,114

2. Conversion to Public Sector Accounting Standards (cont.)

Consolidated statement of operations reconciliation

The following table presents the reconciliation of the consolidated statement of operations from the previous reporting framework to the current method of presentation for the year ended 31 March 2011.

	Notes	CGAAP 31 March 2011	Adjustments	CPSA Standards 31 March 2011
REVENUES				
Province of Newfoundland and Labrador operating grant		$ 558,000	$ -	$ 558,000
Golf course	(d)	682,006	208,889	890,895
Trailer park		511,611	-	511,611
Services		236,463	-	236,463
Clubhouse	(d)	208,889	(208,889)	-
Rental		69,235	-	69,235
Miscellaneous		25,731	-	25,731
Advertising		16,664	-	16,664
Interest		3,054	-	3,054
Gain on sale of capital assets		-	-	-
		2,311,653	-	2,311,653
EXPENSES				
Administration and other	(e)	-	832,341	832,341
Advertising and promotion	(e)	14,200	(14,200)	-
Amortization	(e)(c)	245,721	(245,721)	-
Bad debts	(e)	3,178	(3,178)	-
Bank charges	(e)	35,981	(35,981)	-
Building maintenance	(e)	93,163	(93,163)	-
Course maintenance	(e)	71,280	(71,280)	-
Donation	(e)	50	(50)	-
Equipment maintenance	(e)	75,105	(75,105)	-
Fuel	(e)	53,547	(53,547)	-
General park	(e)	-	273,934	273,934
Golf course	(e)	-	921,854	921,854
Heat, light and telephone	(e)	139,789	(139,789)	-
Honoraria	(e)	210	(210)	-
Insurance	(e)	59,712	(59,712)	-
Interest on capital lease obligations	(e)	10,476	(10,476)	-
Loss on disposal of capital asset	(e)	889	(889)	-

2. Conversion to Public Sector Accounting Standards (cont.)

Consolidated statement of operations reconciliation (cont.)

	Notes	CGAAP 31 March 2011	Adjustments	CPSA Standards 31 March 2011
EXPENSES (cont.)				
Miscellaneous	(e)	14,584	(14,584)	-
Office	(e)	11,861	(11,861)	-
Professional fees	(e)	27,067	(27,067)	-
Salaries and employee benefits	(e)(b)	1,647,861	(1,647,861)	-
Supplies	(e)	42,308	(42,308)	-
Trailer park	(e)	-	574,012	574,012
Training	(e)	600	(600)	-
Travel	(e)	2,569	(2,569)	-
		2,550,151	51,990	2,602,141
Excess of (expenses over revenues)		$ (238,498)	$ (51,990)	$ (290,488)

(a) Under CPSA Standards, the long-term and short-term distinction is not required. Therefore, the short-term and long-term balances of the obligations under capital lease have been combined.

(b) Under CGAAP, no provision was required for non-vested severance or accumulating non-vesting sick leave benefits. Under CPSA Standards, the Commission is required to recognize a liability and an expense for post employment benefits and compensated absences in the period in which employees render services. Accordingly, an adjustment was made to retroactively apply the standard.

(c) Under CGAAP, contributions from government that were designated for the acquisition of tangible capital assets were applied towards the initial cost of the tangible capital assets with any remaining balance being amortized over the useful life of the related tangible capital asset. Under CPSA Standards, contributions designated for the acquisition of tangible capital assets cannot be applied towards the cost of the related tangible capital asset. Therefore, retroactive adjustments were made to recognize the contributions from government related to tangible capital asset acquisitions as revenue when the related tangible capital assets were acquired and to record amortization expense related to the tangible capital assets. This resulted in tangible capital assets having a net book value of $7,654,670 (1 April 2010 - $7,693,263) being recorded as at 31 March 2011 and amortization expense of $38,592 being recorded for the year ended 31 March 2011.

2. Conversion to Public Sector Accounting Standards (cont.)

Consolidated statement of operations reconciliation (cont.)

(d) Certain comparative figures have been reclassified to conform to the financial statement classifications adopted in 2012.

(e) Under CPSA Standards, the Commission is required to report its expenses by function or major program on the consolidated statement of operations. Therefore, certain expenses had to be reclassified on a retroactive basis.

3. Changes in accounting standards: early adoption of released CICA Public Sector Accounting Handbook sections

The Commission elected to early adopt the following CICA Public Sector Accounting Handbook sections at the transition date.

(a) Section PS 3410 Revised, *Government Transfers*

Section PS 3410, *Government Transfers*, was amended by the Canadian Public Sector Accounting Board (PSAB) in December 2010. The main changes pertain to recognition criteria for government transfers, affecting how the Commission accounts for such transfers. These amendments are effective for fiscal years beginning on or after 1 April 2012 but earlier adoption is encouraged. The Commission decided to early adopt the section for the year ending 31 March 2012. This accounting change had no significant impact on the Commission's consolidated financial statements.

(b) Sections: PS 3450 *Financial Instruments*; PS 2601 *Foreign Currency Translation*; and PS 1201 *Financial Statement Presentation;* and PS 3041 *Portfolio Investments*

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601, *Foreign Currency Translation* to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201, *Financial Statement Presentation* to replace current Section PS 1200, *Financial Statement Presentation*. Government organizations are required to adopt the three sections in the same year. In addition, in March 2012, the PSAB approved Section PS 3041, *Portfolio Investments*, to replace Section PS 3040, *Portfolio Investments*. The four sections are effective 1 April 2012 for government organizations but earlier adoption is permitted.

The Commission decided to early adopt these sections for the year ending 31 March 2012. The adoption of sections PS 3450, PS 2601, PS 1201, and PS 3041 had no significant impact on the Commission's consolidated financial statements.

4. Summary of significant accounting policies

(a) Basis of accounting

These consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the PSAB. The Commission does not prepare a statement of re-measurement gains and losses as the Commission does not enter into relevant transactions or circumstances that are being addressed by the statement.

The consolidated financial statements include the assets, liabilities and accumulated surplus of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Tangible capital assets

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

(i) The cost, less residual value, of the tangible capital assets, is amortized using the declining balance method over the expected useful lives as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital lease	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

(ii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(iii) Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations and accumulated surplus.

4. Summary of significant accounting policies (cont.)

(c) Deferred revenue

Certain amounts are received pursuant to agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the services are performed or when stipulations are met.

(d) Inventories held for resale

Inventories held for resale including confectionary and golf supplies are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(e) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

(f) Employee future benefits

(i) Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service and accordingly a liability has been recorded for these employees. For employees with less than nine years of continuous service, the Commission has made a provision in the accounts for the payment of severance which is based upon the Commission's best estimate of the probability of having to pay severance to the employees and current salary levels. The amount is payable when the employee ceases employment with the Commission unless the employee transfers to another entity in the public service in which case the liability is transferred with the employee to the other entity.

(ii) The Commission staff represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Public Service Pension Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best five years of earnings.

Commission staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. The Canadian Commercial Workers' Industry Pension Plan is a defined contribution plan. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Pension Plan.

Contributions of the Commission to the plans are recorded as an expense for the year.

4. Summary of significant accounting policies (cont.)

(f) Employee future benefits (cont.)

(iii) The Commission has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Commission's best estimate of the probability of the employees utilizing the benefits and current salary levels. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Commission.

(g) Revenues

Revenues are recorded on an accrual basis in the period in which the transactions or events which give rise to the revenues occurred. When the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical, revenues are recorded as received.

The Commission recognizes the receipt of government transfers as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Commission.

(h) Expenses

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

(i) Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

5. Accounts receivable

	31 March 2012	31 March 2011	1 April 2010
Trade	$ 22,134	$ 40,728	$ 52,790
Harmonized sales tax	9,289	22,610	5,202
	31,423	63,338	57,992
Less: allowance for doubtful accounts	(6,115)	(1,725)	(12,428)
Net accounts receivable	$ 25,308	$ 61,613	$ 45,564

6. Deferred revenue

	31 March 2012	31 March 2011	1 April 2010
Golf course	$ 51,948	$ 39,822	$ 55,111
Clubhouse	13,656	20,748	13,616
Rental	7,023	1,253	2,508
Trailer park	6,282	-	7,105
Property sales	-	-	54,165
Advertising	-	-	1,754
	$ 78,909	$ 61,823	$ 134,259

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2012 golf season. Clubhouse deferred revenue relates to deposits received on salon rentals for future periods. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge for future periods. Trailer park deferred revenue relates to deposits received on reservations.

7. Obligations under capital leases

The Commission has acquired property for golf course operations, general park and administration through capital leases.

	31 March 2012	31 March 2011	1 April 2010
Obligations under capital leases	**$ 184,895**	$ 111,050	$ 141,554

Future minimum lease payments under capital leases are:

2013	$ 93,771
2014	50,242
2015	37,805
2016	31,081
	212,899
Less: interest portion of payments	28,004
	$ 184,895

The capital leases are secured by equipment having a net book value of $171,212.

8. Employee future benefits

(i) The Commission provides accumulating non-vesting sick leave benefits to its employees. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Corporation. A liability in the amount of $70,944 (2011 - $69,077, 2010 - $62,392) has been recorded.

(ii) The Commission's staff, represented by the Newfoundland and Labrador Association of Public and Private Employees, are entitled to severance pay. Entitlement to severance pay vests after nine years of continuous service. A liability in the amount of $165,432 (2011 - $160,881, 2010 - $145,315) has been recorded for employees whose severance pay entitlement has vested. A liability in the amount of $30,000 (2011 - $24,837, 2010 - $18,125) has been recorded for those employees with less than nine years of continual service, based upon the Commission's best estimate of having to pay severance to the employees and current salary levels.

8. Employee future benefits (cont.)

(iii) The Commission's staff, represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2011 - 8.6%). The Commission's contributions equal the employee contributions to the plan. The Commission is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Commission at 31 March 2012 was $60,378 (2011 - $57,054).

The Commission's staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Pension Plan. The contribution rate for eligible employees was $0.35 per hour worked. The Commission's share of these pension contributions for 2012 was $7,070 (2011 - $7,861).

9. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

10. Tangible capital assets

Original cost

	Balance 31 March 2011	Additions	Disposal	Balance 31 March 2012
Park				
Land	$ 5,429,850	$ -	$ -	$ 5,429,850
Furniture and equipment	312,803	3,179	8,000	307,982
Vehicles	122,842	-	71,168	51,674
Equipment under capital leases	108,023	-	-	108,023
Buildings	1,538,482	151,123	-	1,689,605
Park improvements	1,771,258	20,300	-	1,791,558
Assets under construction	139,621	-	139,621	-
Golf course				
Land	1,809,696	-	-	1,809,696
Golf course improvements	1,346,311	-	-	1,346,311
Buildings	517,469	13,000	-	530,469
Equipment under capital leases	94,148	129,620	-	223,768
Furniture and equipment	337,837	5,532	-	343,369
	$ 13,528,340	$ 322,754	$ 218,789	$ 13,632,305

10. Tangible capital assets (cont.)

Accumulated amortization

	Balance 31 March 2011	Amortization	Accumulated amortization on disposals	Balance 31 March 2012	Net book value 31 March 2012	Net book value 31 March 2011	Net book value 31 March 2010
Park							
Land	$ -	$ -	$ -	$ -	**$ 5,429,850**	$ 5,429,850	$ 5,429,850
Furniture and equipment	269,251	14,225	7,883	275,593	**32,389**	43,552	22,694
Vehicles	119,676	207	68,692	51,191	**483**	3,166	3,304
Equipment under capital leases	75,765	9,677	-	85,442	**22,581**	32,258	42,446
Buildings	1,271,009	34,304	-	1,305,313	**384,292**	267,473	286,217
Park improvements	1,017,343	74,751	-	1,092,094	**699,464**	753,915	757,437
Assets under construction	-	-	-	-	**-**	139,621	65,517
Golf course							
Land	-	-	-	-	**1,809,696**	1,809,696	1,809,696
Golf course improvements	615,762	73,055	-	688,817	**657,494**	730,549	811,721
Buildings	227,419	29,655	-	257,074	**273,395**	290,050	327,701
Equipment under capital leases	39,214	35,923	-	75,137	**148,631**	54,934	62,809
Furniture and equipment	264,681	21,343	-	286,024	**57,345**	73,156	66,345
	$ 3,900,120	**$ 293,140**	**$ 76,575**	**$ 4,116,685**	**$ 9,515,620**	**$ 9,628,220**	**$ 9,685,737**

10. Tangible capital assets (cont.)

(a) Tangible capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property and value of land

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Environment and Conservation, for the Crown.

11. Contingent liabilities

In 1997, a Statement of Claim was served on the Commission in dispute of conveyance of property situated at Nagle's Place. The property, within the boundary of Pippy Park, was purchased in 1997 by the Department of Works, Services and Transportation (now the Department of Transportation and Works). After the owners passed away, there was a dispute over share of the estate between the remaining children. The status of the issue between the parties is unclear, even though this issue was dropped from the trial list by consent of the parties some time ago. This matter has not been formally closed and action had been initiated to formally discontinue this matter during the 2008 calendar year.

12. Related party transactions

(a) During the year, the Commission received an operating grant of \$598,000 (2011 - \$558,000) from the Province.

(b) Services and rental revenue include revenues from the Province in the amount of \$193,974 (2011 - \$198,934) as a result of ongoing contracts.

13. Golf Course revenue

Course operations

	2012 Budget	2012 Actual	2011 Actual
Green fees	$ 653,255	$ 581,177	$ 547,137
Rentals	145,807	144,816	126,789
	799,062	725,993	673,926
Proshop sales	28,000	20,457	28,022
Less: cost of goods sold	19,000	8,939	19,942
	9,000	11,518	8,080
Course operations	808,062	737,511	682,006
Clubhouse operations			
Salon rentals	50,500	51,039	45,538
Catering commissions	55,000	60,540	54,539
	105,500	111,579	100,077
Salon sales	188,000	208,164	184,507
Less: cost of goods sold	73,000	81,468	75,695
	115,000	126,696	108,812
Clubhouse operations	220,500	238,275	208,889
	$ 1,028,562	$ 975,786	$ 890,895

14. Trailer park revenue

	2012 Budget	2012 Actual	2011 Actual
Registration fees	$ 534,000	$ 527,539	$ 501,182
Mini golf	11,000	3,420	5,948
	545,000	530,959	507,130
Sales	-	26,223	30,048
Less: cost of goods sold	-	18,776	25,567
	-	7,447	4,481
	$ 545,000	$ 538,406	$ 511,611

15. Expenses by object

The following is a summary of expenses by object:

	2012 Budget	2012 Actual	2011 Actual
Advertising and promotion	$ 16,300	$ 12,731	$ 14,200
Amortization	235,000	293,140	284,313
Bad debts	-	4,390	3,178
Bank charges	42,000	39,448	35,981
Building maintenance	95,000	89,925	93,163
Course maintenance	70,000	47,644	71,280
Donation	-	-	50
Equipment maintenance	54,950	67,514	75,105
Fuel	67,000	72,012	53,547
Heat, light and telephone	154,500	137,955	139,789
Honoraria	7,500	630	210
Insurance	60,200	63,411	59,712
Interest on capital lease obligations	7,315	13,761	10,476
Loss on disposal of tangible capital assets	-	2,593	890
Miscellaneous	16,000	8,642	14,584
Office	13,500	12,941	11,861
Professional fees	39,000	28,814	27,067
Salaries and employee benefits	1,713,000	1,652,819	1,661,258
Supplies	44,800	40,014	42,308
Training	3,000	692	600
Travel	4,000	2,021	2,569
	$ 2,643,065	$ 2,591,097	$ 2,602,141

16. Operating lease obligations

The Commission has operating lease obligations totalling $12,874.

Future payments under these operating leases are:

2013	$ 5,722
2014	5,722
2015	1,430
	12,874
Less: interest portion of payments	874
	$ 12,000

17. Financial instruments

The Commission's financial instruments recognized on the consolidated statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities, employee future benefits, and obligations under capital leases. The carrying values of the Commission's financial instruments approximates their fair value. Obligations under capital leases are carried at amortized cost and is not subject to interest rate risk as the amount of interest charged on these obligations is fixed.

Risk management

The Commission recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. A risk currently managed by the Commission is liquidity risk.

Liquidity risk

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

18. Comparative figures

Certain comparative figures as at 31 March 2011 and 1 April 2010 and the year ended 31 March 2011 have been reclassified to conform to current year's presentation.

19. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Board of Directors of the Commission.

20. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

C.A. PIPPY PARK GOLF COURSE LIMITED

FINANCIAL STATEMENTS

31 MARCH 2012

Management's Report

Management's Responsibility for the C.A. Pippy Park Golf Course Limited Financial Statements

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

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

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

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

The Auditor General conducts an independent audit of the annual financial statements of the Board in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the C.A. Pippy Park Golf Course Limited.

On behalf of the C.A. Pippy Park Golf Course Limited.

Ric Mercer

Mr. Ric Mercer
Executive Director

31 October 2012

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

AUDITOR'S REPORT

To the Chairperson and Members
C.A. Pippy Park Golf Course Limited
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the C.A. Pippy Park Golf Course Limited which comprise the statement of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, the statements of operations and accumulated surplus, change in net debt, and cash flows for the years ended 31 March 2012 and 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Report (cont.)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Golf Course Limited as at 31 March 2012, 31 March 2011 and 1 April 2010, and its financial performance and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

31 October 2012
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF FINANCIAL POSITION

As at	31 March 2012	31 March 2011	1 April 2010
		Restated (Note 2)	Restated (Note 2)
FINANCIAL ASSETS			
Cash	$ 124,393	$ 106,415	$ 156,631
Accounts receivable (Note 5)	15,474	24,622	27,215
Inventories held for resale	29,601	19,955	16,581
	169,468	150,992	200,427
LIABILITIES			
Accounts payable and accrued liabilities (Note 6)	75,085	109,738	75,734
Deferred revenue (Note 7)	65,604	60,570	70,481
Obligations under capital leases (Note 8)	146,957	54,401	67,403
Employee future benefits (Note 9)	43,741	38,494	36,070
	331,387	263,203	249,688
Net debt	(161,919)	(112,211)	(49,261)
NON-FINANCIAL ASSETS			
Prepaid expenses	1,500	1,379	3,460
Tangible capital assets (Note 10)	222,819	131,764	131,351
	224,319	133,143	134,811
Accumulated surplus	$ 62,400	$ 20,932	$ 85,550

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

Signed on behalf of the Board: ______________ **Chairperson** ______________ **Member**

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended 31 March

		2012 Budget		2012 Actual		2011 Actual
		(Note 16)				Restated (Note 2)
REVENUE						
Golf course (Note 11)	$	808,062	$	737,511	$	682,006
Clubhouse (Note 12)		220,500		238,275		208,889
Advertising		17,000		15,110		16,664
Miscellaneous		-		13,225		15,265
Interest		-		927		650
		1,045,562		1,005,048		923,474
EXPENSES						
Advertising and promotion		8,000		4,350		6,676
Amortization		45,000		57,096		43,892
Bank charges		19,000		17,795		16,658
Building maintenance		45,000		47,087		42,602
Course maintenance		70,000		47,644		71,280
Equipment maintenance		29,950		33,952		36,577
Fuel		32,000		40,111		27,058
Heat, light and telephone		49,500		46,333		45,178
Insurance		22,000		22,883		21,711
Interest on capital lease obligations		4,027		10,535		6,041
Loss on disposal of assets		-		-		889
Miscellaneous		4,000		1,150		5,238
Office		3,500		4,237		3,641
Professional fees		20,000		12,341		12,619
Salaries and employee benefits		654,000		606,950		637,678
Supplies		9,800		10,053		9,134
Travel		1,500		1,063		1,220
		1,017,277		963,580		988,092
Annual surplus (deficit)		28,285		41,468		(64,618)
Accumulated surplus, beginning of year		20,932		20,932		85,550
Accumulated surplus, end of year	$	49,217	$	62,400	$	20,932

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

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended 31 March

	2012 Budget	2012 Actual	2011 Actual Restated (Note 2)
Annual surplus (deficit)	$ 28,285	$ 41,468	$ (64,618)
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(148,151)	(45,194)
Loss on disposal of tangible capital assets	-	-	889
Amortization of tangible capital assets	45,000	57,096	43,892
	45,000	(91,055)	(413)
Changes in prepaid expenses			
Use of prepaid expenses	-	1,379	3,460
Acquisition of prepaid expenses	-	(1,500)	(1,379)
	-	(121)	2,081
(Increase) decrease in net debt	73,285	(49,708)	(62,950)
Net debt, beginning of year	(112,211)	(112,211)	(49,261)
Net debt, end of year	$ (38,926)	$ (161,919)	$ (112,211)

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

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2012	2011
		Restated (Note 2)
Cash flows from operating activities		
Annual surplus (deficit)	$ 41,468	$ (64,618)
Adjustment for non-cash items		
Amortization	57,096	43,892
Loss on disposal of assets	-	889
	98,564	(19,837)
Changes in non-cash operating items		
Accounts receivable	9,148	2,593
Inventories held for resale	(9,646)	(3,374)
Prepaid expenses	(121)	2,081
Accounts payable and accrued liabilities	(34,653)	34,004
Deferred revenue	5,034	(9,911)
Employee future benefits	5,247	2,424
Cash provided from operating transactions	73,573	7,980
Capital transactions		
Acquisition of tangible capital assets	(148,151)	(45,194)
Cash applied to capital transactions	(148,151)	(45,194)
Financing transactions		
Acquisition of capital leases	129,620	23,825
Repayment of obligations under capital leases	(37,064)	(36,827)
Cash provided from (applied to) financial transactions	92,556	(13,002)
Increase (decrease) in cash	17,978	(50,216)
Cash, beginning of year	106,415	156,631
Cash, end of year	$ 124,393	$ 106,415

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

1. Nature of operations

The C.A. Pippy Park Golf Course Limited (the Corporation) was incorporated on 6 January 2006 under the *Corporations Act*. It is a wholly owned subsidiary of the C.A. Pippy Park Commission (the Commission), incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. The purpose of the Corporation is to manage the Pippy Park Golf Course on behalf of the Commission. The Pippy Park Golf Course is comprised of the 9 hole Captain's Hill Course, the 18 hole Admiral's Green Course and the Admiral's Green Clubhouse. The Corporation has authorized share capital of 100 common shares of no par value and has issued one common share which is held by the C.A. Pippy Park Commission.

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

2. Conversion to Canadian Public Sector Accounting Standards

In accordance with recent recommendations of the Public Sector Accounting Board (PSAB), the Corporation has determined that it is an Other Government Organization within the Government Reporting Entity. Accordingly, commencing with the 2012 fiscal year, the Corporation has adopted Canadian public sector accounting (CPSA) standards. These financial statements are the first financial statements for which the Corporation has applied CPSA standards. The Corporation had previously been preparing its financial statements using Canadian generally accepted accounting principles (CGAAP). The changeover became effective on 1 April 2011 with retroactive application to 1 April 2010.

As a result of the conversion to CPSA standards, there has been a decrease in the accumulated surplus at the date of transition, in the amount of $11,463, as well as a corresponding increase to employee future benefits. The annual deficit for the year ended 31 March 2011 changed from ($63,344) to ($64,618), a difference of ($1,274). These differences represent the accumulating non-vesting sick leave benefit of the Corporation. Previously, a provision for accumulating non-vesting sick leave was not required. Under CPSA standards, this provision is required, and has to be included in the statement of financial position with a corresponding expense in the statement of operations and accumulated surplus. With the exception of the treatment of the accumulating non-vesting sick leave benefit, the conversion primarily affected the presentation of the financial statements.

3. Changes in accounting standards: early adoption of released CICA Public Sector Accounting Handbook sections

The Corporation elected to early adopt the following CICA Public Sector Accounting Handbook sections at the transition date.

3. Changes in accounting standards: early adoption of released CICA Public Sector Accounting Handbook sections (cont.)

(a) Section PS 3410 Revised, *Government Transfers*

Section PS 3410, *Government Transfers*, was amended by the Canadian Public Sector Accounting Board (PSAB) in December 2010. The main changes pertain to recognition criteria for government transfers, affecting how the Corporation accounts for such transfers. These amendments are effective for fiscal years beginning on or after 1 April 2012 but earlier adoption is encouraged. The Corporation decided to early adopt this section for the year ending 31 March 2012. This accounting change had no significant impact on the Corporation's financial statements.

(b) Sections: PS 3450 *Financial Instruments*; PS 2601 *Foreign Currency Translation*; and PS 1201 *Financial Statement Presentation*

In March 2011, the PSAB approved new Section PS 3450, *Financial Instruments*, Section PS 2601, *Foreign Currency Translation*, to replace current Section PS 2600, *Foreign Currency Translation* and Section PS 1201, *Financial Statement Presentation*, to replace current Section PS 1200, *Financial Statement Presentation*. The three sections are effective for fiscal years beginning on or after 1 April 2012 for government organizations but earlier adoption is permitted. Government organizations are required to adopt the three sections in the same year. The Corporation decided to early adopt these sections for the year ending 31 March 2012. This accounting change had no significant impact on the Corporation's financial statements.

4. Summary of significant accounting policies

(a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the PSAB. The Corporation does not prepare a statement of re-measurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Tangible capital assets

All tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

4. Summary of significant accounting policies (cont.)

(b) Tangible capital assets (cont.)

The cost, less residual value, of the tangible capital assets, is amortized using the declining balance method over the expected useful lives as follows:

Golf course improvements	10%
Building improvements	10%
Course maintenance equipment	30%
Golf carts	30%
Equipment	30%
Office equipment	30%
Proshop rental equipment	30%
Golf carts under capital lease	30%
Course maintenance equipment under capital lease	30%
Office equipment under capital lease	30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

(c) Deferred revenue

Certain amounts are received pursuant to agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the services are performed or when stipulations are met.

(d) Inventories held for resale

Inventories held for resale including confectionary and golf supplies are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(e) Prepaid expenses

Prepaid expenses are charged to the expense over the periods expected to benefit from it.

4. Summary of significant accounting policies (cont.)

(f) Employee future benefits

(i) Severance pay for entitled employees is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service, and accordingly a liability has been recorded for these employees. All employees entitled to severance pay have had the severance pay entitlement vested, therefore no liability or provision has been recorded for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service in which case the liability is transferred with the employee to the other entity.

(ii) The Corporation's staff, represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Public Service Pension Plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best five years of earnings.

Corporation staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Corporation and then remitted to the Canadian Commercial Workers' Industry Pension Plan.

Contributions of the Corporation to the plans are recorded as an expense for the year.

(iii) The Corporation has made a provision in the accounts for the payment of accumulating non-vesting sick leave benefits for employees which is based upon the Corporation's best estimate of the probability of the employees utilizing the benefits and current salary levels. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Corporation.

(g) Revenues

Revenues are recorded on an accrual basis in the period in which the transactions or events which give rise to the revenues occurred. When the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical, revenues are recorded as received.

4. Summary of significant accounting policies (cont.)

(h) Expenses

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

(i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

5. Accounts receivable

	31 March 2012	31 March 2011	1 April 2010
Trade	$ 11,727	$ 21,676	$ 22,479
Harmonized sales tax	5,472	4,671	4,463
Due from C.A. Pippy Park Commission	-	-	1,998
	17,199	26,347	28,940
Less: provision for doubtful accounts	(1,725)	(1,725)	(1,725)
	$ 15,474	$ 24,622	$ 27,215

6. Accounts payable and accrued liabilities

	31 March 2012	31 March 2011	1 April 2010
Due to C.A. Pippy Park Commission	$ 32,617	$ 30,685	$ 848
Trade payables and accrued liabilities	42,468	79,053	74,886
	$ 75,085	$ 109,738	$ 75,734

7. Deferred revenue

	31 March 2012	31 March 2011	1 April 2010
Golf course	$ 51,948	$ 39,822	$ 55,111
Clubhouse	13,656	20,748	13,616
Advertising	-	-	1,754
	$ 65,604	$ 60,570	$ 70,481

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2012 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods.

8. Obligations under capital leases

The Corporation has acquired equipment for golf course and clubhouse operations through capital leases.

	31 March 2012	31 March 2011	1 April 2010
Obligations under capital leases	$ 146,957	$ 54,401	$ 67,403

Future minimum lease payments under capital leases are:

2013	$ 54,858
2014	49,367
2015	37,805
2016	31,081
	173,111
Less: interest portion of payments	26,154
	$ 146,957

The capital leases are secured by equipment having a net book value of $147,048.

9. **Employee future benefits**

(i) The Corporation provides accumulating non-vesting sick leave benefits to its employees. The accumulating non-vesting sick leave benefits cease upon termination of employment with the Corporation. A liability in the amount of $13,319 (2011 - $12,737, 2010 - $11,463) has been recorded.

(ii) The Corporation's staff, represented by the Newfoundland and Labrador Association of Public and Private Employees, are entitled to severance pay. Entitlement to severance pay vests after nine years of continuous service. All employees entitled to severance pay have had their severance pay entitlement vested and a liability in the amount of $30,422 (2011 - $25,757, 2010 - $24,607) has been recorded.

(iii) The Corporation's staff, represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act, 1991*. The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2011 - 8.6%). The Corporation's contributions equal the employee contributions to the plan. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Corporation at 31 March 2012 was $5,201 (2011 - $5,552).

Corporation staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Corporation and then remitted to the Canadian Commercial Workers' Industry Pension Plan. The contribution rate for eligible employees was $0.35 per hour worked. The Corporation's share of these pension contributions for 2012 was $7,070 (2011 - $7,861).

10. Tangible capital assets

Original cost

	Balance 31 March 2011	Additions	Balance 31 March 2012
Golf course improvements	$ 8,784	$ -	$ 8,784
Building improvements	5,000	13,000	18,000
Computer maintenance equipment	103,021	-	103,021
Golf carts	139,809	-	139,809
Equipment	16,325	-	16,325
Office equipment	11,619	-	11,619
Proshop rental equipment	14,913	5,531	20,444
Golf carts under capital lease	37,200	43,020	80,220
Course maintenance equipment under capital lease	23,825	86,600	110,425
Office equipment under capital lease	17,289	-	17,289
	$ 377,785	$ 148,151	$ 525,936

Accumulated amortization

	Balance 31 March 2011	Amortization	Balance 31 March 2012	Net book value 31 March 2012	Net book value 31 March 2011	Net book value 1 April 2010
Golf course improvements	$ 2,639	$ 615	$ 3,254	**$ 5,530**	$ 6,145	$ 6,828
Building improvements	1,537	997	2,534	**15,466**	3,463	3,847
Course maintenance equipment	78,496	7,357	85,853	**17,168**	24,525	20,707
Golf carts	110,567	7,339	117,906	**21,903**	29,242	20,120
Equipment	9,670	1,996	11,666	**4,659**	6,655	5,319
Office equipment	9,025	778	9,803	**1,816**	2,594	3,563
Propshop rental equipment	8,445	2,770	11,215	**9,229**	6,468	8,158
Golf carts under capital lease	15,066	13,093	28,159	**52,061**	22,134	47,605
Course maintenance equipment under capital lease	3,574	19,065	22,639	**87,786**	20,251	508
Office equipment under capital lease	7,002	3,086	10,088	**7,201**	10,287	14,696
	$ 246,021	$ 57,096	$ 303,117	**$ 222,819**	$ 131,764	$ 131,351

11. Golf course revenue

	2012 Budget	2012 Actual	2011 Actual
Green fees	$ 653,255	$ 581,177	$ 547,137
Rentals	145,807	144,816	126,789
	799,062	725,993	673,926
Proshop sales	28,000	20,457	28,022
Less: cost of goods sold	19,000	8,939	19,942
	9,000	11,518	8,080
	$ 808,062	$ 737,511	$ 682,006

12. Clubhouse revenue

	2012 Budget	2012 Actual	2011 Actual
Salon rentals	$ 50,500	$ 51,039	$ 45,538
Catering commissions	55,000	60,540	54,539
	105,500	111,579	100,077
Salon sales	188,000	208,164	184,507
Less: cost of goods sold	73,000	81,468	75,695
	115,000	126,696	108,812
	$ 220,500	$ 238,275	$ 208,889

13. Related party transactions

Administrative and other services for the Corporation are provided by the Commission at a cost of $66,400 (2011 - $66,238).

The land, buildings and certain other equipment used by the Corporation are owned by the Commission and, for 2012, use was provided at no cost.

14. Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities, employee future benefits, and obligations under capital leases. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and employee future benefits approximate current fair value due to their nature and the short term maturity associated with them. Obligations under capital leases are carried at amortized cost and are not subject to interest rate risk as the amount of interest charged on these obligations is fixed.

Risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. A risk currently managed by the Corporation is liquidity risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will unable to meet its contractual obligations and financial liabilities. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its obligation and liabilities.

15. Comparative figures

Certain comparative figures as at 31 March 2011 and 1 April 2010 and the year ended 31 March 2011 have been reclassified to conform to current year's presentation.

16. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Corporation.

17. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.

CENTRAL REGIONAL HEALTH AUTHORITY

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2013

Walters Hoffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Central Regional Health Authority** which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Central Regional Health Authority** as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting board standards.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 18, 2013

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Financial Position

March 31, 2013

	2013	2012
Financial Assets		
Cash (Note 2)	$ 5,751,378	7,797,035
Receivables (Note 3)	29,638,965	15,092,833
Residents' trust funds held on deposit	938,808	812,861
Cash restricted for security deposits	35,355	33,319
Investments restricted for general endowment purposes (Note 4)	693,882	629,865
Replacement reserve funding (Note 10)	154,029	157,541
	$ 37,212,417	24,523,454
Liabilities		
Payables and accruals (Note 5)	$ 26,932,915	24,288,234
Employee future benefits		
Accrued vacation	13,354,679	13,380,578
Accrued sick (Note 6)	15,933,637	15,762,419
Accrued severance (Note 6)	26,777,716	25,034,229
Deferred grants (Note 7)	29,212,218	24,802,611
Long-term debt (Note 8)	14,777,214	16,268,669
Obligations under capital lease (Note 9)	343,537	558,500
Trust funds payable	938,808	812,861
Security deposits liability	35,355	33,319
Replacement reserves (Note 10)	154,029	157,541
J.M. Olds scholarship and library funds	82,602	83,177
	128,542,710	121,182,138
Net Financial Assets (Debt)	(91,330,293)	(96,658,684)
Non-Financial Assets		
Capital assets (Note 11)	57,961,039	58,802,588
Deposit on capital assets	94,015	-
Inventories (Note 12)	2,246,855	2,724,641
Prepaids (Note 13)	7,751,052	6,232,694
	68,052,961	67,759,923
Accumulated surplus/ (deficit)	$(23,277,332)	(28,898,761)

Commitments (Note 15)
Contingencies (Note 16)

See accompanying notes

Approved:

_____________ **Trustee**

Tom O'Reilly **Trustee**

Walters Hoffe
CHARTERED ACCOUNTANTS

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Provincial plan operating	$ 293,714,240	293,676,494	290,149,010
Provincial capital grants	-	5,505,736	7,014,366
Other capital contributions	-	260,878	312,644
MCP	15,838,700	16,364,436	16,974,151
Patient-resident services	12,697,300	13,780,373	12,557,642
CMHC mortgage interest subsidy (Note 14)	60,000	56,805	56,805
Capital project funding	4,884,797	5,596,699	5,863,251
Recoveries	7,972,000	9,975,774	9,990,783
Cottage operations	1,533,534	1,350,642	2,479,707
Foundations	892,225	1,101,196	812,969
Other revenue	1,644,167	2,988,115	3,258,796
	339,236,963	350,657,148	349,470,124
Expenditure:			
Administration	32,289,508	31,016,160	32,690,316
Community and social services	81,966,457	79,794,484	80,376,525
Support services	64,152,979	64,598,185	64,415,927
Nursing inpatient services - acute	45,300,625	45,867,966	47,203,347
- long-term care	30,864,631	31,170,170	31,555,228
Ambulatory care services	19,771,379	19,066,796	20,292,716
Diagnostic and therapeutic services	40,809,459	41,168,715	40,366,824
Medical services	20,334,672	20,840,404	20,500,214
Education services	1,321,494	995,970	996,720
Cottage operations, including amortization of $476,277 (2012 - $449,056)	1,426,597	1,526,989	1,940,577
Foundations, including amortization of $4,778 (2012 - $5,029)	1,083,550	992,675	762,824
	339,321,351	337,038,514	341,101,218
Surplus (Deficit) - shareable	$(84,388)	13,618,634	8,368,906
Non-shareable items:			
Gain on disposal of capital assets		6,812	-
Amortization of capital assets		(6,115,680)	(6,209,271)
Accrued vacation pay - (increase) decrease		26,368	(881,279)
Accrued severance pay - (increase) decrease		(1,743,487)	(793,473)
Accrued sick pay - (increase) decrease		(171,218)	(97,787)
		(7,997,205)	(7,981,810)
Surplus (Deficit) - shareable and non-shareable		5,621,429	387,096
Accumulated Surplus(Deficit):			
Beginning of year		(28,898,761)	(29,204,163)
Repayment of contributed surplus to CMHC		-	(81,694)
End of year		$(23,277,332)	(28,898,761)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013

	2013	2012
Net Debt - beginning of year	**$(96,658,684)**	(96,740,848)
Surplus (Deficit)	**5,621,429**	387,096
Repayment of contributed surplus	**-**	(81,694)
	5,621,429	305,402
Changes in capital assets		
Acquisition of capital assets	**(5,766,614)**	(7,327,011)
Amortization of capital assets	**6,596,735**	6,663,355
Net book value of capital asset disposals	**-**	373,490
Gain on disposal of capital assets	**(6,812)**	-
Proceeds on disposal of capital assets	**18,240**	-
Deposits on capital assets	**(94,015)**	-
Decrease (Increase) in net book value of capital assets	**747,534**	(290,166)
Changes in non-financial assets		
Reduction in inventories	**477,786**	61,247
Reduction (increase) in prepaids	**(1,518,358)**	5,681
Decrease (Increase) in non-financial assets	**(1,040,572)**	66,928
Decrease (Increase) in debt	**5,328,391**	82,164
Net Debt - end of year	**$(91,330,293)**	(96,658,684)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Surplus	$ 5,621,429	387,096
Amortization	6,596,735	6,663,355
Gain on disposal of capital assets	(6,812)	-
Loss on cottage units demolished	-	373,490
Investment gains/losses	(6,595)	8,444
	12,204,757	7,432,385
Changes in:		
Receivables	(14,546,132)	11,716,155
Payables and accruals	2,644,681	(42,846)
Accrued vacation pay	(25,899)	879,586
Accrued severance pay	1,743,487	793,473
Accrued sick pay	171,218	97,787
Deferred grants	4,409,608	3,006,324
Inventories	477,786	61,247
Prepaids	(1,518,358)	5,681
Net cash provided from operations	5,561,148	23,949,792
Investing:		
Additions to capital assets	(5,766,614)	(7,327,011)
Deposit on capital assets	(94,015)	-
Increase in general endowment fund investments	(57,421)	(34,974)
Proceeds on disposal of capital assets	18,240	-
Net cash applied to investing	(5,899,810)	(7,361,985)
Financing:		
Repayment of long-term debt	(1,491,457)	(3,003,524)
Repayment of capital leases	(214,963)	(212,915)
Net changes in J.M. Olds funds	(575)	(46)
Repayment of contributed surplus	-	(81,694)
Net cash applied to financing	(1,706,995)	(3,298,179)
Net increase (decrease) in cash	(2,045,657)	13,289,628
Cash, net of bank indebtedness:		
Beginning	7,797,035	(5,492,593)
Ending (Note 2)	$ 5,751,378	7,797,035

