Province of
Newfoundland and Labrador

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

FOR THE YEAR ENDED
31 MARCH 2015

Newfoundland
Labrador

Province of Newfoundland and Labrador

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

For The Year Ended
31 March 2015

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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, 2015. 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 2014-15 fiscal year may be found in the following financial reports:

Public Accounts Consolidated Summary Financial Statements

This document 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.

Consolidated Revenue Fund Financial Information

This document 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, 2015, 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:

Consumer Protection Fund for Prepaid Funeral Services (2014 & 2015)
Discovery Health Care Foundation Inc. (2014 & 2015)
Dr. H. Bliss Murphy Cancer Care Foundation (2014 & 2015)
Egg Farmers of Newfoundland and Labrador (2013 & 2014)
House of Assembly (2014 & 2015)
Janeway Children's Hospital Foundation (2014 & 2015)
Labrador School Board Trust Fund (2013 & 2014)
Labrador-Grenfell Regional Health Authority (2014)
Newfoundland and Labrador Education Foundation Inc. (2013)
Newfoundland and Labrador Farm Products (2014 & 2015)
Newfoundland and Labrador Legal Aid Commission (2014)
Newfoundland International Student Education Program Inc. (2014)
Supreme Court of Newfoundland & Labrador (2014)
The Burin Peninsula Health Care Foundation Inc. (2014 & 2015)
Trinity-Conception-Placentia Health Foundation Inc. (2014 & 2015)

Consolidated Financial Statements

Atlantic Lottery Corporation Inc.

March 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Atlantic Lottery Corporation Inc.

We have audited the accompanying consolidated financial statements of **Atlantic Lottery Corporation Inc.**, which comprise the consolidated balance sheet as at March 31, 2015 and the consolidated statements of operations, comprehensive income, changes in 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 International Financial Reporting 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 **Atlantic Lottery Corporation Inc.** as at March 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Saint John, Canada,
June 3, 2015

Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of
Atlantic Lottery Corporation Inc.

The consolidated financial statements presented in this Annual Report are the responsibility of the management of **Atlantic Lottery Corporation Inc.** They have been approved by its Board of Directors.

Management prepared the consolidated financial statements in accordance with International Financial Reporting Standards. The financial information contained in the Annual Report is consistent with the data presented in the consolidated financial statements.

Atlantic Lottery Corporation Inc. maintains books of account, systems of information, systems of financial and management control, as well as a comprehensive internal audit program, which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees external and internal audit activities through its audit committee. The committee reviews matters related to accounting, auditing, internal control systems, the consolidated financial statements and reports of the internal and independent external auditors.

Brent Scrimshaw
President & CEO

Patrick Daigle, CPA, CA
CFO

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31
[In thousands of dollars]

		2015		2014
ASSETS				
Current				
Cash *[note 6]*	$	4,573	$	2,660
Restricted prize cash *[note 6]*		18,812		20,748
Accounts receivable *[note 7]*		25,877		21,073
Prepaid expenses and deposits		15,839		9,799
Inventory *[note 8]*		4,765		7,160
		69,866		61,440
Derivative asset *[note 18]*		-		969
Investment, at cost *[note 9]*		-		8,681
Property and equipment *[note 10]*		108,024		122,094
Intangibles *[note 11]*		51,907		57,754
TOTAL ASSETS	$	229,797	$	250,938
LIABILITIES				
Current				
Line of credit *[note 12]*	$	24,239	$	14,940
Accounts payable and accrued liabilities *[note 13]*		17,339		32,718
Deferred revenue		2,326		1,465
Liabilities for unclaimed prizes *[note 14]*		18,812		20,748
Due to shareholders *[note 15]*		11,246		4,895
Current portion of long-term debt *[note 16]*		100,989		82,519
Current portion of long-term lease payable *[note 17]*		378		938
		175,329		158,223
Employee future pension benefits *[note 19]*		5,656		14,324
Employee future other post-employment benefits *[note 19]*		11,821		14,580
Long-term debt *[note 16]*		69,508		96,327
Long-term lease payable *[note 17]*		504		882
Other long-term liabilities *[note 18 and 20]*		3,169		506
		90,658		126,619
SHAREHOLDERS' DEFICIENCY				
Share capital *[note 21]*		1		1
Accumulated other comprehensive income (loss)		(2,485)		968
Deficit		(33,706)		(34,873)
		(36,190)		(33,904)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$	229,797	$	250,938

Commitments *[note 24]*

See accompanying notes

On behalf of Board: Robert MacKinnon Director D. Cappell. Director

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31
[In thousands of dollars]

		2015		2014
Revenue				
Gross ticket sales	**$**	**654,165**	$	671,286
Net video lottery receipts		**393,342**		374,053
Entertainment center revenue		**20,290**		19,988
		1,067,797		1,065,327
Prizes on ticket sales		**372,776**		384,294
Net revenue		**695,021**		681,033
Direct expenses				
Commissions		**124,957**		122,534
Ticket printing		**11,689**		10,804
Other direct cost *[note 11]*		**5,849**		5,620
		142,495		138,958
Gross profit		**552,526**		542,075
Expenses				
Operating and administrative expenses		**110,191**		111,294
Depreciation and impairment *[note 10 and 11]*		**29,675**		29,884
Interest *[note 12, 16 and 17]*		**4,234**		4,224
		144,100		145,402
Profit before the following		**408,426**		396,673
Other expenses (income)		**(2,297)**		(3,493)
Loss on impairment of investment *[note 9]*		**8,681**		-
Taxes *[note 23]*		**29,355**		27,296
Payments to the Government of Canada *[note 22]*		**4,471**		4,433
		40,210		28,236
Net profit	**$**	**368,216**	$	368,437