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Financial Position

March 31, 2013

	2013	2012
Financial Assets		
Cash (Note 2)	$ 4,738,898	6,499,374
Receivables (Note 3)	29,618,784	15,066,787
Residents' trust funds held on deposit	938,808	812,861
Due from cottage operations and foundations - net	494,864	586,979
	35,791,354	22,966,001
Liabilities		
Payables and accruals (Note 5)	26,901,936	24,266,541
Employee future benefits:		
Accrued vacation pay	13,349,164	13,375,531
Accrued sick pay (Note 6)	15,933,637	15,762,419
Accrued severance pay (Note 6)	26,777,716	25,034,229
Deferred grants (Note 7)	29,212,218	24,802,611
Long-term debt (Note 8)	11,992,870	12,939,687
Obligations under capital lease (Note 9)	343,537	558,500
Trust funds payable	938,808	812,861
J.M. Olds scholarship and library funds	82,602	83,177
	125,532,488	117,635,556
Net Financial Assets (Debt)	(89,741,134)	(94,669,555)
Non-Financial Assets		
Capital assets (Note 11)	54,488,173	54,848,667
Deposit on capital assets	94,015	-
Inventories (Note 12)	2,246,855	2,724,641
Prepaids (Note 13)	7,664,973	6,159,872
	64,494,016	63,733,180
Accumulated Surplus (Deficit)	$(25,247,118)	(30,936,375)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Provincial plan	$ 293,208,571	293,208,571	288,509,130
Provincial capital grants	-	5,505,736	7,014,366
Other capital contributions	-	260,878	312,644
Primary Health Care	-	-	466,009
MCP	15,838,700	16,364,436	16,974,151
Inpatient	1,899,000	2,390,344	1,868,052
Outpatient	2,436,800	2,745,789	2,558,256
Resident	8,361,500	8,644,240	8,131,334
CMHC mortgage interest subsidy (Note 14)	60,000	56,805	56,805
Capital project funding	4,884,797	5,596,699	5,863,251
National Child Benefit	159,677	142,427	582,042
Early Childhood Development	345,992	325,498	475,271
Early Learning and Child Care Initiatives	-	-	116,558
Recoveries - salaries	307,000	2,125,935	2,580,652
- services	1,229,000	1,031,887	1,318,856
- ambulance	340,000	680,853	326,664
- drugs	6,096,000	6,137,099	5,764,611
Other revenue	1,644,167	2,988,115	3,258,796
	336,811,204	348,205,312	346,177,448
Expenditure:			
Administration	32,289,508	31,016,160	32,690,316
Primary Health Care	610,058	561,665	607,982
Community and social services	81,356,399	79,232,819	79,768,544
Support services	64,152,979	64,598,185	64,415,927
Nursing inpatient services - acute	45,300,625	45,867,966	47,203,347
- long-term care	30,864,631	31,170,170	31,555,228
Ambulatory care services	19,771,379	19,066,796	20,292,716
Diagnostic and therapeutic services	40,809,459	41,168,715	40,366,824
Medical services	20,334,672	20,840,404	20,500,214
Education services	1,321,494	995,970	996,720
	336,811,204	334,518,850	338,397,818
Surplus - shareable	$ -	13,686,462	7,779,630
Non-shareable items:			
Gain on disposal of capital assets		6,812	-
Amortization		(6,115,680)	(6,209,271)
Accrued vacation pay - (increase) decrease		26,368	(881,279)
Accrued severance pay - (increase) decrease		(1,743,487)	(793,473)
Accrued sick pay - (increase) decrease		(171,218)	(97,787)
		(7,997,205)	(7,981,810)
Surplus (Deficit) - shareable and non-shareable		5,689,257	(202,180)
Accumulated Surplus (Deficit):			
Beginning of year		(30,936,375)	(30,693,311)
Repayment of contributed surplus to CMHC		-	(40,884)
End of year		$(25,247,118)	(30,936,375)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013

	2013	2012
NET DEBT - beginning of year	**$(94,669,555)**	(93,376,095)
Surplus (Deficit)	**5,689,257**	(202,180)
Repayment of contributed surplus	**-**	(40,884)
	5,689,257	(243,064)
Changes in capital assets		
Acquisition of capital assets	**(5,766,614)**	(7,327,011)
Amortization of capital assets	**6,115,680**	6,209,271
Gain on disposal of capital assets	**(6,812)**	-
Proceeds on disposal of capital assets	**18,240**	-
Deposits on capital assets used	**(94,015)**	-
Decrease (Increase) in net book value of capital assets	**266,479**	(1,117,740)
Changes in other non-financial assets		
Reduction (increase) in prepaids	**(1,505,101)**	6,097
Reduction in inventories	**477,786**	61,247
Decrease (increase) in other non-financial assets	**(1,027,315)**	67,344
Decrease (Increase) in debt	**4,928,421**	(1,293,460)
Net Debt - end of year	**$(89,741,134)**	(94,669,555)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Cash Flows

Year ended March 31, 2013	**2013**	2012
Operations:		
Surplus (Deficit)	$ 5,689,257	(202,180)
Amortization	6,115,680	6,209,271
Gain on disposal of capital assets	(6,812)	-
	11,798,125	6,007,091
Changes in:		
Receivables	(14,551,997)	11,694,939
Due from cottage operations and Foundations	92,115	(135,701)
Inventories	477,786	61,247
Prepaids	(1,505,101)	6,097
Payables and accruals	2,635,395	(33,215)
Accrued vacation pay	(26,368)	881,279
Accrued severance pay	1,743,487	793,473
Accrued sick pay	171,218	97,787
Deferred grants	4,409,608	3,006,324
Net cash provided from operations	5,244,268	22,379,321
Investing:		
Additions to capital assets	(5,766,614)	(7,327,011)
Deposits on capital assets	(94,015)	-
Proceeds on disposal of capital assets	18,240	-
Net cash applied to investing	(5,842,389)	(7,327,011)
Financing:		
Repayment of contributed surplus	-	(40,884)
Repayment of long-term debt	(946,817)	(1,740,690)
Repayment of capital leases	(214,963)	(212,915)
Net changes in J.M. Olds funds	(575)	(46)
Net cash applied to financing	(1,162,355)	(1,994,535)
Net increase (decrease) in cash and cash equivalents	(1,760,476)	13,057,775
Cash, net of bank indebtedness:		
Beginning	6,499,374	(6,558,401)
Ending (Note 2)	$ 4,738,898	6,499,374

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Financial Position

March 31, 2013	**2013**	2012
Financial Assets		
Cash (Note 2)	$ 101,154	198,750
Receivables (Note 3)	6,317	10,806
Cash restricted for security deposits	15,105	13,645
Replacement reserve cash	2,171	12,239
	124,747	235,440
Liabilities		
Payables and accruals (Note 5)	9,143	6,828
Due to Central Regional Health Authority	175,719	109,933
Long-term debt (Note 8)	914,514	1,093,981
Security deposit liability	15,105	13,645
Replacement reserve (Note 10)	2,171	12,239
	1,116,652	1,236,626
Net Financial Assets (Debt)	(991,905)	(1,001,186)
Non-Financial Assets		
Capital assets (Note 11)	1,430,900	1,637,829
Prepaids (Note 13)	46,530	39,452
	1,477,430	1,677,281
Accumulated Surplus	$ 485,525	676,095

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Rentals	$ 521,860	513,476	534,833
Special debt repayment grant - Government of NL	-	-	952,661
NLHC subsidy (Note 14)	217,915	13,872	222,390
	739,775	527,348	1,709,884
Expenditure:			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	165,432	206,929	196,420
Heat and light	153,000	148,410	149,553
Insurance	11,000	6,680	10,570
Loss on cottage units demolished	-	-	373,490
Mortgage interest	41,078	26,606	121,445
Municipal taxes	55,000	54,615	55,155
Office	100	20	188
Professional fees	2,200	1,800	2,600
Repairs and maintenance	30,000	104,897	86,566
Salaries and benefits	132,500	126,082	125,755
Snowclearing	500	-	243
Telephone	2,400	2,359	2,466
Travel	1,000	-	394
	633,730	717,918	1,164,365
Annual Surplus (Deficit)	106,045	(190,570)	545,519
Accumulated Surplus:			
Beginning of year	676,095	676,095	171,386
	782,140	485,525	716,905
Contributed surplus repaid to CMHC upon prepayment of CMHC debt	-	-	(40,810)
End of year	$ 782,140	485,525	676,095

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013

	2013	2012
NET DEBT - beginning of year	**$(1,001,186)**	(2,075,664)
Annual Surplus	**(190,570)**	545,519
Repayment of contributed surplus	**-**	(40,810)
	(190,570)	504,709
Changes in capital assets		
Loss on cottage units demolished	**-**	373,490
Amortization of capital assets	**206,929**	196,420
Decrease in net book value of capital assets	**206,929**	569,910
Changes in non-financial assets		
Decrease (increase) in prepaids	**(7,078)**	(141)
Decrease (increase) in non-financial assets	**(7,078)**	(141)
Decrease in debt	**9,281**	1,074,478
NET DEBT - end of year	**$(991,905)**	(1,001,186)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Annual Surplus	**$(190,570)**	545,519
Amortization	**206,929**	196,420
Loss on cottage units demolished	**-**	373,490
	16,359	1,115,429
Changes in:		
Receivables	**4,489**	(134)
Payables and accruals	**2,315**	(8,065)
Due to Central Regional Health Authority	**65,786**	19,269
Prepaids	**(7,078)**	(141)
Net cash provided from operating	**81,871**	1,126,358
Financing:		
Repayment of long term debt	**(179,467)**	(1,002,242)
Repayment of contributed surplus	**-**	(40,810)
Net cash applied to financing	**(179,467)**	(1,043,052)
Net increase (decrease) in cash and cash equivalents	**(97,596)**	83,306
Cash:		
Beginning	**198,750**	115,444
Ending (Note 2)	**$ 101,154**	198,750

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Financial Position

March 31, 2013	2013	2012
Financial Assets		
Cash (Note 2)	**$ 16,843**	11,210
Receivables (Note 3)	**3,975**	6,895
Cash restricted for security deposits	**1,363**	1,586
Due from NLHC for replacement reserve	**82,643**	76,010
	104,824	95,701
Liabilities		
Payables and accruals (Note 5)	**2,186**	6,983
Due to Central Regional Health Authority	**23,741**	15,507
Long-term debt (Note 8)	**404,908**	434,260
Security deposit liability	**1,363**	1,586
Replacement reserve (Note 10)	**82,643**	76,010
	514,841	534,346
Net Financial Assets (Debt)	**(410,017)**	(438,645)
Non-Financial Assets		
Capital assets (Note 11)	**419,908**	449,260
Prepaids (Note 13)	**5,109**	4,385
	425,017	453,645
Accumulated Surplus	**$ 15,000**	15,000

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Rentals	$ 45,552	44,840	45,305
NLHC subsidy (Note 14)	49,248	85,965	43,458
	94,800	130,805	88,763
Expenditure:			
Administration	4,300	3,600	3,600
Amortization	29,352	29,352	23,625
Heat and light	15,601	18,213	17,157
Insurance	1,100	711	1,195
Mortgage interest	13,848	6,951	18,089
Municipal taxes	5,799	6,056	5,596
Office	300	144	307
Professional fees	1,600	1,500	1,500
Repairs and maintenance	8,100	53,579	5,520
Salaries and benefits	10,800	10,418	11,885
Snowclearing	4,000	-	20
Telephone	-	281	269
	94,800	130,805	88,763
Annual Surplus	-	-	-
Accumulated Surplus:			
Beginning of year	15,000	15,000	15,000
End of year	$ 15,000	15,000	15,000

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE IV

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013	2013	2012
NET DEBT - beginning of year	**$(438,645)**	(462,046)
Annual Surplus	-	-
Changes in capital assets		
Amortization of capital assets	**29,352**	23,625
Decrease in net book value of capital assets	**29,352**	23,625
Changes in non-financial assets		
Increase in prepaids	**(724)**	(224)
Increase in non-financial assets	**(724)**	(224)
Decrease in debt	**28,628**	23,401
NET DEBT - end of year	**$(410,017)**	(438,645)

See accompanying notes

Walters Hoffe
CHARTERED ACCOUNTANTS

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Annual Surplus	$ -	-
Amortization	29,352	23,625
	29,352	23,625
Changes in:		
Receivables	2,920	7,689
Prepaids	(724)	(224)
Payables and accruals	(4,797)	(680)
Due to Central Regional Health Authority	8,234	(5,342)
Net cash provided from operations	34,985	25,068
Financing:		
Repayment of long-term debt	(29,352)	(23,624)
Net cash applied to financing	(29,352)	(23,624)
Net increase in cash and cash equivalents	5,633	1,444
Cash:		
Beginning	11,210	9,766
Ending (Note 2)	$ 16,843	11,210

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Financial Position

March 31, 2013	2013	2012
Financial Assets		
Cash (Note 2)	$ 57,704	41,419
Receivables (Note 3)	4,889	5,392
Cash restricted for security deposits	18,888	18,088
Replacement reserve cash	6,815	6,892
	88,296	71,791
Liabilities		
Payables and accruals (Note 5)	3,318	5,134
Due to Central Regional Health Authority	214,094	205,345
Long-term debt (Note 8)	1,002,514	1,207,946
Security deposit liability	18,888	18,088
Replacement reserves (Note 10)	6,815	6,892
	1,245,629	1,443,405
Net Financial Assets (Debt)	(1,157,333)	(1,371,614)
Non-Financial Assets		
Capital assets (Note 11)	1,035,739	1,241,170
Prepaids (Note 13)	33,176	27,803
	1,068,915	1,268,973
Accumulated Surplus (Deficit):	$(88,418)	(102,641)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Rentals	$ 501,760	501,715	491,600
NLHC subsidy (Note 14)	61,332	58,629	62,431
	563,092	560,344	554,031
Expenditure:			
Allocation to replacement reserve	30,000	30,000	30,000
Amortization	173,000	205,431	195,221
Cable television	17,500	16,099	16,272
Heat and light	120,000	122,706	117,742
Insurance	7,200	7,188	11,376
Mortgage interest	70,000	33,904	48,183
Municipal taxes	38,000	38,661	36,902
Office	1,200	1,187	771
Professional fees	1,800	1,800	1,800
Repairs and maintenance	36,000	24,040	39,960
Salaries and benefits	61,500	57,449	59,665
Snowclearing	6,000	7,500	2,528
Travel	-	156	-
	562,200	546,121	560,420
Annual Surplus (Deficit)	892	14,223	(6,389)
Accumulated Surplus (Deficit)			
Beginning of year	(102,641)	(102,641)	(96,252)
End of year	$(101,749)	(88,418)	(102,641)

See accompanying notes

Walters Hoffe
CHARTERED ACCOUNTANTS

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013

	2013	2012
NET DEBT - beginning of year	**$(1,371,614)**	(1,560,446)
Annual Surplus (Deficit)	**14,223**	(6,389)
Changes in capital assets		
Amortization of capital assets	**205,431**	195,221
Decrease in net book value of capital assets	**205,431**	195,221
Changes in non-financial assets		
Increase in prepaids	**(5,373)**	-
Increase in non-financial assets	**(5,373)**	-
Decrease in debt	**214,281**	188,832
NET DEBT - end of year	**$(1,157,333)**	(1,371,614)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Cash Flows

Year ended March 31, 2013

	2013	2012
Operations:		
Annual Surplus (Deficit)	$ 14,223	(6,389)
Amortization	205,431	195,221
	219,654	188,832
Changes in:		
Receivables	503	442
Payables and accruals	(1,816)	(1,144)
Due to Central Regional Health Authority	8,749	(22,778)
Prepaids	(5,373)	-
Net cash provided from operations	221,717	165,352
Financing:		
Repayment of long-term debt	(205,432)	(195,221)
Net cash applied to financing	(205,432)	(195,221)
Net increase (decrease) in cash and cash equivalents	16,285	(29,869)
Cash:		
Beginning	41,419	71,288
Ending (Note 2)	$ 57,704	41,419

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Financial Position

March 31, 2013	2013	2012
Financial Assets		
Receivables (Note 3)	$ -	2,953
Due from Central Regional Health Authority	11,332	-
Due from NLHC for replacement reserve	62,400	62,400
	73,732	65,353
Liabilities		
Payables and accruals (Note 5)	11,331	2,748
Due to Central Regional Health Authority	-	205
Long-term debt (Note 8)	462,408	496,972
Replacement reserve (Note 10)	62,400	62,400
	536,139	562,325
Net Financial Assets (Debt)	(462,407)	(496,972)
Non-Financial Assets		
Capital assets (Note 11)	462,407	496,972
Accumulated Surplus (Deficit)	$ -	-

See accompanying notes

Walters Hoffe
CHARTERED ACCOUNTANTS

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Rentals	$ 57,756	62,586	61,195
NLHC subsidy (Note 14)	71,823	63,364	60,055
Surcharges - utilities	3,120	3,060	2,875
- laundry	1,440	1,410	1,320
- other	1,728	1,725	1,584
	135,867	132,145	127,029
Expenditure:			
Administration allowance	8,933	8,525	9,185
Amortization	34,565	34,565	33,790
Fire and safety	1,000	1,064	187
Heat and light	21,800	21,557	21,156
Insurance	700	699	699
Mortgage interest	10,233	10,173	10,944
Municipal taxes	7,152	7,423	7,025
Professional fees	2,400	2,400	2,400
Repairs and maintenance	43,584	35,089	36,850
Snowclearing	5,500	10,650	4,793
	135,867	132,145	127,029
Annual Surplus	-	-	-
Accumulated Surplus			
Beginning of year	-	-	-
End of year	$ -	-	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY
BONNEWS LODGE APARTMENT COMPLEX
Statement of Changes in Net Financial Assets (Debt)
Year ended March 31, 2013

	2013	2012
NET DEBT - beginning of year	**$(496,972)**	(530,762)
Annual Surplus	-	-
Changes in capital assets		
Amortization of capital assets	**34,565**	33,790
Decrease in net book value of capital assets	**34,565**	33,790
Decrease in debt	**34,565**	33,790
NET DEBT - end of year	**$(462,407)**	(496,972)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Annual Surplus	$ -	-
Amortization	34,565	33,790
	34,565	33,790
Changes in:		
Receivables	2,953	7,188
Payables and accruals	8,583	(408)
Due to Central Regional Health Authority	(11,537)	(6,780)
Net cash provided from operations	34,564	33,790
Financing:		
Repayment of long-term debt	(34,564)	(33,790)
Net cash applied to financing	(34,564)	(33,790)
Net increase (decrease) in cash and cash equivalents	-	-
Cash:		
Beginning	-	-
Ending	$ -	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Financial Position

March 31, 2013	2013	2012
Financial Assets		
Cash (Note 2)	**$ 270,303**	417,236
Advance to South and Central Health Foundation for endowment fund (Note 3)	**5,000**	-
Investments restricted for general endowment fund (Note 4)	**187,713**	176,060
	463,016	593,296
Liabilities		
Accrued vacation pay	**1,554**	1,174
Due to Central Regional Health Authority	**66,326**	96,918
	67,880	98,092
Net Financial Assets and Accumulated Surplus	**$ 395,136**	495,204

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Donations	$ 320,000	357,387	342,182
Staff lottery	43,000	43,945	42,847
Endowment fund - investment income	4,000	4,727	4,252
- investment gains/losses	2,000	1,725	(2,239)
Grants	60,000	75,000	41,713
Interest and recoveries	6,500	6,711	3,564
	435,500	489,495	432,319
Expenditure:			
Donations for the purchase of capital and minor equipment	370,000	447,961	171,022
Salaries and benefits	90,000	95,160	93,680
Office	7,000	1,730	1,783
Planned giving program	-	-	21,661
Travel	600	443	509
Other supplies and expenses	52,000	44,269	32,079
	519,600	589,563	320,734
Annual Surplus (Deficit)	(84,100)	(100,068)	111,585
Accumulated Surplus:			
Beginning of year	495,204	495,204	383,619
End of year	$ 411,104	395,136	495,204

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY
CENTRAL NORTHEAST HEALTH FOUNDATION INC.
Statement of Changes in Net Financial Assets (Debt)
Year ended March 31, 2013

	2013	2012
NET ASSETS - beginning of year	$ 495,204	383,619
Annual Surplus (Deficit)	(100,068)	111,585
NET ASSETS - end of year	$ 395,136	495,204

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Annual Surplus (Deficit)	$(100,068)	111,585
Investment gains/losses	(1,725)	2,239
	(101,793)	113,824
Changes in:		
Receivables	-	7,622
Advance to South and Central Health Foundation for endowment	(5,000)	-
Due from Central Regional Health Authority	(30,593)	41,550
Accounts payable	-	(125)
Accrued vacation pay	380	(530)
Net cash provided from operating	(137,006)	162,341
Investing:		
Endowment fund investments - contributions	(5,200)	(10,242)
- reinvested income	(4,727)	(4,252)
Net cash applied to investing	(9,927)	(14,494)
Net increase (decrease) in cash and cash equivalents	(146,933)	147,847
Cash:		
Beginning	417,236	269,389
Ending (Note 2)	$ 270,303	417,236

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Financial Position

March 31, 2013

	2013	2012
Financial Assets		
Cash (Note 2)	$ 566,476	629,046
Investments restricted for general endowment fund (Note 4)	506,169	453,805
	1,072,645	1,082,851
Liabilities		
Accrued vacation pay	3,961	3,873
Advance from Central Northeast Health Foundation for endowment fund (Note 5)	5,000	-
Due to Central Regional Health Authority	26,316	159,072
Long-term debt (Note 8)	-	95,823
	35,277	258,768
Net Financial Assets	1,037,368	824,083
Non-Financial Assets		
Capital assets (Note 11)	123,912	128,690
Prepaids (Note 13)	1,264	1,182
	125,176	129,872
Accumulated Surplus	$ 1,162,544	953,955

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue:			
Donations	$ 357,600	431,176	287,389
Staff lottery	59,000	58,874	58,639
Grants	2,625	75,000	-
Endowment fund - investment income	10,000	12,929	11,109
- investment gains/losses	5,000	4,870	(6,205)
Rentals	15,000	15,600	15,600
Interest and recoveries	7,500	13,252	14,118
	456,725	611,701	380,650
Expenditure:			
Donations for the purchase of capital and minor equipment	417,350	254,998	304,097
Rental expenses, including amortization of $4,778 (2012 - $5,029)	6,000	10,671	12,918
Salaries and benefits	106,000	102,569	100,139
Other supplies and expenses	34,600	34,874	24,936
	563,950	403,112	442,090
Annual Surplus (Deficit)	(107,225)	208,589	(61,440)
Accumulated Surplus			
Beginning of year	953,955	953,955	1,015,395
End of year	$ 846,730	1,162,544	953,955

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2013

	2013	2012
NET ASSETS - beginning of year	**$ 824,083**	880,545
Annual Surplus (Deficit)	**208,589**	(61,440)
Changes in capital assets		
Amortization of capital assets	**4,778**	5,029
Decrease in net book value of capital assets	**4,778**	5,029
Changes in non-financial assets		
Increase in prepaids	**(82)**	(51)
Increase in non-financial assets	**(82)**	(51)
Increase (Decrease) in net assets	**213,285**	(56,462)
NET ASSETS - end of year	**$ 1,037,368**	824,083

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Cash Flows

Year ended March 31, 2013	2013	2012
Operations:		
Annual Surplus (Deficit)	$ 208,589	(61,440)
Amortization	4,778	5,029
Investment gains/losses	(4,870)	6,205
	208,497	(50,206)
Changes in:		
Prepaids	(82)	(51)
Due to Central Regional Health Authority	(132,756)	108,982
Accrued vacation pay	88	(1,162)
Advance from Central Northeast Health Foundation	5,000	-
Net cash provided from operations	80,747	57,563
Investing:		
Endowment fund investments - contributions	(34,565)	(9,371)
- reinvested income	(12,929)	(11,109)
Net cash applied to investing	(47,494)	(20,480)
Financing:		
Repayment of long-term debt	(95,823)	(7,958)
Net cash applied to financing	(95,823)	(7,958)
Net increase (decrease) in cash and cash equivalents	(62,570)	29,125
Cash:		
Beginning	629,046	599,921
Ending (Note 2)	$ 566,476	629,046

See accompanying notes

Nature of operations:

The Central Regional Health Authority ("Central Health") or ("The Authority") is charged with the responsibility for the provision of health care services in the Central region of Newfoundland and Labrador.

The mandate of Central Health is to provide the best possible health and community services and programs which respond to the identified needs of the people of Central Newfoundland and Labrador within available resources.

Central Health is a not-for-profit corporation and is exempt from income taxes and is constituted under the Regional Health Authority's Act.

1. Summary of significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting board standards. Outlined below are those policies considered particularly significant by the Authority.

(a) Basis of consolidation

These consolidated statements represent the consolidated assets, liabilities, revenues and expenses of the following entities which comprise the reporting entity. The reporting entity is comprised of all organizations which are controlled by Central Health including the following:

Bonnews Lodge Apartment Complex
North Haven Manor Cottages
Valley Vista Cottages
Central Northeast Health Foundation
South and Central Health Foundation

(b) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting board standards 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accrued severance, accrued sick leave, useful life of capital assets and allowance for doubtful receivables.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(Continued...)

1. Summary of significant accounting policies (continued):

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank overdrafts are considered a component of cash and cash equivalents and are secured by approved authority to borrow authorized by the Province's Minister of Health and Community Services.

(d) Revenues

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

Transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

(e) Expenses

Expenses are reported on an accrual basis. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

(f) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services in transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

(g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(h) Severance and sick pay liability

An accrued liability for severance is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service. An estimate for the provision of employees with less than nine years of service has been determined by actuarial analysis.

An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

Actuarial gains or losses are being amortized to the liability and the related expense straight-line over the expected average remaining service life of the employee group.

(Continued...)

1. **Summary of significant accounting policies (continued):**

(i) Inventory

Inventories have been determined using the following methods for the various areas. Cost includes purchase price plus the non-refundable portion of applicable taxes.

General stores	at average cost
Drugs - JPMHC	at average cost
Drugs - CNRHC	first-in, first-out

(j) Capital assets

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 capital assets. In accordance with operating agreements with Newfoundland and Labrador Housing Corporation, certain assets of the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets 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%
Equipment	13%
Motor vehicles	20%

(k) Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

(l) 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.

(Continued...)

1. Summary of significant accounting policies (continued):

(m) Replacement reserves

Under certain operating agreements with Newfoundland and Labrador Housing Corporation (NLHC) the Authority is required to maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may only be used as approved by NLHC.

Transactions in the reserves are shown in Note 10.

(n) Pension costs

Employees of Central Health are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and Central Health. The annual contributions for pensions are recognized in the accounts on a current basis.

(o) Financial instruments

The Authority recognizes a financial asset or a financial liability on its statement of financial position when the Authority becomes a party to the contractual provision of the financial instrument. The Authority initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions. The Authority subsequently measures all its financial assets and liabilities at amortized cost except for investments restricted for endowment purposes which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, receivables, trust funds, and replacement reserve funding. Financial assets measured at fair value are investments restricted for endowment purposes.

Financial liabilities measured at amortized cost include bank indebtedness, payables and accruals, employee future benefits, deferred grants, long-term debt, obligations under capital lease, trust funds, security deposits, replacement reserves and scholarship and library funds payable.

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks.

2. Cash:

	2013	2012
Operating:		
Cash	$ 14,725	14,725
Bank - current accounts	4,724,173	6,484,649
	4,738,898	6,499,374
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	101,154	198,750
North Haven Manor Cottage Units Phase IV	16,843	11,210
Valley Vista Cottages	57,704	41,419
Central Northeast Health Foundation	270,303	417,236
South & Central Health Foundation	566,476	629,046
	$ 5,751,378	7,797,035

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.

3. Receivables:

	2013	2012
Operating:		
Provincial plan grants - operating	$ 11,642,498	3,416,363
Capital grants	9,007,157	2,150,082
Patient, rents and other	5,851,065	6,562,742
MCP	2,322,177	1,885,353
Cancer Foundation	839,072	956,168
HST	858,948	637,606
	30,520,917	15,608,314
Allowance for doubtful	902,133	541,527
	29,618,784	15,066,787
North Haven Manor Cottage Units Phase I,II,III:		
Trade less allowance for doubtful of NIL (2012 - $804)	47	1,688
Due from NLHC - operating subsidy	6,270	9,118
	6,317	10,806
North Haven Manor Cottage Units Phase IV:		
Accrued interest	574	614
Due from NLHC - operating subsidy	3,401	-
- replacement reserve	-	6,281
	3,975	6,895
Valley Vista Cottages:		
Trade	455	280
Due from NLHC - operating subsidy	4,434	5,112
	4,889	5,392
Bonnews lodge Apartment Complex:		
Due from NLHC - replacement reserve	-	2,953
Central Northeast Health Foundation:		
South and Central Health Foundation	5,000	-
	$ 29,638,965	15,092,833

4. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate market value as follows:

	2013	2012
Central Northeast Health Foundation Inc.	$ 187,713	176,060
South and Central Health Foundation	506,169	453,805
	$ 693,882	629,865

5. Payables and accruals:

	2013	2012
Operating:		
Trade	$ 15,881,809	13,505,604
Residents comfort fund	27,987	30,113
Accrued - wages	10,953,020	10,689,119
- interest	39,121	41,705
	26,901,937	24,266,541
North Haven Manor Cottage Units Phase I,II,III:		
Trade	7,108	4,362
Accrued interest	2,035	2,466
	9,143	6,828
North Haven Manor Cottage Units Phase IV:		
Trade	1,612	1,613
Accrued interest	574	614
Due to NLHC - operating subsidy	-	4,756
	2,186	6,983
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	1,818	3,634
	3,318	5,134
Bonnews Lodge Apartment Complex:		
Trade	1,056	1,056
Accrued interest	840	901
Due to NLHC - operating subsidy	9,435	791
	11,331	2,748
South and Central Health Foundation:		
Central Northeast Health Foundation	5,000	-
	$ 26,932,915	24,288,234

6. Employee future benefits:

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation completed on June 19, 2012 and revised on March 31, 2013. The assumptions are based on future events. The economic assumptions used in the valuation are Central Health's best estimates of expected rates as follows:

	2013	2012
Wages and salary escalation	**4.00%**	4.00%
Interest	**3.60%**	3.85%

Based on actuarial valuation of the liability, at March 31, 2013 the results for sick leave are:

	2013	2012
Accrued sick pay obligation March 31	**$ 16,975,809**	16,156,450
Current period benefit cost	**1,669,770**	1,773,585
Benefit payments	**(2,237,440)**	(2,449,197)
Interest on the accrued benefit obligations	**642,641**	735,569
Actuarial (gains) losses	**249,138**	759,402
Accrued sick pay obligations at March 31	**$ 17,299,918**	16,975,809

Based on actuarial valuation of the liability, at March 31, 2013 the results for severance are:

	2013	2012
Accrued benefit obligation March 31	**$ 27,945,147**	25,372,612
Current period benefit cost	**2,027,108**	1,775,391
Benefit payments	**(1,597,392)**	(2,238,053)
Interest on the accrued benefit obligation	**1,084,159**	1,169,070
Actuarial (gains) losses	**646,617**	1,866,127
Accrued severance obligation at March 31	**$ 30,105,639**	27,945,147

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Sick benefits:

	2013	2012
Accrued benefit liability March 31	**$ 15,933,637**	15,762,419
Unamortized actuarial losses	**1,366,281**	1,213,390
Accrued benefit obligation	**$ 17,299,918**	16,975,809

Severance benefits:

	2013	2012
Accrued benefit liability March 31	**$ 26,777,716**	25,034,229
Unamortized actuarial losses	**3,327,923**	2,910,918
Accrued benefit obligation March 31	**$ 30,105,639**	27,945,147

7. Deferred grants:

	2013	2012
Deferred operating grants	$ 1,476,500	1,278,748
Deferred capital grants	27,735,718	23,523,863
	$ 29,212,218	24,802,611

8. Long-term debt:

	2013	2012
Operating:		
2.4% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $12,112, interest included; maturing April, 2020, renewable October, 2015	$ 946,166	1,067,377
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $4,574, interest included; maturing July, 2023	396,477	421,149
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $3,056, plus interest; maturing December, 2018	210,785	247,457
3.53% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of $58,386, interest included; maturing January, 2027	7,659,294	8,081,433
4.89% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly installments of $431, interest included; maturing July, 2028, renewable July, 2014	53,051	55,591
4.89% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly installments of $390, interest included; maturing July, 2027, renewable July, 2014	48,024	50,324
2.46% Canadian Imperial Bank of Commerce mortgage on Hospital renovations; repayable in equal monthly installments of $8,423, interest included; maturing January, 2014	83,288	181,009
Subtotal	9,397,085	10,104,340

(Continued...)

8. Long-term debt (continued):

	2013	2012
Operating balance forward	**$ 9,397,085**	10,104,340
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista; repayable in equal monthly installments of $10,124, interest included; maturing August, 2027	**1,047,000**	1,084,647
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly installments of $8,165, interest included; maturing August, 2024	**745,558**	784,063
2.61% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly installments of $7,900, interest included; maturing July, 2019, renewable September, 2014	**553,023**	632,374
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $6,199, plus interest; maturing 2015	**148,769**	223,154
4.5% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of $439, interest included; maturing November, 2024, renewable May, 2013	**46,765**	49,868
4.5% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of $370, interest included; maturing June, 2020, renewable May, 2013	**26,900**	30,060
2.49% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of $345, interest included; maturing July , 2020, renewable December, 2013	**27,770**	31,181
	11,992,870	12,939,687
North Haven Manor Cottage Units Phase I,II,III:		
4.25% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $8,668, interest included; maturing December, 2016	**360,228**	447,075
1.64% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $8,541, interest included; maturing November, 2018	**554,286**	646,906
	914,514	1,093,981

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2013

8. Long-term debt (continued):

	2013	2012
North Haven Manor Cottage Units Phase IV:		
1.67% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $3,029, interest included; maturing July, 2025, renewable April, 2017	**404,908**	434,260
Valley Vista Cottages:		
2.26% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $4,865, interest included; maturing June, 2016	**182,766**	236,386
1.53% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $9,738 interest included; maturing December, 2017	**534,906**	636,687
3.16% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $4,984, interest included; maturing May, 2018, renewable June, 2013	**284,842**	334,873
	1,002,514	1,207,946
Bonnews Lodge Apartment Complex:		
2.14% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of $3,733 interest included; maturing December, 2024, renewable April, 2014	**462,408**	496,972
South and Central Health Foundation:		
6.5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence; repayable in bi-weekly installments of $397, repaid during the year	**-**	95,823
	$ 14,777,214	16,268,669

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

2014	**$ 1,426,691**
2015	**1,384,810**
2016	**1,353,575**
2017	**1,328,290**
2018	**1,248,815**
Thereafter	**8,035,033**

9. Obligations under capital lease:

The Authority has entered into an agreement whereby it leases certain equipment for a term of five years. This lease is accounted for as capital lease with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rate for this lease is 4.85%.

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

Year ending March 31	
2014	$ 237,290
2015	119,564
Total minimum lease payments	356,854
Less amount representing interest	13,317
Balance of obligation	$ 343,537

10. Replacement reserves:

	2013	2012
North Haven Manor Cottage Units Phase I,II,III:		
Balance, beginning	$ 12,239	87,481
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	12,900	12,900
	55,359	130,601
Less:		
Approved expenditures	53,188	118,362
Balance, ending	2,171	12,239
North Haven Manor Cottage Units Phase IV:		
Balance, beginning	76,010	82,643
Add:		
Newfoundland and Labrador Housing Corporation transfer from subsidy account for prior year's expenditures	6,633	-
	82,643	82,643
Less:		
Approved expenditures	-	6,633
Balance, ending	82,643	76,010

(Continued...)

10. Replacement reserves (continued):

	2013	2012
Valley Vista Cottages:		
Balance, beginning	6,892	13,102
Add:		
Allocation for year	30,000	30,000
	36,892	43,102
Less:		
Approved expenditures	30,077	36,210
Balance, ending	6,815	6,892
Bonnews Lodge Apartment Complex:		
Balance, beginning	62,400	68,205
Less:		
Approved expenditures	-	5,805
Balance, ending	62,400	62,400
	$ 154,029	157,541
Funding:		
Replacement reserve funds	$ 8,986	19,131
Due from Newfoundland and Labrador Housing Corporation	145,043	138,410
	$ 154,029	157,541

11. Capital assets:

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating:				
Land	$ 450,991	-	450,991	211,521
Land improvements	1,031,546	720,139	311,407	327,797
Buildings and service equipment	65,474,050	44,476,224	20,997,826	22,102,975
Equipment	111,155,544	79,838,622	31,316,922	30,543,300
Equipment under capital lease	2,781,898	2,400,656	381,242	509,960
Motor vehicles	3,317,731	2,309,295	1,008,436	1,126,428
Motor vehicles under capital lease	196,503	175,154	21,349	26,686
	184,408,263	129,920,090	54,488,173	54,848,667
North Haven Manor Cottage Units Phase I, II, III:				
Land	16,900	-	16,900	16,900
Land improvements	180,500	102,549	77,951	88,676
Buildings	3,268,158	1,980,638	1,287,520	1,476,688
Equipment	113,849	65,320	48,529	55,565
	3,579,407	2,148,507	1,430,900	1,637,829

11. Capital assets (continued):

	2013 Cost	2013 Accumulated Amortization	2013 Net Book Value	2012 Net Book Value
North Haven Manor Cottage Units, Phase IV:				
Land	24,571	-	24,571	24,571
Buildings	687,616	292,279	395,337	424,689
	712,187	292,279	419,908	449,260
Valley Vista Cottages:				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	2,585,447	1,003,323	1,212,032
Equipment	33,262	27,860	5,402	2,124
	3,649,046	2,613,307	1,035,739	1,241,170
Bonnews Lodge Apartment Complex:				
Land	774	-	774	774
Buildings	870,022	411,657	458,365	492,685
Equipment	6,204	2,936	3,268	3,513
	877,000	414,593	462,407	496,972
South and Central Health Foundation				
Land	33,134	-	33,134	33,134
Building	119,141	28,363	90,778	95,556
	152,275	28,363	123,912	128,690
	$ 193,378,178	135,417,139	57,961,039	58,802,588

12. Inventories:

	2013	2012
General stores	$ 891,060	1,249,394
Drugs	1,355,795	1,475,247
	$ 2,246,855	2,724,641

13. Prepaids:

	2013	2012
Operating:		
Equipment maintenance	**$ 1,153,941**	359,898
Malpractice and membership fees	**112,399**	110,362
General insurance	**365,088**	389,985
Workplace Health, Safety and Compensation Commission	**4,261,490**	3,954,641
Municipal taxes	**625,167**	565,847
Other	**1,146,888**	779,139
	7,664,973	6,159,872
Municipal taxes:		
North Haven Manor Cottage Units Phase I,II,III	**46,530**	39,452
North Haven Manor Cottage Units Phase IV	**5,109**	4,385
Valley Vista Cottages	**33,176**	27,803
South and Central Health Foundation	**1,264**	1,182
	$ 7,751,052	6,232,694

14. Operating subsidies:

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 2013 was $56,805 (2012 - $56,805) for operating facilities and $398,150 (2012 - $388,334) for the Authority's Cottage operations.

Also during the current year it was determined that the grants for the Authority's Cottages were overpaid in prior years' by $176,321; consequently the overpayment was reimbursed by North Haven Manor Cottage Units Phase I,II,III, thus reducing the grants in the Cottage operations from $398,150 to $221,829.

15. 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 l eases are as follows:

2014	$ 411,226
2015	251,132
2016	31,733
2017	22,442
2018	16,872

16. Contingencies:

As of March 31, 2013 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 and the insurers believe any claims, if successful, will be covered by liability insurance.

Grant Thornton

Financial Statements

Chicken Farmers of Newfoundland and Labrador

December 31, 2012

Grant Thornton

Statement of responsibility

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The accompanying financial statements are the responsibility of the management of the Chicken Farmers of Newfoundland and Labrador (the "Board") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP as the Board's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Directors of the Board and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Board in accordance with Canadian public sector accounting standards.

Ruth Noseworthy Chair D Noel Director

Independent Auditors' Report

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To the Directors of

Chicken Farmers of Newfoundland and Labrador

We have audited the accompanying financial statements of Chicken Farmers of Newfoundland and Labrador, which comprise the statement of financial position as at December 31, 2012 and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chicken Farmers of Newfoundland and Labrador as at December 31, 2012, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

March 15, 2013

Chartered Accountants

Chicken Farmers of Newfoundland and Labrador

Statement of Financial Position

December 31	2012	2011
Financial assets		
Cash and cash equivalents	$ 89,397	$ 91,539
Receivables (Note 5)	22,781	21,105
Current portion of long term receivable (Note 6)	-	16,940
Investment	15,651	15,651
	$ 127,829	$ 145,235
Liabilities		
Payables and accruals	$ 27,557	$ 30,038
Accrued severance pay	6,601	4,896
	34,158	34,934
Net financial assets	$ 93,671	$ 110,301
Non-financial assets		
Prepaids	$ 2,496	$ 2,850
Tangible capital assets (Note 7)	3,118	3,945
	5,614	6,795
Accumulated surplus	$ 99,285	$ 117,096

Commitments (Note 8)

On behalf of the Board

Ruth Noseworthy Chair D Noel Director

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Accumulated Surplus

Year Ended December 31	Actual 2012	(Note 9) Budget 2012	Actual 2011
Revenue			
Levies	$ 281,724	$ 262,500	$ 273,283
Over-marketing levy assessment	-	16,940	-
Grant funded projects	3,300	-	32,352
Interest and miscellaneous	253	200	830
	285,277	279,640	306,465
Other costs			
Costs for Grant funded projects	13,036	9,000	40,740
	272,241	270,640	265,725
Expenses (Page 13)			
Administration services	$ 121,335	$ 102,844	$ 108,562
Regulatory services	117,883	114,974	117,237
Promotion services	29,702	29,761	29,585
Facilitation services	21,132	23,015	20,587
	290,052	270,594	275,971
Annual deficit	$ (17,811)	$ 46	$ (10,246)
Accumulated surplus, beginning of year	$ 117,096	$ 117,096	$ 127,342
Annual deficit	(17,811)	46	(10,246)
Accumulated surplus, end of year	$ 99,285	$ 117,142	$ 117,096

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statement of Changes in Net Financial Assets

Year Ended December 31		Actual 2012		(Note 9) Budget 2012		Actual 2011
Annual (deficit) surplus	$	(17,811)	$	46	$	(10,246)
Amortization of tangible capital assets		827		-		986
Decrease (increase) in prepaids		354		-		(512)
Decrease in net assets		(16,630)		46		(9,772)
Net financial assets, beginning of year		110,301		110,301		120,073
Net financial assets, end of year	$	93,671	$	110,437	$	110,301

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador
Statement of Cash Flows

Year Ended December 31	2012	2011
(Decrease) increase in cash and cash equivalents		
Operating		
Annual deficit	$ (17,811)	$ (10,246)
Change in non-cash items		
Accrued severance pay	1,705	1,434
Depreciation	827	986
Receivables	(1,676)	13,087
Prepaids	354	(512)
Current portion of long-term receivable	16,940	-
Payables and accruals	(2,481)	3,340
Deferred grant revenue	-	(19,152)
Cash provided by operating transactions	(2,142)	(11,063)
Investing		
Increase in long term investment	-	(608)
Decrease in long term receivable	-	16,940
Cash provided by investing transactions	-	16,332
(Decrease) increase in cash and cash equivalents	(2,142)	5,269
Cash and cash equivalents, beginning of year	91,539	86,270
Cash and cash equivalents, end of year	$ 89,397	$ 91,539

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2012

1. Nature of operations

The Chicken Farmers of Newfoundland and Labrador was established in 1981 by the *Newfoundland and Labrador Chicken Marketing Scheme, 1980*, under the *Natural Products Marketing Act, 1973* (Act), to provide for the effective promotion, control and regulation of the production and marketing of chicken in Newfoundland and Labrador. The Board is responsible for administering the regulations as provided for in the Act under the laws of the Province of Newfoundland and Labrador.