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31
[In thousands of dollars]

		2015		2014
Net profit	**$**	**368,216**	$	368,437
Other comprehensive income (loss)				
Mark-to-market gains (losses) on derivative instruments designated and qualifying as cash flow hedges				
Change in fair value *[note 18]*		**(3,453)**		3,495
Change in actuarial assumptions for the employee future benefits				
Change in actuarial assumptions *[note 19]*		**(4,277)**		19,650
Other comprehensive income (loss)		**(7,730)**		23,145
Comprehensive income	**$**	**360,486**	$	391,582

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF CHANGES IN DEFICIENCY
AS AT MARCH 31
[In thousands of dollars]

2015

	Share capital	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' deficiency
Balance, beginning of year	**$ 1**	**$ 968**	**$ (34,873)**	**$ (33,904)**
Net profit	-	-	**368,216**	**368,216**
Other comprehensive loss	-	**(3,453)**	**(4,277)**	**(7,730)**
Comprehensive income (loss)	-	**(3,453)**	**363,939**	**360,486**
Distribution of profit to shareholders *[note 15]*				
New Brunswick Lotteries and Gaming Corporation	-	-	**(115,809)**	**(115,809)**
Province of Newfoundland and Labrador	-	-	**(125,196)**	**(125,196)**
Nova Scotia Provincial Lotteries and Casino Corporation	-	-	**(108,403)**	**(108,403)**
Prince Edward Island Lotteries Commission	-	-	**(13,364)**	**(13,364)**
Total profit allocated to shareholders	-	-	**(362,772)**	**(362,772)**
Balance, end of year	**$ 1**	**$ (2,485)**	**$ (33,706)**	**$ (36,190)**

2014

	Share capital	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' deficiency
Balance, beginning of year	$ 1	$ (2,527)	$ (62,645)	$ (65,171)
Net profit	-	-	368,437	368,437
Other comprehensive income	-	3,495	19,650	23,145
Comprehensive income	-	3,495	388,087	391,582
Distribution of profit to shareholders *[note 15]*				
New Brunswick Lotteries and Gaming Corporation	-	-	(117,571)	(117,571)
Province of Newfoundland and Labrador	-	-	(120,592)	(120,592)
Nova Scotia Provincial Lotteries and Casino Corporation	-	-	(107,794)	(107,794)
Prince Edward Island Lotteries Commission	-	-	(14,208)	(14,208)
Total profit allocated to shareholders	-	-	(360,165)	(360,165)
Dividends paid	-	-	(150)	(150)
Balance, end of year	$ 1	$ 968	$ (34,873)	$ (33,904)

See accompanying notes

ATLANTIC LOTTERY CORPORATION INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31
[In thousands of dollars]

		2015		2014
Cash provided by (used in)				
Operating activities				
Net profit	**$**	**368,216**	$	368,437
Add (deduct) non-cash items:				
Depreciation *[note 10 and 11]*		**32,653**		32,217
Loss on disposal of property and equipment		**3,209**		1,376
Impairment (reversal) of long-lived assets *[note 10 and 11]*		**(103)**		500
Impairment of investment *[note 9]*		**8,681**		-
Increase (decrease) in cash flow hedge		**-**		(969)
Other comprehensive income (loss)		**(7,730)**		23,145
		404,926		424,706
Net change in non-cash components of working capital *[note 25]*		**(18,552)**		15,392
Decrease in employee future benefits		**(11,427)**		(22,737)
		374,947		417,361
Investing activities				
Purchase of property and equipment		**(7,444)**		(17,776)
Purchase of intangibles		**(10,223)**		(14,564)
Proceeds on disposal of property and equipment		**1,825**		1,148
		(15,842)		(31,192)
Financing activities				
Increase (decrease) in line of credit		**9,299**		(4,120)
Proceeds of long-term debt		**260,224**		200,862
Repayment of long-term debt		**(268,573)**		(218,966)
Repayment of long-term lease payable		**(938)**		(3,038)
Increase (decrease) in other long-term liabilities		**3,632**		(2,652)
Dividends paid to shareholders		**-**		(150)
		3,644		(28,064)
Distribution to shareholders *[note 15]*		**(362,772)**		(360,165)
Increase (decrease) in cash		**(23)**		(2,060)
Cash, beginning of year		**23,408**		25,468
Cash, end of year *[note 6]*	**$**	**23,385**	$	23,408

See accompanying notes

1. NATURE OF OPERATIONS

Atlantic Lottery Corporation Inc. ["the Corporation"] was incorporated under the *Canada Business Corporations Act* on September 3, 1976. The Corporation's shareholders are the New Brunswick Lotteries and Gaming Corporation, Province of Newfoundland and Labrador, Nova Scotia Provincial Lotteries and Casino Corporation, and Prince Edward Island Lotteries Commission. The registered office of the Corporation is located at 922 Main Street in Moncton, New Brunswick, Canada.