2. Chicken Farmers of Canada

Pursuant to authority given to it under the Farm Products Marketing Act of Canada, the Chicken Farmers of Canada (CFC) collects levies from provincial commodity boards. The Chicken Farmers of Newfoundland and Labrador collects these levies directly from the processor and remits them to CFC. There were $82,639 of levies collected in 2012 (2011 - $80,164).

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 period. Items requiring the use of significant estimates include the useful life of capital assets, estimated accrual severance rates for amortization and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Levies

The Board charges levies to the producer based on volume of chicken marketed in Newfoundland and Labrador. Revenue is recognized when the chicken is produced/marketed and collectability is reasonably assured.

3. Summary of significant accounting policies (cont'd.)

Grant revenue

Revenue from grants is recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Cash and cash equivalents

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

Investment

Non-redeemable guaranteed investment certificates are classified as investments. Interest related to these investments is accrued as earned. The carrying value of this investment approximates its fair value.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Furniture and equipment	20%, declining balance

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.

3. **Summary of significant accounting policies** (cont'd.)

Accrued severance pay

Severance pay will be awarded at the rate of one week of salary per year of service to a maximum of 20 weeks and is calculated based upon current salary levels. The amount is payable when the employee ceases employment with the Board.

Financial instruments

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables;
- investments; and
- payables and accruals.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual surplus.

Financial assets measured at cost include cash and cash equivalents and receivables.

Financial assets measured at fair value include the investment.

Financial liabilities measured at cost include payables and accruals.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

4. Operating Agreement

The Chicken Farmers of Newfoundland and Labrador has entered into an Agreement with the other provincial boards known as the Operating Agreement. This Agreement provides for levy assessment should a province over produce its allocation from CFC.

As part of this agreement, the Chicken Farmers of Newfoundland and Labrador has filed a letter of credit to CFC in respect of any possible over marketing levies assessed. The letter of credit as at December 31, 2012 was $28,658 (2011 - $28,658).

5. Receivables

	December 31 2012	December 31 2011
Levies	$ 22,679	$ 20,456
Accrued interest	102	649
	$ 22,781	$ 21,105

6. Long term receivable

	December 31 2012	December 31 2011
Over-marketing levy receivable from Country Ribbon Inc., non-interest bearing, repaid during the year.	$ -	$ 16,940
Less: current portion	-	(16,940)
	$ -	$ -

7. Tangible capital assets

			December 31 2012	December 31 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 34,189	$ 31,071	$ 3,118	$ 3,945

8. Commitments

The Board has a commitment under an operating lease for a photocopier. Payments for the next three years are as follows:

2013 - $3,187; 2014 - $3,187 and 2015 - $1,859

9. Budget figures

The 2012 budget figures presented in the statement of operations are provided by management and have not been audited.

10. Financial instruments

The Board's financial instruments consist of cash and cash equivalents, receivables, investment and payables and accruals. The book value of cash and cash equivalents, receivables, payables and accruals approximate fair value due to their short term maturity date. The investment includes a non redeemable guaranteed investment certificate and interest in accrued as earned, therefore the carrying value of this investment approximate its fair value.

Risks and concentrations

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at December 31, 2012.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its accounts payable. The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Board is low and not material.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risk relates to its receivables of $22,780 (2011 - $38,045). The Board only receives levies, which are legislated by the Province, from one producer and in the opinion of management the credit risk exposure to the Board is low.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is not exposed to any of these risks.

Chicken Farmers of Newfoundland and Labrador

Schedule of Expenses

December 31

		2012		2011
		Actual		Actual
Administration				
Depreciation	$	**827**	$	986
Federation of Agriculture		**12,558**		12,964
Honorariums		**12,000**		12,000
Insurance		**1,674**		1,710
Interest and bank charges		**1,804**		1,497
Office and postage		**5,205**		6,764
Per diems		**15,875**		7,450
Professional fees		**29,038**		23,091
Rent		**2,836**		2,669
Telephone		**5,974**		6,492
Travel and meetings		**7,318**		7,862
Wages and benefits		**26,226**		25,077
	$	**121,335**	$	108,562
Regulation				
Levy – CFC	$	**82,639**	$	80,164
Office and postage		**1,170**		-
Professional fees		**-**		3,105
Travel and meetings		**7,058**		8,107
Wages and benefits		**27,016**		25,861
	$	**117,883**	$	117,237
Promotion				
Donations	$	**595**	$	2,241
Office and postage		**500**		-
Promotion		**13,262**		11,904
Travel and meetings		**3,064**		3,685
Wages and benefits		**12,281**		11,755
	$	**29,702**	$	29,585
Facilitation				
Office and postage	$	**691**	$	-
Travel and meetings		**4,067**		4,914
Wages and benefits		**16,374**		15,673
	$	**21,132**	$	20,587
Total expenses	$	**290,052**	$	275,971

Grant Thornton

College of the North Atlantic
Financial Statements
March 31, 2013

COLLEGE OF THE North Atlantic

Statement of responsibility

The accompanying financial statements are the responsibility of the management of the College of the North Atlantic (the "College") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Governors met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP as the College's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Board of Governors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the College in accordance with Canadian public sector accounting standards.

Cheryl Stagg

Board Chair

Vice President,
Finance and Administration

Independent auditors' report

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

We have audited the accompanying financial statements of College of the North Atlantic, which comprise the financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of operations, changes in net debt, and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of College of the North Atlantic as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations, changes in net debt, and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

June 14, 2013

Chartered Accountants

College of the North Atlantic
Statement of Financial Position

		March 31 2013		March 31 2012		April 1 2011
Financial Assets						
Cash	$	16,706,869	$	11,334,989	$	22,865,403
Accounts receivable (Note 4)		27,406,604		12,503,515		17,369,206
Inventories for resale		1,314,012		1,325,204		1,312,749
Trust funds on deposit (Note 5)		3,343,087		3,299,308		1,563,502
	$	48,770,572	$	28,463,016	$	43,110,860
Liabilities						
Accounts payable & accrued liabilities (Note 6)	$	10,403,444	$	11,449,902	$	16,683,837
Vacation pay accrual		9,701,601		9,474,083		8,598,177
Post-employment benefits (Note 7)		14,604,528		13,932,466		13,192,326
Compensated absences (Note 7)		10,772,408		10,520,902		10,307,025
Due to Qatar Campus (Note 8)		10,670,319		2,142,880		8,603,095
Deferred contributions - operating (Note 9)		4,639,655		4,428,037		3,833,107
Trust funds payable (Note 5)		3,343,087		3,299,308		1,563,502
	$	64,135,042	$	55,247,578	$	62,781,069
Net Debt	$	(15,364,470)	$	(26,784,562)	$	(19,670,209)
Non-Financial Assets						
Tangible capital assets (Schedule 1)	$	28,851,000	$	28,032,304	$	25,507,888
Inventories held for use		78,098		61,400		53,766
Prepaid expenses		1,440,084		1,581,297		1,444,633
		30,369,182		29,675,001		27,006,287
Accumulated surplus	$	15,004,712	$	2,890,439	$	7,336,078

Commitments (Note 10)
Contingencies (Note 11)

Approved:

Board Chair Cheryl Stagg

Board Member

See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2013

	2013 Budget (Note 14)	**2013**	2012
Revenue (Schedule 2)			
Grants and reimbursements	**$ 91,678,439**	**$ 91,103,258**	$ 91,436,387
Subsidy	**11,422,700**	**21,207,000**	13,427,000
Tuition	**12,501,943**	**12,113,372**	12,531,359
Classroom/video rental	**15,000**	**20,000**	18,750
Interest	**200,000**	**181,344**	274,861
Fees	**620,071**	**666,106**	620,787
Apprenticeship	**3,954,236**	**5,662,188**	3,769,782
Bookstore	**3,380,000**	**2,814,605**	2,953,723
Corporate	**3,693,551**	**2,490,489**	3,179,541
Daycare	**520,845**	**495,512**	472,819
Equipment and materials	**1,543,672**	**1,578,216**	1,482,814
Food services	**1,338,000**	**1,192,535**	1,215,809
International	**1,081,695**	**1,037,635**	1,156,410
Parking	**3,547**	**7,719**	6,365
Residence	**329,000**	**319,318**	309,305
Special projects	**6,144,213**	**4,130,977**	3,007,150
Qatar project	**10,300,000**	**10,601,883**	10,167,006
Other	**418,758**	**587,594**	480,771
Total revenue	**149,145,670**	**156,209,751**	146,510,639
Expenditures (Schedules 3 to 15)			
Facilities	**4,616,617**	**4,956,994**	5,948,010
Administration	**16,768,396**	**15,775,912**	16,228,280
Instructional	**79,499,762**	**76,331,528**	79,610,847
Student services	**10,961,803**	**11,032,928**	11,270,796
Information technology	**7,568,953**	**6,823,838**	7,285,448
Resale	**5,727,409**	**5,372,142**	5,756,542
Apprenticeship	**3,866,171**	**4,100,978**	4,039,467
Continuing education	**678,543**	**783,937**	774,358
Contracts	**6,312,741**	**4,321,162**	5,341,592
International	**742,196**	**555,977**	620,347
Special projects	**5,036,497**	**3,761,559**	3,357,307
Qatar project	**2,109,494**	**2,164,353**	1,975,049
Total expenditure	**143,888,582**	**135,981,308**	142,208,043
Annual Surplus (Deficit) before adjustments:	**5,257,088**	**20,228,443**	4,302,596
Less adjustments for undernoted items:			
Amortization of tangible capital assets	**7,700,000**	**7,171,478**	7,132,260
Accrued post-employment benefits	**850,000**	**622,368**	801,070
Accrued compensated absences	**-**	**251,506**	213,877
Accrued annual leave	**600,000**	**68,818**	601,028
Total adjustment for above noted items	**9,150,000**	**8,114,170**	8,748,235
Annual Surplus (Deficit)	**$ (3,892,912)**	**$ 12,114,273**	$ (4,445,639)

See accompanying notes.

College of the North Atlantic
Statement of Change in Net Financial Assets (Debt)
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013 Total	2012 Total
Annual surplus (deficit)	$ (3,892,912)	$ 12,114,273	$ (4,445,639)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(9,798,009)	(7,992,545)	(9,663,059)
(Gain) loss on sale of tangible capital assets	-	2,371	6,383
Amortization of tangible capital assets	7,700,000	7,171,478	7,132,260
Increase (decrease) in net book value of tangible capital assets	(2,098,009)	(818,696)	(2,524,416)
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	-	141,213	(136,664)
Acquisition of inventory of supplies (net of usage)	-	(16,698)	(7,634)
Increase (decrease) in other non-financial assets	-	124,515	(144,298)
(Increase) decrease in net financial assets (debt)	(5,990,921)	11,420,092	(7,114,353)
Net financial assets (debt) at beginning of year	-	(26,784,562)	(19,670,209)
Net financial assets (debt) at end of year	$ (5,990,921)	$ (15,364,470)	$ (26,784,562)

See accompanying notes.

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2013

		2013		2012
Operating				
Annual surplus (deficit)	**$**	**12,114,273**	$	(4,445,639)
Add (deduct) non-cash items:				
Amortization of capital assets		**7,171,478**		7,132,260
Accrued post-employment benefits - increase (decrease)		**672,062**		740,140
Accrued compensated absences - increase (decrease)		**251,506**		213,877
		20,209,319		3,640,638
Changes in:				
Receivables		**(14,903,089)**		4,865,691
Inventory		**(5,506)**		(20,089)
Prepaid expenses		**141,213**		(136,664)
Deferred contributions - operating		**211,618**		594,930
Payables and accruals		**(818,940)**		(4,358,029)
Due to Qatar campus		**8,527,439**		(6,460,215)
Net cash provided by (applied to) operating transactions		**13,362,054**		(1,873,738)
Capital				
Acquisitions of tangible capital assets		**(7,992,545)**		(9,663,059)
Proceeds on sale of tangible capital assets		**2,371**		6,383
Net cash applied to capital transactions		**(7,990,174)**		(9,656,676)
Financing				
Net cash provided by (applied to) financing transactions		**-**		-
Investing				
Net cash provided by (applied to) investing transactions		**-**		-
Net cash provided (applied)		**5,371,880**		(11,530,414)
Cash, beginning of year		**11,334,989**		22,865,403
Cash, ending of year	**$**	**16,706,869**	$	11,334,989

See accompanying notes.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2013 and March 31, 2012

1 Nature of operations

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

2 Summary of significant accounting policies

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

(a) *Revenue recognition*

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met Federal and provincial revenues for operating and capital purposes are recognized in the period in which all eligibility criteria or stipulations have been met When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from the applicable Government is authorized

Tuition fees and contract training revenues are recognized as income to the extent that the related courses and services are provided within the fiscal year of the college Ancillary revenues including parking, bookstore, residence and other sundry revenues are recognized when products are delivered or services are provided to the student or client, the sales price is fixed and determinable, and collection is reasonably assured

Management fees for operating and administering a College in the State of Qatar are recognized as earned

(b) *Inventories for resale*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurred For the year ended March 31, 2013, the write-down of inventory was $99,555 (2012 - $275,279)

(c) *Tangible Capital Assets*

Tangible capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value Tangible capital assets 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 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

(c) *Tangible Capital Assets (cont'd)*

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, 2013

Contributed capital assets are recorded at fair value at the date of contribution Repairs and maintenance costs are charged to expense Betterments that extend the estimated life of an asset are capitalized When a capital asset no longer contributes to the College's ability to provide service, and the value of future economic benefits associated with the capital asset is less than the net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value

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

(d) *Post-employment benefits and compensated absences*

The College provides post-employment benefits and compensated absences to certain employment groups These benefits include severance and non-vesting sick leave The College has adopted the following policies with respect to accounting for these employee benefits:

(i) Upon termination, retirement or death, the organization provides their employees, with at least nine years of service with severance benefits equal to one week of pay per year of services up to a maximum of 20 weeks An actuarially determined accrued liability for severance has been recorded in the statements This liability has been determined using management's best estimate of employee retention, salary escalation, long term inflation and discount rates

(ii) The College provides their employees with sick leave benefits that accumulate but do not vest The benefits provided to employees vary based upon classification within the various negotiated agreements An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates

(e) *Vacation pay liability*

The College recognizes vacation pay as an expense on the accrual basis

(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 in the amount of a $173 loss (2012 - $14,112 gain)

(g) *Financial instruments*

The College classifies its financial instruments as either fair value or amortized cost The College's accounting policy for each category is as follows:

Fair value
This category includes cash and trust accounts and are classified as held for trading

Transaction costs related to financial instruments in the fair value category are expensed as incurred

Amortized cost
This category includes accounts receivable and accounts payable and accrued liabilities They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate, less any impairment losses on financial assets

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery Financial assets are then written down to the net recoverable value with the write downs being recognized in the statement of operations

There were no embedded derivatives in any contracts that require special accounting treatment

(h) *Pensions*

College staff are subject to either the Public Service Pension Plan (PSPP), or the Government Money Purchase Pension Plan (GMPP)

The primary plan, PSPP, is a multi-employer plan and a defined benefit pension plan Staff 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 PSPP members must have at least 5 years of pensionable service to obtain a pension benefit Normal retirement age under the Plan is 65 however early retirement options are available Members of the PPSP are required to make contributions toward the funding of their pension benefits as follows:

(i) 8 6% of earnings up to the Year's Basic Exemption, the portion of earnings upon which no CPP contributions are required;
(ii) 6 8% of earnings in excess of the Year's Basic Exemption up to and including the Year's Maximum Pensionable Earnings ("YMPE"); and
(iii) 8 6% of earnings in excess of the YMPE

Pensions paid under the PSPP are indexed annually Indexing is applied at the rate of 60% of the increase in the Consumer Price Index (CPI), with the increase in the CPI capped at 2% Indexing applies to benefits of pensioners who have attained age 65 prior to October 1 of each year

The lifetime pension benefit is determined as 1 4% of the best five year average salary (up to the three year average YMPE) multiplied by the years of pensionable service, plus 2% of the best five year average salary (in excess of the average YMPE) multiplied by the years of pensionable service

Staff shall participate in the GMPP only if they are ineligible for the PSPP Payments are made to a private investment firm from which pensions will be paid to employees when they retire The GMPP is a defined contribution plan

The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis

During the year 2013 the College contributed $6,963,217 to the PSPP and $762,720 to the GMPP In 2012 the College contributed $6,909,391 to the PSPP and $840,378 to the GMPP

(i) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period Items requiring the use of significant estimates include the useful life of tangible capital assets, accrued severance, accrued sick leave, impairment of assets and allowance for doubtful accounts

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available Measurement uncertainty exists in these financial statements Actual results could differ from these estimates

(j) *Inventories held for use*

Inventories held for use include fuel and supplies for the heavy equipment program, and are recorded at the lower of historical cost and replacement cost

3 Impact of the change in the basis of accounting

These financial statements are the first financial statements for which the College has applied Canadian Public Sector Accounting Standards ("PSA Standards") The financial statements for the year ended March 31, 2013 were prepared in accordance with PSA standards Comparative period information presented for the year ended March 31, 2012 was prepared in accordance with PSA standards and the provisions set out in Section *PS 2125 First-time adoption by government organizations*.

The date of transition to PSA standards is April 1, 2011 The adoption of the standards has resulted in a restatement of the Statement of Operations for the year ended March 31, 2012 and accumulated surplus as of April 1, 2011 and March 31, 2012 The significant impacts on the statement of operations and statement of financial position included:

(i) de-recognition of certain deferred capital contributions and deferred unamortized portion of capital asset grants:

The College has adopted Section PS3410 - G*overnment Transfers* where specific criteria must be met in order to defer the recognition of revenue As a result of applying this standard, deferred capital contributions and deferred unamortized portion of capital asset grants were not eligible to be deferred

(ii) de-recognition of certain deferred operating contributions:
As a result of applying Section PS3410 - G*overnment Transfers* , certain government operating contributions were not eligible to be deferred

(iii) adjustments to severance and sick leave accrual based upon actuarial valuation:
PSA Standards requires the recognition of a liability for sick leave benefits that accumulate, but do not vest, which was not required under pre-changeover GAAP As a result, the College has recognized a liability and charge to net debt Post employment benefits (severance) have been calculated internally by management in prior periods Both the sick leave and severance are required to be accrued based on actuarially determined calculations

(iv) reclassfications relating to financial statement presentation adopted under PSA Standards

3 Impact of the change in the basis of accounting (cont'd)

(a) Adjustment to the statement of financial position as at April 1, 2011:

Financial assets		As previously reported		Adjustment required			As restated
Cash		22,865,403		-			22,865,403
Accounts receivable		17,369,206		-			17,369,206
Inventories for resale		1,366,515		(53,766)	(iv)		1,312,749
Prepaid expenses		1,444,633		(1,444,633)	(iv)		-
Trust funds on deposit		1,563,502		-			1,563,502
Property, plant & equipment		25,507,888		(25,507,888)	(iv)		-
	$	70,117,147	$	(27,006,287)		$	43,110,860

Financial liabilities		As previously reported		Adjustment required			As restated
Accounts payable & accrued liabilities	$	16,683,837	$	-		$	16,683,837
Vacation pay accrual		8,598,177		-			8,598,177
Post-employment benefits		14,655,731		(1,463,405)	(iii)		13,192,326
Compensated absences		-		10,307,025	(iii)		10,307,025
Due to Qatar Campus		8,603,095		-			8,603,095
Deferred contributions - operating		5,191,428		(1,358,321)	(ii)		3,833,107
Deferred contributions - capital		9,831,690		(9,831,690)	(i)		-
Trust funds payable		1,563,502		-			1,563,502
	$	65,127,460	$	(2,346,391)		$	62,781,069
Net assets (debt)	$	4,989,687	$	(24,659,896)		$	(19,670,209)
Non-financial assets							
Tangible capital assets		-		25,507,888	(iv)		25,507,888
Inventory held for use		-		53,766	(iv)		53,766
Prepaid expenses		-		1,444,633	(iv)		1,444,633
	$	-	$	27,006,287		$	27,006,287
Accumulated surplus	$	4,989,687	$	2,346,391		$	7,336,078

(b) Reconciliation of previously reported annual surplus (deficit) for March 31, 2012 with the annual surplus (deficit) for March 31, 2012 shown in the financial statements:

		2012
Annual deficit, as previously reported at March 31, 2012	$	(7,906,423)
Adjustment related to deferred capital contributions		6,730,968
Adjustment to amortization of deferred capital grants		(3,156,666)
Adjustment related to subsidy revenue deferral		120,211
Adjustment related to sick leave expense		(213,877)
Adjustment related to severance expense		(19,852)
Annual deficit, as adjusted at March 31, 2012	$	(4,445,639)

(c) There was no material adjustments required to the presentation in the statement of cash flows presented at March 31, 2012

3 Impact of the change in the basis of accounting (cont'd)

The College has elected to use the following elections in respect to their transition:

i) *Post-employment benefits and compensated absences*
The College has elected to recognize all cumulative actuarial gains and losses at the date of transition directly in accumulated surplus/deficit

PSA Standards for Government NPOs requires the application of actuarial gains and losses on post-employment benefit obligations and compensated absences to be amortized over the estimated average remaining service life of employees Retroactive application of this approach would require the College to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to PSA Standards for Government NPOs into a recognized portion and an unrecognized portion The College has elected to recognize all cumulative actuarial gains and losses as the date of transition to PSA Standards for Government NPOs directly in net assets

ii) *Impairment of tangible capital assets*
The College has elected to recognize the impairment and write-down of tangible capital assets on a prospective basis *PS 3150 - Tangible Capital Assets* has provisions relating to the impairment and write-down of tangible capital assets that can differ materially from pre-changeover Canadian GAAP This exemption allows entities to apply these provisions prospectively from the date of adoption of PSA Standards for Government NPOs, rather than reassessing all tangible capital assets initially recognized in the opening statement of financial position for write-down under these provisions

4 Receivables

	2013	2012	2011
Government of Newfoundland and Labrador	**$ 6,978,352**	$ 5,153,985	$ 2,503,872
LMDA Subsidy	**15,407,255**	3,672,888	8,716,439
Students	**810,233**	771,252	994,989
Government agencies and other	**4,472,712**	3,321,600	5,533,597
	27,668,552	12,919,725	17,748,897
Less allowance for doubtful accounts	**261,948**	416,210	379,691
	$ 27,406,604	$ 12,503,515	$ 17,369,206

5 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:

	2013	2012	2011
Opening balance	**$ 3,299,308**	$ 1,563,502	$ 1,358,346
Net deposits and payments	**(29,651)**	1,683,348	167,609
Interest	**73,430**	52,458	37,547
Closing balance	**$ 3,343,087**	$ 3,299,308	$ 1,563,502

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2013 and March 31, 2012

6 Accounts payables & accrued liabilities

	2013	2012	2011
Trade liabilities	**$ 3,334,190**	$ 2,949,763	$ 3,297,281
Accrued wages and benefits	**4,171,435**	5,787,215	5,192,515
End of service compensation	**1,519,760**	1,519,760	6,708,257
Other	**1,378,059**	1,193,164	1,485,784
	$ 10,403,444	$ 11,449,902	$ 16,683,837

7 Post-employment benefits and compensated absences

The actuarial valuation date for sick leave accrual was March 31, 2012 and has been extrapolated for March 31, 2013 and April 1, 2011 The actuarial valuation date for severance pay accrual was March 31, 2013 and has been extrapolated for March 31, 2012 and April 1, 2011 The assumptions are based on future events The economic assumptions used in the valuation are the College's best estimates of expected rates as follows:

	2013	2012	2011
Wages and salary escalation	**4.00%**	4 00%	4 00%
Interest	**3.60%**	3 85%	4 65%

The sick leave accrual as at March 31 are as follows:

	2013	2012	2011
Initial valuation			**$** 10,307,025
Accrued sick pay benefit obligation beginning of year	**$ 11,016,186**	**$** 10,307,025	
Current period benefit cost	**1,159,429**	1,054,251	
Benefit payments	**(1,366,165)**	(1,313,620)	
Interest on the accrued benefit sick leave obligations	**420,143**	473,246	
Actuarial (gains) / losses	**164,759**	495,284	
Accrued sick pay benefit obligation end of year	**11,394,352**	11,016,186	10,307,025
Unamortized actuarial experience loss	**621,943**	495,284	-
Accrued benefit liability, end of year	**$ 10,772,409**	$ 10,520,902	$ 10,307,025

The severance pay accrual as at March 31 are as follows:

	2013	2012	2011
Initial valuation			**$** 13,192,326
Accrued severance benefit obligation beginning of year	**$ 14,886,062**	**$** 13,192,326	
Current period benefit cost	**1,217,772**	1,069,884	
Benefit payments	**(1,192,660)**	(946,066)	
Interest on the accrued benefit severance obligation	**573,597**	616,322	
Actuarial (gains) / losses	**335,773**	953,596	
Accrued severance benefit obligation end of year	**15,820,544**	14,886,062	13,192,326
Unamortized actuarial experience loss	**1,216,016**	953,596	-
Accrued benefit liability, end of year	**$ 14,604,528**	$ 13,932,466	$ 13,192,326
Total post-employment benefits and compensated absences end of year	**$ 25,376,937**	$ 24,453,368	$ 23,499,351

8 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 period, September 30, 2001 to August 31, 2012 It was extended to August 31, 2013, and subsequently further extended to August 31, 2016 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

	2013	2012	2011
Cash on deposit	**$ 11,567,170**	$ 2,838,535	$ 3,306,931
Payables (accruals)	**(896,851)**	(695,655)	(95,245)
Payable as a result of salary overbilling			5,391,409
Net Liability	**$ 10,670,319**	$ 2,142,880	$ 8,603,095

Results of Operations

	2013	2012
Gross proceeds	**$ 10,601,883**	$ 10,167,006
Management costs	**(2,164,353)**	(1,975,049)
Net Proceeds	**$ 8,437,530**	$ 8,191,957

9 Deferred contributions - operating

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year Changes in the contributions deferred to future periods are as follows:

	2013	2012	2011
Balance, beginning of year	**$ 4,428,037**	$ 3,833,107	$ 5,365,180
Less amounts recognized as revenue in the year	**(21,670,007)**	(21,666,579)	(21,600,000)
Add amounts received during the year	**21,881,625**	22,261,509	20,067,927
Balance, end of year	**$ 4,639,655**	$ 4,428,037	$ 3,833,107

Deferred contributions -operating are comprised of:

	2013	2012	2011
Residence and program fees	**$ 95,106**	$ 59,900	$ 61,898
Tuition	**1,122,726**	1,153,801	901,870
Contract training and special projects	**3,421,823**	3,214,336	2,869,339
	$ 4,639,655	**$ 4,428,037**	**$ 3,833,107**

10 Commitments

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:

2013-2014	736,929
2014-2015	358,207
2015-2016	306,419
2016-2017	237,453
2017-2018	68,557

11 Contingent liabilities

(a) The College has received notices of claim for damages No provision has been made for these claims because management does not expect the College to incur any material liability, or because an estimate of loss, if any, is not determinable at this time

(b) A compliance audit on compensation and billings of the Comprehensive Agreement with the State of Qatar as required per section 4 6 is currently in progress, therefore, the results are unknown at this time The College is currently not aware of any material findings or outcomes of this compliance audit

12 Financial instruments risk management

Classification

The following table provides cost and fair value information of financial instruments by category

	2013		
	Fair Value	**Amortized Cost**	**Total**
Cash	$ 16,706,869	$	$ 16,706,869
Trust funds on deposit	3,343,087		3,343,087
Accounts receivable		27,406,604	27,406,604
Accounts payable and accrued liabilities		10,403,444	10,403,444
Vacation pay accrual		9,701,601	9,701,601
Trust funds payable		3,343,087	3,343,087
	$ 20,049,956	$ 50,854,736	$ 70,904,692

Fair value hierarchy

The College uses the following hierarchy for determining and disclosing the measurement subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degrees to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quote prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable from the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices) and;

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash and cash equivalents and trust funds on deposit are classified in the level 1 hierarchy

12 Financial instruments risk management (cont'd)

Risk management

a) *Credit risk*

Credit risk is the risk of financial loss to the College if a debtor fails to make payments of interest and principal when due The College is exposed to this risk relating to its cash and accounts receivable The College holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation In the event of a default, the College's cash accounts are insured up to $300,000 (2012 - $300,000)

Accounts receivable from federal and provincial governments pose minimal credit risk Credit risk from accounts receivable due from students is mitigated by financial approval processes before a student is enrolled Miscellaneous receivables from various other corporate entities are monitored on a regular basis

The College measures its exposure to credit risk based on how long the amounts have been outstanding An impairment allowance is set up based on the College's historical experience regarding collections The amounts outstanding at year end were as follows:

	Total	Current	30-60 days	> 61 days
Government receivables	$ 24,493,591	$ 20,207,149	$ 3,963,406	$ 323,036
Student receivables	810,233	119,563	302,458	388,212
Other receivables	2,364,728	1,864,047	76,349	424,332
Gross receivables	27,668,552	22,190,759	4,342,213	1,135,580
Less: impairment allowances	(261,948)			(261,948)
Net receivables	$ 27,406,604	$ 22,190,759	$ 4,342,213	$ 873,632

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

b) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors Market factors include three types of risk: currency risk, interest rate risk, equity risk

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

(i) *Currency Risk*

Currency risk relates to the College operating in different currencies and converting non-Canadian earnings at different points in time when adverse changes in foreign currency rates occur
During the year the College had the following foreign currency transactions:

	2013	2012
Receipts		
US dollar (USD)	688,776	861,755
Qatari riyal (QR)	-	-
Payment		
US dollar (USD)	1,321,899	1,572,090
Qatari riyal (QR)	748,600	466,141

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

12 Financial instruments risk management (cont'd)

ii) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates

Management believes that the interest rate risk of the College is not material

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

iii) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets

Management believes that the equity risk of the College is not material

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

c) Liquidity risk

Liquidity risk is the risk that the College will not be able to meet all cash outflow obligations as they come due The College mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the nearest term if unexpected cash outflows arise The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2013		
	Within 6 Months	6 Months to 1 year	> 1 year
Accounts payable and accrued liabilities	7,175,320	1,508,364	1,719,760
	$ 7,175,320	$ 1,508,364	$ 1,719,760

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk

13 Comparative figures

Certain of the 2012 comparative figures have been reclassified to conform to the financial presentation adopted in 2013

14 Budget

The budget amounts included in these financial statements are the amounts approved by The College's Board for the current fiscal year The budget would include all known service and program changes and enhancements for the coming 2012/13 fiscal year Additional changes to services and programs that are initiated during the year would be funded through budget adjustments and have been adjusted in the opening budget accordingly

15 Related party transactions

The College had the following transactions with the government and other government controlled organizations:

	2013	2012
Grants from the province	118,376,437	109,235,414
Transfer from Child, Youth & Family Services	274,601	-
Transfer from Dept of Natural Resources	161,635	166,361
Transfer from IBRD	719,765	-
Transfer from Research Development Council	167,272	-
Transfer from INTRD	-	169,620
Transfer from Memorial University	250,644	109,579
Transfer to Memorial University	177,350	-

College of the North Atlantic
Tangible Capital Assets
March 31, 2013

	Artwork	Capital improvements	Computer and peripherals	Furnishings	Instructional equipment	Other electronic equipment	Software	ERP - Peoplesoft	Vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At April 1, 2011	5,500	20,110,203	7,081,910	718,310	37,268,365	744,488	737,162	3,789,958	8,131,901	78,587,797
Additions	-	2,610,123	407,763	41,669	4,165,412	23,430	9,824	1,318,053	1,086,786	9,663,060
Disposals	-	5,125	534,798	52,824	966,475	4,633	6,037	-	578,618	2,148,510
Write-downs							105,688	(105,688)		-
At March 31, 2012	5,500	22,715,201	6,954,875	707,155	40,467,302	763,285	635,261	5,213,699	8,640,069	86,102,347
Additions	-	5,038,765	274,065	28,833	1,508,155	72,494	-	232,635	837,598	7,992,545
Disposals	-	627,832	789,340	45,150	522,994	-	-	-	95,563	2,080,879
Write-downs										-
At March 31, 2013	5,500	27,126,134	6,439,600	690,838	41,452,463	835,779	635,261	5,446,334	9,382,104	92,014,013
Accumulated Amortization										
At April 1, 2011	-	7,910,940	6,268,481	651,513	29,410,956	602,244	535,380	2,468,757	5,231,638	53,079,909
Amortization	-	1,693,982	546,790	31,889	3,173,736	81,426	65,700	389,565	1,149,171	7,132,259
Disposals	-	2,306	534,798	52,824	962,909	4,633	6,037	-	578,618	2,142,125
Write-downs										
At March 31, 2012	-	9,602,616	6,280,473	630,578	31,621,783	679,037	595,043	2,858,322	5,802,191	58,070,043
Amortization	-	2,041,020	436,477	32,517	3,115,630	34,759	35,306	389,565	1,086,204	7,171,478
Disposals	-	625,750	796,630	37,571	522,994	-	-	-	95,563	2,078,508
Write-downs										
At March 31, 2013	-	11,017,886	5,920,320	625,524	34,214,419	713,796	630,349	3,247,887	6,792,832	63,163,013
Net Book Value:										
At April 1, 2011	5,500	12,199,263	813,429	66,797	7,857,409	142,244	201,782	1,321,201	2,900,263	25,507,888
At March 31, 2012	5,500	13,112,585	674,402	76,577	8,845,519	84,248	40,218	2,355,377	2,837,878	28,032,304
At March 31, 2013	5,500	16,108,248	519,280	65,314	7,238,044	121,983	4,912	2,198,447	2,589,272	28,851,000

Cost at March 31, 2013 includes work in progress as follows:

ERP - PeopleSoft $ 1,550,688

College of the North Atlantic
Revenue
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Provincial Government Grants			
Grant-in-aid	$ 84,897,322	$ 84,779,188	$ 84,105,419
Provincial capital grant	6,181,117	5,724,070	6,730,968
Other grants	600,000	600,000	600,000
	91,678,439	91,103,258	91,436,387
Facilities			
Classroom/video rental	15,000	20,000	18,750
Gain on disposal of capital assets	15,000	10,965	49,025
Parking	3,547	7,719	6,365
	33,547	38,684	74,140
Administration			
Interest	200,000	181,344	274,861
Other	21,997	40,525	44,202
	221,997	221,869	319,063
Instructional			
Tuition	8,980,411	8,921,064	9,344,307
Equipment and materials	1,543,672	1,578,216	1,482,814
Subsidy	11,422,700	21,207,000	13,427,000
Daycare	520,845	495,512	472,819
Other	280,220	457,370	264,221
	22,747,848	32,659,162	24,991,161
Student services			
Application fee	265,899	281,148	259,122
Registration fee	354,172	384,958	361,665
Other	101,541	59,312	90,128
	721,612	725,418	710,915
Resale			
Bookstore	3,380,000	2,814,605	2,953,723
Food services	1,338,000	1,192,535	1,215,809
Residence	329,000	319,318	309,305
Other	-	2,805	11,566
	5,047,000	4,329,263	4,490,403
Apprenticeship			
Apprenticeship	3,887,535	5,661,553	3,720,067
	3,887,535	5,661,553	3,720,067

College of the North Atlantic
Revenue
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Continuing education			
Tuition	**786,592**	**1,107,434**	906,918
Other	**-**	**16,617**	21,629
	786,592	**1,124,051**	928,547
Contracts			
Tuition	**2,734,940**	**2,084,874**	2,280,134
Apprenticeship/Post Journey	**66,701**	**635**	49,715
Corporate	**3,693,551**	**2,490,489**	3,179,541
	6,495,192	**4,575,998**	5,509,390
International			
International	**1,081,695**	**1,037,635**	1,156,410
	1,081,695	**1,037,635**	1,156,410
Special projects			
Special projects	**6,144,213**	**4,130,977**	3,007,150
	6,144,213	**4,130,977**	3,007,150
Qatar Project			
Management fee	**10,130,000**	**10,286,245**	9,972,380
Other	**170,000**	**315,638**	194,626
	10,300,000	**10,601,883**	10,167,006
	$ 149,145,670	**$ 156,209,751**	$ 146,510,639

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 1,387,901	$ 1,584,973	$ 1,826,917
Professional development	1,714	-	473
Professional fees	6,600	15,121	12,785
Travel	11,124	3,610	14,475
Insurance	325,000	305,423	302,919
Photocopying/printing	1,950	1,142	403
Office related supplies	2,750	6,968	2,274
Freight and customs	2,500	82	1,950
Telephone	1,850	7,309	6,722
Utilities	1,464,100	1,545,051	1,515,885
Repairs and maintenance	817,631	984,741	1,174,101
Vehicle operations	182,925	162,576	169,050
Equipment rentals	11,600	7,931	12,046
Facilities rentals	205,325	193,722	676,468
Protective clothing	12,200	15,411	14,977
Computer supplies	500	2,726	10,835
Contracted services	68,000	73,273	78,202
Student related	-	839	-
Minor equipment and tools	3,778	6,268	39,585
Minor computer equipment	2,000	-	13,737
Materials and supplies	107,169	39,828	74,206
	$ 4,616,617	$ 4,956,994	$ 5,948,010

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 12,492,687	$ 12,126,778	$ 11,965,398
Professional development	172,663	118,632	168,743
Employee recognition and wellness	32,078	24,698	29,169
Professional fees	463,790	392,903	472,853
Travel	455,485	361,390	454,909
Recruitment and relocation	136,341	263,962	45,819
Insurance	500	-	-
Bank charges	182,000	178,577	165,322
Photocopying/printing	266,072	192,654	257,001
Office related supplies	415,417	398,719	454,702
Membership fees	127,170	111,884	144,610
General advertising	268,743	127,221	242,944
Doubtful receivables	65,000	48,490	22,157
Freight and customs	129,720	95,443	115,926
Telephone	787,374	670,966	746,066
Utilities	4,200	6,478	4,233
Repairs and maintenance	76,820	110,479	150,800
Vehicle operations	200	8,028	4,225
Equipment rentals	40,619	14,575	50,238
Facilities rentals	37,400	35,788	36,033
Protective clothing	8,250	13,690	8,663
Food cost	-	3,408	1,803
Laundry and drycleaning	-	564	636
Computer supplies	73,991	66,270	32,607
Contracted Services	500	9,059	13,508
Educational materials	21,500	11,296	17,899
Student related	600	8,614	7,518
Minor equipment and tools	91,059	73,441	218,616
Minor computer equipment	82,111	44,514	85,945
Materials and supplies	336,106	257,391	309,937
	$ 16,768,396	$ 15,775,912	$ 16,228,280

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 72,469,280	$ 71,073,417	$ 72,051,919
Professional development	367,574	145,189	346,225
Employee recognition and wellness	550	350	697
Professional fees	241,810	94,730	196,974
Travel	422,937	471,176	653,638
Recruitment and relocation	22,500	39,669	55,013
Insurance	1,500	-	-
Photocopying/printing	159,503	219,554	165,248
Office related supplies	58,992	43,595	50,141
Membership fees	25,871	26,245	40,727
General advertising	96,709	66,447	150,081
Freight and customs	64,297	23,616	54,409
Telephone	24,395	22,851	27,666
Utilities	4,480	3,239	4,089
Repairs and maintenance	117,456	185,406	348,336
Vehicle operations	479,998	399,078	377,026
Equipment rentals	55,280	35,050	29,876
Facilities rentals	116,532	153,395	120,622
Protective clothing	36,980	30,996	27,554
Food cost	107,664	94,552	120,520
Laundry and drycleaning	6,230	4,769	7,400
Textbooks and supplies	1,150	-	-
Computer supplies	211,892	233,967	286,703
Contracted services	158,789	152,216	162,462
Educational materials	115,499	84,829	113,787
Daycare operations	109,455	76,910	84,183
Student related	669,054	332,852	669,025
Minor equipment and tools	450,415	440,733	1,029,969
Minor computer equipment	172,227	162,511	277,985
Materials and supplies	2,730,743	1,714,186	2,158,572
	$ 79,499,762	$ 76,331,528	$ 79,610,847

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 9,428,615	$ 9,618,875	$ 9,599,829
Professional development	27,084	10,953	14,326
Employee recognition and wellness	110	105	350
Professional fees	9,000	8,227	7,105
Travel	146,555	113,487	186,583
Recruitment and relocation	-	569	571
Insurance	16,400	7,500	-
Photocopying/printing	193,191	140,607	142,560
Office related supplies	64,059	68,302	67,939
Membership fees	4,050	5,050	3,932
General advertising	393,169	390,259	461,920
Freight and customs	19,985	7,211	12,697
Telephone	1,500	6,661	5,248
Utilities	-	415	-
Repairs and maintenance	45,927	5,838	16,749
Vehicle operations	-	115	392
Facilities rentals	1,075	521	2,715
Protective clothing	100	1,159	1,049
Food cost	-	518	-
Laundry and drycleaning	3,788	3,767	2,370
Computer supplies	9,881	18,667	38,718
Contracted services	112,875	116,245	113,314
Educational materials	243,949	258,848	200,724
Student related	75,226	69,674	121,286
Minor equipment and tools	28,913	38,831	89,467
Minor computer equipment	32,480	45,639	57,761
Materials and supplies	103,871	94,885	123,191
	$ 10,961,803	$ 11,032,928	$ 11,270,796

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ **5,009,645**	$ **4,916,402**	$ 5,124,097
Professional development	**26,741**	**1,436**	4,885
Professional fees	**80,565**	**49,580**	10,691
Travel	**197,883**	**26,408**	108,967
Photocopying/printing	**1,850**	**181**	751
Office related supplies	**14,950**	**10,392**	14,294
Membership fees	**-**	**3,870**	882
General advertising	**-**	**186**	684
Freight and customs	**2,555**	**882**	1,046
Telephone	**15,895**	**10,076**	13,291
Utilities	**-**	**118**	-
Repairs and maintenance	**2,475**	**14,526**	17,434
Vehicle operations	**-**	**191**	-
Facilities rentals	**160,000**	**157,494**	156,536
Protective clothing	**600**	**269**	339
Computer supplies	**1,903,463**	**1,551,317**	1,548,435
Contracted services	**-**	**4,245**	1,680
Minor equipment and tools	**29,222**	**12,521**	36,158
Minor computer equipment	**72,398**	**34,294**	205,428
Materials and supplies	**50,711**	**29,450**	39,850
	$ **7,568,953**	$ **6,823,838**	$ 7,285,448

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 1,719,184	$ 1,966,325	$ 1,952,148
Professional development	-	64	95
Employee recognition and wellness	-	-	300
Professional fees	-	295	-
Travel	2,229	6,559	18,470
Photocopying/printing	10,750	8,693	10,534
Office related supplies	23,800	17,730	23,785
General advertising	1,900	1,804	1,336
Freight and customs	155,225	145,605	174,182
Telephone	2,000	1,797	3,134
Utilities	16,265	17,491	15,488
Repairs and maintenance	15,900	42,062	19,775
Vehicle operations	-	-	222
Protective clothing	12,250	14,633	17,477
Food cost	988,300	781,116	928,593
Laundry and drycleaning	21,000	20,018	18,782
Textbooks and supplies	2,671,300	2,274,890	2,467,512
Computer supplies	11,062	13,957	11,283
Contracted services	-	1,769	-
Educational materials	-	-	523
Student related	1,200	253	1,311
Minor equipment and tools	12,392	20,618	56,597
Minor computer equipment	2,000	9,935	7,490
Materials and supplies	60,652	26,528	27,505
	$ 5,727,409	$ 5,372,142	$ 5,756,542

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 2,921,560	$ 3,228,284	$ 3,035,824
Professional development	2,310	4,063	312
Professional fees	3,559	1,543	600
Travel	2,784	12,171	7,300
Recruitment and relocation	-	66	-
Photocopying/printing	5,396	5,983	4,448
Office related supplies	250	1,610	2,210
Membership fees	150	595	150
General advertising	4,713	386	878
Freight and customs	12,582	293	9,858
Telephone	-	67	366
Repairs and maintenance	7,007	25,688	15,106
Vehicle operations	3,928	1,186	2,775
Equipment rentals	8,804	717	10,568
Protective clothing	1,200	2,064	2,839
Food cost	14,119	12,997	9,836
Laundry and drycleaning	3,155	1,664	2,495
Computer supplies	17,478	21,225	30,470
Contracted services	-	-	35,702
Educational materials	26,320	32,722	45,990
Student related	369,135	453,988	408,735
Minor equipment and tools	47,638	64,272	99,863
Minor computer equipment	8,153	4,427	41,801
Materials and supplies	405,930	224,967	271,341
	$ 3,866,171	$ 4,100,978	$ 4,039,467

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 514,189	$ 554,344	$ 560,485
Professional fees	2,000	329	-
Travel	5,443	6,188	15,423
Photocopying/printing	3,703	7,392	4,137
Office related supplies	-	2,851	3,281
Membership fees	-	-	150
General advertising	7,733	4,689	7,028
Freight and customs	1,241	1,622	948
Vehicle operations	-	664	-
Equipment rentals	-	798	3,535
Facilities rentals	3,610	6,486	3,211
Food cost	-	439	-
Contracted services	56,856	133,305	131,421
Educational materials	3,164	455	3,047
Student related	29,000	36,438	13,090
Minor equipment and tools	-	1,120	1,030
Minor computer equipment	1,959	-	-
Materials and supplies	49,645	26,817	27,572
	$ 678,543	$ 783,937	$ 774,358

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ **4,772,690**	$ **3,286,845**	$ 3,900,321
Professional development	**1,000**	**904**	12,915
Employee recognition and wellness	**-**	**-**	848
Professional fees	**7,051**	**4,465**	2,590
Travel	**202,877**	**85,904**	140,751
Recruitment and relocation	**3,000**	**-**	2,632
Photocopying/printing	**25,253**	**25,781**	32,729
Office related supplies	**12,000**	**5,474**	7,234
Membership fees	**4,511**	**497**	3,140
General advertising	**35,463**	**26,500**	25,973
Doubtful receivables	**-**	**(64,724)**	69,622
Freight and customs	**18,331**	**8,504**	10,719
Telephone	**12,500**	**3,477**	5,463
Utilities	**-**	**4,457**	1,087
Repairs and maintenance	**8,000**	**4,621**	7,265
Vehicle operations	**26,000**	**16,351**	3,218
Equipment rentals	**43,000**	**18,435**	42,756
Facilities rentals	**50,000**	**4,604**	19,653
Protective clothing	**10,000**	**2,849**	3,827
Food cost	**27,500**	**25,960**	31,270
Laundry and drycleaning	**1,338**	**1,944**	1,777
Computer supplies	**12,000**	**6,433**	24,591
Contracted services	**510,000**	**492,277**	456,115
Educational materials	**22,647**	**7,905**	6,396
Student related	**233,743**	**147,262**	155,309
Minor equipment and tools	**23,820**	**16,913**	20,833
Minor computer equipment	**38,061**	**11,939**	42,131
Materials and supplies	**211,956**	**175,585**	310,427
	$ **6,312,741**	$ **4,321,162**	$ 5,341,592

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 444,055	$ 347,528	$ 321,991
Professional fees	201,753	123,190	227,464
Travel	36,229	59,696	41,178
Insurance	-	301	237
Photocopying/printing	3,526	82	1,124
Office related supplies	1,287	367	2,815
Membership fees	1,580	1,322	1,353
General advertising	13,987	7,289	9,519
Freight and customs	4,285	2,125	4,582
Telephone	2,159	1,421	1,147
Contracted services	-	5,250	-
Educational materials	2,395	870	1,368
Student related	13,248	3,775	164
Minor equipment and tools	1,509	-	-
Minor computer equipment	4,267	-	4,476
Materials and supplies	11,916	2,761	2,929
	$ 742,196	$ 555,977	$ 620,347

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 2,413,482	1,839,153	$ 1,573,374
Professional development	97,804	38,591	17,212
Professional fees	525,157	192,563	171,698
Travel	180,366	182,692	158,018
Insurance	-	286	-
Photocopying/printing	-	6,889	19,367
Office related supplies	2,500	921	5,956
Membership fees	-	713	2,329
General advertising	105,021	92,957	75,917
Freight and customs	337	3,149	82,689
Telephone	5,700	5,487	6,920
Utilities	-	6,734	691
Repairs and maintenance	-	271,754	37,683
Vehicle operations	52,000	48,928	2,550
Equipment rentals	-	9,430	16,524
Facilities rentals	24,665	6,600	6,346
Protective clothing	-	956	1,669
Food cost	-	598	2,393
Computer supplies	21,323	131,155	113,595
Contracted services	281,080	219,834	56,016
Educational materials	231,600	390	521
Daycare operations	-	4,179	2,123
Student related	415,697	299,353	335,308
Minor equipment and tools	79,925	184,117	380,040
Minor computer equipment	50,233	65,339	50,612
Materials and supplies	549,607	148,791	237,756
	$ 5,036,497	$ 3,761,559	$ 3,357,307

College of the North Atlantic
Summary of Qatar Project Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	**2013**	2012
Salaries and benefits	**$ 1,331,569**	**1,353,271**	$ 1,394,076
Professional development	**5,500**	**3,876**	18,888
Professional fees	**257,625**	**591,395**	432,071
Travel	**219,000**	**63,289**	159,713
Recruitment and relocation	**-**	**-**	4,542
Photocopying/printing	**4,100**	**3,215**	3,517
Office related supplies	**10,000**	**8,132**	10,702
Membership fees	**4,000**	**2,478**	2,811
General advertising	**77,700**	**15,119**	94,999
Freight and customs	**5,000**	**3,434**	4,631
Telephone	**31,000**	**25,998**	31,875
Repairs and maintenance	**5,000**	**-**	3,556
Facilities rentals	**81,600**	**78,374**	72,581
Laundry and drycleaning	**-**	**25**	-
Computer supplies	**3,500**	**523**	1,442
Minor equipment and tools	**5,000**	**1,360**	5,289
Minor computer equipment	**2,500**	**12,006**	2,271
Materials and supplies	**66,400**	**1,858**	7,085
Interest charges	**-**		(275,000)
	$ 2,109,494	**$ 2,164,353**	$ 1,975,049

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2013

	2013 Budget (Note 14)	2013	2012
Salaries and benefits	$ 114,904,857	111,896,195	$ 113,306,379
Professional development	702,390	323,708	584,074
Employee recognition and wellness	32,738	25,153	31,364
Professional fees	1,798,910	1,474,341	1,534,831
Travel	1,882,912	1,392,570	1,959,425
Recruitment and relocation	161,841	304,266	108,577
Insurance	343,400	313,510	303,156
Bank charges	182,000	178,577	165,322
Photocopying/printing	675,294	612,173	641,819
Office related supplies	606,005	565,061	645,333
Membership fees	167,332	152,654	200,084
General advertising	1,005,138	732,857	1,071,279
Doubtful receivables	65,000	(16,234)	91,779
Freight and customs	416,058	291,966	473,637
Telephone	884,373	756,111	847,898
Utilities	1,489,045	1,583,983	1,541,473
Repairs and maintenance	1,096,216	1,645,115	1,790,805
Vehicle operations	745,051	637,117	559,458
Equipment rentals	159,303	86,936	165,543
Facilities rentals	680,207	636,983	1,094,165
Protective clothing	81,580	82,027	78,394
Food cost	1,137,583	919,588	1,094,415
Laundry and drycleaning	35,511	32,751	33,460
Textbooks and supplies	2,672,450	2,274,890	2,467,512
Computer supplies	2,265,090	2,046,240	2,098,679
Contracted services	1,188,100	1,207,473	1,048,420
Educational materials	667,074	397,315	390,255
Daycare operations	109,455	81,089	86,306
Student related	1,806,903	1,353,048	1,711,400
Minor equipment and tools	773,671	860,194	1,977,447
Minor computer equipment	468,389	390,604	789,637
Materials and supplies	4,684,706	2,743,047	3,590,717
Interest charges	-	-	(275,000)
	$ 143,888,582	$ 135,981,308	$ 142,208,043

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL DE TERRE-NEUVE-ET-LABRADOR

Non-Consolidated Financial Statements

Year Ended June 30, 2012

Gardner Coombs
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Conseil scolaire francophone provincial de terre-Neuve-et-Labrador

We have audited the accompanying non-consolidated financial statements of Conseil scolaire francophone provincial de terre-Neuve-et-Labrador, which comprise the non-consolidated statement of financial position as at June 30, 2012 and the statements of revenues, expenditures and Board equity (deficit), cash flows and changes in capital fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Conseil scolaire francophone provincial de terre-Neuve-et-Labrador as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The financial statements of Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador for the year ended June 30, 2011, were audited by another auditor who expressed an unmodified opinion on these statements on November 4, 2011.

Gardner Coombs Winsor Coombs

St. John's, NL
November 30, 2012

CHARTERED ACCOUNTANTS

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

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2012

	2012	2011
Assets		
Current Assets		
Short Term Investments (Supp. Info. 2)	$ 309,500	$ 307,500
Accounts Receivable (Note 4)	653,140	570,877
HST Receivable	28,089	26,279
Prepaid Expenses (Supp. Info. 3)	10,366	14,120
Total Current Assets	1,001,095	918,776
Capital Assets (Sch. 8)	8,927,608	9,295,498
	$ 9,928,703	$ 10,214,274

	2012	2011
Liabilities and Board Equity		
Current Liabilities		
Due to bank (Supp. Info.1)	$ 29,677	$ 29,044
Due to the Government of Newfoundland & Labrador	174,616	172,142
Accounts Payable and Accruals (Note 5)	103,960	63,218
Summer Pay Liability	467,486	434,118
Deferred Revenue	52,294	68,355
Current Maturities	3,718	3,595
Total Current Liabilities	831,751	770,472
Long-Term Debt (Schedule 9)	6,000	4,000
Severance Pay Benefits - Teaching staff (Note 7)	364,051	305,680
Severance Pay Benefits - Non-teaching staff (Note 7)	77,320	59,305
Other Employee Benefits - Vacation pay	21,640	12,878
Vacation Pay - Executives (Note 8)	52,779	67,702
	515,790	445,565
Board Equity		
Investment in capital assets (Note 6)	8,921,786	9,286,823
Reserve - (Note 9)	57,000	51,000
Board Equity (Deficit)	(403,624)	(343,586)
Total Board Equity	8,575,162	8,994,237
	9,928,703	$ 10,214,274

See Accompanying Notes

Approved:

____________ Chair ____________ 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, 2012

	2012	Budget	2011
Current Revenue (Schedule 1)			
Provincial Government Grants	$ 7,956,135	$ 6,469,715	$ 6,664,109
Grants - OLE Projects	939,648	939,648	974,180
Donations	-	-	-
Ancillary Services	135,519	132,500	133,680
Miscellaneous	2,837	500	1,049
	9,034,139	7,542,363	7,773,018
Current Expenditures			
Administration - (Schedule 2)	660,703	617,300	653,307
Instruction (Schedule 3)	4,894,892	4,299,015	4,203,941
Operations and Maintenance (Schedule 4)	1,470,382	706,400	894,923
Pupil Transportation (Schedule 5)	424,748	435,000	425,528
Ancillary Services (Schedule 6)	182,153	160,000	151,712
Miscellaneous Expense (Schedule 7)	2,954	-	30,794
Pupil Services - federal grant (Schedule 10)	791,897	791,897	802,039
Community programs - federal grant (Schedule 11)	147,751	147,751	171,000
Amortization of capital assets	418,571	415,000	418,325
	8,994,051	7,572,363	7,751,569
Excess of Revenue over Expenditure before undernoted item	40,088	(30,000)	21,449
Paid Leave - Executives (Note 8)	14,925		(14,573)
Teacher severance pay accrual (Note 7)	(58,371)		29,757
Adjusted excess of Revenue over Expenditures	(3,358)	(30,000)	36,633
Transfer to Capital Fund	(50,680)	-	(48,669)
Board Deficiency, Beginning of Year	(343,586)		(331,550)
Transfer (to) from reserve	(6,000)		-
Fund Deficiency, End of the Year	$ (403,624)	$ (30,000)	$ (343,586)

See Accompanying Notes

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

Non-Consolidated Statement of Cash Flows
Year Ended June 30, 2012

	2012	2011
Operating Activities		
Excess of Revenue over Expenditures (Expenditures over Revenue)	$ (54,038)	$ (12,036)
Item not affecting Cash		
- Amortization of Capital Assets and related Deferred Funding	$ 2,854	$ 2,767
Changes in Non-Cash Working Capital		
- Short Term Investments	(2,000)	(101,500)
- Accounts Receivable	(84,073)	(108,189)
- Prepaid Expenses	3,754	7,071
- Due to Government of Newfoundland and Labrador	2,474	57,241
- Accounts Payable & Accrued Expenses	40,742	(4,581)
- Current maturities	122	(3,904)
Other non-working capital items		
- Summer Pay Liability	33,368	29,709
- Severance pay accrual	76,386	(30,220)
- Other employee benefits	(6,161)	15,184
- Deferred revenue	(16,061)	35,394
	(2,633)	(113,064)
Financing Activities		
Proceeds form Bank Loans	-	-
Grants - Capital	50,680	163,029
Other Capital Revenue	-	-
Increase in Long-Term Debt	2,000	-
Other - reserve	-	-
	52,680	163,029
Investing Activities		
Proceeds in Sale of Capital Assets	-	-
Additions to Capital Assets	(50,680)	(163,029)
Other	-	-
	(50,680)	(163,029)
Increase (decrease) in Cash	(633)	(113,064)
Cash, Beginning of the Year	(29,044)	84,020
Cash, End of the Year	$ (29,677)	$ (29,044)

See Accompanying Notes

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

Non-Consolidated Statement of Changes in Capital Fund
Year Ended June 30, 2012

	2012	2011
Capital Receipts		
Proceeds from Bank Loans		
- School Construction	$ -	$ -
- Equipment	-	-
- Service Vehicles	-	-
- Pupil Transportation	-	-
	-	-
Federal Grants		
School Construction and Equipment	-	-
Other	-	-
	-	-
Donations		
- Cash Receipts	-	-
- Non-Cash Receipts	-	-
- Restricted Use	-	-
	-	-
Sale of Capital Assets - Proceeds		
- Land & 012 Buildings	-	-
- Equipment	-	-
- Service Vehicles	-	-
- Pupil Transportation Vehicles	-	-
	-	-
Other Capital Revenues		
- Interest on Capital Fund Investments	-	-
- Premiums on Debentures	-	-
- Recoveries of Expenditures	-	-
- Insurance Proceeds	-	-
- Native Peoples Grants	-	-
- Miscellaneous		
- Capital Grants - Province of NL	-	114,360
- Cost sharing for Info Technology Grants	-	-
Total Capital Receipts	-	114,360
Transfer from Reserve Account	-	-
Transfer from Current Fund	50,680	48,669
Total	$ 50,680	$ 163,029

See Accompanying Notes

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

Non-Consolidated Statement of Changes in Capital Fund (Cont'd)
Year Ended June 30, 2012

	2012	2011
Capital Disbursements		
Additions to Capital Assets		
- Land and Sites	$ -	$ -
- Buildings	-	111,078
- Furniture & Equipment - Schools	50,680	35,525
- Furniture & Equipment - Other	-	7,313
- Service Vehicles		-
- Pupil Transportation	-	-
- Other - Centre des Grands-Vents	-	9,113
	50,680	163,029
Principal Repayment of Long Term Debt		
- School Construction	-	-
- Equipment	-	-
- Service Vehicles	-	-
- Other	-	-
	-	-
Miscellaneous Disbursements		
- Other	-	-
Total Capital Disbursements	$ 50,680	$ 163,029

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

Notes to the Non-Consolidated Financial Statements
Year Ended June 30, 2012

Nature of Operations:

The Conseil scolaire francopone provincial de Terre-Neuve-et-Labrador (CSFP) is the sole public Francophone school board in Newfoundland and Labrador. According to Article 23 of the Canadian Charter of Rights and Freedoms, the CSFP provides French-first-language education to the children of eligible right-holders. The board services the entire territory of Newfoundland and Labrador and it possesses the same powers as the English public school boards of the province, but with an extra mandate to promote the French language and culture.

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) These financial statements are prepared on a Non-Consolidated basis. These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

b) 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.

c) Capital asset additions are recorded at full cost in the capital fund and are amortized over their useful lives.

d) Capital assets are amortized using the straight line method based on the following number of years:

School buildings - 40 years
Furniture - 10 years
Equipment - 10 years
Computers - 4 years

e) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.

f) 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

1. **Significant Accounting Policies(continued):**

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.

g) 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 and employee benefits as reported by the Department for the year.

h) 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.

i) 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

j) Under the revised Public Sector Accounting Board (PSAB) framework, beginning with the 2012/13 fiscal year, Newfoundland and Labrador school districts, including the CSFP, will be required to follow Public Sector Accounting (PSA) standards. The first fiscal year of full implementation will be the year ended June 30, 2013. The adoption of PSA standards is to be accounted for by retroactive application. Comparative figures will therefore be presented at June 30, 2012.

While the School District, in consultation with the Office of the Comptroller General and the Department of Education, has begun assessing the impact of the change in accounting framework on its financial statements, the financial impact cannot be reasonably estimated at this time. Implementing PSA standards will also have an impact on accounting financial reporting and supporting information technology systems and processes

2. **Financial Instruments:**

Fair Value

The Board's carrying value of short term investments, accounts receivable, HST receivable, due to bank, due to the Government of Newfoundland & Labrador and accounts payable and accruals approximates its fair value due to the immediate or short term maturity of these instruments.

2. **Financial Instruments(continued):**

The fair value of severance pay benefits, other employee benefits, executive staff paid leave and summer pay is less than the carrying value because the amounts are non-interest bearing.

However, because these amounts have no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

3. **Capital Management:**

The Board's objective when managing capital is to ensure its ability to meet operating commitments as they become due. This is achieved primarily by continuously monitoring its actual and projected cash flows and making adjustments to capital as necessary.

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

Notes to the Non-Consolidated Financial Statements
Year Ended June 30, 2012

	2012	2011
4. Accounts Receivable		
Current		
Provincial Government	$ 533,981	$ 506,772
Transportation	43,402	6,129
Federal Government	19,322	30,187
Other Government agencies	-	-
Rent	17,079	20,801
Interest	621	274
Travel Advances and Misc.	300	2,544
Capital		
Provincial Government Construction Grants	38,435	4,170
Local Contributions		
Other School Districts		
Other		
	653,140	570,877

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

Notes to the Non-Consolidated Financial Statements
Year Ended June 30, 2012

5. Accounts Payable and Accruals

		2012	2011
Current			
Trade Payable		$ 70,989	$ 29,212
Accrued	- Liabilities	22,605	24,280
	- Interest	-	-
	- Wages	-	-
Payroll Deductions		10,366	9,726
Retail Sales Tax			
Deferred Grants		-	-
Other		-	-
Capital			
Trade Payable			
Accrued	- Liabilities	-	
	- Interest		
Deferred Grants			
Other			
		103,960	63,218

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

Notes to the Non-Consolidated Financial Statements
Year Ended June 30, 2012

	2012	2011
6. Investment in capital assets - beginning of year	$ 9,286,823	$ 9,539,352
Add:		
Transfer of Operating Funds to Capital Fund	50,680	48,669
Grants		
- Province - Contribution for Capital Construction	-	-
- Other -		
Capital Projects funded by the province but paid directly to other souces on behalf of the District	-	114,360
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		
	50,680	163,029
Deduct Adjustments		
Amortization of Investment in Capital Assets	415,717	415,558
Cost of assets sold		
- Land		
- Buildings	-	-
- Equipment		
- Vehicles		
- Other	-	-
	415,717	415,558
Other	-	-
Investment in capital assets - end of year	$ 8,921,786	$ 9,286,823

7. Accrued Severance Leave:

The amount of $58,371 for teachers' severance costs and the amount of $18,015 for non-teaching staff severance costs are included in expenses. The amount of $364,051 for teachers' severance costs and the amount of $77,320 for non-teaching staff severance costs for a total of $441,371 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 accounts 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.

8. Executive Staff Paid Leave:

The amount of $14,925 for executive staff paid leave was deducted from current year expenses. The amount of $52,779 for executive staff paid leave is included in the liabilities. No account receivable is included in the accounts to offset this liability.

9. Reserve:

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, 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.

10. Comparative Figures:

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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

Current Revenues
Year Ended June 30, 2012

	2012	Budget	2011
Current Revenues			
Grants - OLE funding			
Regular projects	$ 939,648	$ 939,648	$ 974,180
Provincial Government Grants			
Regular Operating Grants	1,571,218	1,524,700	1,503,477
Amort. of deferred rev for capital assets	415,717	412,500	415,558
Special Grants	-	-	-
- Traditional Music	-	-	-
- Official Language Monitor	31,322	41,000	42,187
- French Language recuperation	-	-	-
- Textbook credit allocation	-	-	-
- Communication Tech (Powerschool)	34,736	50,000	-
- Other	896,340	150,415	436,249
Salaries and Benefits	-	-	-
- Director & Assistant Director	298,907	250,000	238,781
- Regular Teachers	3,999,063	3,430,000	3,337,912
- Substitute Teachers	159,537	86,500	135,339
- Student Assistants	131,721	94,600	135,810
- Senior Educational Officer	-	-	-
Pupil Transportation	-	-	-
- Board Owned	-	-	-
- Contracted	417,574	430,000	418,796
- Handicapped	-	-	-
	7,956,135	6,469,715	6,664,109
Donations			
Cash Receipts	-	-	-
Non Cash Receipts	-	-	-
Restricted Use	-	-	-
	-	-	-
Ancillary Services			
Revenues from Rental of Residences	-	-	-
Revenues from Rental of Schools and	-	-	-
Facilities - Grands-Vents	110,519	107,500	108,680
Other rental - ARCO - West Coast	25,000	25,000	25,000
Cafeterias	-	-	-
	135,519	132,500	133,680
Sub total	9,031,302	7,541,863	7,771,969

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

Current Revenues
Year Ended June 30, 2012

	2012	Budget	2011
Sub-total	$ 9,031,302	$ 7,541,863	$ 7,771,969
Miscellaneous			
Interest on Investments	2,837	500	1,049
Bus Charters	-	-	-
Recoveries of Expenditures	-	-	-
Revenues from Other School Boards	-	-	-
Insurance Proceeds	-	-	-
Bilingual Education Revenue	-	-	-
Operating Rev. from Native Peoples Grant	-	-	-
Miscellaneous Federal Grants	-	-	-
Textbooks	-	-	-
Other	-	-	-
- Tutoring for tuition	-	-	-
- Sundry	-	-	-
	2,837	500	1,049
Total Current Revenues	$ 9,034,139	$ 7,542,363	$ 7,773,018

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

Administration Expenditures
Year Ended June 30, 2012

	2012	Budget	2011
Salaries and Benefits			
- Director and Assistant Director	$298,907	$ 250,000	$ 238,781
- Board Office Personnel	113,170	116,000	115,143
Office Supplies	4,146	7,500	6,876
Replacement Furniture and Equipment	4,020	5,000	2,634
Postage	4,264	7,000	5,486
Telephone	19,431	19,000	19,708
Office Equipment Rentals and Repairs	10,657	10,000	11,192
Bank Charges	4,098	3,500	3,542
Electricity	-	-	-
Fuel	-	-	-
Insurance	317	-	-
Repairs and Maintenance - Office Building	2,039	3,000	3,257
Travel	12,154	21,000	21,634
Board Meeting Expenses	51,440	50,000	55,760
Election Expenses	-	-	-
Professional Fees	99,042	94,500	128,223
Advertising - Recrutement	15,555	4,000	19,990
Membership Dues	17,120	21,500	17,914
Municipal Service Fees	1,195	1,000	1,150
Rental of Office Space	-	-	-
Relocation Expenses	-	500	55
Miscellaneous	320	1,300	896
Payroll Tax	-	-	-
Training	2,828	2,500	1,066
Total Administration Expenditures	$ 660,703	$ 617,300	$ 653,307

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

Instruction Expenditures
Year Ended June 30, 2012

	2012	Budget	2011
Instructional Salaries (Gross)			
Teachers' Salaries - Regular	$3,414,554	$ 2,890,000	$ 2,824,961
- Substitute	150,941	86,500	129,552
- Board Paid	71,606	85,000	91,061
Augmentation	-	-	-
Employee Benefits	545,155	465,000	480,966
School Secretaries - Salaries & Benefits	177,617	170,000	158,015
Payroll Tax	72,943	75,000	65,575
Other - Sal. & Ben. - program coord.	141,228	140,000	119,630
Other - Sal. & Ben. - student asst	106,728	94,600	120,230
Other - Sal. & Ben. - Labrador	-		-
	4,680,772	4,006,100	3,989,990
Instructional Materials			
General Supplies	17,000	23,500	16,910
Library Resource Materials	81	-	1,920
Teaching Aids	46,247	25,000	35,236
Textbooks	-	-	107
	63,328	48,500	54,173
Instructional Furniture and Equipment			
Replacement	12,808	30,000	22,533
Rentals and Repairs	7,692	8,500	7,750
	20,500	38,500	30,283
Instructional Staff Travel			
Program Co-ordinators	10,945	28,500	27,099
Teachers' Travel	22,158	14,000	11,784
Inservice and Conferences	4,706	5,000	2,700
	37,809	47,500	41,583
Other Instructional Costs			
French Monitor Program	34,689	45,000	46,265
Inclusion - Support Services	8,662	25,000	35,294
Secretaries - Training	499	2,000	232
Secretaries - Travels	3,097	1,000	1,994
Secretaries - Equipment	588	2,000	944
Math Project - West Coast	-	-	301
Kinderstart	97	4,000	2,882
Power School	17,595	35,000	-
Arts Workshop	27,256	44,415	-
	92,483	158,415	87,912
Total Instruction Expenditures	$ 4,894,892	$ 4,299,015	$ 4,203,941

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

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2012

	2012	Budget	2011
Salaries - Janitorial	$ 239,386	$ 234,100	$ 224,611
- Maintenance	117,263	88,800	89,174
Payroll Tax	-	-	-
Electricity	160,321	140,000	136,229
Fuel	-	-	-
Municipal Service Fees/Garbage Removal	17,236	11,000	25,360
Telephone	28,334	26,000	26,323
Vehicle Operating and Travel	28,162	15,500	15,463
Janitorial Supplies	22,787	19,000	19,350
Janitorial Equipment	608	2,500	908
Repairs and Maintenance - Buildings	756,667	64,500	273,747
- Equipment	14,317	29,000	12,704
Contracted Services - Janitorial	-	1,500	1,279
Snow Clearing	82,341	65,000	67,812
Rentals	-	-	-
Other (training)	-	6,000	-
Other (Security systems)	2,960	3,500	1,963
Total Operations and Maintenance	$ 1,470,382	$ 706,400	$ 894,923

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

Pupil Transportation Expenditure
Year Ended June 30, 2012

	2012	Budget	2011
Operation and Maintenance of Board Owned Fleet	$ -	$ -	$ -
Contracted Services			
Regular Transportation	424,748	435,000	425,528
Handicapped	-	-	-
Pupil Transportation Expenditures	$ 424,748	$ 435,000	$ 425,528

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

Ancillary Services and Miscellaneous Expenses
Year Ended June 30, 2012

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

	2012	Budget	2011
Ancillary Services			
Operation of Teachers' Residences	$ -	$ -	$ -
Cafeterias	-	-	-
Other - Community Centre operations	182,153	160,000	151,712
Other - Environmental Centre	-		-
Total ancillary services	$ 182,153	$ 160,000	$ 151,712

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2012	Budget	2011
Miscellaneous projects			
GPS Project	$ -	$ -	$ 13,774
Green Environment Project	-	-	8,500
JMADL Project	-	-	1,800
Career Day	-	-	6,720
Special Project	2,954	-	-
Total miscellaneous expenses	$ 2,954	-	$ 30,794

Schedule 8

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

Details of Capital Assets
Year Ended June 30, 2012

	Cost 2011	Additions 2012	Cost 2012	Accumulated Amortization 2012	Net book value 2012	Net book value 2011
Land and Sites						
Land and Sites	$ 125,000	$ -	$ 125,000	$ -	$ 125,000	$ 125,000
Buildings						
Schools	13,445,335	-	13,445,335	4,971,018	8,474,317	8,795,812
Administration	-	-	-	-	-	-
Residential	-	-	-	-	-	-
Recreational	-	-	-	-	-	-
Other	-	-	-	-	-	-
	13,445,335	-	13,445,335	4,971,018	8,474,317	8,795,812
Furniture and Equip.						
Schools	998,735	50,680	1,049,415	765,910	283,505	309,162
Administration	341,654	-	341,654	318,687	22,967	38,527
Residential	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Other - CGV	51,784	-	51,784	29,965	21,819	26,997
	1,392,173	50,680	1,442,853	1,114,562	328,291	374,686
Total Capital Assets	$ 14,962,508	$ 50,680	$ 15,013,188	$ 6,085,580	$ 8,927,608	$ 9,295,498

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

Details of Long Term Debt
Year Ended June 30, 2012

	2012	2011
Loans Other than Pupil Transportation	$	$
Ref. #		
Bank Loans		
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
___ Repayable $________monthly, maturing _____	-	-
Total	-	-
Mortgages		
	-	-
	-	-
	-	-
Total	-	-
Performance Bonds		
HVAC and Snow clearing contracts	9,718	7,596
	-	-
Total	9,718	7,596
Subtotal	9,718	7,596
Less Current Maturities	3,718	3,596
Total Loans Other Than Pupil Transportation	6,000	4,000

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

Details of Long Term Debt
Year Ended June 30, 2012

	2012	2011
Loans - Pupil Transportation		
Ref. #		
Vehicle Bank Loans		
____ Repayable $______monthly, maturing _____	$ -	$
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total	-	-
Land, Buildings and Equipment Bank Loans		
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total	-	-
Subtotal	-	-
Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	$ -	$ -

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

Summary of Long Term Debt
Year Ended June 30, 2012

Description	Ref#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction			$ -	$ -	$ -	$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Performance Bonds			4,000	2,000	-	6,000
E) Pupil Transportation			-	-	-	-
Total Loans			$ 4,000	$ 2,000	$ -	$ 6,000

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

Schedule of Current Maturities
Year Ended June 30, 2012

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Performance Bonds	3,718	-	6,000	-	-
E) Pupil Transportation	-	-	-	-	-
Total	$ 3,718	$ -	$ 6,000	$ -	$ -

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

Schedule of Interest Expense
Year Ended June 30, 2012

Description	2012	2011
Capital		
School Construction	$ -	$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	-	-
Current		
- Operating loans	-	-
- Supplier Interest	1,258	666
- Charges	-	-
Total Current	1,258	666
Total Interest Expense	$ 1,258	$ 666

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

Pupil Services - OLE funding

Year Ended June 30, 2012

	2012	Budget	2011
Language recovery	241,290	240,000	269,167
Artists in residence / Art & cultural programming	116,888	118,752	87,746
Student Support Services	112,712	97,125	105,774
Principal & teacher training	75,579	78,735	59,950
Federal project administration	45,109	42,500	39,424
Technology support services	45,000	45,000	45,600
Teacher recruitment and retention	42,311	40,000	44,900
French professional services	34,019	32,775	32,150
Promotion / Student recruitment	31,258	30,000	81,769
Support to Distance Education	15,211	16,100	-
School programs coordination	13,455	13,095	15,446
School Governance	9,319	20,000	-
Educational Resource Centre	6,599	7,500	10,147
Tutoring	3,147	4,800	-
Professional services - policies development	-	5,515	-
Strategic Planning	-	-	9,966
Total - Pupil services - federal funding	$ 791,897	$ 791,897	$ 802,039

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

Community programs - OLE funding
Year Ended June 30, 2012

	2012	Budget	2011
Family resource centers	70,920	70,619	83,790
After school programs	35,460	36,011	50,790
Family literacy - Port-au-Port peninsula	32,505	32,137	30,180
Saturday school program	7,388	7,484	6,240
Summer Project	1,476	1,500	-
Total programmes communautaires	$ 147,751	$ 147,751	$ 171,000

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

Supplementary Information
Year Ended June 30, 2012

		2012	2011
1. Cash			
Current			
Cash on Hand and in Bank		$ -	$ -
Cash on Hand		-	-
Bank	- Current	(29,677)	(29,044)
	- Savings	-	-
	- Teachers' Payroll	-	-
	- Non Teachers' Payroll	-	-
	- Coupon (Debenture)	-	-
	- Other (Petty Cash)	-	-
		(29,677)	(29,044)
Capital			
Cash on Hand and in Bank		-	-
Cash on Hand		-	-
Bank	- Current	-	-
	- Savings	-	-
	- Other	-	-
		-	-
Total Cash on Hand and in Bank		(29,677)	(29,044)
2. Short Term Investments			
Current			
Term Deposits		309,500	307,500
Canada Savings Bonds		-	-
Other			
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
Capital			
Term Deposits		-	-
Canada Savings Bonds		-	-
Other		-	-
Total Short Term Investments		$ 309,500	$ 307,500

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

Supplementary Information
Year Ended June 30, 2012

3. Prepaid Expenses

	2012	2011
Current		
Insurance		
Municipal Service Fees	$ -	$ -
Supplies	-	-
Other		
- Workers' Compensation Commission	9,716	12,005
- Salaries		
- Teachers in-service - advance	-	1,192
- Airplane Tickets		
- School Transportation Contract	-	-
- Board meetings - advance	-	-
- Rental - damage deposit		
- Travel advances	-	-
- Divers	650	923
Capit		
Other	-	-
Total prepaid expenses	$ 10,366	$ 14,120

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Financial Statements

Year Ended December 31, 2012

BRIAN T. SCAMMELL CA CBV
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation

I have audited the accompanying financial statements of Credit Union Deposit Guarantee Corporation, which comprise the balance sheet as at December 31, 2012 and the statements of comprehensive income and fund balance and cash flows for the year then ended and the statements of comprehensive income and fund balance and cash flows for the year ended December 31, 2012 , and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Credit Union Deposit Guarantee Corporation as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Brian Scammell

St. John's, NL
March 14, 2013

CHARTERED ACCOUNTANT

Credit Union Deposit Guarantee Corporation
Balance Sheet
December 31, 2012

	2012	2011
ASSETS		
Cash	$ 65,714	$ 386,396
Marketable securities *(Market value $6,009,880; 2011 $5,125,127) (Note 4)*	6,009,880	5,125,127
Accounts receivable	862	1,297
Interest receivable	67,617	78,611
Harmonized sales tax recoverable	32,150	28,345
Prepaid expenses	390	3,000
Capital assets *(Note 5)*	12,666	15,002
	$ 6,189,279	$ 5,637,778
LIABILITIES		
Accounts payable	$ 688,826	$ 245,115
FUND BALANCE	5,500,453	5,392,663
LIABILITIES AND FUND BALANCE	$ 6,189,279	$ 5,637,778

ON BEHALF OF THE BOARD

William Langthorne *Director*

Director

Credit Union Deposit Guarantee Corporation
Statement of Comprehensive Income and Fund Balance
Year Ended December 31, 2012

	2012	2011
REVENUE		
Assessments	$ 1,249,175	$ 1,162,430
Bonding insurance	266,660	280,823
Interest	107,165	111,928
Other	600	1,165
	1,623,600	1,556,346
EXPENSES		
Salaries and wages	500,241	562,143
Bonding insurance	214,265	229,549
Advertising and promotion	90,333	19,442
Rental	43,974	31,853
Training	42,657	57,856
Meetings and conventions	41,823	31,602
Travel	26,826	55,727
Professional fees	20,769	32,913
Office	14,615	13,601
Telephone	13,350	13,567
Data access costs	12,854	12,480
Directors fees	8,220	9,400
Amortization	3,883	4,233
	1,033,810	1,074,366
INCOME FROM OPERATIONS	589,790	481,980
Assistance to credit unions	(482,000)	(457,221)
NET INCOME	107,790	24,759
FUND BALANCE - BEGINNING OF YEAR	5,392,663	5,367,904
FUND BALANCE - END OF YEAR	$ 5,500,453	$ 5,392,663

Credit Union Deposit Guarantee Corporation
Statement of Cash Flows
Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Net income	$ 107,790	$ 24,759
Adjustments for:		
Amortization of capital assets	3,883	4,233
Interest revenue	(107,165)	(111,928)
	4,508	(82,936)
Changes in other items:		
Accounts receivable	435	(500)
Accounts payable	443,711	5,874
Prepaid expenses	2,610	(17)
Harmonized sales tax recoverable	(3,805)	(3,001)
Interest received	118,159	107,783
	561,110	110,139
Cash flow from operating activities	565,618	27,203
INVESTING ACTIVITIES		
Purchase of capital assets	(1,547)	(4,513)
Purchase of marketable securities	(6,448,280)	(7,580,569)
Redemption of marketable securities	5,563,527	7,915,264
Cash flow from (used by) investing activities	(886,300)	330,182
INCREASE (DECREASE) IN CASH FLOW	(320,682)	357,385
Cash - beginning of year	386,396	29,011
CASH - END OF YEAR	$ 65,714	$ 386,396

1. REPORTING ENTITY

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 133 of the *Credit Union Act, 2009*

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board. ("IASB")

The financial statements for the year ended December 31, 2012 were authorized for issue by the Corporation's Board of Directors on March ??, 2013.