The profit of the Corporation is distributed twice monthly to each of the shareholders. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

The Corporation has been appointed to undertake, conduct and manage lotteries by and on behalf of the provinces of New Brunswick, Newfoundland and Labrador and Prince Edward Island. The Corporation has been appointed to operate lotteries in the province of Nova Scotia by the Nova Scotia Provincial Lotteries and Casino Corporation ["NSPLCC"].

The Corporation has entered into a formal operating agent agreement ["Agreement"] with NSPLCC that requires the Corporation to obtain the prior approval of NSPLCC before making certain changes related to lottery schemes in Nova Scotia. The Agreement provides that all assets acquired by the Corporation exclusively for the operation of lotteries in Nova Scotia are held by the Corporation in trust for and on behalf of NSPLCC, and that all liabilities incurred to acquire those assets are also the liabilities of NSPLCC. In the case of the Agreement being cancelled, the Corporation has a 24- month period to transfer all assets and liabilities related to the lottery schemes in Nova Scotia to NSPLCC. However, these assets and liabilities related to the Nova Scotia lottery activities are included on the Corporation's consolidated balance sheet, because NSPLCC does not have the intent to cancel the Agreement and therefore the Corporation's expectation is that the economic benefit of all the acquired assets will stay with the Corporation over their entire useful lives.

The Corporation has conduct and manage agent agreements with the provinces of New Brunswick, Newfoundland and Labrador and Prince Edward Island which include similar provisions. Also, these provinces currently do not have the intent to cancel the agreements and therefore all assets and liabilities related to the lottery operations in these provinces are also recorded with the same assumption in the Corporation's consolidated financial statements.

The Articles of Incorporation restrict the number of shareholders to four and any invitations to the public to subscribe for securities of the Corporation are prohibited. Because of these restrictions, the Corporation manages capital through working capital and debt to ensure sufficient liquidity to manage current and future operations. The acquisition of debt requires the approval of the Corporation's Board of Directors and NSPLCC.

The Corporation is also restricted under the *Gaming Control Acts* of each province for the management of prize funds. The Corporation is required to maintain cash on hand equivalent to the amount of prize liabilities outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Corporation for the year ended March 31, 2015 were authorized for issue by the Board of Directors on June 3, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Basis of measurement
These consolidated financial statements were prepared on a going concern basis, under the historical cost basis, except for derivative financial instruments that have been measured at fair value.

Statement of compliance
The consolidated financial statements of the Corporation and its subsidiaries for the year ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards [“IFRS”] and interpretations adopted by the International Accounting Standards Board [“IASB”].

Functional and presentation currency
The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. All dollar values are rounded to the nearest thousandth dollar ($’000), except for per share amounts.

Basis of consolidation
The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries, Atlantic Gaming Equipment Limited, and 7865813 Canada Inc. The financial statements of the subsidiaries are prepared for the same reporting period as the consolidated financial statements of the Corporation, using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date at which the Corporation obtains control, and continue to be consolidated until the date that such control ceases.

All inter-Corporation balances, transactions, income and expenses, and profits and losses, including dividends resulting from inter-Corporation transactions, are eliminated in full.

Cash and restricted prize cash

Cash and restricted prize cash in the consolidated balance sheet comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and restricted prize cash consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Corporation’s cash management.

Pursuant to provincial regulations the Corporation maintains restricted cash accounts in an amount equivalent to current game liabilities. Withdrawals from these accounts are restricted to payment of prizes [note 14].

Funds held for alc.ca wallets represent funds provided to the Corporation through player wallets on alc.ca. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the alc.ca wallet liability.

Inventory
Inventory consists of lottery tickets [Scratch’N Win and Breakopen], and food and beverage consumables. Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as purchase costs on an average cost basis.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of operations as incurred. Borrowing costs related to the acquisition, construction or production of qualifying assets, are capitalized.

Land and assets not ready for use are not depreciated. Depreciation on other assets is charged to the consolidated statement of operations based on cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets. The Corporation is using the following useful lives for the different asset categories:

Asset	**Useful life**
Building	7 to 50 years
Automotive	4 years
Operational and gaming equipment	3 to 24 years
Finance lease	Lease term
Leasehold improvements	Lease term

If the costs of a certain component of property and equipment are significant in relation to the total cost of the item, these costs are accounted for and depreciated separately.

The assets' residual values, useful lives and methods of depreciation are reviewed annually, and adjusted prospectively, if appropriate.

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

Pre-opening costs are expensed to the consolidated statement of operations as incurred.

Intangible assets

Intangible assets acquired separately
Acquired intangible assets are primarily software, patents and licenses on technologies. Intangible assets acquired separately are carried at cost less accumulated amortization and/or impairment losses. Amortization is charged to the consolidated statement of operations on a straight-line basis over their estimated useful lives as follows:

Asset	**Useful life**
Software licenses	3 to 15 years
Computer software	3 to 15 years
Gaming software	3 to 7 years
Finance lease	Lease term

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

The Corporation only has intangible assets acquired with a finite useful life. The estimated useful lives and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations in the expense category consistent with the function of the intangible asset. Intangible assets not ready for use are not amortized.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of operations when the asset is derecognized.