These financial statements are presented in Canadian dollars which is the Corporation's functional currency. They are prepared under the historical cost convention except for cash and cash equivalents which are classified as available-for-sale.

Use of significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgemental about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates made in these financial statements.

The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS have a significant effect on these financial statements. Outlined below are areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Corporation's financial statements:

(a) Provisions

Assistance to credit unions, which is included in accounts payable and accrued liabilities, is management's best estimate of the consideration required to settle the related liability, taking into account the risks and uncertainties surrounding the obligation.

New standards and interpretations not yet adopted

Certain new standards, amendments and interpretations and improvements to the existing standards have been issued by the International Accounting Standards Board ("IASB") but are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements:

(continues)

2. BASIS OF PREPARATION *(continued)*

(a) Presentation of Financial Statements

In June 2011, the IASB amended IAS 1 - Presentation of Financial Statements: Other Comprehensive Income ("IAS 1"), which will be applied retrospectively for annual periods beginning on or after July 1, 2012. The amendments require additional disclosures on components of other comprehensive income ("OCI"). The Corporation is assessing the potential impact of these amendments.

(b) Financial Instruments

In November 2009 and October 2010, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), Classification and Measurement of Financial Assets and Liabilities. IFRS 9 will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Corporation is assessing the potential impact of this standard.

(c) Fair Value Measurement

In May 2011, the IASB issued IFRS 13 - Fair Value Measurement ("IFRS 13"). IFRS 13 defines fair value and sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Corporation is assessing the potential impact of this standard.

3. OTHER SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of balances with banks.

Financial instruments

Classification

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. All financial instruments have been classified either based on the type of instrument or the Corporation's intention regarding the instrument, as described below:

Held for Trading

Financial assets classified as held for trading are typically acquired for resale prior to maturity or designated as held for trading.They are measured at fair value on the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income. Cash and cash equivalents have been classified as held-for-trading.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense.These are accounted for in the same manner as held for trading assets.The Corporation has not designated any non-derivative financial liabilities as held for trading.

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3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Held to Maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity.These assets are measured at amortized cost using the effective interest method. The Corporation has classified its investments as held to maturity.

Available for Sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income. Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest bearing available for sale financial assets is calculated using the effective interest method. No financial assets have been classified as available for sale.

Loans and Receivables

Loans and receivables are recorded at amortized cost using the effective interest method. Amortized cost is a reasonable estimate of the fair value of these instruments.

Other Liabilities

Other liabilities, such as bank indebtedness and accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments. Amortized cost is a reasonable estimate of the fair value of these instruments

Transaction Costs

Transaction costs are expensed as incurred.

Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an open market, the Corporation determines fair values based on internal or external valuation models such as discounted cash flow analysis or using observable market-based inputs.

Effective Interest Method

The Corporation uses the effective interest method to recognize interest income or expense, premiums or discounts earned or incurred for financial instruments.

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3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Signage	20%	declining balance method

The Corporation regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & 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 $60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

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 on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

Pension costs

Employees of the Corporation other than the Chief Executive Officer are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled $24,274 (2011- $28,485).

The Corporation also contributed to a private registered retirement savings plan for the Chief Executive Officer based on a percentage of his annual salary. Contributions to this plan totalled $7,966 (2011- $7,805)

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

4. MARKETABLE SECURITIES

	2012	2011	2010
Bank of Montreal term deposit, 2%	$ -	$ 5,000,000	$ -
Concentra Financial term deposit, 1.78%	5,000,000	-	-
Concentra Financial term deposit, 1.51%	1,009,770	-	-
Concentra Financial term deposit, .70%	-	17	-
Concentra Financial term deposit, 1.55%	-	125,000	-
Newfoundland and Labrador Credit Union share	**100**	100	-
Concentra shares	**10**	10	-
	$ 6,009,880	$ 5,125,127	$ -

The Concentra $5,000,000 deposit matures April 9, 2013 and the $1,009,770 deposit matures April 26, 2013.

5. CAPITAL ASSETS

	Computers	Signage	Furniture and Fixtures	Total
Cost				
January 1, 2011	$74,249		$32,570	$106,819
Additions	$2,835		$1,677	$4,512
Disposals				
December 31, 2011	$77,084		$34,247	**$111,331**
Additions		$1,547		$1,547
Disposals				
December 31, 2012	$77,084	$1,547	$34,247	**$112,878**
Accum. Depreciation				
January 1, 2011	$67,296		$24,800	$92,096
Depreciation	$2,511		$1,722	$4,233
December 31, 2011	$69,807		$26,522	**$96,329**
Depreciation	$2,183	$155	$1,545	$3,883
December 31,2012	$71,990	$155	$28,067	**$100,212**
Net Book Value 2011	$7,277	$	$7,725	**$15,002**
Net Book Value 2012	$5,094	$1,392	$6,180	**$12,666**

6. CAPITAL MANAGEMENT

The Corporation's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Newfoundland & Labrador credit unions, including the provision of stabilization funds as needed.

The Corporation defines its capital as the balance in the Deposit Guarantee Fund Balance; the changes in this balance for 2012 are presented in the Statement of Income and Fund Balance.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, investments, receivables and accounts payable.

Cash is reported at fair value on the balance sheet. Receivables and accounts payable are reported at amortized cost which approximates fair value due to their short term nature. Investments are reported at amortized cost using the effective interest method which approximates their fair value.

8. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Corporation is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Corporation manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will occur due to the failure of a counterparty to discharge its contractual commitment or obligation to the Corporation. Credit risk may arise principally through its investments included in the Corporation's asset portfolio.

The Corporation manages this risk by making investments in accordance with the investment policy established by the Board of Directors which permits the Corporation to invest in high quality, liquid short-term investments. Equity investments are not permitted.

Market Risk

Market risk arises from changes in interest rates on investments in its portfolio that affect the Corporation's net interest income. The Corporation's goal is to maximize its return on these portfolios, without taking unreasonable risk and retaining a high degree of liquidity.

The Corporation manages this risk by investing in securities that are not susceptible to significant changes in rates of return to the Corporation caused by changes in market values of the investments.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding requirements.

The Corporation's liquidity policies and practices include the measurement and forecast of cash flows and maintenance of a pool of high quality liquid assets.

9. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires December 31, 2016. The amount of the annual rent payable is $44,460 plus HST.

10. INCOME TAXES

Credit union assessments and assistance are excluded from the calculation of taxable income.

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by $123,882.

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income. The potential income tax benefits associated with these items have not been recognized in the financial statements

2014	$ 438,667
2015	362,558
2026	350,333
2027	255,907
2028	387,654
2029	434,292
2030	575,432
2032	654,705
2033	658,896
	$ 4,118,444

11. RELATED PARTY TRANSACTIONS

The Corporation's compensation, including the employers' portion of benefits, to key management personnel in 2011, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management was $226,399 (2011 - $222,552).

Dairy Farmers of Newfoundland and Labrador

Financial Statements

July 31, 2012

FELTHAM ATTWOOD
CERTIFIED GENERAL ACCOUNTANTS

Suite 202, 39 Commonwealth Ave.
Mount Pearl, NL A1N 1W7
Tel: 709-364-7300 Fax: 709-364-7731
Partners: Debra J. Feltham, FCGA
Renee Attwood, CGA

INDEPENDANT AUDITORS' REPORT

To the Board of Dairy Farmers of Newfoundland and Labrador

We have audited the accompanying financial statements of Dairy Farmers of Newfoundland and Labrador which comprise of the statement of financial position as at July 31, 2012, July 31, 2011, and the statements of operations and changes in net assets and cash flows for the years ended July 31, 2012, July 31, 2011, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:
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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion these financial statements present fairly, in all material respects, the financial position of Dairy Farmers of Newfoundland and Labrador as at July 31, 2012, July 31, 2011 and its financial performance and its cash flows for the years ended July 31, 2012, July 31, 2011 in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Feltham Attwood

Feltham Attwood
Certified General Accountants

Mount Pearl, Newfoundland
November 9, 2012

Dairy Farmers of Newfoundland and Labrador
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended July 31, 2012

	Budget	2012	2011
Revenue			
Market share quota (Note 7)	$ -	$ 13,769,384	$ 13,852,663
Dairy Farmers of Newfoundland and Labrador Board levies	997,731	980,902	987,852
New entrants levy	161,683	131,590	117,202
Top up program	-	19,286	1,670
Government funding - special projects (Note 8)	-	2,518,004	2,055,566
Special project income (Note 9)	-	169,484	-
Other income	6,000	-	8,871
	1,165,414	17,588,650	17,023,824
	-		
Direct expenditures	-		
Market share quota	-	13,769,384	13,852,663
Special project costs	40,000	2,701,894	2,065,396
Fluid Milk Dairy Farmers of Canada promotion levy	67,625	126,946	67,625
Dairy Farmers of Canada ice cream promotion fund	60,000	43,840	43,880
New entrants levy	-	-	271,202
New entrants levy prepayment	-	-	34,657
Other	-	3,000	-
Other direct costs	-	-	8,871
	167,625	16,645,064	16,344,294
	-		
	997,789	943,586	679,530
Operating expenditures (page 9)	947,158	916,140	860,182
Excess of revenue over expenditures (expenditures over revenue)	$ (3,572)	$ 27,446	$ (180,652)

	2012	2011
Net sssets, beginning of year	$ 492,265	$ 672,917
Excess of revenue over expenditures	27,446	(180,652)
Net assets, end of year	$ 519,711	$ 492,265

Dairy Farmers of Newfoundland and Labrador

STATEMENT OF FINANCIAL POSITION

As at July 31, 2012

	2012	2011
ASSETS		
Current		
Cash and cash equivalents	$ 418,227	$ 8,029
Accounts receivable (Note 2)	2,753,405	2,435,091
Prepaid expenses and deposits	18,241	10,404
	3,189,873	2,453,524
Capital assets(Note 3)	5,966	5,703
	$ 3,195,839	$ 2,459,227
LIABILITIES		
Current		
Payables and accruals (Note 5)	$ 2,620,980	$ 1,905,316
Deferred revenue	8,599	18,548
	2,629,579	1,923,864
Accrued severance pay	40,583	37,395
	2,670,162	1,961,259
NET ASSETS		
Net assets	519,711	492,265
Investment in capital assets (Note 6)	5,966	5,703
	525,677	497,968
	$ 3,195,839	$ 2,459,227

On behalf of the Board

_______________ Director

December 5, 2012 Date

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

Dairy Farmers of Newfoundland and Labrador

STATEMENT OF CASH FLOWS

For the year ended July 31, 2012

	2012	2011
Cash flows from operating activities		
Excess of revenue over expenditures (expenditures over revenue)	$ 27,446	$ (180,652)
Items not requiring an outlay of cash:		
Capital expenditures	2,103	1,108
	29,549	(179,544)
Changes in non-cash working capital:		
Receivables	(318,314)	(667,091)
Prepaid expenses	(7,836)	(3,666)
Payables and accruals	715,666	638,474
Accrued severance pay	3,185	3,022
Deferred income	(9,949)	(32,194)
	412,301	(240,999)
Cash flows used in investing activities		
Purchase of property, plant, and equipment	(2,103)	(1,108)
	(2,103)	(1,108)
Increase (decrease) in cash and cash equivalents	410,198	(242,107)
Cash and cash equivalents, beginning of year	8,029	250,136
Cash and cash equivalents, end of year	$ 418,227	$ 8,029

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

Dairy Farmers of Newfoundland and Labrador principal activities are the collection of levies to provide services to the 36 dairy farmers of Newfoundland and Labrador and the buying and reselling of industrial milk. The Board is a not-for-profit organization and is exempt from paying income tax under Section 149 of the Canadian Income Tax Act. They are a Commodity Board under the Natural Products Marketing Act.

1. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB). The adoption of these standards was effective January 1, 2012. Significant accounting policies are adopted are outlined below.

Use of estimates

The preparation of financial statements 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 the reported amounts of revenue and expenditures during the year. Significant areas of estimation include assumptions used in estimating amortization of tangible capital assets, provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

Revenue recognition

Market sharing quota revenue including industrial milk, pooling charges, transportation and promotion levy is recognized when milk is shipped out of province to dairies in New Brunswick and Nova Scotia.

Board levies are recognized on a monthly basis as earned from each of the dairy farmers.

Government funding for specific projects are recognized as the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

As a non-financial asset, tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over their estimated useful lives on a declining balance basis.

Estimated useful lives and amortization methods are reviewed at the end of each year and adjusted on a prospective basis, if necessary. The rates for significant classes of tangible capital assets are indicated in note 3.

Severance pay

Severance pay is accounted for on a accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with five or ten years (depending on contract) of continual service, and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Board.

Transition to public sector accounting standards

In previous fiscal years, the organization followed the recommendations of the CICA Handbook — Accounting Part V. Effective January 1, 2012, government not-for-profit organizations are required to use the Public Sector Accounting Handbook. Government not-for-profit organizations have the option of applying the Public Sector Accounting Standards (PSAS) including or excluding the 4200 series for sections that are specific to not-for-profit organizations. The organization has opted to exclude the 4200 series.

2. Accounts receivable

	2012	2011
Market sharing quota	$ 2,753,405	$ 2,435,091

3. Capital assets

	Rate	Cost	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011
Computer equipment	45%	$ 10,160	$ 7,786	$ 2,374	$ 1,213
Furniture and equipment	20%	39,218	35,626	3,592	4,490
		$ 49,378	$ 43,412	$ 5,966	$ 5,703

4. Bank indebtedness

The Board has an approved line of credit of $600,000 with the Canadian Imperial Bank of Commerce at an interest rate of prime. As security the Board has provided a general security agreement providing a first charge on all assets. At July 31, 2012, there was a balance of $nil (2010 - $nil) outstanding on the line of credit.

5. Payables and accruals

	2012	2011
Trade payables and accruals	$ 2,646,258	$ 1,914,625
HST payable (receivable)	(25,278)	(9,309)
	$ 2,620,980	$ 1,905,316

6. Investment in capital assets

	2012	2011
Balance, beginning of year	$ 5,703	$ 6,099
Capital expenditures	2,103	1,108
Depreciation	(1,840)	(1,504)
	$ 5,966	$ 5,703

7. Market share quota

	2012	2011
Revenue		
Industrial milk	$ 10,870,918	$ 10,964,889
Canadian Dairy Commissions pooling charges	1,494,076	1,524,464
Transportation	1,256,425	1,211,807
Dairy Farmers of Canada promotion levy	147,965	151,503
	$ 13,769,384	$ 13,852,663
Direct expenditures		
Industrial milk	$ 10,870,918	$ 10,964,889
Canadian Dairy Commissions pooling charges	1,494,076	1,524,464
Transportation	1,256,425	1,211,807
Dairy Farmers of Canada promotion levy	147,965	151,503
	$ 13,769,384	$ 13,852,663

8. Government funding - special projects

The Board received Government funding for the following projects:

	2012	2011
Land Development Initiative	$ 2,476,028	$ 1,957,880
Dr. Grandin Workshop	-	1,116
True Grit Sand Separator	9,050	-
Udder Health and Mastitis	11,351	-
Hoof Training	-	14,781
Alternative Bedding	9,949	32,193
Advancing NL Dairy Industry	11,626	49,596
	$ 2,518,004	$ 2,055,566

9. Special Project Income

	2012	2011
Tank Callibration Revenue	$ 11,800	-
DFC Annual Policy Conference 2012	150,471	-
CQM St. John's Meeting	7,213	-
	$ 169,484	-

10. Commitments

The Board has commitments for the lease of office space and equipment for the next four years as follows: 2013 - $21,521; 2014 - $22,728; 2015 - $20,582; and 2016 -$20,259.

Dairy Farmers of Newfoundland and Labrador entered into an agreement with Government of Canada for a research project for research in processing of cool climate silage maise. The project researched the effects on chemical composition, voluntary intake, digestibility, rumen degradation and milk yield.

11. Capital management

The capital structure of the Board consists of investment in capital assets, and net assets. The primary objective of the Boards' capital management is to provide adequate funding to ensure efficient delivery of it services and activities to dairy farmers.

Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Net assets are funds available for future operations and are preserved so that the Board can have financial flexibility should opportunities arise in the future.

For the year end July 31, 2012, the Board has complied with all imposed capital restrictions.

12. Comparative figures

Comparative figures may have been restated to reflect the financial statement presentation adopted for 2012.

Dairy Farmers of Newfoundland and Labrador
SCHEDULE OF OPERATING EXPENSES
For the year ended July 31, 2012

	Budget	2012	2011
Advertising	$ 10,000	$ 18,657	$ 8,786
Board annual and semi-annual meetings	25,000	16,660	16,755
Capital expenditures	5,000	2,102	1,108
Conference and meetings	30,000	22,254	27,077
CQM initiatve payment	3,500		1,250
Donations,dues and subscriptions	18,000	16,491	14,566
Equipment leasing	4,000	3,614	3,546
Federation of Agriculture	22,500	22,500	22,500
Honorarium	9,600	9,600	9,600
Insurance	2,500	1,815	1,754
Interest and bank charges	4,000	3,477	2,318
Iodine testing	-		592
Milk testing	5,000	2,284	3,157
Miscellaneous	1,000	2,805	701
National cost of production study	12,000	9,500	11,825
Office supplies and postage	22,000	8,398	10,108
Per diems	30,400	26,540	24,385
Professional fees	30,000	41,465	11,070
Research	20,000	10,000	
Rent	13,454	19,790	14,625
Repairs and maintenance	2,500	1,982	2,365
School Milk Foundation	339,665	339,665	339,665
Telephone and utilities	3,365	9,820	10,376
Travel	55,000	51,815	51,496
Wages and benefits	278,674	274,906	270,557
	$ 947,158	$ 916,140	$ 860,182

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

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

MARCH 31, 2013

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Director of Support Enforcement, which comprise the balance sheet as at March 31, 2013, and the statement of receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2006*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Independent Auditor's Report (cont.)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at March 31, 2013, and its receipts and disbursements for the year then ended in accordance with the accounting policies described in note 1 to these financial statements.

Report on Other Legal and Regulatory Requirements

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, 2006.* 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.

TERRY PADDON, CA
Auditor General

June 7, 2013
St. John's, Newfoundland and Labrador

DIRECTOR OF SUPPORT ENFORCEMENT
BALANCE SHEET
March 31

	2013	2012
ASSETS		
Cash	$ 949,082	$ 900,197
Accounts receivable (Note 2)	21,483,431	20,169,817
Other receivables (Note 3)	11,637	7,968
	$ 22,444,150	$ 21,077,982
LIABILITIES		
Accounts payable (Note 4)	$ 22,410,997	$ 21,053,059
Other payables (Note 5)	33,153	24,923
	$ 22,444,150	$ 21,077,982

See accompanying notes

Signed: ______________________
Director

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

	2013	2012
RECEIPTS		
Regular support	$ 34,051,697	$ 32,239,741
Out-of-system support	1,071,632	946,755
	35,123,329	33,186,496
DISBURSEMENTS		
Regular support	33,631,262	31,762,154
Out-of-system support	1,071,632	946,755
Other payments	371,550	360,567
	35,074,444	33,069,476
Excess of receipts over disbursements	48,885	117,020
Cash, beginning of year	900,197	783,177
Cash, end of year	$ 949,082	$ 900,197

See accompanying notes

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act, 2006*. 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 *Interjurisdictional Support Orders Act*.

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.

1. Basis of accounting

These financial statements have been prepared by the Director of Support Enforcement 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, 2006*. 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 of Support Enforcement are reflected in these statements.

Summary of significant accounting policies

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 cash in bank and accounts receivable from debtors. Liabilities are comprised of accounts payable 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.

2. Accounts receivable

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

	2013	2012
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,553,951	$ 9,175,364
Debtor in receipt of income support	2,329,040	2,405,751
Stay of enforcement in place	2,466,092	2,215,589
	14,349,083	13,796,704
Enforceable support orders	7,134,348	6,373,113
	$ 21,483,431	$ 20,169,817

3. Other receivables

Other receivables of $11,637 (2012 - $7,968) 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 are comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2013	2012
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,553,951	$ 9,175,364
Debtor in receipt of income support	2,329,040	2,405,751
Stay of enforcement in place	2,466,092	2,215,589
	14,349,083	13,796,704
Enforceable support orders	8,061,914	7,256,355
	$ 22,410,997	$ 21,053,059

5. Other payables

Other payables of $33,153 (2012 - $24,923) 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. Expenses of $954,266 (2012 - $1,051,772) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director of Support Enforcement paid approximately $1.7 million (2012 - $2.0 million) to the Department of Advanced Education and Skills related to support payments collected on behalf of individuals receiving income support.

7. Financial instruments

The Director of Support Enforcement'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.

Consolidated Financial Statements

Eastern Regional Health Authority

March 31, 2013

ERNST & YOUNG

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of the **Eastern Regional Health Authority** as at March 31, 2013 have been prepared by management in accordance with the Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the financial statements, management developed and maintains systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Authority complies with applicable laws and regulations.

The external auditor, Ernst & Young LLP, Chartered Accountants, conducts an independent examination, in accordance with the Canadian generally accepted auditing standards, and expresses an opinion on the financial statements for the year ended March 31, 2013.

George Butt, CA
Vice President, Corporate Services

Chris O'Grady, CGA
Director of Financial Services

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Eastern Regional Health Authority

We have audited the accompanying consolidated financial statements of the **Eastern Regional Health Authority**, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **Eastern Regional Health Authority** as at March 31, 2013 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

St. John's, Canada,
July 4, 2013.

Chartered Accountants

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[in thousands of dollars]

	Budget $	2013 $	2012 $
	[unaudited] *[note 21]*		
Revenue			
Provincial plan	1,149,258	**1,149,258**	1,202,911
MCP	74,183	**74,483**	73,302
Provincial plan capital grant	—	**24,257**	44,800
Other	39,232	**39,302**	41,921
Resident	17,824	**18,560**	18,005
Inpatient	11,558	**10,779**	10,260
Outpatient	8,784	**9,091**	8,015
Other capital contributions	—	**6,713**	5,083
Cottages and Hostels operations	—	**2,146**	2,240
	1,300,839	**1,334,589**	1,406,537
Expenses			
Patient and resident services	362,070	**362,744**	365,589
Client services	210,993	**210,918**	258,235
Diagnostic and therapeutic	180,690	**179,020**	175,989
Support	164,170	**163,796**	150,488
Ambulatory care	136,315	**142,729**	128,924
Administration	114,529	**113,834**	113,547
Medical services	97,742	**98,761**	105,259
Amortization of tangible capital assets	—	**31,813**	31,605
Research and education	17,762	**16,526**	18,227
Interest on long-term debt	10,204	**9,469**	9,594
Other	3,810	**8,000**	24,536
Accrued severance pay	—	**6,845**	10,108
Cottages and Hostels operations	—	**2,567**	2,752
Accrued sick leave	—	**1,799**	2,831
Accrued vacation pay	—	**(686)**	980
	1,298,285	**1,348,135**	1,398,664
Annual (deficit) surplus	2,554	**(13,546)**	7,873
Accumulated deficit, beginning of year		**(62,584)**	(70,457)
Accumulated deficit, end of year		**(76,130)**	(62,584)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

Year ended March 31
[in thousands of dollars]

	Budget $ *[unaudited]* *[note 21]*	2013 $	2012 $
Annual (deficit) surplus	—	(13,546)	7,873
Changes in tangible capital assets			
Acquisition of tangible capital assets	—	(31,013)	(49,883)
Amortization of tangible capital assets	—	32,578	32,492
Increase (decrease) in net book value of tangible capital assets	—	1,565	(17,391)
Changes in other non-financial assets			
Net decrease in prepaid expenses – increase	—	2,211	1,496
Net increase in supplies inventory – increase	—	(892)	(1,673)
Increase (decrease) in other non-financial assets	—	1,319	(177)
Increase in net debt		(10,662)	(9,695)
Net debt – beginning of year	—	(446,241)	(436,546)
Net debt – end of year	—	(456,903)	(446,241)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2013 $	2012 $
Financial assets		
Cash and cash equivalents	**13,896**	7,046
Accounts receivable *[note 3]*	**31,811**	22,581
Due from government/other government entities *[note 4]*	**63,598**	65,574
Replacement reserve fund *[note 12]*	**732**	761
Sinking fund investment *[note 11]*	**13,506**	12,063
	123,543	108,025
Liabilities		
Accounts payable and accrued liabilities *[note 7]*	**106,105**	107,917
Due to government/other government entities *[note 8]*	**27,170**	24,617
Employee future benefits		
Accrued sick leave *[note 18]*	**63,307**	61,508
Accrued severance pay *[note 17]*	**113,947**	107,102
Accrued vacation pay	**47,459**	48,144
Deferred revenue *[note 9]*		
Deferred capital grants	**65,984**	50,597
Deferred operating revenue	**12,910**	7,750
Replacement reserve fund *[note 12]*	**732**	761
Long-term debt *[note 10]*	**142,832**	145,870
	580,446	554,266
Net debt	**(456,903)**	(446,241)
Non financial assets		
Tangible capital assets *[note 5]*	**361,283**	362,848
Supplies inventory	**15,397**	14,505
Prepaid expenses	**4,093**	6,304
	380,773	383,657
Accumulated deficit	**(76,130)**	(62,584)

Contingencies *[note 15]*

Contractual obligations *[note 16]*

See accompanying notes

Approved by the Board:

_______________ Director _______________ Director

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2013 $	2012 $
Operating transactions		
Annual (deficit) surplus	**(13,546)**	7,873
Adjustments for:		
Amortization of tangible capital assets	**31,813**	31,605
Amortization of tangible capital assets – Cottages and Hostels	**765**	887
Capital grants	**(30,970)**	(49,883)
Increase in accrued severance pay	**6,845**	10,108
Increase in accrued sick leave	**1,799**	2,831
Changes in non-cash assets and liabilities related to operations *[note 13]*	**14,668**	18,890
Cash provided by operating transactions	**11,374**	22,311
Capital transactions		
Acquisition of tangible capital assets	**(31,013)**	(49,883)
Tangible capital asset contributions	**30,970**	49,883
Cash used in capital transactions	**(43)**	—
Investing transactions		
Sinking fund payments	**(1,443)**	(1,393)
Cash used in investing transactions	**(1,443)**	(1,393)
Financing transactions		
Decrease in bank indebtedness	—	(11,614)
Repayment of long-term debt	**(3,038)**	(2,873)
Cash used in financing transactions	**(3,038)**	(14,487)
Net increase in cash during the year	**6,850**	6,431
Cash and cash equivalents, beginning of year	**7,046**	615
Cash and cash equivalents, end of year	**13,896**	7,046
Supplementary disclosure of cash flow information		
Interest paid	**9,596**	9,813

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ["Eastern Health" or the "Authority"] is responsible for the governance of health services in the Eastern Region of the Province of Newfoundland and Labrador [the "Province"].

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 entire Province. The Authority 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.

Until October 2011, the Authority was responsible for child, youth and family related services. Effective October 31, 2011, a new department for child, youth and family services ["CYFS"] was formed by the Government of Newfoundland and Labrador [the "Government"] and the related operations were transferred from the Authority to the new CYFS department. For the year ended March 31, 2012, consolidated financial statements of the Authority included the operations of CYFS for the seven-month period ended October 31, 2011.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with Canadian accepted accounting principles established by the Public Sector Accounting Standards Board ["PSAB"] of the Canadian Institute of Chartered Accountants ["CICA"].

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

Basis of presentation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations that are controlled by Eastern Health. These organizations are listed under basis of consolidation. Trusts administered by Eastern Health are not included in the consolidated statement of financial position *[note 14]*.

The Authority has also prepared separate non-consolidated financial statements for the operations of the operating fund of Eastern Health.

Principles of consolidation

The Authority 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 [together with Eastern Health, collectively referred to herein as "Eastern Health" or the "Authority"]. These entities were established to provide accommodations for family members of patients and housing to senior citizens. These entities are consolidated in the consolidated financial statements.

Revenue recognition

Provincial plan revenue without eligibility criteria and stipulations restricting their use are recognized as revenue when the Government transfers are authorized.

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the Authority, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Medical Care Plan ["MCP"], inpatient, outpatient and residential revenues are recognized in the period services are provided.

The Authority is funded by the Department of Health and Community Services [the "Department"] for the total of its operating costs, after deduction of specified revenue and expenditures, to the extent of the approved budget. The final amount to be received by the Authority for a particular fiscal year will not be determined until the Department has completed its review of the Authority's consolidated financial statements. Adjustments resulting from the Department's review and final position statement will be considered by the Authority and reflected in the period of assessment. There were no changes from the previous year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

Other revenue includes dietary revenue, shared salaries and services, and rebates and salary recoveries from Workplace, Health, Safety and Compensation Commission of Newfoundland and Labrador [the "Commission"]. Rebates and salary recovery amounts are recorded once the amounts to be recorded are known and confirmed by the Commission.

Expenses

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver healthcare services, may be consumed in normal operations and are not for resale.

Cash

Cash include cash on hand and balances with banks.

Inventory

Inventory is valued at the lower of cost and net realizable value, determined on a first-in, first-out basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

Tangible capital assets

Tangible capital assets are recorded at historical cost. Certain tangible capital assets, including buildings utilized by the Authority, are not reflected in these financial statements as legal title is held by the Government. The Government does not charge the Authority any amounts for the use of such assets. Certain additions and improvements made to such tangible capital assets are paid for by the Authority and are reflected in the consolidated financial statements of the Authority.

Amortization is calculated on a straight-line or 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 lives of the assets.

Tangible:	
Land improvements	10 years
Buildings and improvements	40 years
Equipment	5-7 years
Equipment under capital leases	7-10 years

Gains and losses on disposal of individual assets are recognized in operations in the period of disposal.

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

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate they no longer contribute to the Authority's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

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 asset'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Employee future benefits

Accrued severance

Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with Eastern Health or another public sector employer. Severance is payable when the employee ceases employment with Eastern Health and the public sector. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the consolidated statement of operations.

Accrued sick leave

Employees of Eastern Health are entitled to sick pay benefits that accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, Eastern Health recognizes the liability in the period in which the employee renders service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the consolidated statement of operations.

Pension costs

Employees are members of the Public Service Pension Plan and/or the Government Money Purchase Plan [the "Plans"] administered by the Government. Contributions to the Plans are required from both the employees and Eastern Health. The annual contributions for pensions are recognized as an expense as incurred and amounted to $40,745,698 for the year ended March 31, 2012 [2011 – $38,765,700].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

Sinking funds

Sinking funds established for the partial retirement of Eastern Health's sinking fund debenture are held and administered in trust by the Government.

Contributed services

Volunteers contribute a significant amount of their time each year assisting Eastern Health in carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in these consolidated financial statements.

Financial instruments

Financial instruments are classified in one of the following categories [i] fair value or [ii] cost or amortized cost. The Authority determines the classification of its financial instruments at initial recognition.

Senior unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the instrument.

Cash and cash equivalents are classified at fair value. Other financial instruments, including accounts receivable, sinking fund investment, accounts payable and accrued liabilities, due to/from government/other government entities and long-term debt are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Use of estimates

The preparation of consolidated financial statements in conformity with PSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates include the assumptions used in the valuation of employee future benefits. Actual results could differ from these estimates.

[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUTMENTS [Cont'd]

B. ADOPTION OF ACCOUNTING STANDARDS RELATED TO FINANCIAL INSTRUMENTS

On April 1, 2012, the Authority adopted *PS 3450 – Financial Instruments* ["PS 3450"] and *PS 1201 – Financial Statement Presentation.* The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments are included in the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Authority's accounting policy choices [see note 2A – Significant Accounting Policies].

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2013					
			Past due			
	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	Over 90 days $
Services to patients, residents and clients	14,570	1,025	2,765	2,878	1,609	6,293
Other	19,634	11,433	—	—	—	8,201
Gross receivables	34,204	12,458	2,765	2,878	1,609	14,494
Less: impairment allowance	2,393	—	—	—	—	2,393
Net accounts receivable	31,811	12,458	2,765	2,878	1,609	12,101

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

4. DUE FROM GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2013 $	2012 $
Government of Newfoundland and Labrador	**60,279**	48,334
Other government entities	**3,319**	17,240
	63,598	65,574

5. TANGIBLE CAPITAL ASSETS

	2013			2012
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Land and land improvements	**3,204**	**567**	**2,637**	2,671
Buildings and improvements	**377,723**	**160,650**	**217,073**	215,250
Equipment	**460,286**	**368,030**	**92,256**	96,146
Equipment under capital leases	**15,445**	**15,445**	**—**	560
Construction in progress	**49,317**	**—**	**49,317**	48,221
	905,975	**544,692**	**361,283**	362,848

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

5. TANGIBLE CAPITAL ASSETS [Cont'd]

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2013						
Cost						
Opening balance	3,204	366,270	441,932	15,445	48,221	875,072
Additions	—	11,453	18,464	—	1,096	31,013
Disposals	—	—	(110)	—	—	(110)
Closing balance	3,204	377,723	460,286	15,445	49,317	905,975
Accumulated amortization						
Opening balance	560	150,722	346,057	14,885	—	512,224
Additions	7	9,928	22,083	560	—	32,578
Disposals	—	—	(110)	—	—	(110)
Closing balance	567	160,650	368,030	15,445	—	544,692
Net book value	2,637	217,073	92,256	—	49,317	361,283

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2012						
Cost						
Opening balance	3,204	355,775	410,331	15,445	41,374	826,129
Additions	—	10,496	32,539	—	6,847	49,882
Disposals	—	—	(940)	—	—	(940)
Closing balance	3,204	366,271	441,930	15,445	48,221	875,071
Accumulated amortization						
Opening balance	529	141,317	324,040	14,786	—	480,672
Additions	4	9,704	22,684	99	—	32,491
Disposals	—	—	(940)	—	—	(940)
Closing balance	533	151,021	345,784	14,885	—	512,223
Net book value	2,671	215,250	96,146	560	48,221	362,848

6. BANK INDEBTEDNESS

The Authority has access to lines of credit totalling $64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution, which was unused as at March 31, 2013 [March 31, 2012 – $64,000,000]. The Authority's ability to borrow has been approved by the Province's Minister of Health and Community Services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013 $	2012 $
Accounts payable and accrued liabilities	**59,175**	67,368
Salaries and wages payable	**42,435**	35,808
Employee/employer remittances	**4,495**	4,741
	106,105	107,917

8. DUE TO GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2013 $	2012 $
Federal government	**11,007**	11,251
Government of Newfoundland and Labrador	**10,408**	7,387
Other government entities	**5,755**	5,979
	27,170	24,617

9. DEFERRED REVENUE

	2013 $	2012 $
Deferred capital grants [a]		
Balance at beginning of year	**50,597**	52,549
Receipts during the year	**45,597**	47,931
Recognized in revenue during the year	**(30,210)**	(49,883)
Balance at end of year	**65,984**	50,597
Deferred operating revenue [b]		
Balance at beginning of year	**7,750**	15,554
Receipts during the year	**1,213,312**	1,245,195
Recognized in revenue during the year	**(1,208,152)**	(1,252,999)
Balance at end of year	**12,910**	7,750

[a] Deferred capital grants represent transfers from Government and other government entities received with associated stipulations relating to the purchase of capital assets, resulting in a liability. These grants will be recognized as revenue when the related assets are acquired and the liability is settled.

[b] Deferred operating revenue represents externally restricted Government transfers with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

10. LONG-TERM DEBT

	2013 $	2012 $
Sinking Fund Debenture, Series HCCI, 6.9%, to mature on June 15, 2040, interest payable semi-annually on June 15 and December 15 [the "Debenture"].	**130,000**	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan maturing in May 2014, payable in monthly instalments of $101,670.	**1,380**	2,480
Newfoundland and Labrador Housing Corporation, 2.75% mortgage, maturing in December 2020, repayable in blended monthly instalments of $18,216, secured by land and building with a net book value of $1,851,664.	**1,525**	1,699
Royal Bank of Canada (Veterans Pavilion), 4.18% loan, unsecured, maturing in April 2013, payable in blended monthly instalments of $55,670.	**55**	706
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, maturing in 2016, repayable in monthly instalments of $21,200 plus interest.	**866**	1,121
Newfoundland and Labrador Housing Corporation, 10% mortgage, maturing in December 2028, repayable in blended monthly instalments of $8,955, secured by land and building with a net book value of $864,014.	**864**	886
Bank of Montreal, 4.96% term loan, unsecured, amortized to December 2014, repayable in blended monthly instalments of $7,070.	**67**	146
Newfoundland and Labrador Housing Corporation, 2.40% mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of $1,022, secured by property with a net book value of $53,098.	**82**	93
NLHC (GHHA) 1.67% first mortgage on land, building and equipment, with a net book value of $1,632,087, maturing in April 1, 2017, amortized to April 1, 2019, payable in blended monthly instalments of $12,304.	**854**	986

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

10. LONG-TERM DEBT [Cont'd]

	2013 $	2012 $
Royal Bank of Canada, 3.58% promissory note on land, building and equipment with net book value of $1,632,087, maturing on June 1, 2016, amortized to May 24, 2021, payable in blended monthly instalments of $7,447.	**580**	650
NLHC (NWR) 3.16% first mortgage on land and building, with a net book value of $634,666, with an assignment of rents and leases, maturing on June 1, 2013, amortized to April 1, 2018, payable in blended monthly instalments of $7,743.	**436**	514
NLHC (Lions Manor) 1.67% first mortgage on land and building phase one, with a net book value of $1,159,495, maturing in April 2017, amortized to October 2023, repayable in blended monthly instalments of $6,077.	**707**	768
NLHC (Lions Manor) 1.67% first mortgage on land and building phase two, with a net book value of $1,159,495, maturing in April 2017, amortized to December 2026, repayable in blended monthly installments of $2,941.	**433**	461
NLHC (TCRHB) 1.67% first mortgage on land and building, with a net book value of $314,969 maturing in April 2017, amortized to December 2027, repayable in blended monthly instalments of $2,008.	**315**	334
NLHC (Golden Heights Manor) 2.61% first mortgage on land and building with a net book value of $348,154, chattel mortgage on equipment and an assignment of rents, maturing on September 1, 2014, amortized to July 1, 2019, repayable in blended monthly instalments of $5,497.	**385**	440
NLHC (Blue Crest) 1.64% first mortgage on land and building, with a net book value of $615,329, maturing on December 1, 2016, amortized to December 1, 2021, repayable in blended monthly instalments of $3,743.	**366**	404
NLHC (Blue Crest) 2.26% first mortgage on land and building with a net book value of $615,329, maturing on August 1, 2016, amortized to May 1, 2021, repayable in blended monthly instalments of $3,521.	**283**	314

[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

10. LONG-TERM DEBT [Cont'd]

	2013 $	2012 $
Canada Mortgage and Housing Corporation mortgages on land and buildings with a net book value of $5,757,000 – 8%, on Blue Crest Home; repayable in blended monthly instalments of $7,777, maturing in November 2025.	**748**	781
10.5% on Golden Heights Manor, repayable in blended monthly instalments of $7,549, maturing in August 2027.	**681**	701
2.65% on Golden Heights Manor, repayable in blended monthly instalments of $20,482, maturing in June 2023.	**2,205**	2,386
	142,832	145,870

Annual principal repayments to maturity are as follows:

	$
2014	2,526
2015	1,478
2016	1,298
2017	1,179
2018	1,110
Thereafter	135,241
	142,832

11. SINKING FUND

A sinking fund investment, established for the partial retirement of the debenture *[note 10]*, is held in trust by the Government. The balance as at March 31, 2013 included interest earned in the amount of $4,536,000 [2012 – $3,841,000].

The semi-annual interest payments on the debenture are $4,485,000. The annual principal payment to the sinking fund investment until the maturity of the debenture on June 15, 2040 is $747,500.

The semi-annual interest payments and mandatory annual debenture sinking fund payments are guaranteed by the Government.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

12. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

Effective June 2, 1997, Newfoundland and Labrador Housing Corporation ["NLHC"] assumed responsibility for agreements previously administered by Canada Mortgage and Housing Corporation ["CMHC"].

With respect to the NLHC mortgages disclosed in note 10, the Authority has entered into an agreement for mortgage interest subsidization with NLHC. Under the agreement, the Authority is also required to fund $14,850 annually for capital replacement with the funds, including accrued interest, to be deposited in either Government of Canada Bonds or a separate savings account.