Internally generated intangible assets - research and development expenditures
Expenditure on research activities is recognized as an expense in the period in which it is incurred. Development costs relating primarily to the development of new gaming or lottery software or internet web sites used for purposes of selling the Corporation's services are recognized as an intangible asset when the Corporation can demonstrate that the following conditions required by International Accounting Standards ["IAS"] 38, *Intangible Assets* are met:

- the asset is identifiable and will generate expected future economic benefits; and
- the cost can be determined reliably.

The amount initially recognized for internally generated intangible assets is the sum of the acquisition and manufacturing costs that can be directly attributed to the development process as well as a reasonable portion of the development-related fixed costs. If the internally generated intangible asset does not meet the conditions of IAS 38, the development expenditure is recognized in profit or loss in the period during which it was incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and/or accumulated impairment losses. Amortization of the asset begins when the development is complete and the asset is available for use. It is amortized over the period of expected future benefit on a straight-line basis. The current useful lives applied are as follows:

Asset	Useful life
Software licenses	3 to 15 years
Computer software	3 to 15 years
Gaming software	3 to 7 years

During the period of development, the intangible asset is tested for impairment annually.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period during which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Corporation as a lessee

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the lower of fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of operations.

Leased assets are depreciated on the same basis as owned assets over the useful lives of the assets. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognized as an expense in the consolidated statement of operations on a straight-line basis over the lease term.

Impairment of financial assets

The Corporation assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's fair market value. An asset's fair market value can be measured via recent market transactions or discounted cash flow model. If the carrying amount is lower than the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, impairment of that amount exists.

Impairment losses are recognized in the consolidated statement of operations in those expense categories consistent with the function of the impaired asset.

Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of an asset or cash-generating unit ["CGU"] less costs to sell, and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognized in the consolidated statement of operations in those expense categories consistent with the function of the impaired asset.

For previously impaired assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Provisions

Provisions are recognized when the Corporation has a present obligation [legal or constructive] as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The Corporation has recorded provisions for sick leave and asset decommissioning.

Pensions and other post-employment benefits

The Corporation participates in a multiple-employer defined benefit contributory pension plan. The Corporation also provides certain post-employment healthcare benefits, life insurance and ad-hoc supplementary pensions.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized as income or expense in other comprehensive income immediately in the period when they occur.

The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in note 19 less past service costs and (for the pension obligation) less the fair value of plan assets, out of which the obligations are to be settled. Plan assets are not available to the creditors of the Corporation, nor can they be paid directly to the Corporation. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Financial instruments

Initial recognition and measurement

The Corporation at initial recognition designates its financial assets either as (i) financial assets at fair value through profit or loss, (ii) loans and receivables, or as (iii) available for sale. Financial liabilities are classified as (i) fair value through profit or loss, (ii) financial liabilities at amortized cost, or as (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial instruments are initially measured at fair value plus, in the case of financial assets not recognized at fair value through profit or loss, directly attributable transaction costs.

The Corporation's financial assets include cash, restricted prize cash, accounts receivable, due from shareholders, and investments.

The Corporation's financial liabilities include line of credit, accounts payable and accrued liabilities, liabilities for unclaimed prizes, due to shareholders, long-term debt, long-term lease payable and other long-term liabilities, including derivative instruments.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification, as follows:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39, *Financial instruments: recognition and measurement*, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with changes in fair value recognized in other expenses (income) or interest expense in the consolidated statement of operations.

The Corporation has not designated any financial assets upon initial recognition as at fair value through profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method [“EIR”], less impairment. The losses arising from impairment are recognized in the consolidated statement of operations in depreciation and impairment expense.

Securities in this category include cash, restricted prize cash, accounts receivable, and due from shareholders.

iii. Available for sale

Securities classified as available for sale are non-derivative financial assets that are initially designated as available for sale or that are not classified in the fair value through profit or loss or loans and receivables categories.

Gains and losses resulting from changes in fair value, except for impairment losses are recognized in the consolidated statement of comprehensive income under net unrealized gains/(losses) on available for sale securities until the financial asset is derecognized.

Securities in this category include investments.

Derecognition
A financial asset [or, where applicable, a part of a financial asset or part of a group of similar financial assets] is derecognized when the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Impairment of financial assets
The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset [an incurred "loss event"] and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Corporation first assesses individually whether objective evidence of impairment exists, individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows [excluding future expected credit losses that have not yet been incurred].

Subsequent measurement of financial liabilities
The measurement of financial liabilities depends on their classification, as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of operations. The Corporation has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

ii. Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized as well as through the EIR amortization process.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other expenses (income) in the consolidated statement of operations.

Financial liabilities classified in this category include line of credit, accounts payable and accrued liabilities, liabilities for unclaimed prizes, due to shareholder, long-term debt, and long-term lease payable.

iii. Derivatives designated as hedging instruments in an effective hedge

The Corporation uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Interest rate swaps when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or highly probable forecast transactions are classified as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is recognized in the consolidated statement of operations in other expenses (income).

Amounts taken to other comprehensive income are transferred to the consolidated statement of operations when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statement of operations. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Corporation uses interest rate swaps to hedge the volatility of variable interest payments to a fixed interest rate over the term of the respective debt.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Financial liabilities classified in this category include other long-term liabilities.

Current versus non-current classification
Derivative instruments that are not designated and effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances [i.e., the underlying contracted cash flows].

- Where the Corporation will hold a derivative as an economic hedge [and does not apply hedge accounting] for a period beyond 12 months after the reporting date, the derivative is classified as non-current [or separated into current and non-current portions] consistent with the classification of the underlying item.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of operations.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations [bid price for long positions and ask price for short positions], without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, free tickets and pari-mutuel commissions. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The Corporation has concluded that it is acting as principal in all of its revenue arrangements. In each of the revenue categories, the following specific recognition criteria must also be met before revenue is recognized:

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Gross ticket sales

Lottery revenue

Lottery revenue and the corresponding direct expenses are recognized on the draw date. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue.

Instant ticket revenue

Revenue from instant ticket games and the corresponding direct expenses are recognized at the time of activation, which determines the transfer of legal ownership to the retailer.

Interactive revenue

Revenue from interactive games and the corresponding direct expense are recognized at the time of play.

Net video lottery receipts

Revenue from video lottery and the corresponding direct expenses are recognized at the time of play and are recorded net of credits paid out.

Entertainment centre revenue

Entertainment centre revenue includes receipts from electronic gaming devices, recorded net of credits paid out at the time of play, table games recorded net of payouts at the time of play, and restaurant sales.

The Corporation operates a loyalty points program at its Entertainment centre, which allows players to accumulate points at the time of play. The points can then be redeemed for products. Consideration received is allocated between the Entertainment centre revenue and the points issued, with the consideration allocated to the points equal to their fair value. The fair value of the points is determined by applying statistical analysis. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

Prize expense

Prize expense for draw-based games is recorded based on the actual prize liability experienced for each online game at the time of the draw. All obligations for prizes from these drawings are recorded as liabilities for unclaimed prizes on the consolidated balance sheet.

Instant ticket prizes are recognized as a percentage of ticket sales in line with the theoretical prize payout for that game.

Video lottery and interactive game prizes are based on the actual prizes won for each individual game, at the point at which the sale occurs.

In addition to cash prizes, the Corporation also awards free tickets. The value ascribed to these prizes is equal to the sale price.

Interest income

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other income in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Sales tax
As a prescribed registrant, the Corporation makes GST/HST remittances to the Federal Government pursuant to the Games of Chance Regulations of the *Excise Tax Act*. The Corporation's net tax for a reporting period is calculated using net tax attributable to both gaming and non-gaming activities. The net tax attributable to gaming activities results in a tax burden of two times the GST/HST rate on most taxable gaming expenditures incurred by the Corporation *[note 23]*. HST is paid in New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island at their respective HST rates.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Income tax
The Corporation is owned by the four Atlantic Provincial Governments and is exempt from income tax.

Payments to the Government of Canada
Under federal/provincial agreements, the Government of Canada agreed to withdraw from the sale of lottery tickets and to refrain from re-entering the field of gaming and betting. In consideration, all provinces and territories of Canada pay $24,000 annually, in 1979 dollars, adjusted by the consumer price index each year *[note 22]*.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts recognized in the consolidated financial statements of the Corporation are discussed below.

Determination of useful lives for tangible and intangible assets
The Corporation has based the determination of the useful lives for its tangible and intangible assets on a detailed review of all empirical data for the different asset classes and also used the knowledge of the appropriate operations people to conclude on the useful lives. Furthermore, the Corporation at least annually updates if the current applied useful lives are still valid for the different asset classes. Any external or internal changes in the Corporation's environment may result in an impact on the expectation of the useful lives of certain assets and hence a triggering event to reconsider the expectation of the useful lives.

Impairment of financial assets
Impairment exists when the enterprise value of an asset exceeds its fair market value. Fair market value can be measured via recent market transactions or discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS [Continued]

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGU, including a sensitivity analysis, are further explained in notes 10 and 11.

Employee future benefits
The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions.

These include the determination of the discount rate, future salary increases, mortality rates, the return on the investment in the plan assets and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in note 19.

Development costs
Development costs are capitalized in accordance with the accounting policy in note 2 "Intangible assets". Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at March 31, 2015, the amount of capitalized development costs was $9,596 [2014 - $12,822].

Capitalized development costs are primarily for the customization, implementation and testing of new gaming software solutions and of web sites offering information about games to the Corporation's customers, but also to place an order on the web site resulting in revenue for the Corporation. During the development of these new gaming software solutions and the revenue orientated web sites, there is some uncertainty, if these tools will be finally accepted by the market and will generate sufficient revenue. However, based on the Corporation's market research and review of other markets where these or similar solutions were already implemented, the Corporation's management is confident that the capitalized development costs will result in sufficient future benefits to cover the capitalized costs.

Fair value of financial instruments
Where the fair value of financial assets and financial liabilities [especially derivative financial instruments like interest rate swaps] recorded on the consolidated balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS [Continued]

Revenue recognition – Player Loyalty Program

The Corporation estimates the fair value of points awarded under the Player Loyalty Program by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences. Points issued under the program have a one year expiration period. As at March 31, 2015, the estimated liability for unredeemed points was approximately $9 [2014 - $6].