13. CHANGES IN NON-CASH ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2013 $	2012 $
Accounts receivable	**(9,230)**	(3,070)
Supplies inventory	**(892)**	(1,673)
Prepaid expenses	**2,211**	1,496
Accounts payable and accrued liabilities	**(1,812)**	1,228
Accrued vacation pay	**(685)**	979
Deferred operating revenue	**5,160**	(7,804)
Deferred capital grants	**15,387**	(1,952)
Due from/to government/other government entities	**4,529**	29,686
	14,668	18,890

14. TRUST FUNDS

Trusts administered by the Authority are not included in the consolidated financial statements as they are excluded from the Government reporting entity. As at March 31, 2013, the balance of funds held in trust for residents of long-term care facilities was $3,989,210 [2012 – $4,250,000]. These trust funds consist of a monthly comfort allowance provided to residents who qualify for subsidization of their boarding and lodging fees.

15. CONTINGENCIES

A number of legal claims have been filed 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 risk of loss in these matters.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

16. CONTRACTUAL OBLIGATIONS

The Authority has entered into a number of multiple year operating leases, contracts for the delivery of services and the purchase of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The disclosure below relates to the unperformed portion of the contracts:

	2013 $	2014 $	2015 $	2016 $	2017 $	Thereafter $
Future operating lease payments	12,603	12,119	11,891	10,750	8,308	70,017
Managed print services	2,506	2,506	2,506	—	—	—
Vehicles	303	303	302	199	40	—
	15,412	14,928	14,699	10,949	8,348	70,017

17. ACCRUED SEVERANCE PAY

The Authority provides a severance payment to employees, as stipulated in their conditions of employment, upon retirement, resignation or termination without cause. In 2013, cash payments to retirees for the Authority's unfunded employee future benefits amounted to approximately $7,330,000 [2012 – $7,887,000]. The last actuarial valuation for both the accrued severance pay and accrued sick leave was performed effective April 1, 2010, and an extrapolation of that valuation has been performed to March 31, 2012 and March 31, 2013.

	2013 $	2012 $
Accrued benefit obligation, beginning of year	**107,102**	96,985
Benefits expense		
Current service cost	**7,699**	6,744
Interest cost	**4,130**	4,483
Actuarial loss	**2,346**	6,777
	121,277	114,989
Benefits paid	**(7,330)**	(7,887)
Accrued benefit obligation, end of year	**113,947**	107,102

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

17. ACCRUED SEVERANCE PAY [Cont'd]

The significant actuarial assumptions used in measuring the accrued severance pay and benefits expense are as follows:

	2013 $	2012 $
Discount rate – obligation	**3.60**	3.85
Discount rate – benefit expense	**3.60**	3.85
Rate of compensation increase	**4.00**	4.00

18. ACCRUED SICK LEAVE

	2013 $	2012 $
Accrued benefit obligation, beginning of year	**61,508**	58,677
Benefits expense		
Current service cost	**6,417**	6,329
Interest cost	**2,342**	2,669
Actuarial loss	**916**	2,741
	71,183	70,416
Benefits paid	**(7,876)**	(8,908)
Accrued benefit obligation, end of year	**63,307**	61,508

Significant actuarial assumptions used in measuring the accrued sick leave and benefits expenses are as follows:

	2013 $	2012 $
Discount rate – obligation	**3.60**	3.85
Discount rate – benefit expense	**3.60**	3.85
Rate of compensation increase	**4.00**	4.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

19. RELATED PARTY TRANSACTIONS

The Authority had the following transactions with the Government and other government entities:

	2013 $	2012 $
Transfer from the Government of Newfoundland and Labrador	**1,166,080**	1,247,711
Transfers from other government entities	**95,591**	85,222
Transfers to other government entities	**(89,962)**	(99,913)
	1,171,709	1,233,020

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Authority is exposed to a number of risks as a result of the financial instruments on its consolidated statement of financial position that can affect its operating performance. These risks include credit risk and liquidity risk. The Authority's Board of Trustees has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Authority's credit risk is primarily attributable to accounts receivable. Eastern Health has a collection policy and monitoring processes intended to mitigate potential credit losses. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority has an authorized credit facility [the "Facility"] of $64,000,000. As at March 31, 2013, the Authority had $64,000,000 in funds available on the Facility [2012 – $64,000,000]. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third-party funding or the Province, assuming these can be obtained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

21. BUDGET

The Authority prepares an initial budget for a fiscal period that is approved by the Board of Trustees and Government [the "Original Budget"]. The Original Budget may change significantly throughout the year as it is updated to reflect the impact of all known service and program changes approved by the Government. Additional changes to services and programs that are initiated throughout the year would be funded through amendments to the Original Budget and an updated budget is prepared by the Authority. The updated budget amounts are reflected in the unaudited budget amounts as presented in the consolidated statement of operations [the "Budget"].

In addition to the impact of such service and program changes, the Original Budget and Budget prepared by the Authority do not include a budget for the operations of the cottages and hostels, as such amounts are not considered by the Authority to significantly impact decisions or the allocation of resources. Further, the Original Budget and Budget do not include amounts relating to certain non-cash and other items including capital asset amortization, the recognition of provincial capital grants and other capital contributions, adjustments required to the accrued benefit obligations associated with severance and sick leave, and adjustments to accrued vacation pay.

The following presents a reconciliation of budgeted revenue for the year ended March 31, 2013:

	2013 $ *[unaudited]*
Original budgeted revenue	**1,276,998**
Adjustments during the year for service and program changes, net	**24,041**
Revised original budget	**1,301,039**

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT
NON-CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012

BYRON SMITH
CHARTERED ACCOUNTANT

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of:
Eastern School District

Report on the Financial Statements

I have audited the accompanying financial statements of the Eastern School District, which is comprised of the Non-Consolidated Statement of Financial Position, the Non-Consolidated Statement of Operations, the Non-Consolidated Statement of Cash Flows, the Non-Consolidated Statement of Changes in Capital Fund, a summary of significant accounting policies and other explanatory information for the year ended, June 30, 2012.

Board's Responsibility for the Financial Statements

It is the responsibility of the Board of the Eastern School District to ensure the accompanying Financial Statements have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles as established by the The Canadian Institute of Chartered Accountants. It is also the Board's responsibility to ensure appropriate systems of internal and administrative controls are maintained to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The accounting policy with respect to Teachers' Severance Pay is described in Note 2. 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.

Qualified Opinion

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2012 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.

Spaniard's Bay, NL
September 12, 2012

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Financial Position

As at June 30, 2012	2012	2011
Assets		
Current		
Cash (Note 4)	$ 13,778,797	$ 14,366,925
Short-term investments (Note 5)	889,182	894,425
Accounts receivable (Note 6)	6,254,619	3,451,491
Teachers' vacation pay (Note 7)	39,924,948	38,226,517
Prepaid expenses (Note 8)	324,189	667,815
	61,171,735	57,607,173
Cash restricted (Note 1)	5,115,405	5,350,000
Capital assets (Schedule 7 and Note 1)	264,801,191	250,316,203
	$331,088,331	$313,273,376
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 15,023,092	$ 14,477,850
Teachers' vacation pay (Note 7)	39,924,948	38,226,517
Current maturities (Schedule 8A)	452,928	500,231
Current portion of obligation under capital lease (Note 13)	756,956	840,250
	56,157,924	54,044,848
Long-term debt (Schedule 8)	1,487,009	1,914,419
Obligation under capital lease (Note 13)	220,956	819,856
Teachers' severance pay benefits (Note 2)	69,036,206	64,046,563
Other employee severance pay accrual (Note 1)	5,115,405	5,350,000
Other employee benefits (Note 11)	265,962	354,299
	132,283,462	126,529,985
District Equity		
Investment in capital assets (Note 12)	266,630,666	250,987,083
Restricted Equity (Notes 1 and 20)	1,370,659	720,659
District deficiency (Note 19)	(69,196,456)	(64,964,351)
	198,804,869	186,743,391
	$331,088,331	$313,273,376

Commitments (Note 14)
Contingent Liabilities (Note 17)

On Behalf of the Board:

________________ Chairperson ________________ Treasurer

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Operations

For the Year Ended June 30, 2012	2012	2011
Current Revenue (Schedule 1)		
Provincial Government grants	$418,014,320	$398,756,229
Ancillary services	88,902	92,507
Miscellaneous	865,104	235,919
	418,968,326	399,084,655
Current Expenditures		
Administration (Schedule 2)	7,554,407	7,566,893
Instruction (Schedule 3)	345,144,339	328,799,371
Operations and maintenance (Schedule 4)	39,585,857	38,247,801
Pupil transportation (Schedule 5)	23,425,159	22,616,147
Miscellaneous (Schedule 6)	132,114	183,500
Interest (Schedule 8A)	92,828	117,146
	415,934,704	397,530,858
Excess of revenue over expenditures before undernoted items	3,033,622	1,553,797
Amortization of capital assets (Notes 1 and Schedule 7B)	(11,029,206)	(16,375,975)
Transfer to capital	9,403,122	15,096,574
Excess of revenue over expenditures before teachers' severance	1,407,538	274,396
Net change in teachers' severance liability (Note 2)	(4,989,643)	(3,776,064)
Excess of (expenditures over revenue) revenue over expenditures	$ (3,582,105)	$ (3,501,668)

District deficiency, beginning of the year	$ (64,964,351)	$ (61,462,683)
Excess of expenditures over revenue	(3,582,105)	(3,501,668)
Transfer to restricted equity (Note 20)	(650,000)	
District deficiency, end of the year (Note 19)	$ (69,196,456)	$ (64,964,351)

Restricted equity, beginning of year	$ 720,659	$ 720,659
Transfer from district deficiency	650,000	
Restricted equity, end of year (Note 20)	$ 1,370,659	$ 720,659

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Cash Flows

For the Year Ended June 30, 2012	2012	2011
OPERATING ACTIVITIES		
Excess of (expenditures over revenue) revenue over expenditures	$ (3,582,105)	$ (3,501,668)
Items not affecting cash:		
Amortization of capital assets	11,029,206	16,375,975
Amortization of energy retrofit		33,970
Severance pay accrual	(234,595)	98,403
Teacher's severance liability	4,989,643	3,776,064
Other employee benefits liability	(88,337)	(50,829)
Short term investments	5,243	(18,797)
Accounts receivable	(2,803,128)	(1,105,423)
Prepaid expenses	343,626	(7,706)
Accounts payable and accrued liabilities	545,239	2,779,917
	10,204,792	18,379,906
INVESTING ACTIVITIES		
Capital expenditures - net	(25,514,192)	(39,644,556)
Change in investment in capital assets	15,643,583	24,023,036
	(9,870,609)	(15,621,520)
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease	158,056	105,374
Repayment of obligation under capital lease	(840,250)	(834,666)
Proceeds from long-term borrowings	464,500	648,655
Repayment of long-term debt	(939,212)	(662,224)
	(1,156,906)	(742,861)
Change in cash resources	(822,723)	2,015,525
Cash, beginning of the year	19,716,925	17,701,400
Cash , end of the year	$ 18,894,202	$ 19,716,925
Consist of:		
Cash	$ 13,778,797	$ 14,366,925
Cash - restricted	5,115,405	5,350,000
	$ 18,894,202	$ 19,716,925
Supplementary cash flow information:		
Interest paid	$ 92,828	$ 117,146
Interest paid - bussing loans	64,013	64,976
	$ 156,841	$ 182,122

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Changes in Capital Fund

For the Year Ended June 30, 2012	**2012**	**2011**
70 Capital receipts		
71 Proceeds from bank loans		
013 Service vehicles		$ 373,433
014 Pupil transportation	$ 464,494	263,635
015 Other and capital lease	158,056	105,374
	622,550	742,442
72 EIC grants		
011 School construction and equipment	24,742,707	38,739,498
74 Sale of capital assets - proceeds		
011 Land and 012 buildings		
014 Service vehicles		
75 Other capital revenues		
013 Recoveries of expenditures (Bus Loan Principal)	390,484	380,108
76 Transfer from (to) current fund	(9,403,122)	(15,096,574)
Add: Amortization of capital assets - non cash items	11,029,206	16,375,975
	1,626,084	1,279,401
	$ 27,381,825	$ 41,141,449
80 Capital disbursements		
81 Additions to capital assets		
011 Land and sites	$ 969,586	$ 1,170,514
012 Buildings	23,571,509	37,568,983
013 Furniture and equipment - Schools	376,807	267,991
014 Furniture and equipment - other	93,353	
015 Service vehicles	124,927	373,433
016 Pupil transportation	464,494	263,635
	25,600,676	39,644,556
82 Principal repayment of long-term debt		
012 Equipment	1,205,016	948,201
014 Energy Performance Contract	576,133	548,692
	1,781,149	1,496,893
	$ 27,381,825	$ 41,141,449

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT

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.

Common Controlled Entities

These financial statements are prepared on a Non-Consolidated basis.

These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

The District currently exercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc.

The net assets of the Eastern Education Foundation Inc. as at December 31, 2011 were $ 256,204 in accordance with the financial statements compiled by the Corporation. These amounts have not been consolidated with the Districts financial statements.

The net assets of the Newfoundland Student Exchange Program Inc. (NISEP) as at June 30, 2012 are recorded in note 10 (accounts payable) of these financial statements. Net funds generated from this Corporation are to be used for specific purposes and will be recognized as revenue in the District's financial statements when approved by the NISEP Management Committee. The NISEP Board has received a directive from the Government of Newfoundland and Labrador to wind up operations.

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 is included in revenue on the accrual basis and when the related expenditures have been incurred with the exception of funding for the teacher severance pay which is recorded when the severance is paid to employees (see note 2). Funding designated for specific purposes, for which criteria has not been met, is deferred and included in revenue when the related expenditures have been incurred.

Restricted Equity

The District received funding from the Province and external sources which has been restricted for specific purposes in the future. Restricted funds have been recorded as revenue and transferred to restricted equity for the designated purpose.

BYRON SMITH
CHARTERED ACCOUNTANT

1. Significant Accounting Policies (Cont'd)

Property, Plant and Equipment

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, were recorded based on the Carrying Values shown on the audited financial statements of the predecessor entities.

Tangible capital assets are amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings	25-60 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

Consistent with provincial government accounting policies, the District capitalizes items purchased during the year that are in the excess of $15,000.

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 and employee benefits as reported by the Department for the year.

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.

Cash restricted - Other Employee Severance Pay Accrual

Consistent with government policy, the Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of combined years of continuous employment by the weekly salary to a maximum of twenty (20) weeks pay. The liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

The District records severance pay liability for employees other than teachers and has set aside sufficient funds to satisfy this liability in a separate bank account for this purpose.

Severance pay for teachers is paid directly to employees by the Department of Education.

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.

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.

2. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded the severance pay liability for teachers in the District. The *Schools Act, 1997* 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 to record accrued teachers' severance.

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

	2012	2011
Balance, beginning of the year	$ 64,046,563	$ 60,270,499
Net increase, (decrease) for the period	4,989,643	3,776,064
Balance, end of the year	$ 69,036,206	$ 64,046,563

3. Bond Coverage

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees in the amount of $300,000 per occurrence.

4. Cash

	2012	2011
112 Current bank account	$ 13,719,149	$ 14,339,631
114 Teachers' payroll bank account	56,299	23,739
117 Other	3,349	3,555
	$ 13,778,797	$ 14,366,925

5. Short Term Investments

	2012	2011
121 Term deposits - restricted	$ 793,384	$ 758,620
122 Marketable securities	95,798	135,805
	$ 889,182	$ 894,425

Term deposits relate to funds specifically allocated for educational purposes within the Province of Newfoundland and Labrador. These amounts are not intended for general operations of the District.

BYRON SMITH
CHARTERED ACCOUNTANT

6. Accounts Receivable

	2012	2011
131 Provincial Government	$ 4,291,649	$ 2,423,962
138 Interest	22,134	20,766
139 Miscellaneous and travel advances	1,000,331	547,081
140 Goods and Service Tax Rebate	940,505	459,682
	$ 6,254,619	$ 3,451,491

7. 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. Accordingly, the District has recorded teachers' vacation pay receivable of $ 39,924,948 at June 30, 2012 (2011 - $ 38,226,517).

8. Prepaid Expenses

	2012	2011
141 Insurance	$ 15,532	$ 13,933
142 Municipal service fees	219,575	225,892
144 Other		
Workers' compensation		425,469
Other	89,082	2,521
	$ 324,189	$ 667,815

9. Bank Indebtedness

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, 2012 and June 30, 2011. 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.

10. Accounts Payable and Accrued Liabilities

	2012	2011
21 111 Trade payables	$ 3,332,144	$ 4,076,571
112 Accrued liabilities	780,644	387,947
114 Wages	919,103	591,526
115 Payroll deductions	199,017	191,936
117 Deferred grants	6,107,298	5,334,886
118 Other - Specify		
Vacation pay accrual	2,171,299	2,420,972
Eastern School District Trust Fund	638,283	599,227
Scholarship fund	130,476	142,332
N.I.S.E.P. due to a related corporation	744,828	732,453
	$ 15,023,092	$ 14,477,850

BYRON SMITH
CHARTERED ACCOUNTANT

11. Other Employee Benefits

	2012	2011
Unused pre-1985 sick leave	$ 265,962	$ 354,299

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.

12. Investment in Capital Assets

	2012	2011
Investment in capital assets, beginning of the year	$250,987,083	$226,964,051
Add:		
Grants - contributions for capital construction	24,891,640	38,902,114
Gain on sale of capital assets		
Insurance proceeds - capital		
Capital purchases out of revenue		
Principal repayment paid with operating grants	1,781,149	1,496,893
	277,659,872	267,363,058
Deduct adjustments:		
Cost of assets disposed		
Land		
Other		
Amortization of capital assets	11,029,206	16,375,975
Adjustment to carrying value of certain capital assets		
	11,029,206	16,375,975
Investment in capital assets, end of the year	$266,630,666	$250,987,083

BYRON SMITH
CHARTERED ACCOUNTANT

13. Obligation Under Capital Leases

The District had entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease was for $5,000,000 for 5 years including a purchase option of $2,750,000 which expired May 2008. During June 2008, the purchase option was refinanced for a period of 5 years with a purchase option of $1.

The District also entered into other capital leases with the Royal Bank of Canada for various equipment purchases. The principal balance outstanding as at June 30, 2012 was $424,512 with a purchase option of $1.

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

	Risographs	EPC	Copiers & Laptops	Total
2013	$ 40,495	$ 567,021	$ 176,578	$ 784,094
2014			84,765	84,765
2015			57,667	57,667
2016			92,817	92,817
	40,495	567,021	411,827	1,019,343
Less: amount representing interest	1,143	13,622	26,666	41,431
	39,352	553,399	385,161	977,912
Less: current portion	39,352	553,399	164,205	756,956
	$ NIL	$ NIL	$ 220,956	$ 220,956

Interest has been imputed at a rate of 4.89% for the EPC.
Interest has been imputed at various rates for the other leases.

14. Lease Commitments

The District has entered a new three year premises lease effective June 1, 2010 for the following annual amounts, before HST: year 1 - $644,279: year 2 - $666,925 and year 3 - $689,571.

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

2013	$ 89,703
2014	$ 77,341
2015	$ 52,616
2016	$ 52,616
2017	$ 31,975

15. Financial Instruments

The District's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, employee severance payables, employee benefits payable and long term obligations. It is management's opinion that the District is not exposed to significant interest rate risk, currency or credit risks arising from these financial statements.

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.

16. Insurance Subsidy

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

17. Contingent Liabilities

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. Such costs are normally funded by the Province.

The Board has a potential liability for accumulated sick leave to its employees in the amount of $13,984,897. 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.

18. Comparative Figures

Certain of the 2011 amounts have been reclassified to conform with the financial statement presentation adopted for 2012.

19. District Deficiency

The School District has an accumulated operating deficit of $69,196,456, consisting primarily of the teacher's severance pay accrual of $69,036,206, as required by the Provincial Government and as explained in notes 1 and 2.

	2012	2011
Deficit per Statement of Financial Position	$ 69,196,456	$ 64,964,351
Less: Teacher's Severance Pay Accrual	(69,036,206)	(64,046,563)
Net Accumulated Operating Deficit Position	$ 160,250	$ 917,788

20. Restriced Equity

During the year, the Board of Trustees approved the transfer of $1,370,659 to restricted equity for specified capital purposes. This amount consists of the following

	2012	2011
Balance, beginning of the year	$ 720,659	
Externally restricted:		
Proceeds on disposal of property in 2012	600,000	
Internally restricted:		
Proceeds on disposal of property in 2012	50,000	
Specific amounts received prior to 2012 previously included in deferred revenue that have been now reserved for future capital expenditures		$ 720,659
Balance, end of the year	$ 1,370,659	$ 720,659

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2012	2012	2011
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular operating grants	$ 61,097,140	$ 58,506,446
017 Directors, Assistant Directors and Senior Education Officers salaries and benefits	3,082,767	3,147,345
021 Teachers salaries and benefits	321,478,104	305,855,247
Student assistants salaries and benefits	8,994,326	8,829,484
031 Board owned pupil transportation	3,678,580	3,474,249
032 Contracted pupil transportation	16,924,839	16,277,269
033 Special needs pupil transportation	2,758,564	2,666,189
	418,014,320	398,756,229
34 010 **Ancillary Services**		
021 Revenues from rental of schools and facilities	88,902	92,507
35 010 **Miscellaneous**		
011 Income on investments and bank	235,784	228,801
081 Special projects - net proceeds (expenses)	(45,017)	(20,456)
092 Other		
Summer and night school fees - net revenues (expenses)	4,604	(22,764)
Sundry revenues	19,733	50,338
093 Restricted Revenue		
Proceeds on sale of property	650,000	
Provincial grants		
	865,104	235,919
Total Current Revenues	$418,968,326	$399,084,655

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2012	2012	2011
011 Directors, Assistant Directors and Senior Education Officers salaries and benefits	$ 3,082,767	$ 3,147,345
012 Board office personnel salaries and benefits	2,705,106	2,659,911
013 Office supplies	94,128	102,935
014 Replacement furniture and equipment	86,226	32,966
015 Postage	37,710	32,907
016 Telephone	102,725	150,650
017 Office equipment rentals and repairs	10,022	15,341
018 Bank charges	559	305
019 Electricity	81,330	72,720
023 Repairs and maintenance	5,062	5,980
024 Travel	56,990	51,899
025 Board meeting expenses	159,952	150,270
027 Professional fees	166,271	185,616
028 Advertising and public relations	55,105	60,392
029 Membership dues	144,400	144,278
031 Municipal service fees	6,099	8,457
032 Rental of office space	752,077	733,172
034 Professional development and meetings	7,878	11,749
Total Administration Expenditures	$ 7,554,407	$ 7,566,893

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2012	2012	2011
52 010 **Instructional Salaries**		
011 Regular Teachers	$270,306,091	$256,215,536
012 Substitute Teachers	13,748,931	12,183,487
013 Board paid staff	671,285	700,938
015 Employee benefits - teachers	37,419,247	37,435,807
016 School secretaries - salaries and benefits	5,515,246	5,599,871
018 Other		
Salaries and benefits - IT staff	1,342,512	1,250,780
Salaries and benefits - program assistants	74,101	79,489
Salaries and benefits - student assistants	8,994,326	8,829,484
	338,071,739	322,295,392
52 040 **Instructional Materials**		
041 General supplies	6,053,313	5,669,798
042 Library resource materials		243
043 Teaching aids and library resource materials	81,415	77,670
	6,134,728	5,747,711
52 060 **Instructional Furniture and Equipment**		
061 Replacement	169,249	40,668
50 080 **Instructional Staff Travel**		
080 IT Travel	75,126	72,114
081 Program co-ordinators	509,506	437,996
082 Teachers' travel	23,358	47,581
083 Inservice and conferences	112,833	116,104
	720,823	673,795
52 090 **Other Instructional Costs**		
091 Postage and stationary	47,800	41,805
Total Instruction Expenditures	$345,144,339	$328,799,371

Eastern School District
Schedule 4
Operations and Maintenance Expenditures

For the Year Ended June 30, 2012	2012	2011
Salaries and benefits		
011 Janitorial	$ 14,552,952	$ 14,657,639
012 Maintenance	3,445,225	3,163,989
014 Electricity	7,002,231	6,590,245
015 Fuel	2,110,937	1,972,743
016 Municipal service fee	1,157,625	1,167,855
017 Telephone	1,536,613	1,702,826
018 Vehicle operating and travel	518,202	467,829
019 Janitorial supplies	739,825	848,444
021 Janitorial equipment	55,956	78,027
022 Repairs and maintenance - buildings (Fund 1)	2,212,841	2,787,960
023 Repairs and maintenance - buildings (Fund 2)	4,392,424	2,971,450
024 Equipment maintenance	20,921	18,705
025 Snow clearing	1,840,105	1,820,089
Total Operations and Maintenance Expenditures	$ 39,585,857	$ 38,247,801

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2012	2012	2011
54 010 **Operation and Maintenance of Board Owned Fleet**		
Salaries and Benefits		
011 Administration	$ 143,606	$ 141,462
012 Drivers and Mechanics	1,877,776	1,868,523
013 Payroll Tax	32,739	33,691
014 Debt Repayment- Interest	64,013	64,976
015 Principal	390,484	380,108
017 Gas and oil	473,156	439,944
018 Licenses	30,291	29,184
019 Insurance	43,365	36,841
021 Repairs and Maintenance - Fleet	356,670	280,962
022 Building	36,514	22,914
023 Tires and Tubes	42,170	45,586
024 Heat and Light	18,811	8,894
026 Snow Clearing	3,329	9,471
027 Office Supplies	8,790	11,447
028 Rent	31,214	20,467
029 Travel	14,594	2,580
032 Miscellaneous	47,697	50,660
033 Telephone	41,991	46,533
	3,657,210	3,494,243
54 040 **Contracted Services**		
041 Regular transportation	16,837,352	16,190,396
042 Handicapped	2,758,564	2,666,189
047 Salaries	94,687	239,628
048 Travel	5,108	
049 Non funded misc	164	170
050 Non funded equipment and expenses	1,969	6,900
051 Professional fees	70,105	18,621
Total Pupil Transportation Expenditures	$ 23,425,159	$ 22,616,147

BYRON SMITH
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Eastern School District
Schedule 6
Miscellaneous Expenses

For the Year Ended June 30, 2012	2012	2011
Miscellaneous Expenses:		
57 011 Bad debt expense	$ 126,467	$ 188,869
Other miscellaneous expenditures	5,647	(5,369)
Total Miscellaneous Expenditures	$ 132,114	$ 183,500

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 7
Capital Assets

For the Year Ended June 30, 2012

	Cost June 30, 2012	Accumulated Amortization 2012	NBV June 30, 2012	NBV June 30, 2011
12 210 **Land and Sites**	$ 10,125,077		$ 10,125,077	$ 9,241,975
12 220 **Buildings**				
221 Schools	411,945,526	$ 163,961,387	247,984,139	234,304,282
222 Administration	5,590,942	2,311,018	3,279,924	3,358,443
223 Residential	10,000	1,400	8,600	8,800
225 Other	452,854	421,466	31,388	34,516
	417,999,322	166,695,271	251,304,051	237,706,041
12 230 **Furniture and Equip.**				
231 Schools	32,092,131	30,855,177	1,236,954	1,337,195
232 Administration	3,267,084	3,173,731	93,353	
233 Residential	850	850		
235 Other	27,648	27,648		
	35,387,713	34,057,406	1,330,307	1,337,195
12 240 **Vehicles**				
241 Service vehicles	1,144,483	689,855	454,628	543,809
12 250 **Pupil Transportation**				
252 Building	152,886	28,559	124,327	125,385
Vehicles				
253 Buses	5,284,586	3,851,555	1,433,031	1,323,633
254 Service	59,383	51,961	7,422	14,845
	5,496,855	3,932,075	1,564,780	1,463,863
12 260 **Misc. Capital Assets**				
Computers	894,464	894,464		
Tools	18,161	18,161		
Water lines	29,151	6,803	22,348	23,320
	941,776	6,753,731	22,348	23,320
Subtotal	471,095,226	206,294,035	264,801,191	250,316,203
Energy retrofit	5,834,303	5,834,303		
Total Capital Assets	$ 476,929,529	$ 212,128,338	$ 264,801,191	$ 250,316,203

Eastern School District
Schedule 7A
Details of Capital Assets - Additions and Disposals

For the Year Ended June 30, 2012

	Cost June 30, 2011	Additions 2012	Disposals 2012	Cost June 30, 2012
12 210 **Land and Sites**	$ 9,241,975	$ 969,586	$ 86,484	$ 10,125,077
12 220 **Buildings**				
221 Schools	401,425,318	23,571,509	13,051,301	411,945,526
222 Administration	5,590,942			5,590,942
223 Residential	10,000			10,000
225 Other	452,854			452,854
	407,479,114	23,571,509	13,051,301	417,999,322
12 230 **Furniture and Equip.**				
231 Schools	31,715,324	376,807		32,092,131
232 Administration	3,173,731	93,353		3,267,084
233 Residential	850			850
235 Other	27,648			27,648
	34,917,553	470,160		35,387,713
12 240 **Vehicles**				
241 Service vehicles	1,019,556	124,927		1,144,483
12 250 **Pupil Transportation**				
252 Building	152,886			152,886
Vehicles				
253 Buses	4,820,092	464,494		5,284,586
254 Service	59,383			59,383
	5,032,361	464,494		5,496,855
12 260 **Misc. Capital Assets**				
Computers	894,464			894,464
Tools	18,161			18,161
Water lines	29,151			29,151
	941,776			941,776
Subtotal	458,632,335	25,600,676	13,137,785	471,095,226
Energy retrofit	5,834,303			5,834,303
Total Capital Assets	$ 464,466,638	$ 25,600,676	$ 13,137,785	$ 476,929,529

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 7B
Details of Capital Assets - Amortization

For the Year Ended June 30, 2012

	Accumulated Amortization 2011	Amortization 2012	Amortization on disposals 2012	Change in Amortization 2012	Accumulated Amortization 2012
12 210 **Land and Sites**					
12 220 **Buildings**					
221 Schools	$ 167,121,036	$ 9,891,652	$ 13,051,301	$ (3,159,649)	$ 163,961,387
222 Administration	2,232,498	78,520		78,520	2,311,018
223 Residential	1,200	200		200	1,400
225 Other	418,338	3,128		3,128	421,466
	169,773,072	9,973,500	13,051,301	(3,077,801)	166,695,271
12 230 **Furniture and Equip.**					
231 Schools	30,378,128	477,018		477,018	30,855,146
232 Administration	3,173,731				3,173,731
233 Residential	850	31		31	881
235 Other	27,648				27,648
	33,580,357	477,049		477,049	34,057,406
12 240 **Vehicles**					
241 Service vehicles	475,747	214,108		214,108	689,855
12 250 **Pupil Transportation**					
252 Building	27,501	1,058		1,058	28,559
Vehicles					
253 Buses	3,496,459	355,096		355,096	3,851,555
254 Service	44,538	7,423		7,423	51,961
	3,568,498	363,577		363,577	3,932,075
12 260 **Misc. Capital Assets**					
Computers	894,464				894,464
Tools	18,161				18,161
Water lines	5,831	972		972	6,803
	918,456	972		972	919,428
Subtotal	208,316,130	11,029,206	13,051,301	(2,022,095)	206,294,035
Energy retrofit	5,834,303				5,834,303
Total Capital Assets	$ 214,150,433	$ 11,029,206	$ 13,051,301	$ (2,022,095)	$ 212,128,338

BYRON SMITH
CHARTERED ACCOUNTANT

Eastern School District
Schedule 8
Long-Term Debt

For the Year Ended June 30, 2012			**2012**	**2011**

211 **Bank Loans**

Monthly Blended Payment	Interest Rate	Maturity Date	2012	2011
$ 9,443	Prime + 2%	2012	$ 245,523	$ 358,859
$ 3,549 / $ 6,936	5.46%	2013		436,356
Total Bank loans			245,523	795,215
215 Less: current maturities			113,317	113,317
Total Bank loans (other than vehicle loans)			132,206	681,898

Certain loans are secured by a first charge over specific vehicles.

221 **Pupil Transportation Vehicle Bank Loans**

Monthly Blended Payment	Interest Rate	Maturity Date	2012	2011
				29
$ 4,169	Prime + 2%	2012		45,857
$ 2,019	Prime + 2%	2012		14,130
$ 5,744	Prime + 2%	2013	203,789	255,820
$ 4,320	5.046%	2017	280,368	317,051
$ 3,910	Prime + 2%	2016	140,775	187,700
$ 4,336	Prime + 2%	2016	75,237	144,164
$ 1,095	Prime + 2%	2014	26,283	39,425
$ 1,679	Prime + 2%	2014	47,018	67,169
$ 521	Prime + 2%	2012		1,440
$ 521	Prime + 2%	2013	4,691	10,941
$ 4,393	4.55%	2015	244,860	285,438
$ 2,256	3.59%	2022	231,882	250,270
$ 3,759	2.60%	2024	439,511	
Total Pupil Transportation Vehicle Bank Loans			1,694,414	1,619,434
223 Less: current maturities			339,611	386,913
Total Pupil Transportation Vehicle Bank Loan			1,354,803	1,232,521
Total Long-Term Debt			$ 1,487,009	$ 1,914,419

Eastern School District
Schedule 8A
Details of Long-Term Debt, Current Maturities and Interest Expense

For the Year Ended June 30, 2012

Long-Term Debt

Description	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
Equipment	$ 795,215		$ 549,692	$ 245,523
Transportation	1,619,434	$ 464,500	389,520	1,694,414
Total Loans	$ 2,414,649	$ 464,500	$ 939,212	$ 1,939,937

Current Maturities

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Pupil Transportation	$ 452,928	$ 391,618	$ 270,100	$ 199,734	$ 157,918

Interest Expense

	2012	2011
Equipment	$ 20,414	$ 28,927
Service vehicles	20,805	3,955
Energy management - capital lease	51,609	84,264
Total expense	$ 92,828	$ 117,146

Note: Interest expense related to bank loans for pupil transportation vehicles of $64,013 (2011 - $64,976) is included with Pupil Transportation Expenditures on schedule 5.

LABRADOR SCHOOL BOARD

Financial statements

Year Ended June 30, 2012

HARRIS RYAN
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Trustees of Labrador School Board

We have audited the accompanying financial statements of Labrador School Board, which comprise the Statement of Financial Position as at June 30, 2012 and the Statements of Current Revenues, Expenditures, and Board Deficiency, Changes in Capital Fund and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Labrador School Board as at June 30, 2012 and the results of its operations, capital fund and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matters

The prior year`s financial statements, presented for comparative purposes, were audited by another firm of chartered accountants who expressed a qualified opinion on October 28, 2011.

St. John`s, Newfoundland and Labrador
September 26, 2012

Harris Ryan
CHARTERED ACCOUNTANTS

LABRADOR SCHOOL BOARD

Statement of Financial Position

June 30, 2012

	2012	2,011
ASSETS		
CURRENT		
Cash (Supplementary Information 1)	**$ 754,256**	$ 1,519,043
Short-term Investments (Supplementary Information 2)	**3,510,062**	3,021,099
Accounts Receivable (Note 4)	**5,478,058**	4,644,153
Prepaid Expenses (Supplementary Information 3)	**19,978**	15,513
	9,762,354	9,199,808
CAPITAL ASSETS (Schedule 8)	**67,528,598**	70,461,026
	$ 77,290,952	$ 79,660,834
LIABILITIES		
CURRENT		
Bank indebtedness	**$ -**	$ -
Accounts Payable	**7,540,143**	7,405,589
Current maturities (Schedule 9B)	**172,820**	152,323
	7,712,963	7,557,912
LONG TERM DEBT (Schedule 9)	**1,088,359**	633,202
ACCRUED SUPPORT STAFF SEVERANCE (Note 3)	**959,322**	956,402
ACCRUED TEACHER SEVERANCE (Note 3)	**6,220,039**	6,048,680
ACCRUED EXECUTIVE STAFF PAID LEAVE (Note 3)	**255,447**	265,286
	16,236,130	15,461,481
CONTINGENT LIABILITIES (Note 10)		
BOARD EQUITY		
Investment In Capital Assets (Note 8)	**67,468,105**	70,469,927
Board deficiency	**(6,492,317)**	(6,332,295)
Restricted Fund - Labrador West School Committee (Note 7)	**79,034**	61,721
	61,054,822	64,199,353
	$ 77,290,952	$ 79,660,834

Signed on Behalf of the Board:

Director

Director

See notes to financial statements

LABRADOR SCHOOL BOARD

Statement of Current Revenues, Expenditures, and Board Deficiency

Year Ended June 30, 2012

	2012	2011
CURRENT REVENUES (Schedule 1)		
Local taxation	$ -	$ -
Provincial Government and other grants	46,265,882	42,814,092
Donations	-	-
Ancillary Services	257,112	240,684
Miscellaneous	33,246	45,165
	46,556,241	43,099,941
CURRENT EXPENDITURES		
Administration (Schedule 2)	2,185,024	1,936,580
Instruction (Schedule 3)	35,225,568	33,417,118
Operations and maintenance (Schedule 4)	6,145,385	5,107,147
Pupil transportation (Schedule 5)	2,819,620	2,381,421
Ancillary services (Schedule 6)	172,282	243,123
Interest (Schedule 9C)	6,863	7,364
	46,554,742	43,092,754
Excess of revenue over expenditures before undernoted items	1,499	7,187
Teacher severance	(171,360)	(138,745)
Executive staff paid leave	9,839	(82,218)
Net decrease in board equity	(160,022)	(213,775)
BOARD DEFICIENCY, beginning of year	(6,332,295)	(6,118,519)
BOARD DEFICIENCY, end of year	$ (6,492,317)	$ (6,332,295)

See notes to financial statements

LABRADOR SCHOOL BOARD

Statement of Changes in Capital Fund

Year Ended June 30, 2012

		2012	2011
70	CAPITAL RECEIPTS		
71	PROCEEDS FROM BANK LOANS		
	14 School construction	$ -	$ -
	12 Equipment	-	-
	13 Service vehicles	-	-
	14 Pupil transportation	**674,844**	363,373
	15 Other - energy performance contracting	-	-
		674,844	363,373
72	EIC GRANTS		
	11 School construction and equipment	-	40,110
	13 Other	**364,249**	590,990
		364,249	631,100
73	DONATIONS		
	11 Cash receipts	-	-
	12 Non-cash receipts	-	-
	13 Restricted use	-	-
		-	-
74	SALE OF CAPITAL ASSETS PROCEEDS		
	11 Land	**1**	-
	12 Buildings	-	-
	13 Equipment	-	-
	14 Service vehicles	-	-
	15 Pupil transportation vehicles	**14,057**	6,190
	16 Other	-	-
		14,058	6,190
75	OTHER CAPITAL REVENUES		
	11 Interest on capital fund investments	-	-
	12 Premiums on debentures	-	-
	13 Recoveries of expenditures	-	-
	15 Insurance proceeds	-	-
	17 Miscellaneous	-	-
		-	-
TOTAL CAPITAL RECEIPTS			
77	TRANSFER FROM RESERVE ACCOUNT	-	-
78	TRANSFER FROM CURRENT FUND	**55,336**	118,802
		55,336	118,802
TOTAL		**$ 1,108,487**	$ 1,119,465

See notes to financial statements

LABRADOR SCHOOL BOARD

Statement of Changes in Capital Fund

Year Ended June 30, 2012

		2012	2011
80	CAPITAL DISBURSEMENTS		
81	ADDITIONS TO CAPITAL ASSETS		
	11 Land and sites	$ 169,291	$ 30,740
	12 Building	-	693,900
	13 Furniture and equipment - school	-	-
	14 Furniture and equipment - other	-	-
	15 Services vehicles	69,394	-
	16 Pupil transportation	674,844	363,373
	17 Other	194,958	31,452
		1,108,487	1,119,465
82	PRINCIPAL REPAYMENT OF LOANS		
	11 School construction	-	-
	12 Equipment	-	-
	13 Services vehicles	-	-
	14 Other - teachers' residences	-	-
		-	-
83	MISCELLANEOUS DISBURSEMENTS		
	13 Other	-	-
		-	-
TOTAL CAPITAL DISBURSEMENTS		$ 1,108,487	$ 1,119,465

See notes to financial statements

LABRADOR SCHOOL BOARD

Statement of Cash Flows

Year Ended June 30, 2012

		2012		2011
OPERATING ACTIVITIES				
Net decrease in board equity	$	(160,022)	$	(213,775)
Items not affecting cash:				
Teachers' severance		171,360		113,227
Teachers' summer pay		149,771		(18,331)
Executive staff paid leave		(9,839)		82,218
Support staff severance		2,920		66,257
Net change in other equity		1,056,406		1,120,415
		1,210,596		1,150,011
Changes in non-cash working capital				
Accounts receivable		(833,905)		331,406
Accounts payable		781		518,426
Prepaid expenses		(4,465)		44,003
Deferred revenue		(15,998)		240,090
		(853,587)		1,133,925
Cash flow from (used by) operating activities		357,010		2,283,936
FINANCING ACTIVITIES				
Increase in long-term debt	$	674,844	$	350,758
Repayment of long-term debt		(199,190)		(193,475)
		475,654		157,283
INVESTING ACTIVITY				
Purchase of capital assets		(1,108,487)		(1,119,465)
Purchase of short-term investments		(488,963)		(2,510,881)
		(1,597,450)		(3,630,346)
INCREASE (DECREASE) IN CASH FLOW		(764,787)		(1,189,127)
Cash - beginning of year		1,519,043		2,708,170
CASH - END OF YEAR	$	754,256	$	1,519,043

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 1 - Current Revenues

Year Ended June 30, 2012

			2012	2011
CURRENT REVENUES				
31	10	Local taxation	$ -	$ -
	11	School taxes	-	-
32		PROVINCIAL GOVERNMENT AND OTHER GRANTS		
	10	Regular operating grants	7,636,427	7,291,081
	11	Maintenance operating grant	1,114,158	313,174
	12	Special grants (See below)	2,731,523	3,112,193
	13	Payroll tax	-	-
		SALARIES AND BENEFITS		
	17	Directors and assistant directors	791,417	661,030
	21	Regular teachers	28,716,308	26,908,969
	22	Student assistants	711,958	621,872
	23	Substitute teachers	1,050,783	969,606
	30	PUPIL TRANSPORTATION		
	31	Board owned	2,838,618	2,357,835
	32	Contracted	20,593	15,200
	33	Special needs	29,801	8,385
	34	Other	624,296	554,748
33	10	DONATIONS		
	12	Cash receipts	-	-
	13	Non-cash receipts	-	-
	14	Restricted use	-	-
34	10	ANCILLARY SERVICES		
	11	Revenue from rental of residences	257,112	240,684
	15	Interest	33,246	45,165
	21	Revenues from rental of schools and facilities (net)	-	-
	22	Internally generated funds	-	-
	31	Cafeterias	-	-
	32	Other	-	-
			$ 46,556,241	$ 43,099,941

	2012	2011
SPECIAL GRANTS		
Fiscal finance agreement	$ 2,338,965	$ 2,537,464
Adult basic eduction	134,757	108,035
Natuashish grant	-	-
Sheshatshiu grant	-	-
Mining company	-	-
Francophone	54,000	74,340
French immersion	20,636	20,365
Grenfell	29,047	139,869
Aborginal eduction and initiatives	154,118	232,120
	$ 2,731,523	$ 3,112,193

See Notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 2 - Administrative Expenditures

Year Ended June 30, 2012

	2012	2011
51		
11 Salaries and benefits - director and assistant directors	$ 787,838	$ 661,030
12 Salaries and benefits - board office personnel	922,332	831,901
13 Office supplies	19,793	22,928
14 Replacement furniture and equipment	32,315	9,060
15 Postage	7,249	21,987
16 Telephone	49,456	65,026
17 Office equipment rentals and repairs	14,199	12,090
18 Bank charges	-	-
19 Electricity	5,017	5,218
21 Fuel	-	-
22 Insurance	2,448	2,448
23 Repairs and maintenance (office building)	-	-
24 Travel	123,120	124,843
25 Board meetings expenses	71,677	59,488
26 Election expenses	-	-
27 Professional fees	46,103	47,208
28 Advertising	58,835	34,390
29 Membership dues	24,094	21,030
31 Municipal taxes	3,544	3,544
34 Miscellaneous expenses	1,609	598
35 Payroll tax	15,395	13,789
	$ 2,185,024	$ 1,936,580

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 3 - Instruction Expenditures

Year Ended June 30, 2012

		2012	2011
52	10 Instructional salaries (gross)		
	11 Teachers' salaries - regular	**$ 25,172,430**	$ 23,515,631
	12 Teachers' salaries - substitute	**924,158**	847,726
	13 Teachers' salaries - board paid	**181,822**	167,967
	13 Teachers' salaries - student assistants	**711,958**	609,115
	14 Augmentation	**-**	-
	15 Employee benefits	**3,681,428**	3,509,584
	16 School secretaries - salaries and benefits	**740,742**	695,684
	17 Payroll tax	**33,412**	30,106
	18 Other instructional salaries and benefits	**1,373,674**	1,327,187
		32,819,623	30,703,000
52	40 Instructional materials	**-**	-
	41 General supplies	**363,706**	394,165
	42 Library resource materials	**102,722**	64,985
	43 Teaching aids	**112,437**	94,287
	44 Textbooks	**-**	-
	Other instructional materials (Note 13)	**102,250**	244,290
	Other - Aboriginal peoples programs (Note 14)	**540,220**	785,606
		1,221,336	1,583,332
52	60 Instructional furniture and equipment	**-**	-
	61 Replacement	**142,809**	205,506
	62 Rentals and repairs	**100,412**	103,512
		243,221	309,018
52	80 Instructional staff travel	**-**	-
	81 Program co-ordinators	**91,047**	87,375
	Travel - IT Technicians	**30,788**	23,945
	82 Teachers' travel	**9,313**	7,697
	83 In-service and conference	**363,842**	326,426
	Students' travel	**(22)**	-
		494,968	445,443
52	90 Other instructional costs	**-**	-
	91 Postage and stationery	**6,421**	5,890
	92 Other - Francophone board funds	**-**	-
	Other - Aboriginal educational initiatives (Note 15)	**301,636**	228,407
	Other - Health and community living	**138,362**	142,027
		446,419	376,324
		$ 35,225,568	$ 33,417,118

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 4 - Operations and Maintenance Expenditures

Year Ended June 30, 2012

	2012	2011
53		
11 Salaries and benefits - janitorial	**$ 1,342,973**	$ 1,139,506
12 Salaries and benefits - maintenance	**1,315,950**	1,096,927
13 Payroll tax	**44,620**	58,430
14 Electricity	**403,626**	376,218
15 Fuel	**525,311**	346,931
16 Municipal service fees	**92,514**	99,262
17 Telephone	**180,441**	178,831
18 Vehicle operating and travel	**76,978**	75,803
19 Janitorial supplies	**103,291**	328,164
21 Janitorial equipment	**41,520**	30,876
22 Repairs and maintenance - buildings	**1,288,541**	682,460
23 Repairs and maintenance - equipment	**15,966**	69
24 Contracted services - janitorial	**42,901**	38,246
25 Snowclearing	**163,501**	143,627
27 Other - mechanical water and sewer	**200,726**	236,507
27 Other - salaries and benefits - IT technicians	**286,733**	268,974
27 Other - maintenance occupation health and safety	**19,795**	6,318
	$ 6,145,385	$ 5,107,147

LABRADOR SCHOOL BOARD

Schedule 5 - Pupil Transportation Expenditures

Year Ended June 30, 2012

		2012	2011
54	10 Operations and Maintenance of Board-Owned Fleet		
	11 Salaries and benefits - administration	$ 195,208	$ 181,108
	12 Salaries and benefits - drivers and mechanics	1,622,691	1,458,334
	13 Payroll tax	27,612	25,330
	14 Debt repayment - interest	35,974	20,632
	15 Debt repayment - principal	-	-
	17 Gas and oil	317,734	243,429
	18 Licenses	25,978	15,458
	19 Insurance	21,114	10,863
	21 Repairs and maintenance - fleet	191,942	184,151
	22 Repairs and maintenance - building	158,496	27,852
	23 Tires and tubes	30,822	16,150
	24 Heat and light	15,907	14,551
	25 Municipal services	5,364	4,667
	26 Snowclearing	14,447	15,482
	27 Office supplies	1,121	5,464
	29 Travel	8,683	17,262
	31 Professional fees	2,000	-
	32 Miscellaneous	6,799	4,044
	33 Telephone	17,079	24,759
	Rent	78,911	78,911
	Occupational health and safety training	778	2,452
		2,778,659	2,350,900
54	40 Contracted services		
	41 Regular transportation	16,045	17,141
	42 Handicapped transportation	24,915	13,380
		40,960	30,521
		$ 2,819,620	$ 2,381,421

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 6 - Ancillary Services

Year Ended June 30, 2012

		2012	2011
55	ANCILLARY SERVICES		
	11 Operation of teachers' residences	$ 172,282	$ 243,123
	13 Janitorial	-	-
	31 Cafeterias	-	-
	32 Other	-	-
		$ 172,282	$ 243,123

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 7 - Miscellaneous Expenditures

Year Ended June 30, 2012

	2012	2011
57 001 Miscellaneous	$ -	$ -

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 8 - Details of Capital Assets

Year Ended June 30, 2012

		Cost, June 30 2011	Additions	Disposals	Cost June 30 2012	Accumulated Amortization	Net Book Value 2012
12	210 Land and sites	$ 160,890	$ -		$ 160,890		$ 160,890
	211 Pavement	150,638	169,291		319,929	(23,062)	296,867
		311,528	169,291	-	480,819	(23,062)	457,757
12	220 Buildings	-			-		-
	221 Schools	136,925,919	-		136,925,919	(75,484,802)	61,441,117
	222 Administration	2,723,522	-		2,723,522	(2,723,522)	-
	223 Residential	8,475,445	-		8,475,445	(4,506,339)	3,969,106
	224 Recreation	-			-		-
	225 Other - maintenance (oil tanks)	344,359	194,958		539,317	(284,392)	254,925
		148,469,244	194,958	-	148,664,202	(82,999,055)	65,665,148
12	230 Furniture and equipment	-	-		-		-
12	240 Vehicles	-			-		-
	241 Service vehicles	249,544	69,394		318,939	(244,372)	74,566
		249,544	69,394	-	318,939	(244,372)	74,566
12	250 Pupil transportation	-			-		-
	251 Land	-			-		-
	252 Building	732,941	-		732,941	(732,941)	-
	253 Vehicles- buses	2,950,098	674,844	(537,339)	3,087,603	(1,756,476)	1,331,127
	254 Vehicles - service	-			-		-
	255 Equipment	-			-		-
	256 Other	-			-		-
		3,683,039	674,844	(537,339)	3,820,544	(2,489,417)	1,331,127
12	260 Miscellaneous capital assets	-			-		-
	261 Other	-			-		-
		-	-	-	-	-	-
		$ 152,713,355	$ 1,108,487	$ (537,339)	$ 153,284,504	$ (85,755,906)	$ 67,528,598

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 9 - Details of long-term debt

Year Ended June 30, 2012

		2012	2011
22	210 LOANS OTHER THAN PUPIL TRANSPORTATION		
	211 Bank loans	$ -	$ -
	212 Mortgages	-	-
	213 Vehicle loans (other than buses)	-	-
	214 Other	-	-
		-	-
	216 Less: Current maturities	-	-
TOTAL LOANS OTHER THAN PUPIL TRANSPORTATION		-	-
52	220 LOANS - PUPIL TRANSPORTATION		
	221 Vehicle bank loans		
	Scotiabank chattel mortgage with interest at prime minus .25% repaid during the year.	-	3,536
	Scotiabank chattel mortgage with interest at prime minus .25% repaid during the year.	-	30,035
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $2,172, plus interest to May, 2013. The chattel mortgage is on four school busses with a net book value of $13,468	23,891	49,954
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $581, plus interest to January, 2013. The chattel mortgage is on a school bus with a net book value of $10,329.	13,941	20,912
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $1,696, plus interest to September, 2013. The chattel mortgage is on three school busses with a net book value of $53,089.	66,139	86,490
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $2,924, plus interest to April, 2016. The chattel mortgage is on five school busses with a net book value of $226,068.	216,320	251,408
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $2,523, plus interest to August, 2015. The chattel mortgage is on four school busses with a net book value of $317,951.	312,914	343,190
	Scotiabank chattel mortgage with interest at prime minus .25% (currently 2.75%), repayable in equal monthly principal payments of $4,687, plus interest to August, 2016. The chattel mortgage is on seven school busses with a net book value of $646,725.	627,974	-
		1,261,179	785,525
	223 Less: Current maturities	(172,820)	(152,323)
TOTAL LOANS - PUPIL TRANSPORTATION		1,088,359	633,202
TOTAL LONG-TERM DEBT		$ 1,088,359	$ 633,202

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 9A - Summary of long-term debt

Year Ended June 30, 2012

Descripton	Balance, June 30, 2011	Loans obtained during year	Principal repayment during year	Balance, June 30, 2012
(A) School construction	$ -	$ -		$ -
(B) Equipment	-	-		-
(C) Service vehicles	-	-		-
(D) Other	-	-		-
(E) Bus acquisition	785,525	674,844	(199,190)	1,261,179
	$ 785,525	$ 674,844	$ (199,190)	1,261,179
Less: Current maturities				(172,820)
				$ 1,088,359

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 9B - Schedule of current maturities

Year Ended June 30, 2012

Descripton		2013	2014	2015	2015	2016
(A) School construction	$	-				
(B) Equipment		-				
(C) Service vehicles		-				
(D) Other		-				
(E) Bus acquisition		172,820	148,930	141,959	797,470	
	$	172,820	$ 148,930	$ 141,959	$ 797,470	$ -

See notes to financial statements

LABRADOR SCHOOL BOARD

Schedule 9C - Schedule Interest Expenditures

Year Ended June 30, 2012

DESCRIPTION		2012	2011
012	Capital		
	School construction	$ -	$ -
	Equipment	-	-
	Service vehicles	-	-
	Other - teachers' residences	-	-
		-	-
013	Current - operating loans	4,646	-
	Current - supplier interest charges	2,217	7,364
		6,863	7,364
TOTAL INTEREST EXPENDITURES		$ 6,863	$ 7,364

See notes to financial statements

LABRADOR SCHOOL BOARD

Supplementary Information

Year Ended June 30, 2012

			2012	2011
1		**CASH**		
		CURRENT		
11	110	Cash on hand and in bank	$ -	$ -
	111	Cash on hand	-	-
	112	Bank - current	**(81,356)**	152,979
	113	Bank - savings- Labrador West School Committee	**1,000**	1,000
	113	Bank - bonus savings account	**832,058**	1,363,855
	114	Bank - teachers' payroll	**2,554**	1,209
	115	Bank - non-teachers' payroll	-	-
	116	Bank - coupon (debenture)	-	-
		CAPITAL		
11	210	Cash on hand and in bank	-	-
	211	Cash on hand	-	-
	212	Bank - current	-	-
	213	Bank - savings	-	-
	214	Bank - other	-	-
TOTAL CASH ON HAND AND IN BANK			**$ 754,256**	$ 1,519,043
2		**SHORT TERM INVESTMENTS**		
		CURRENT		
11	121	Term deposits	**$ 3,510,062**	$ 3,021,099
	122	Canada Savings Bonds	-	-
	123	Other	-	-
		CAPITAL		
11	221	Term deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
TOTAL SHORT TERM INVESTMENTS			**$ 3,510,062**	$ 3,021,099
3		**PREPAID EXPENSES**		
		CURRENT		
11	141	Insurance	$ -	$ -
	142	Municipal service fees	**19,978**	15,513
	143	Supplies	-	-
	144	Other - WHSCC	-	-
	144	Other - travel	-	-
	144	Other - miscellaneous	-	-
		CAPITAL		
11	241	Other	-	-
TOTAL PREPAID EXPENSES			**$ 19,978**	$ 15,513

See notes to financial statements

1. DESCRIPTION OF OPERATIONS

The Labrador School Board is a learning organization mandated by the government of Newfoundland and Labrador to organize, administer, and deliver primary, elementary and secondary education within Labrador.

2. CHANGE IN ACCOUNTING POLICY

Effective July 1, 2010, the Board recognized previously unrecorded capital assets and adopted a policy of amortizing all its capital assets. This change in accounting policy has been applied retroactively with restatement of 2011. The adjustment to reflect the new accounting policy has been made to 2011 opening net investment in capital assets and capital assets.

Effect of change on 2011 statement of financial position

Opening net investment in capital assets as previously reported	$45,639,061
Add: net book value of capital assets recorded	$27,761,902
Opening Investment in capital assets as restated	$73,400,963

Opening capital assets as previously reported	$45,629,739
Add: adjustment for unreconciled difference	$421
Add: net book value of capital assets recorded	$27,761,902
Opening Capital assets as restated	$73,392,062

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

The significant accounting policies are as follows:

Fund accounting

Labrador School Board follows the fund basis of accounting. The current fund reports assets, liabilities, revenues and expenses for general operations. The net investment in capital assets represents assets purchased for the use of the Board.

Short term investments

Short term investments include GIC's with original terms of greater than three months which mature within one year.

Capital assets

Capital assets are stated at cost or deemed cost. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings (Wooden Structure)	25 years	straight line
Buildings (Steel and Masonry)	40 years	straight line

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Capital assets (con't)

Pavement	20 years	straight line
Heavy Equipment and vehicles	12 years	straight line
Vehicles	5 years	straight line
Oil tanks	5 years	straight line

Revenue recognition

The Board'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 from the department for operations, transportation and teacher salaries are recognized in the period in which entitlement arises. Funding for capital assets is recognized as a direct charge to the net investment in capital assets. Funding for the teacher severance pay is recorded as revenue when the severance is paid. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Rental revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest revenue is recognized when earned.

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. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Severance Pay

Certain employees of the Board are entitled to severance pay when their employment with the Board ends. A permanent employee with nine or more years of continuous employment with the Board is entitled to severance pay on resignation, retirement, termination by reason of disability, expiry of recall rights, or death. The amount of severance pay payable is the product obtained by multiplying the employees number of completed (to a maximum of twenty) years' employment by the employees weekly gross pay immediately before the payment becomes due. The liability for severance pay is accrued in the accounts for all employees who have a vested right to receive severance pay.

Severance pay for teachers is paid through the Department of Education.

Executive staff paid leave

Executive staff paid leave is paid through the Department of Education.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. Actual results could vary from these estimates.

Pension Costs

Employees of the Board are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized as a current expenditure.

Future accounting changes

The CICA has issued a new accounting framework applicable to Canadian government enterprises effective for fiscal years beginning on or after January 1, 2012. Effective July 1, 2012 the Board will adopt Public Sector Accounting Standards (PSAB) without not-for-profit provisions. The Board is in the process of determining the impact of PSAB on the financial statements.

Financial instruments

The Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, and long term debt.

Financial assets and liabilities are generally classified and measured as follows:

Asset/liability	Classification	Measurement
Cash	Held for trading	Fair value
Short term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

It is management's opinion that the board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

LABRADOR SCHOOL BOARD

Notes to Financial Statements

Year Ended June 30, 2012

			2012	2011
4	**ACCOUNTS RECEIVABLE**			
		CURRENT		
	11	131 Provincial government grant	**$ 5,294,807**	$ 4,411,139
		132 Transportation	**-**	-
		133 Federal government - HST	**111,628**	101,624
		134 School taxes	**-**	-
		136 Other school boards	**-**	-
		137 Rent	**-**	-
		138 Interest	**-**	-
		139 Travel advances and miscellaneous	**71,623**	131,390
		CAPITAL		
	11	231 EIC - construction grants	**-**	-
		233 Local contributions	**-**	-
		234 Other school boards	**-**	-
		235 Other - Department of Education	**-**	-
			$ 5,478,058	$ 4,644,153
5	**BANK INDEBTEDNESS**			
		CURRENT		
	21	131 Operating credit	**$ -**	$ -
		132 Current account	**-**	-
			$ -	$ -
6	**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**			
		CURRENT		
	21	111 Trade payables	**$ 581,660**	$ 780,892
		112 Accrued liabilities	**43,725**	28,188
		113 Accrued interest	**-**	-
		114 Accrued wages	**644,571**	466,468
		115 Payroll deductions	**63,620**	57,246
		116 Retail sales tax	**-**	-
		117 Deferred grants	**2,642,808**	2,658,805
		119 Summer pay - teachers	**3,563,760**	3,413,989
		122 Department of Education	**-**	-
		CAPITAL	**-**	-
	21	211 Trade payables	**-**	-
		212 Accrued liabilities	**-**	-
		213 Accrued interest	**-**	-
		217 Deferred grants	**-**	-
		218 Other	**-**	-
			$ 7,540,143	$ 7,405,589

	2012	2011
7 RESTRICTED FUND		
Labrador West School Committee	**$ 79,034**	$ 61,721

The restricted fund must be used for projects in the Labrador West area.

8 INVESTMENT IN CAPITAL ASSETS

	2012	2011
Balance, beginning (Note 2)	**$ 70,469,927**	$ 73,400,963
Add:		
Transfers from current to capital fund	-	-
Proceeds from sale of capital assets	-	-
Proceeds from sale of capital assets	-	-
Proceeds from capital loans - pupil transportation	**674,844**	363,373
Capital grants	**364,249**	756,093
	-	-
Deduct:	-	-
Amortization	**(4,040,915)**	(4,050,502)
Cost of assets sold	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	$ 67,468,105	$ 70,469,927

9. CAPITAL MANAGEMENT

The Board's objective when managing its capital is to safeguard its ability to continue as a going concern so it can cointinue to provide services to its students. The Board is not permitted to incur deficits without approval. Annual budgets are developed and monitored to ensure the Board's capital is maintained at an appropriate level.

10. CONTINGENT LIABILITIES

The Lavers inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

A human rights complaint has been filed against the Board. A response to this complaint has been filed on behalf of the Board. The Board is awaiting a determination by the Human Rights Commission as to whether the complaint will be referred to a Board of Inquiry.

Four class action law suits have been commenced by former residential school students and their families against the Government of Canada for various claims arising out of the operation of residential schools in Labrador. The Federal Government has applied to add the Labrador School Board as a defendant to the four class actions. The Board has opposed the application. A decision of the Supreme Court of Newfoundland and Labrador is pending.

11. COMMITMENTS

The Board has entered into various operating leases for equipment with estimated future payments as follows:

2013	$31,315

12 COMPARATIVE FIGURES

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

LABRADOR SCHOOL BOARD

Notes to Financial Statements

Year Ended June 30, 2012

		2012		2011
13 Other Instructional materials				
Stepping Into the Future	$	3,201	$	6,226
Special projects		24,939		2,071
Books		6,623		53,971
Grenfell programs		29,047		139,869
Mathematics promotions		11,636		12,203
Inclusive education		14,130		24,320
Heritage Fair project		12,674		2,002
Fine Arts Equipment		-		3,628
	$	102,250	$	244,290

14 Other - Aboriginal peoples programs

Inuktitut language	$	54,996	$	165,411
Labrador Studies		70,417		53,201
Modern Technology		122,745		118,172
Teacher Orientation - North Coast		34,505		24,590
Creative Arts Festival		33,786		33,443
Lifeskills Program		68,167		69,294
Special Projects		116,444		286,555
Labrador North Sports Meet		39,160		34,940
	$	540,220	$	785,606

15 Other - Aboriginal educational initiatives

Student Travel Women in Skilled Trades	$	13,348	$	-
Senior High Inosivut		10,433		-
Senior High TI Inspire Math		3,948		-
Intermediate Smart Response		7,762		-
Intermediate Career Crusing		5,411		-
Elementary Smart Response (4 - 6)		6,866		-
Intermediate Technology Intergration Pilot		14,051		-
Positive Action for Student Success		1,266		6,311
Safe & Caring Schools		19,233		1,000
Autism Learning Circules		6,427		-
Marth Kaufield		854		527
Inclusion Practices		769		-
Student Pan Labrador Choir		16,826		-
Student Junior Jamboree		49		-
Heritage Fair		14,749		-
Drama Festival		20,422		29,402
Student Leadership		5,104		-
Interchange Program		-		11,569
Enhanced Guidence Program Salary		77,645		161,248
Aboriginal Phillpott Funds		54,957		2,627
Enhanced After School Program		21,516		15,723
	$	301,636	$	228,407

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2013

Management's Report

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

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

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

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

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

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

On behalf of the Livestock Owners Compensation Board.

C. MacDonald

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

June 19, 2013

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and accumulated surplus (deficit) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (cont.)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund, as at March 31, 2013, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CA
Auditor General

June 19, 2013
St. John's, Newfoundland and Labrador

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

As at March 31		2013		2012
FINANCIAL ASSETS				
Cash	**$**	**5,177**	$	5,186
Due from the Province		**1,500**		1,500
		6,677		6,686
LIABILITIES				
Accounts payable and accrued liabilities (Note 4)		**6,732**		1,507
		6,732		1,507
Net financial assets (debt)		**(55)**		5,179
NON-FINANCIAL ASSETS		**-**		-
Accumulated surplus (deficit)	**$**	**(55)**	$	5,179

The accompanying notes are an integral part of these financial statements

Signed on behalf of the Board: C. MacDonald — **Chairperson**; Gerald Wicks — **Member**

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)
For the Year Ended March 31

	2013 Budget	2013 Actual	2012 Actual
	(Note 9)		
REVENUES			
Province of Newfoundland and Labrador			
Payments on behalf of the Board (Note 6)	$ -	$ 9,519	$ 9,024
Premiums from livestock owners		2,701	1,060
Miscellaneous	-	-	2
	-	12,220	10,086
EXPENSES (Note 5)			
Indemnity Claims		7,930	225
Administration		9,524	9,028
	-	17,454	9,253
Annual surplus (deficit)	-	(5,234)	833
Accumulated surplus, beginning of year	-	5,179	4,346
Accumulated surplus (deficit), end of year	$ -	$ (55)	$ 5,179

The accompanying notes are an integral part of these financial statements

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

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

(b) Cash

Cash includes cash in bank.

(c) Revenue recognition

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

(d) Expenses

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

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

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

3. Financial instruments and financial risk management

The Board's financial instruments recognized on the statement of financial position consist of cash, due from the Province, and accounts payable and accrued liabilities. The financial instruments are recorded at cost which approximates market value due to their nature and the short-term maturity associated with these instruments.

Risk management

The Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. Risks currently managed by the Board include liquidity risk.

Liquidity risk

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

4. Accounts payable and accrued liabilities

	2013	2012
Indemnity claim payable to insured persons	$ 5,229	$ 4
Accounts receivable credits	3	3
Province of Newfoundland and Labrador	1,500	1,500
	$ 6,732	$ 1,507

5. Expenses by object

The following is a summary of expenses by object:

	2013	2012
Bank charges	$ 5	$ 4
Indemnity claims	7,930	225
Professional services (Note 6)	1,500	1,800
Salaries (Note 6)	8,019	7,224
	$ 17,454	$ 9,253

6. Related party transactions

The Board is administered by employees of the Department of Natural Resources. Salary costs of $8,019 (2012 - $7,224) and professional services cost of $1,500 (2012 - $1,800) 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.

7. Subsequent event

On April 24, 2013, the Board received a grant of $10,000 from the Province of Newfoundland and Labrador to use as working capital.

8. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

9. Budgeted figures

Budgeted figures have not been presented as the Board does not prepare a budget consistent with the presentation of the statement of operations and accumulated surplus (deficit).

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Consolidated Financial Statements with Supplementary Schedules

March 31, 2013

INDEPENDENT AUDITORS’ REPORT

To the Board of Regents of
Memorial University of Newfoundland

We have audited the accompanying consolidated financial statements of **Memorial University of Newfoundland** which comprise the consolidated statement of financial position as at March 31, 2013 and the consolidated statements of operations, remeasurement gains and losses, changes in net deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the consolidated financial statements

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

Auditors’ responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Memorial University of Newfoundland** as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes that Memorial University of Newfoundland adopted Canadian public sector accounting standards on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retroactively by management to the comparative information in these financial statements, including the statement of financial position at March 31, 2012 and April 1, 2011, and the statements of operations and cash flow for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Ernst & Young LLP

St. John's, Canada — Chartered Accountants
July 4, 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at
[thousands of dollars]

	March 31, 2013	March 31, 2012 (unaudited)	April 1, 2011 (unaudited)
ASSETS			
Current			
Cash and cash equivalents	**13,528**	10,538	12,693
Restricted cash *[note 5]*	**6,756**	6,195	4,702
Short-term investments *[note 7]*	**110,429**	114,536	92,870
Accounts receivable	**87,806**	71,007	69,346
Other current assets	**6,697**	6,927	6,400
Total current assets	**225,216**	209,203	186,011
Long term receivable	**-**	-	991
Portfolio investments *[note 7]*	**101,733**	95,071	90,973
Assets under construction *[note 9]*	**160,050**	106,100	37,143
Tangible capital assets *[note 8]*	**191,017**	153,376	156,634
Total assets	**678,016**	563,750	471,752
LIABILITIES			
Current			
Bank indebtedness *[note 6]*	**13,748**	15,139	16,531
Accounts payable and accrued liabilities	**65,149**	48,820	67,169
Deferred revenue	**43,197**	41,806	32,966
Deferred contributions - external grants and donations *[note 11]*	**88,219**	87,377	64,452
Current portion of long term debt *[note 12]*	**514**	494	303
Total current liabilities	**210,827**	193,636	181,421
Long term debt *[note 12]*	**829**	960	346
Derivative liability	**2,167**	2,365	1,644
Post-employment benefits *[note 13]*	**158,342**	146,868	138,525
Deferred capital contributions *[note 10]*	**327,609**	234,905	173,933
Total liabilities	**699,774**	578,734	495,869
NET DEFICIENCY			
Net assets restricted for endowment purposes	**69,089**	72,903	66,548
Net assets related to remeasurement gains/losses	**1,916**	-	-
Unrestricted net deficiency	**(92,763)**	(87,887)	(90,665)
Total net deficiency	**(21,758)**	(14,984)	(24,117)
Total liabilities and net deficiency	**678,016**	563,750	471,752

See accompanying notes
Contingencies [note 14]

On behalf of the Board:

Chair of the Board of Regents

Chair of the Finance Committe

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2013	2012 (unaudited)
REVENUE		
Government grants	**423,694**	401,407
Student fees	**62,711**	60,302
Other income	**56,701**	69,288
Amortization of deferred capital contributions *[note 10]*	**22,847**	21,325
Sales and services	**11,393**	12,103
Investment income	**6,364**	998
	583,710	565,423
EXPENSES		
Salaries and employee benefits	**398,913**	372,032
Materials and supplies	**36,836**	36,567
Repairs and maintenance	**32,471**	30,504
Scholarships, bursaries and awards	**26,773**	25,072
Utilities	**25,451**	25,596
Amortization of tangible capital assets	**21,986**	21,065
Travel and hosting	**16,249**	16,599
Externally contracted service	**15,813**	16,406
Other operating expenses	**12,686**	12,136
Professional fees	**12,615**	13,261
Post-employment benefits *[note 13]*	**11,474**	8,343
Equipment rentals	**4,177**	3,680
Interest expense	**623**	680
Derivative liability loss	**-**	721
External cost recoveries	**(19,758)**	(20,910)
	596,309	561,752
Excess of (expenses over revenue) revenues over expenses	**(12,599)**	3,671

See accompanying notes

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31
[thousands of dollars]

	2013
Accumulated remeasurement gains and (losses) at beginning of year	**-**
Unrealized gains (losses) attributable to:	
Portfolio investments	**1,979**
Derivative liability	**181**
Amounts reclassified to consolidated statement of operations:	
Portfolio investments	**(244)**
Accumulated remeasurement gains and (losses) at end of year	**1,916**

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET DEFICIENCY

As at March 31
[thousands of dollars]

	Restricted for Endowment Purposes	Remeasurement Gains/(Losses)	Unrestricted	2013	2012 (unaudited)
Balance, beginning of year	**72,903**	**-**	**(87,887)**	**(14,984)**	(24,117)
Change in remeasurement gains and losses for the current year	-	**1,916**	-	**1,916**	-
Excess of revenue over expense (expense over revenue)	**(7,723)**	**-**	**(4,876)**	**(12,599)**	3,671
Endowment contributions	**3,909**	**-**	**-**	**3,909**	5,462
Balance, end of year	**69,089**	**1,916**	**(92,763)**	**(21,758)**	(14,984)

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2013	2012 (unaudited)
OPERATING ACTIVITIES		
Excess of (expenses over revenue) revenue over expenses	**(12,599)**	3,671
Items not affecting cash:		
Amortization of tangible capital assets	**21,986**	21,065
Amortization of deferred capital contributions	**(22,847)**	(21,325)
Loss on disposal of tangible capital assets	**135**	159
Increase in post-employment benefits, net	**11,474**	8,343
Increase in derivative liability	**-**	721
Reduction in long term receivable	**-**	991
Urealized (loss) gain on portfolio investments	**-**	5,100
Change in non-cash working capital	**1,974**	11,228
Cash provided by operating activities	**123**	29,953
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(59,762)**	(18,919)
Purchase of assets under construction	**(53,950)**	(68,005)
Contributions received for capital purposes	**115,551**	82,297
Cash provided by (used in) capital activities	**1,839**	(4,627)
INVESTING ACTIVITIES		
Increase (decrease) in short-term investments, net	**4,107**	(21,665)
Increase in restricted cash, net	**(561)**	(1,493)
Increase in portfolio investments, net	**(4,926)**	(9,198)
Cash used in investing activities	**(1,380)**	(32,356)
FINANCING ACTIVITIES		
Decrease in bank indebtedness, net	**(1,391)**	(1,392)
Endowment contributions	**3,909**	5,462
(Decrease) increase in long-term debt, net	**(110)**	805
Cash provided by financing activities	**2,408**	4,875
Net change in cash and cash equivalents during the year	**2,990**	(2,155)
Cash and cash equivalents, beginning of year	**10,538**	12,693
Cash and cash equivalents, end of year	**13,528**	10,538
SUPPLEMENTARY INFORMATION		
Interest paid	**623**	680

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013

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 government not-for-profit organization [GNPO], governed by a Board of Regents, the majority of who are appointed by the Government of Newfoundland and Labrador. The University is a registered charity under the *Income Tax Act [Canada]* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act [Canada]* are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the University have been prepared by management in accordance with Canadian public sector accounting standards for GNPO's, including the 4200 series of standards, as issued by the Public Sector Accounting Board [PSAB].

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the University and the following not-for-profit organizations, which are controlled by the University:

- C-CORE
- Campus Childcare Inc. [CCI]
- The Canadian Centre for Fisheries Innovation [CCFI]
- Edutech Services Inc. (dissolved August 2011)
- Genesis Group Inc. [Genesis]
- The Memorial University of Newfoundland Botanical Garden Incorporated (dissolution approved for April 1, 2013) [BG]
- Memorial University Recreation Complex [MURC]
- Newfoundland Quarterly Foundation (dissolution approved for April 1, 2013) [NQF]
- Western Sports and Entertainment Inc. [WSEI]

All intercompany assets and liabilities, revenues and expenses have been eliminated.

The reported operations and financial positions of dissolved entities have been included in the consolidated financial statements up to the date of their dissolution.

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the year at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in the earnings of the period during which they became known. Areas of key estimation include actuarial assumptions for post-employment benefits, allowance for doubtful accounts, amortization rates and cost of assets under construction.

Revenue recognition

Revenues from contracts, sales, unrestricted investment income [interest, dividends, realized gains and losses], other ancillary services [parking, residence, sundry sales, etc.] and student fees are recognized when the goods or services are provided and collection is reasonably assured.

The University follows the deferral method of accounting for contributions, which include donations and government grants, as follows:

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 initially deferred and recognized as revenue in the year during which the related expenses are incurred.

Restricted contributions for the purchase of capital assets are 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 during which they are received.

Restricted investment income [interest, dividends, realized gains and losses] is recognized in the year in which the related expenses are incurred.

Restricted investment income [interest, dividends, realized gains and losses] that must be maintained as an endowment is recorded as a direct increase/decrease to net assets.

Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measureable based on receipt of goods or services and obligation to pay.

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to operations. Betterments which meet certain criteria are capitalized.

The University's permanent art collection is expensed when purchased and the value of donated art is not recognized in these consolidated statements.

The University's library collection is capitalized and recorded at cost.

Assets under construction are not recorded as tangible capital assets, or amortized, until the asset is put into service.

Assets under capital lease are recorded as tangible capital assets and amortized on the same basis as the underlying asset.

Tangible capital assets are amortized over their useful lives using the following methods and rates. Half a year's amortization is taken in the year of acquisition and no amortization is taken in the year of disposal.

Asset	Rate	Method
Buildings	8%	Declining balance
Furniture and equipment	20%	Declining balance
Computers	30%	Declining balance
Software	20%	Declining balance
Vehicles and vessels	30%	Declining balance
Library collection	10 years	Straight line

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate they no longer contribute to the University's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations. Any associated unamortized deferred capital contributions related to the derecognized assets is recognized in income.

Post-employment benefits

Pension plan

The employees of the University participate in a defined benefit pension plan [the Plan] administered under the *Memorial University Pensions Act* with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the Plan consist of contributions from employees together with matching amounts from the University plus any additional amounts required to be paid by an employer as prescribed in the *Pension Benefits Act (1997)* [PBA]. In addition to its matching contributions, the University made a special payment of $19.7 million to the Plan during the year. This payment was made against the going concern unfunded liability, not attributable to indexing, that was identified in the March 31, 2010 valuation of the Plan. With respect to a solvency deficiency, the PBA requires that an employer contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University's contributions to the pension plan are recorded as an expense in the consolidated statement of operations. The assets and obligations of the plan are not recorded in these consolidated financial statements.

An actuarial valuation of the Plan was performed for funding purposes as at December 31, 2012 and the results have been extrapolated to March 31, 2013 for financial statement reporting. The extrapolation revealed that the going concern unfunded liability is $347.0 million at March 31, 2013 based on current Plan provisions and PBA requirements. Under the PBA, a going concern unfunded liability must be funded over a period of not more than 15 years while a solvency deficiency must be funded over a maximum five-year period. A portion of the going concern unfunded liability relates to the past service cost of indexing, introduced under the Plan, effective July 1, 2004. A funding arrangement was implemented coinciding with the introduction of indexing to liquidate this unfunded liability over a period of 40 years. At March 31, 2013, approximately 31.25 years are remaining in the amortization schedule. The indexing liability is amortized on a declining balance basis along with recognition that if the indexing contributions (i.e., an additional 0.6% of payroll being made by both the University and employees) exceed the originally scheduled amortization payment, that 15 years' worth of these excess contributions can be accounted for when determining the University's special payments.

The University is required to make special payments to fund the going concern unfunded liability revealed in the December 31, 2012 actuarial valuation. As at December 31, 2012 the going concern unfunded liability was $360.7 million. The portion of the going concern unfunded liability (after accounting for the indexing liability) to be amortized was $284.3 million and the required amortization payment for fiscal 2013/2014 is $26.6 million (or 8.8% of pensionable payroll). University special payments will continue at this level (i.e., 8.8% of pensionable payroll) until the next actuarial valuation for funding purposes, which is due no later than December 31, 2015 (i.e., within three years of the December 31, 2012 actuarial valuation).

With respect to solvency, the University is exempt from the solvency funding requirements of the PBA until December 31, 2015

Other post-employment benefits

In addition to the University's pension plan, the University also has defined benefit plans for other post-employment benefits. These benefits are actuarially determined using the projected benefit method prorated on service and the administration's best estimate of salary escalation, retirement ages of employees and escalation on covered benefit expense outlays. Actuarial gains and losses will be amortized over the average remaining service life of employees .

The post-employment benefits are:

Supplemental Retirement Income Plan [SRIP]
Voluntary Early Retirement Income Plan [VERIP]
Other benefits [severance, group life insurance and health care benefits]

Additional disclosure is provided in note 13.

Financial instruments

The University classifies its financial instruments as either fair value or amortized cost. The accounting policy for each category is as follows:

Fair value

This category includes cash and cash equivalents, restricted cash, bank indebtedness, derivatives and equity investments quoted in an active market for identical assets or liabilities using the last bid price. The University has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the University manages and reports performance of it on a fair value basis.

These financial instruments are initially recognized at fair value and subsequently carried at fair value.

Transaction costs related to these financial instruments in the fair value category are expensed as incurred.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains and losses with that instrument is removed from net assets and recognized in the consolidated statement of operations.

Amortized cost

This category includes short term investments, accounts receivable, accounts payable and accrued liabilities and debt. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Short term investments consist of investments in debt securities, whether or not quoted in an active market, initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These debt securities are thereafter carried at amortized cost using the straight line amortization method.

Write-downs of financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the consolidated statement of operations.

Derivative financial instruments

Derivative financial instruments are utilized by the University in the management of interest rate exposure related to its bank indebtedness. The University may also enter into foreign exchange forward contracts to eliminate the risk of fluctuating foreign exchange rates on future commitments. The University does not utilize derivative financial instruments for trading or speculative purposes.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its floating rate bank indebtedness. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

Contributed materials and services

If contributed materials meet the definition of a tangible capital asset, and fair value is determinable, the University capitalizes and amortizes the tangible capital asset. All other contributed materials are not recognized in these consolidated financial statements.

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 cost that would otherwise be associated with these contributed services is not recognized in these consolidated financial statements.

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 in these liabilities.

3. FIRST TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS

PSAB issued new standards for GNPO's for years beginning after January 1, 2012. GNPO's have a choice of:

- Public Sector Accounting Standards including PS 4200 – 4270 for government not-for-profit organizations; or
- Public Sector Accounting Standards without PS 4200 – 4270

The University has chosen to follow Public Sector Accounting Standards including PS 4200 – 4270 for GNPO's.

These financial statements are the first financial statements which the University has prepared in accordance with the Public Sector Accounting (PSA) Handbook, which constitutes generally accepted accounting principles for GNPO's in Canada [GAAP]. In preparing its opening Statement of Financial Position as at April 1, 2011 [the "Transition Date"], the University has applied Section PS 2125, First Time Adoption by Government Organizations [PS 2125].