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRIC 21, *Levies*

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The Corporation has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years; as such, there is no impact from IFRIC 21.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Corporation since none of the entities in the Corporation has any offsetting arrangements.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Corporation's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Corporation reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Corporation intends to adopt these standards when they become effective.

IFRS 9, *Financial Instruments*

IFRS 9 will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For hedge accounting, IFRS 9 uses an objectives-based test to determine hedge effectiveness, amends how the risk component may be designated as the hedged item and changes the accounting for certain costs that can be excluded from the designation of a financial instrument as a hedging item. The Corporation is currently evaluating the impact of IFRS 9 on its future financial statements. IFRS 9 was issued by the IASB in November 2009 with amendments, primarily relating to hedge accounting, issued in November 2013. Due to the IASB's continued work on the impairment phase of this standard, there is no mandatory effective date for applying IFRS 9, although the standard is available for application now. A mandatory effective date for the full standard will be issued when the impairment phase of the IFRS 9 review is completed. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Corporation's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Corporation will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

March 31, 2015 [thousands of dollars]

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE [Continued]

IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structure approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Corporation is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

6. CASH

Cash is represented by cash on hand and bank balances, less outstanding cheques.

	2015	2014
Cash	**$ 4,573**	$ 2,660
Restricted prize cash	**18,812**	20,748
Total cash	**$ 23,385**	$ 23,408

The Corporation has a cash balance of $836 [2014 - $702] to fund player wallets.

7. ACCOUNTS RECEIVABLE

	2015	2014
Lottery retailers	**$ 20,596**	$ 16,734
Taxes receivable	**-**	688
Other	**5,281**	3,651
Total accounts receivable	**$ 25,877**	$ 21,073

Lottery retailers' receivables are collected on a weekly basis. The Corporation had bad debt expense of $96 [2014 - $66] related to lottery retailer receivables.

8. INVENTORY

	2015	2014
Ticket stock	**$ 4,637**	$ 7,037
Food and beverage	**128**	123
Total inventory	**$ 4,765**	$ 7,160

During the year, the Corporation recorded inventory write-offs in the amount of $619 [2014 - $327].

March 31, 2015 [thousands of dollars]

9. INVESTMENT

The Corporation maintains an equity interest in Geonomics Global Games Limited [previously named Roboreus Limited], a privately-owned UK based internet gaming vendor. The investment is classified as available for sale and is being carried at cost less impairment as there is no quoted price in an active market and fair value cannot be reliably measured. An investment of this nature is required to be assessed annually for impairment based on, among other factors, historical results. The investment represents a start-up online gaming concept with a short history of poor previous results and therefore any future return is presumed to not be probable of realization for accounting purposes. As a result, ALC has fully impaired the investment by $8,681 [2014 – $0]. The Corporation believes the value of the investment in Geonomics Global Games Limited continues to have merit based on the business relationship in place with its major shareholder.

10. PROPERTY AND EQUIPMENT

	Land	Building	Automotive	Operational and gaming equipment	Finance lease	Leasehold improvements	Not ready for use	Total
Cost or valuation:								
As at March 31, 2013	1,807	22,166	2,658	224,339	5,120	9,416	24,851	290,357
Additions	-	21	-	8,542	-	13	9,200	17,776
Transfers	-	-	-	3,686	-	-	(3,037)	649
Disposals	-	(126)	(617)	(73,928)	-	-	-	(74,671)
As at March 31, 2014	1,807	22,061	2,041	162,639	5,120	9,429	31,014	234,111
Additions	**-**	**895**	**445**	**6,001**	**-**	**88**	**15**	**7,444**
Transfers	**-**	**12**	**-**	**31,105**	**-**	**23**	**(30,142)**	**998**
Disposals	**(100)**	**(3,800)**	**(277)**	**(55,183)**	**-**	**(1,164)**	**(11)**	**(60,535)**
As at March 31, 2015	**$1,707**	**$ 19,168**	**$ 2,209**	**$ 144,562**	**$ 5,120**	**$ 8,376**	**$ 876**	**$ 182,018**
Depreciation and impairment:								
As at March 31, 2013	$ -	$ 8,331	$ 996	$ 145,174	$ 3,641	$ 5,731	$ -	$ 163,873
Depreciation for the year	-	922	457	17,093	1,365	618	-	20,455
Impairment	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(96)	(421)	(71,794)	-	-	-	(72,311)
As at March 31, 2014	-	9,157	1,032	90,473	5,006	6,349	-	112,017
Depreciation for the year	**-**	**887**	**385**	**18,492**	**114**	**465**	**-**	**20,343**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers	**-**	**2**	**-**	**105**	**-**	**23**	**-**	**130**
Disposals	**-**	**(2,730)**	**(210)**	**(54,404)**	**-**	**(1,152)**	**-**	**(58,496)**
As at March 31, 2015	**$ -**	**$ 7,316**	**$ 1,207**	**$ 54,666**	**$ 5,120**	**$ 5,685**	**$ -**	**$ 73,994**
Net book value:								
As at March 31, 2015	**$1,707**	**$ 11,852**	**$ 1,002**	**$ 89,896**	**$ -**	**$ 2,691**	**$ 876**	**$ 108,024**
As at March 31, 2014	$ 1,807	$ 12,904	$ 1,009	$ 72,166	$ 114	$ 3,080	$ 31,014	$ 122,094

10. PROPERTY AND EQUIPMENT [Continued]

During the year, the Corporation carried out a review of the recoverable amount of property and equipment, there was no impairment identified [2014 - $nil]. The recoverable amount was measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the CGU. The discount rate utilized was 2.5% per annum [2014 - 2.5%].