The accounting policies that the University has used in the preparation of its opening Statement of Financial Position have resulted in certain adjustments to balances which were presented in the Statement of Financial Position prepared in accordance with Part V of the CICA Handbook – Accounting [Previous GAAP]. These adjustments were recorded directly to the University's net assets at the Transition Date using the transitional provisions set out in PS 2125.

PS 2125 provides a number of elective exemptions related to standards in the PSA Handbook. The University has elected to use the transition exemption from applying PS 3150 retroactively to conditions when a write-down of tangible capital assets should be accounted for prior to the Transition Date. The University has also elected to use the transition exemption for PS 3250, Retirement Benefits, where a first time adopter can elect to recognize all cumulative actuarial gains/losses as at the Transition Date directly in net assets. The University has not elected to use any other exemptions.

The adjustments are as follows:

Adj. (i) Administrative leaves - The University accrued an amount for administrative leave relating to employees who accrued time off to transition back into the academic ranks. Under GAAP, these leaves are now considered restricted leaves and do not fit the definition of a compensated absence under PS 3255, Post-Employment Benefits, Compensated Absences and Termination Benefits; accordingly, this liability is no longer recognized. The effect of this change has resulted in a decrease in the liability and a decrease in net deficiency of $362 thousand at the Transition Date and for the year ended March 31, 2012.

Adj. (ii) Post-employment benefits discount rate - GAAP requires these liabilities to be calculated with a discount rate that is equal to either the University's rate of return on plan assets or the University's borrowing rate. Under Previous GAAP, these liabilities were discounted using a rate equal to the yield on high quality corporate bonds. As the University has no plan assets in relation to post-employment benefits, the University has used its indicative borrowing rate as provided by its external financial institution. The University has recognized an increase in the post-employment benefit liability and an increase in the net deficiency balance of $2.5 million as at the Transition Date, and $10.1 million as at March 31, 2012. The change resulted in an increase in post-employment benefits expense of $7.6 million for the year ended March 31, 2012.

Adj.(iii) Post-employment benefits actuarial gains/losses - The University has elected to recognize actuarial gains and losses at the date of transition to GAAP directly in net assets. In future years, amortization of actuarial gains and losses will be amortized over the average remaining service life of employees. As a result, the University has recognized a decrease in the liability and a decrease to net deficiency of nil as at the Transition Date, and $26.2 million as at March 31, 2012. The change resulted in a decrease of $26.2 million in post-employment benefits for the year ended March 31, 2012.

Reclassifications – In previous years, the University presented accrued vacation as a component of employee future benefits. This liability is now included as part of accounts payable and accrued liabilities. There is no effect on net assets due to this reclassification. As well, two research funds with a surplus balance were reclassified as deferred contributions.

The effects of these adjustments are detailed in the following tables.

Statement of Financial Position as at April 1, 2011 – Transition Date (unaudited)

[thousands of dollars]

	Previous GAAP	Adj. (i)	Adj. (ii)	Adj. (iii)	Reclassification	GAAP
Liabilities						
Accounts payable and accrued liabilities	53,415	-	-	-	13,754	**67,169**
Deferred contributions	64,323	-	-	-	129	**64,452**
Post-employment benefits	150,146	(362)	2,495	-	(13,754)	**138,525**
Net deficiency	(21,855)	362	(2,495)	-	(129)	**(24,117)**

Statement of Financial Position as at March 31, 2012 (unaudited)

[thousands of dollars]

	Previous GAAP	Adj. (i)	Adj. (ii)	Adj. (iii)	Reclassification	GAAP
Liabilities						
Accounts payable and accrued liabilities	33,875	-	-	-	14,945	**48,820**
Deferred contributions	87,261	-	-	-	116	**87,377**
Post-employment benefits	178,254	(362)	10,110	(26,189)	(14,945)	**146,868**
Net deficiency	(31,309)	362	(10,110)	26,189	(116)	**(14,984)**

Statement of Operations for the year ended March 31, 2012 (unaudited)

[thousands of dollars]

	Previous GAAP	Adj. (i)	Adj. (ii)	Adj. (iii)	Reclassification	GAAP
Other Income	69,275	-	-	-	13	**69,288**
Expenses						
Salaries and employee benefits	370,840	-	-	-	1,192	**372,032**
Post-employment benefits	28,109	-	7,615	(26,189)	(1,192)	**8,343**
Excess of over expenses	(14,916)	**-**	(7,615)	26,189	13	**3,671**

Statement of Cash Flows for the year ended March 31, 2012

The transition to GAAP had no impact on total operating or financing activities on the statement of cash flows. The change in excess of expenses over revenues for the year ended March 31, 2012 has been offset by adjustments to operating activities. The transition to GAAP resulted in the reclassification of cash receipts and outflows relating to the acquisition of tangible capital assets from investing to capital activities. The capital section of the statement of cash flows did not exist prior to the transition to GAAP.

Statement of Remeasurement Gains and Losses

On April 1, 2012, the University adopted Public Sector Accounting Standards PS 3450, *Financial Instruments.* The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial statements.

Under PS 3450, all financial instruments, including derivatives, are included in the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the University's accounting policy choices (see Note 2 - Significant Accounting Policies).

4. MEMORIAL UNIVERSITY ACT

In accordance with the *Memorial University Act*, the University is normally prohibited from recording a deficit on its consolidated financial statements in excess of ¼ of 1% of its total revenue.

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 $5.0 million in 1996 and an additional $10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP 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 other post-employment benefits.

5. RESTRICTED CASH

Restricted cash consists of premiums paid to Manulife Financial on behalf of employees which are held in an interest-bearing bank account to be used to fund future rate increases or enhancements in the long-term disability and basic term life insurance plans. The related liability is included in accounts payable and accrued liabilities.

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 two capital projects. The projects involved the construction of a new residence complex for Grenfell Campus [Project 1] and the implementation of an energy performance program in five buildings on the University's main campus in St. John's [Project 2]. The debt has been negotiated using bankers' acceptances [BA's] which mature during the 2013/14 fiscal year. Management expects to refinance these loans through BA's for the balance of the term of the loan. Disclosure related to interest rate risk is provided in *note 15*.

Derivative liability

Project 1 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 4.76% expiring April 12, 2017 with a notional amount of $3.0 million. The fair value of this interest rate swap is $0.27 million [2012 - $0.32 million].

Project 2 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 5.12% expiring October 1, 2022 with a notional amount of $13.8 million. The fair value of this interest rate swap is $1.90 million [2012 - $2.05 million].

7. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair market value information of financial instruments by category. The maximum exposure to credit risk is the carrying amount shown below.

[thousands of dollars]	**2013**			2012 (unaudited)	2011 (unaudited)
	Fair Value	**Amortized Cost**	**Total**	Total	Total
Cash and cash equivalents	**13,528**	**-**	**13,528**	10,538	12,693
Restricted cash	**6,756**	**-**	**6,756**	6,195	4,702
Short term investments	**-**	**110,429**	**110,429**	114,536	92,870
Accounts receivable	**-**	**87,806**	**87,806**	71,007	69,346
Portfolio investments	**101,733**	**-**	**101,733**	95,071	90,973
Bank indebtedness	**13,748**	**-**	**13,748**	15,139	16,531
Accounts payable and accrued liabilities	**-**	**65,149**	**65,149**	48,820	67,169
Long term debt	**-**	**1,343**	**1,343**	1,454	649
Derivative liability	**2,167**	**-**	**2,167**	2,365	1,644

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price.
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

[thousands of dollars]	**2013**				2012 (unaudited)	2011 (unaudited)
	Level 1	**Level 2**	**Level 3**	**Total**	Total	Total
Cash and cash equivalents	**13,528**	**-**	**-**	**13,528**	10,538	12,693
Restricted cash	**6,756**	**-**	**-**	**6,756**	6,195	4,702
Investments						
Private equity						1,374
Publicly traded equity - CDN	**25,338**	**-**	**-**	**25,338**	30,596	33,265
Publicly traded equity – USD	**6,712**	**-**	**-**	**6,712**	7,157	6,615
Publicly traded equity – Global	**5,114**	**-**	**-**	**5,114**	3,455	3,356
Fixed income	**-**	**64,569**	**-**	**64,569**	53,863	46,363
Bank indebtedness	**-**	**13,748**	**-**	**13,748**	15,139	16,531
Derivative liability	**-**	**-**	**2,167**	**2,167**	2,365	1,644

8. TANGIBLE CAPITAL ASSETS

[thousands of dollars]	**2013**			2012 (unaudited)	2011 (unaudited)
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value	Net Book Value
Buildings	**254,073**	**146,990**	**107,083**	74,874	83,356
Furniture and equipment	**117,939**	**70,024**	**47,915**	42,178	38,659
Computers	**25,570**	**19,967**	**5,603**	5,902	4,593
Software	**4,146**	**1,618**	**2,528**	1,529	434
Vehicles and vessels	**4,740**	**4,423**	**317**	371	435
Library collection	**145,705**	**118,134**	**27,571**	28,522	29,157
Total	**552,173**	**361,156**	**191,017**	153,376	156,634

Amortization expense for the year is $22.0 million (2012 - $21.1 million).

9. ASSETS UNDER CONSTRUCTION

Assets under construction represent costs incurred to date on the construction of new facilities. When construction is completed, the assets will be reclassified to tangible capital assets and amortization will commence. Assets under construction are as follows:

[thousands of dollars]	**2013**	2012 (unaudited)	2011 (unaudited)
Project Description			
Grenfell Campus Academic Building	**-**	27,040	13,120
Grenfell Campus New Residence	**18,542**	6,097	2,239
MUN Residence	**55,943**	29,892	7,532
Medical School Extension	**45,569**	26,477	7,366
Ocean Sciences Center Deep Water Supply	**19,637**	8,691	4,377
Grenfell Campus Environmental Labs	**2,086**	343	-
Engineering Expansion	**3,139**	451	-
C-CORE Expansion	**4,192**	400	-
Core Science Facility	**230**	-	-
100 Signal Hill Road Property	**10,712**	-	-
Holyrood Marine Base	**-**	2,395	2,337
Offshore Safety and Survival Center Revitalization	**-**	3,177	120
Simulator Upgrade	**-**	320	11
Offshore Safety and Survival Center Storage Facility	**-**	54	-
Holyrood Storage Facility	**-**	1	-
Grenfell Campus Arts and Science Building Extension	**-**	762	41
Total	**160,050**	106,100	37,143

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

[thousands of dollars]	**2013**	2012 (unaudited)	2011 (unaudited)
Balance, beginning of year	**234,905**	173,933	159,359
Additional contributions received	**115,551**	82,297	36,803
Less amounts amortized to revenue	**(22,847)**	(21,325)	(22,229)
Balance, end of year	**327,609**	234,905	173,933

11. DEFERRED CONTRIBUTIONS – EXTERNAL GRANTS AND DONATIONS

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and other programs.

[thousands of dollars]	**2013**	2012 (unaudited)	2011 (unaudited)
Balance, beginning of year	**87,377**	64,452	61,309
Grants and donations received during the year	**80,186**	83,505	63,754
Less expenses incurred during the year	**(79,344)**	(60,580)	(60,611)
Balance, end of year	**88,219**	87,377	64,452

12. LONG-TERM DEBT

[thousands of dollars]	**2013**	2012 (unaudited)	2011 (unaudited)
RBC Royal Bank, fixed term demand loan, related to Harlow campus, 5.19% interest, repayable in nine equal annual, blended payments of $121, matured in April 2012, unsecured	**-**	118	227
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2019, secured	**270**	311	349
Capital leases negotiated through the RBC Royal Bank, varying interest rates, payable in equal annual installments, secured by assets under lease	**1,073**	1,025	73
	1,343	1,454	649
Less: current portion	**514**	494	303
	829	960	346

Annual repayments of long-term debt over the next five years are as follows:

2014	514
2015	517
2016	179
2017	51
2018	54
Thereafter	28

13. POST-EMPLOYMENT BENEFITS

The University has a number of post-employment benefit liabilities including employee future benefits (severance, health and dental benefits and life insurance), Voluntary Early Retirement Income Plan (VERIP) and Supplemental Retirement Income Plan (SRIP).

Employee Future Benefits

The University provides 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 severance to certain employee groups upon termination, retirement or death, provided they meet certain eligibility criteria. The cost of providing these future benefits is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2013	2012
Discount rate:		
Liability	**4.10%**	4.13%
Expense	**4.13%**	5.10%
Average rate of compensation increase	**4.00%**	4.50%

The health care inflation rate is 7% in year 1, reducing 0.5% per year to 4% in year 7 and later (2012 – 4.0% per annum). There is no explicit inflation rate used in this valuation.

Voluntary Early Retirement Income Plan (VERIP)

In February and May 1996, the University offered faculty and staff, who reached age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP. 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 unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring these benefits include the following:

	2013	2012
Discount rate		
Liability	**3.25%**	3.50%
Expense	**3.50%**	4.50%

Supplemental Retirement Income Plan (SRIP)

In May 1996, the Board of Regents approved a SRIP 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.

The significant actuarial assumptions used in measuring these benefits include the following:

	2013	2012
Discount rate		
Liability	**4.00%**	4.10%
Expense	**4.10%**	5.10%

The accrued liability and expense of these post-employment benefits are outlined in the tables below:

[thousands of dollars]	2013			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	163,744	6,394	20,476	190,614
Unamortized actuarial loss	(26,302)	-	(5,970)	(32,272)
Total liability	137,442	6,394	14,506	158,342

[thousands of dollars]	2012 (unaudited)			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	150,012	6,586	16,458	173,056
Unamortized actuarial loss	(22,769)	-	(3,419)	(26,188)
Total liability	127,243	6,586	13,039	146,868

[thousands of dollars]	2013			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Current year benefit costs	5,885	-	871	6,756
Interest on accrued benefit obligations	6,299	221	703	7,223
Benefit payments	(4,055)	(533)	(370)	(4,958)
Amortized actuarial losses	2,070	120	263	2,453
Total expense	10,199	(192)	1,467	11,474

[thousands of dollars]	2012 (unaudited)			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Current year benefit costs	4,485	-	571	5,056
Interest on accrued benefit obligations	6,253	270	641	7,164
Benefit payments	(3,596)	(542)	(326)	(4,464)
Amortized actuarial losses	-	587	-	587
Total expense	7,142	315	886	8,343

14. CONTINGINCIES

Canadian University Reciprocal Insurance Exchange (CURIE)

The University participates in a self-insurance cooperative involving a contractual agreement to share the insurance, property and liability risks of member universities for a term of not less than five years.

In the event the premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation. For the year ended December 31, 2012, CURIE had a surplus of $15.6 million and a cumulative subscribers' equity of $60.5 million. The University's pro-rata share is approximately 3% on an ongoing basis.

Class Action Lawsuit

In 2007, a class action lawsuit was filed on behalf of all former employees of the University who retired or terminated employment on or before December 31, 1992 and were entitled to receive post-retirement life, health and dental group insurance benefits. The lawsuit alleges that this group of retirees was entitled to receive these insurance benefits for life, at no cost to the group of retirees. This action has been certified as a class action and the certification order has been upheld upon appeal. This matter is under case management and discoveries have been held. A Settlement Conference took place June 18 and 19, 2013. The University continues to defend its position and the potential exposure to this claim is indeterminable at the present time.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

The University is exposed to credit risk with respect to accounts receivable from students, governments and other clients. Services are provided to a large number of students and entities, which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information.

Interest rate risk

The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's. The University has managed this floating interest rate risk by entering into interest rate swap agreements with the RBC Royal Bank to offset the movement in the BA rates. Any change in BA rates will be offset by a corresponding change in the interest rate swap. The fair value of these interest rate swap agreements are recorded in the consolidated statement of financial position and the change in value is reflected in the consolidated statement of remeasurement gains and losses.

Liquidity risk

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash and cash equivalents. The University believes that cash and cash equivalents on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations.

Market risk

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

Currency Risk

Currency risk relates to the University operating in different currencies and converting non-Canadian transactions at different points in time when adverse changes in foreign currency rates occur. The University minimizes foreign currency risk to protect the value of foreign cash flows, both committed and anticipated, by using foreign exchange contracts when market conditions are judged to be favorable. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Grant Thornton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2013

Statement of responsibility

The accompanying financial statements are the responsibility of the management of the Multi-Materials Stewardship Board (the "Board") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Audit Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to the approval of the finalized financial statements.

Grant Thornton LLP as the Board's appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Directors of the Board and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Board in accordance with Canadian public sector accounting standards.

________________ Chair ________________ Director

Independent auditors' report

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To the Directors of the

Multi-Materials Stewardship Board

We have audited the accompanying consolidated financial statements of the Multi-Materials Stewardship Board, which comprise the consolidated statement of financial position at March 31, 2013, and the consolidated statements of operations, remeasurement gains and losses, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Multi-Materials Stewardship Board as at March 31, 2013 and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

June 27, 2013

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Financial Position

	March 31 2013	March 31 2012
Financial assets		
Cash and cash equivalents (Note 4)	**$ 12,254,400**	$ 14,815,868
Receivables (Note 5)	**3,745,155**	2,852,775
Notes receivable at amortized cost of non-interest bearing notes, repayable over the next five years, utilizing an interest rate of prime plus 1%	**55,371**	84,979
Inventories for sale (Note 6)	**53,991**	75,921
Long term investments	**655,768**	1,037,205
	16,764,685	18,866,748
Liabilities		
Payables and accruals	**1,532,461**	2,152,796
Grants payable	**1,509,238**	1,670,743
Accrued stockpile costs (Note 7)	**1,552,164**	3,148,221
Unearned revenue	**2,860,787**	1,971,953
Performance bonds payable	**617,189**	663,825
Accrued severance pay	**87,747**	98,735
	8,159,586	9,706,273
Net financial assets	**8,605,099**	9,160,475
Non-financial assets		
Prepaids	**$ 84,094**	$ 103,989
Tangible capital assets (Page 19)	**734,960**	707,111
	819,054	811,100
Accumulated surplus (Note 8)	**$ 9,424,153**	$ 9,971,575

Commitments (Note 10)

On behalf of the Board

_______________ Chairperson _______________ Director

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board
Consolidated Statement of Operations

Year Ended March 31	**Actual 2013**	Budget 2013	Actual 2012
Revenue			
Gross revenue from deposits	**$ 24,312,183**	$ 23,428,919	$ 23,095,506
By-product revenue	**2,431,932**	1,995,684	2,767,506
Provincial Waste Management Strategy revenue	**87,386**	-	-
Income from Organics program	**65**	-	83,162
Income from Household Hazardous Waste Program	**36,872**	30,484	41,393
	26,868,438	25,455,087	25,987,567
Cost of sales			
Deposits refunded	**8,680,105**	8,849,462	8,459,534
Green School Program	**752,335**	793,000	1,049,804
Handling fees	**7,181,174**	7,477,100	6,892,132
Stockpile costs (Note 7)	**-**	-	4,276,160
Regional processing	**1,640,156**	1,757,766	1,625,758
Freight and transportation	**4,121,303**	4,417,562	3,717,693
Depot fees	**387,000**	399,600	357,520
Quality assurance facilities	**89,095**	66,265	122,958
	22,851,168	23,760,755	26,501,559
Annual surplus (deficit) before expenses and other activities	**4,017,270**	1,694,332	(513,992)
Expenses			
Administrative expenses (Page 20)	**3,205,269**	3,627,648	3,116,618
Grant disbursements	**1,541,001**	2,585,484	2,402,727
	4,746,270	6,213,132	5,519,345
Annual deficit before other activities	**(729,000)**	(4,518,800)	(6,033,337)
Other activities			
Loss on disposal of tangible capital assets	**-**	-	(6,505)
Interest and sundry income	**95,839**	75,900	173,302
Note receivable grant expense	**-**	-	(13,922)
	95,839	75,900	152,875
Annual deficit	**$ (633,161)**	$ (4,442,900)	$ (5,880,462)

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Remeasurement Gains and Losses

Year Ended March 31		2013		2012
Accumulated remeasurement gains (losses), beginning of year	$	**(8,521)**	$	-
Unrealized gains (losses) attributed to foreign exchanges		**85,739**		(8,521)
Accumulated remeasurement gains (losses), end of year	**$**	**77,218**	$	(8,521)

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31	**Actual 2013**	Budget 2013	Actual 2012
Accumulated surplus, beginning of year	**$ 9,971,575**	$ 9,971,575	$ 15,860,558
Annual deficit	**(633,161)**	(4,442,900)	(5,880,462)
Remeasurement gains (losses)	**85,739**	-	(8,521)
Accumulated surplus, end of year	**$ 9,424,153**	$ 5,528,675	$ 9,971,575

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31	Actual 2013	Budget 2013	Actual 2012
Annual deficit	**$ (633,161)**	$ (4,442,900)	$ (5,880,462)
Acquisition of tangible capital assets	**(172,125)**	(727,100)	(523,150)
Amortization of tangible capital assets	**144,276**	252,358	68,081
Loss on disposal of tangible capital assets	**-**	-	6,505
Cash received from disposal from tangible capital assets	**-**	-	1,200
Increase in prepaids	**19,895**	-	42,358
Remeasurement gains (losses)	**85,739**	-	(8,521)
Decrease in net assets	**(555,376)**	(4,917,642)	(6,293,989)
Net financial assets, beginning of year	**9,160,475**	9,160,475	15,454,464
Net financial assets, end of year	**$ 8,605,099**	$ 4,242,833	$ 9,160,475

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board
Consolidated Statement of Cash Flows

Year Ended March 31	2013	2012
(Decrease) increase in cash and cash equivalents		
Operating		
Annual deficit	**$ (633,161)**	$ (5,880,462)
Amortization	**144,276**	68,081
Loss on disposal of tangible capital assets	**-**	6,505
Remeasument gains (losses)	**85,739**	(8,521)
	(403,146)	(5,814,397)
Change in non-cash items (Note 9)	**(2,339,618)**	4,624,956
Cash applied to operating transactions	**(2,742,764)**	(1,189,441)
Capital		
Cash used to acquire tangible capital assets	**(172,125)**	(523,150)
Cash received from disposal of tangible capital assets	**-**	1,200
Cash applied to capital transactions	**(172,125)**	(521,950)
Investing		
Decrease in notes receivable	**29,608**	31,636
Increase in long term investments	**381,437**	(269,083)
Cash provided by (applied) to investing transactions	**411,045**	(237,447)
Financing		
(Decrease) increase in performance bonds payable	**(46,636)**	258,939
(Decrease) increase in accrued severance pay	**(10,988)**	76,433
Cash (applied to) provided by financing transactions	**(57,624)**	335,372
Decrease in cash and cash equivalents	**(2,561,468)**	(1,613,466)
Cash and cash equivalents, beginning of year	**14,815,868**	16,429,334
Cash and cash equivalents, end of year	**$ 12,254,400**	$14,815,868

See accompanying notes to the consolidated financial statements.

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 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 Board is a government organization and reports to the Minister of Environment and Conservation.

The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board 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 consolidation purposes. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June 27, 2013.

3. Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian public sector accounting standards, management is required 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 period. Items requiring the use of significant estimates include the accrual for deposits outstanding at year end, useful life of tangible capital assets, rates of amortization and impairment of long-lived assets, accrued stockpile costs, unearned revenue and accrued severance pay.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. **Summary of significant accounting policies** (cont'd.)

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the year end date. Exchange gains and losses arising on the translation of monetary assets and liabilities are included in the determination of income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents also include a balance of $3,154 and $1,034,332 (2012 - $54,500 and Nil) in restricted cash related to the performance bonds payable and funds received for the Provincial Waste Management Strategy respectively.

Long term investments

Long term investments include guaranteed investment certificates with original maturities greater than one year. At March 31, 2013, $613,966 (2012 - $608,320) of these investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

Inventories for sale

Inventories, which are comprised of aluminium beverage containers and PET beverage containers, are valued at the lower of cost and net realizable value. Inventory is costed based on net realizable value using current market prices.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated lives as follows:

Used beverage equipment	30%, declining balance
Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
MIDAS software	10%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance

3. **Summary of significant accounting policies** (cont'd.)

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.

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 65% (2012 - 66%).

Unearned revenue also includes funds received in relation to the Provincial Waste Management Strategy related to expenditures for strategic communications development. The funding is recognized as revenue as the expenditures are incurred and repayable if not fully spent on the project.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is recognized when an employee joins the Board, and is calculated based upon years of service, current salary levels and assumptions with respect to retention. Severance pay is payable when the employee ceases employment with the Board and has achieved nine years of continual service.

Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts, as well as historical data.

By-product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Income from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Income from the Organic's Program is recognized once the compost bins are delivered and collection is reasonably assured.

Other income is recognized as earned.

3. **Summary of significant accounting policies** (cont'd.)

Financial instruments

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables;
- notes receivable;
- long term investments;
- payables and accruals;
- grants payable; and
- performance bond payable.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual deficit.

Financial assets measured at fair value include cash and cash equivalents and long term investments; financial assets measured at cost include receivables; and financial assets measured at amortized cost include notes receivable.

Financial liabilities measured at cost include payables and accruals, grants payable and performance bonds payable.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

4. Cash and cash equivalents

	2013	2012
Cash and cash equivalents	**$ 11,216,914**	$ 14,761,368
Restricted cash deposits	**1,037,486**	54,500
	$ 12,254,400	$ 14,815,868

5. Receivables

	March 31 2013	March 31 2012
Deposits	**$ 2,712,609**	$ 2,598,013
Trade and other	**1,032,546**	254,762
	$ 3,745,155	$ 2,852,775

6. Inventories for sale

	2013	2012
Aluminium beverage containers	**$ 37,946**	$ 50,156
PET beverage containers	**16,045**	25,765
	$ 53,991	$ 75,921

7. Stockpile costs

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. As of April 2010, growth of the stockpile was halted with ongoing generation of tires being shipped to Quebec. In February 2012, a contract commenced for the removal of the stockpile. As at March 31, 2013, management has estimated future stockpile removal costs to be $1,552,164 (2012 - $3,148,221), which has been accrued in the stockpile costs.

8. Accumulated surplus

	2013	2012
Accumulated surplus from operations	**$ 9,346,935**	$ 9,980,096
Accumulated remeasurement gains (losses)	**77,218**	(8,521)
	$ 9,424,153	$ 9,971,575

9. Supplemental cash flow information

Change in non-cash items	2013	2012
Receivables	**$ (892,380)**	$ 122,337
Inventories	**21,930**	3,633
Prepaids	**19,895**	42,358
Payables and accruals	**(620,335)**	1,442,581
Grants payable	**(161,505)**	(110,837)
Accrued stockpile costs	**(1,596,057)**	3,148,221
Unearned revenue	**888,834**	(23,337)
	$ (2,339,618)	$ 4,624,956

10. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next five years as follows: 2014 - $224,665; 2015 - $188,389; 2016 - $159,906; 2017 - $159,906; and 2018 - $7,608.

The Board has entered into the following agreements:

(i) processing and transportation of beverage containers up to July, 2014;
(ii) collection of used tires in Labrador West area to April, 2015;
(iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to February, 2018;
(iv) collection of used tires in Happy Valley-Goose Bay area to February, 2014;
(v) transportation of used tires collected in Labrador to February, 2014;
(vi) transportation and disposal of processed glass to March, 2014;
(vii) loading and transportation of stockpile tires to date of completion; and
(viii) Household hazardous waste collection and disposal to October, 2013

11. Financial instruments

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity, credit and market risks.

Risks and concentrations

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at March 31, 2013.

11. Financial instruments (cont'd.)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its payables and accruals. The Board reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management the liquidity risk exposure to the Board is low and not material.

There is no liquidity risk associated with the bonds payable as they are held in guaranteed investment certificates with a stated interest rate.

The aging of payables and accruals, grants payable, accrued stockpile costs accrued severance pay, is as follows:

	2013	2012
0-30 days	**$ 1,156,036**	$ 2,562,677
31-60 days	**282,466**	131,601
61-90 days	**129,208**	23,226
Over 91 days	**2,663,233**	3,463,630
1-5 years	**362,920**	790,626
> 5 years	**87,747**	98,735
Total	**$ 4,681,610**	$ 7,070,495

Credit risk

Credit risk is the risk of loss if a customer or counterparty cannot meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The Board's credit risk is attributable to receivables. The accounts receivable represent a large number of small balances owed by its customers, and no one customer or group of customers represents a significant risk. Management reviews receivables on a case by case basis to determine if an allowance is necessary to reflect an impairment in collectability.

The aging of receivables is as follows:

	2013	2012
0-30 days	**$ 2,341,775**	$ 2,277,971
31-60 days	**659,967**	222,529
61-90 days	**145,660**	14,445
Over 91 days	**604,105**	338,354
Total	**$ 3,751,507**	$ 2,853,299
Allowance for doubtful accounts	**(6,352)**	(524)
Net receivables	**$ 3,745,155**	$ 2,852,775

11. Financial instruments (cont'd.)

The aging of notes receivable is as follows:

	2013	2012
< 1 year	**$ 27,541**	$ 29,608
1 > 2 years	**21,629**	27,541
2 > 3 years	**5,651**	21,629
> 3 years	**550**	6,201
Total	**$ 55,371**	$ 84,979

Market risk

Market risk is the risk that the fair value of marketable securities or long-term investments will change as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to currency risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Consequently, some assets are exposed to foreign exchange fluctuations. As at March 31, 2013, cash of $4,734,495 USD is converted into Canadian dollars. Subsequent to year end the balance in the USD bank account was transferred to a Canadian account and therefore the risk of foreign currency fluctuations has been eliminated.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its sale of by-products.

The Board is exposed to concentration risk as all of its by-products are in a quoted active market.

11. Financial instruments (cont'd.)

The table below presents a sensitivity analysis for changes in market prices of aluminium and polyethylene terephthalate (PET) and the impact on by-product revenue:

	2013		2012	
	Aluminium	PET	Aluminium	PET
-0.10%	**$ 1,300,440**	**$ 768,985**	$ 1,347,138	$ 933,885
-0.05%	**1,372,687**	**811,706**	1,421,979	987,768
Market Price at March 31st	**1,444,934**	**854,428**	1,496,820	1,037,651
+0.05%	**1,517,180**	**897,149**	1,571,661	1,089,533
+0.10%	**1,569,427**	**939,870**	1,646,502	1,141,416

12. Employee future benefits

The Board participates in the Government of Newfoundland and Labrador's Government Money Purchase Plan (GMPP) which is a defined contribution pension plan. The plan is mandatory for all employees, with the exception of the CEO, from date of employment. Employees contribute 5% of regular earnings and the Board matches these contributions. Contributions made prior to January 1, 1997 are fully vested and locked-in after the completion of 10 years of continuous service and has attained the age 45 or after the completion of 5 years of plan participation. Contributions made on or after January 1, 1997 are fully vested and locked-in after the completion of 2 years of plan participation. Contributions paid and expensed by the Board during the year totaled $57,303 (2012 - $53,288).

The CEO participates in the Government of Newfoundland's Public Service Pension Plan which is a defined benefit plan. The plan is mandatory for all full time employees of the Government of Newfoundland and Labrador from the date of employment. Employee and employer contributions are at an amount equal to 6.8% of the salary; normal retirement age under the plan is 65; and the amount of pension is based on 2% of the average of the best five years pensionable salary multiplied by the years and months of credited pensionable service. Contributions paid and expensed by the Board during the year totaled $12,647 (2012 - $12,196). Additional information about the plan surplus or deficit is not available.

Multi-Materials Stewardship Board

Consolidated Schedule of Tangible Capital Assets

Year Ended March 31, 2012

	Used Beverage Equipment	Office Furniture & Equipment	Leasehold Improvements	Computer Hardware	Computer Software	MIDAS Software	Bags and Tubs	**2013**	2012
Cost									
Cost, beginning of year	$ 168,454	$ 138,211	$ 8,913	$ 126,996	$ 322,929	$ 363,802	$ 402,955	**$ 1,532,260**	$ 1,068,105
Additions during the year	-	11,869	-	9,384	2,640	81,686	66,546	**172,125**	523,150
Disposals during the year	-	-	-	-	-	-	-	**-**	(58,995)
Cost, end of year	$ 168,454	$ 150,080	$ 8,913	$ 136,380	$ 325,569	$ 445,488	$ 469,501	**$ 1,704,385**	$ 1,532,260
Accumulated Amortization									
Accumulated amortization, beginning of year	$ 112,163	$ 85,537	$ 5,622	$ 75,195	$ 199,248	$ -	$ 347,384	**$ 835,149**	$ 808,359
Amortization	14,748	11,681	601	13,996	33,141	41,522	28,587	**144,276**	68,081
Reversal of accumulated amortization relating to disposals	-	-	-	-	-	-	-	**-**	(51,291)
Accumulated amortization, end of year	126,911	97,218	6,223	89,191	232,389	41,522	375,971	**969,425**	825,149
Net book value of tangible capital assets	$ 41,543	$ 52,862	$ 2,690	$ 47,189	$ 93,180	$ 403,966	$ 93,530	**$ 734,960**	$ 707,111

Multi-Materials Stewardship Board
Consolidated Schedule of Administrative Expenses

Year Ended March 31	2013	2012
Advertising	$ 86,476	$ 118,330
Amortization	144,274	68,081
Business development	52,439	-
Directors' remuneration	19,215	12,505
Dues, licences and education	14,592	9,518
Equipment rental and support	70,630	33,026
Insurance	8,719	10,272
Interest and bank charges	4,457	4,674
Marketing and communications	302,486	381,396
Meetings and entertainment	18,480	12,068
Miscellaneous	11,626	14,507
Professional fees	173,029	174,104
Rent	138,691	109,926
Repairs and maintenance	400	343
Stationery and office supplies	38,443	44,485
Strategic communications development	87,386	-
Supplies	73,305	32,423
Telecommunications	33,962	28,929
Travel - Board and staff	109,357	100,714
Vehicle operating	25,799	27,823
Wages and benefits	1,791,503	1,933,494
	$ 3,205,269	$ 3,116,618

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2013

JOHN F. MORGAN

Chartered Accountant
6 Lambe's Lane
St. John's, NL A1B 4E9
Office: (709) 576-6776
Fax: (709) 576-6777

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements for Municipal Assessment Agency Inc., which comprise the balance sheet as at March 31, 2013, and the statement of revenues, expenses and equity, and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipal Assessment Agency Inc. as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

CHARTERED ACCOUNTANT

St. John's, Newfoundland
June 5, 2013

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2013

ASSETS

	2013	2012 (Restated – note 7)
CURRENT ASSETS:		
Cash	$1,508,272	$1,280,246
Accounts receivable (note 2)	113,823	88,878
Current portion of long term receivables (note 3)	11,366	13,454
Prepaid expenses	105,347	113,734
	1,738,808	1,496,312
Long term receivables (note 3)	6,783	15,935
Severance reserve fund (note 4)	925,749	960,084
Capital assets (note 5)	1,563,505	1,422,000
	$4,234,845	$3,894,331

LIABILITIES AND SHAREHOLDER'S EQUITY

	2013	2012
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 317,486	$ 143,969
Accrued vacation pay (note 6)	310,271	277,370
	627,757	421,339
Accrued severance pay (note 6)	925,749	960,084
	1,553,506	1,381,423

SHAREHOLDER'S EQUITY

	2013	2012
CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	2,681,338	2,512,907
	2,681,339	2,512,908
	$4,234,845	$3,894,331

Commitments and contingencies (note 6 and note 8)

On behalf of the board:

Fred Best

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 (Restated – note 7)
REVENUES:		
Assessment services	$5,584,233	$5,540,482
Valuation revenue	43,977	44,415
Interest revenue	22,738	15,472
Municipal training	1,986	2,230
	5,652,934	5,602,599
EXPENSES:		
Salaries	3,335,749	3,323,521
Benefits	613,010	603,262
Travel	335,326	336,587
Information technology	285,967	202,671
Postage and courier	133,906	136,833
Professional fees	117,422	71,089
Premises and equipment lease	87,402	80,627
Printing	70,956	50,069
Telephone	58,295	56,372
Repairs and maintenance	51,093	58,062
Office supplies	44,893	40,048
Advertising and public relations	30,630	23,029
Utilities	27,796	26,129
Insurance	20,227	20,220
Payroll processing	4,763	4,926
Bank charges	3,153	2,499
Exchange gain/loss	2,515	(16,746)
Meetings and events	889	173
	5,223,992	5,019,371
Excess of revenues over expenses before the following:	428,942	583,228
Provision for severance and vacation pay (note 6)	63,993	8,411
Amortization of capital assets	185,440	120,387
Loss on disposal of capital assets	18,022	10,049
Bad debt expense (recovery)	(6,944)	1,928
Excess of revenues over expenses	168,431	442,453
Equity from operations, beginning of year	2,512,907	2,070,454
EQUITY FROM OPERATIONS, END OF YEAR	$2,681,338	$2,512,907

Commitments and contingencies (note 6 and note 8)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 (Restated – note 7)
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 168,431	$ 442,453
Items not affecting cash:		
Amortization of capital assets	185,440	120,387
Decrease in long-term receivable	11,240	14,298
Decrease in severance pay accrual	(34,335)	(28,696)
Increase in vacation pay accrual	32,901	(28,322)
Loss on disposition of capital assets	18,022	10,049
Net change in non-cash working capital balance	156,958	(24,402)
CASH PROVIDED BY OPERATING ACTIVITIES	538,657	505,767
INVESTING ACTIVITIES:		
Purchase of capital assets	(344,966)	(271,186)
CASH USED IN INVESTING ACTIVITIES	(344,966)	(271,186)
Increase (decrease) in cash position	193,691	234,581
Cash position, beginning of year	2,240,330	2,005,749
CASH POSITION, END OF YEAR	$2,434,021	$2,240,330

	2013	2012
Cash is represented by:		
Operating cash	$1,508,272	$1,280,246
Severance reserve fund	925,749	960,084
	$2,434,021	$2,240,330

Commitments and contingencies (note 6 and note 8)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

General:

The Municipal Assessment Agency Inc. (the "Corporation") was incorporated April 2, 1997, 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 Public Sector Accounting Standards 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%
Buildings	4%

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

2. Accounts receivable:

	2013	2012
Trade receivables	$ 39,081	$ 32,382
HST recoverable	72,984	52,690
Employee receivable	1,758	3,806
	$ 113,823	$ 88,878

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:

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 410,338	$ 373,277	$ 37,061	$ 59,905
Furniture and equipment	207,576	175,568	32,008	56,446
Integrated assessment system	1,701,460	1,245,255	456,205	232,834
Buildings	1,028,653	198,643	830,010	864,594
Land	208,221	-	208,221	208,221
	$3,556,248	$1,992,743	$1,563,505	$1,422,000

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

6. Severance and vacation pay:

The provision for severance and vacation pay consists of the following:

Severance pay	**2013**	**2012**
Opening balance	$ 960,084	$ 988,780
Severance paid out	(59,605)	(65,429)
Current year expense	25,270	36,733
Closing balance	$ 925,749	$ 960,084

Vacation pay	**2013**	**2012**
Opening balance	$ 277,370	$ 305,692
Current year expense	38,723	(28,322)
Vacation paid out	(5,822)	-
Closing balance	$ 310,271	$ 277,370

7. Prior Period Adjustment:

An accounting error was discovered in the prior year financial statements. The prior year financial statements have been restated to reflect the correction of the accounting error.

The error occurred when an amount for the ongoing maintenance expense relating to a new Computer Software Development program was capitalized; this amount should have been expensed in the prior period. The expense related to a calendar year and was paid before the Agency's fiscal year end; therefore a portion should have been set up as a prepaid expense on the balance sheet.

The net capital assets account decreased by $74,129. This was made up of a decrease in capital assets of $87,210 and a decrease in accumulated amortization of $13,081. The amortization expense also decreased by $13,081. Due to the decrease in capital assets, the remainder of the adjustment included an increase in prepaid expenses of $65,408, a decrease in accrued liabilities of $22,247 and a decrease in information technology of $445. The overall impact on income resulted in an increase of $13,527 for 2012. This directly impacted the ending retained earnings which also increased by $13,527.

The prior year amounts have been restated to reflect this accounting adjustment.

8. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2012 and ending on September 30, 2017, with the option to renew for a further term of up to 5 years. The monthly rental fee is $4,174. Future minimum lease payments total $225,396 and include the following payments over the next 5 years: 2013 - $37,566, 2014 - $50,088, 2015 - $50,088, 2016 - $50,088, 2017 – 37,566.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008 and ending on April 30, 2013. The monthly rental fee is $350. Future minimum lease payments total $350 and include the following payments over the next 1 month: 2013 - $350.

The Agency has a lease for office space in Grand Falls Windsor, Newfoundland. The term of the lease is 3 years, starting February 1, 2011 and ending on January 31, 2014. The monthly rental fee is $695. Future minimum lease payments total $6,950 and include the following payments over the next 10 months: 2013 - $6,255, 2014 - $695.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

The Agency has entered into an agreement to upgrade its IAS Property Tax System software. The agreement commenced on April 28, 2011 and will continue through December 31, 2013.