As at March 31, 2015, assets classified as not ready for use had $152 for retail gaming equipment [2014 - $30,758]; $717 was for computer equipment not yet in use [2014 - $256]; and $7 was for borrowing costs on computer equipment not yet in use [2014 - Nil]

Assets classified as finance lease are comprised of computer hardware long-term lease disclosed in note 17.

March 31, 2015 [thousands of dollars]

11. INTANGIBLES

	Software licenses	Computer software	Gaming software	Finance lease	Not ready for use	Total
Cost:						
As at March 31, 2013	$ 66,433	$ 4,353	$ 28,589	$ 7,128	$ 16,897	$ 123,400
Additions	381	31	1,742	-	12,410	14,564
Transfers	(33)	1,978	215	-	(2,809)	(649)
Disposals	-	(1,252)	(1,116)	-	(69)	(2,437)
As at March 31, 2014	66,781	5,110	29,430	7,128	26,429	134,878
Additions	**3,536**	**31**	**512**	**-**	**6,144**	**10,223**
Transfers	**13,171**	**698**	**6,528**	**-**	**(21,395)**	**(998)**
Disposals	**(12,644)**	**-**	**(14,481)**	**-**	**(1,446)**	**(28,571)**
As at March 31, 2015	**$ 70,844**	**$ 5,839**	**$ 21,989**	**$ 7,128**	**$ 9,732**	**$ 115,532**
Amortization and impairment						
As at March 31, 2013	$ 43,680	$ 2,864	$ 15,984	$ 3,857	$ 750	$ 67,135
Amortization	6,863	483	2,500	1,582	-	11,428
Impairment (recovery)	-	-	-	-	500	500
Transfers	(845)	845	-	-	-	-
Disposals	-	(1,205)	(734)	-	-	(1,939)
As at March 31, 2014	49,698	2,987	17,750	5,439	1,250	77,124
Amortization	**7,571**	**960**	**2,882**	**897**	**-**	**12,310**
Impairment (recovery)	**(103)**	**-**	**-**	**-**	**-**	**(103)**
Transfers	**(388)**	**258**	**-**	**-**	**-**	**(130)**
Disposals	**(11,152)**	**-**	**(14,424)**	**-**	**-**	**(25,576)**
As at March 31, 2015	**$ 45,626**	**$ 4,205**	**$ 6,208**	**$ 6,336**	**$ 1,250**	**$ 63,625**
Net book value:						
As at March 31, 2015	**$ 25,218**	**$ 1,634**	**$ 15,781**	**$ 792**	**$ 8,482**	**$ 51,907**
As at March 31, 2014	$ 17,083	$ 2,123	$ 11,680	$ 1,689	$ 25,179	$ 57,754

The above includes internally developed additions of $1,573 [2014 - $986], transfers of nil [2014 - nil], impairments of ($6) [2014 - nil], and disposals of ($7,069) [2014 - ($269)].

During the year, the Corporation carried out a review of the recoverable amount of intangibles which led to the recognition of a reversal of impairment of $103 [2014 – impairment of $500]. The recoverable amount was measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the CGU. The discount rate utilized was 2.5% per annum [2014 - 2.5%].

Assets classified as not ready for use are directly related to software licenses and video lottery software.

March 31, 2015 [thousands of dollars]

11. INTANGIBLES [Continued]

The Corporation capitalizes internal salary expenditures related to implementation and testing of new gaming software solutions and internet websites for the sale of new customer products.

During the year, the Corporation recorded capitalized borrowing costs amounting to $58 [2014 - $520] at a rate of 2.50% [2014 - 1.94%].

Amortization includes $2,882 [2014 - $2,500] for video lottery software, included in other direct costs.

Assets classified as finance lease are comprised of software under long-term lease disclosed in note 17.

12. LINE OF CREDIT

The Corporation has available a $125,000 line of credit, which bears interest at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1% per annum.

Included in interest expense is $467 [2014 - $385] relating to line of credit.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables and accruals	**$7,893**	$24,221
Salaries payable	**$4,793**	$4,554
Taxes payable	**$3,988**	$3,138
Asset decommissioning provision	**$10**	$224
Player payable	**$655**	$581
Total accounts payable and accrued liabilities	**$17,339**	$32,718

March 31, 2015 [thousands of dollars]

14. LIABILITIES FOR UNCLAIMED PRIZES

	2015	2014
Unclaimed prizes		
Current prizes	**$ 18,810**	$ 20,745
Special prize fund	**2**	3
	$ 18,812	$ 20,748

	2015	2014
Special prize fund		
Balance, beginning of year	**$ 3**	$ -
Unclaimed prizes expired during year	**5,659**	5,514
Prize payouts	**(5,660)**	(5,511)
Balance, end of year	**$ 2**	$ 3

Unclaimed prizes from regional lottery games are retained in a prize fund for 12 months from the announced beginning date of the draw and sports games are retained in a prize fund for 744 days from the date of purchase of the ticket. Unclaimed prizes remaining after the respective periods are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws. Prizes of national lottery games are funded by the Interprovincial Lottery Corporation, with the exception of prizes for certain free tickets, which are paid out of general prize funds as incurred.

Scratch’N Win prizes do not have an expiry period. Based on historical records, the Corporation has determined that minimal prizes are claimed after 36 months from the date of launch of the game. All unclaimed prizes from Scratch’N Win lottery games are retained in a prize fund for 36 months from the date of launch of the game. Unclaimed prizes remaining after the 36 month claiming period are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws. Unclaimed prizes of national games are administered by the Interprovincial Lottery Corporation.

March 31, 2015 [thousands of dollars]

15. DUE TO/FROM SHAREHOLDERS

The amount due to (from) shareholders relates to the profit earned for the year, not yet paid (received).

			2015		
	Profit earned	**Profit Withheld**	**Profit distributed**	**Profit paid**	**Profit payable (receivable)**
New Brunswick Lotteries and Gaming Corporation	**$ 119,552**	**$ 3,743**	**$ 115,809**	**$ 112,804**	**$ 3,005**
Province of Newfoundland and Labrador	**$ 128,886**	**3,690**	**125,196**	**121,333**	**3,863**
Nova Scotia Provincial Lotteries and Casino Corporation	**$ 113,167**	**4,764**	**108,403**	**104,234**	**4,169**
Prince Edward Island Lotteries Commission	**$ 15,263**	**1,899**	**13,364**	**13,155**	**209**
	$ 376,868	**$ 14,096**	**$ 362,772**	**$ 351,526**	**$ 11,246**

			2014		
	Profit earned	Profit withheld	Profit distributed	Profit paid	Profit payable (receivable)
New Brunswick Lotteries and Gaming Corporation	$ 119,755	$ 2,184	$ 117,571	$ 116,801	$ 770
Province of Newfoundland and Labrador	122,744	2,152	120,592	118,429	2,163
Nova Scotia Provincial Lotteries and Casino Corporation	110,573	2,779	107,794	105,745	2,049
Prince Edward Island Lotteries Commission	15,315	1,107	14,208	14,295	(87)
	$ 368,387	$ 8,222	$ 360,165	$ 355,270	$ 4,895

Profit earned is based on lottery operations and does not include the profit or loss of subsidiary companies.

Since 2007, the Corporation has been making supplemental payments to the pension plan to reduce the pension plan solvency deficit. The supplemental payments were being funded by the Corporation via debt because the Corporation retains no retained earnings. The Corporation began withholding a portion of monthly profit distributions to shareholders in 2014 to fund the supplemental payments. The withholdings are scheduled until 2019 when the pension solvency deficit is expected to be eliminated and supplemental payments discontinued. Upon transition to IFRS a retained earnings deficit was created. The deficit will be eliminated through the withholding of profit for the purpose of funding the supplemental pension payments.

The withholdings are allocated among the shareholders based on the provincially allocated pension expense during the period of 2007-2010 to align with the time period in which the deficit arose. During the year ended March 31, 2015, the Corporation withheld profit of $14,096 [2014 - $8,222].

March 31, 2015 [thousands of dollars]

16. LONG-TERM DEBT

		2015		2014
Bank term loan, amortized over 84 months, bearing variable interest rates based on 30-day Bankers' Acceptances, hedged by fixed interest rate swaps bearing interest rates at 1.94%, maturing in December 2019.	**$**	**76,034**	$	91,065
Bank term loan, amortized over 55 months, bearing variable interest rates based on 30-day Bankers' Acceptances, hedged by fixed interest rate swaps bearing interest rates at 2.58%, maturing in October 2015.		**10,606**		28,561
Bank term loan, amortized over 20 years, bearing variable interest rates based on 30 day Bankers' Acceptances, hedged by a fixed interest rate swap bearing interest at 5.13%, maturing in August 2016 and a fixed interest rate swap bearing interest at 2.88%, beginning August 2016 and maturing August 2026.		**9,687**		10,539
Bankers' Acceptance, maturing on June 15, 2015, bearing interest at 1.61%.		**65,000**		-
Bankers' Acceptance, maturing on June 15, 2015, bearing interest at 1.61%.		**8,681**		-
Bankers' Acceptance, maturing on June 16, 2014, bearing interest at 1.83%.		**-**		40,000
Bankers' Acceptance, maturing on June 16, 2014, bearing interest at 1.83%.		**-**		8,681
Non-revolving credit facility, maturing on June 30, 2015, bearing interest at prime plus 1.00% per annum		**489**		-
		170,497		178,846
Current portion of long-term debt		**100,989**		82,519
	$	**69,508**	$	96,327

Long-term debt is reduced by established monthly payments. Payments over the next 12 months are disclosed in the current portion of long-term debt.

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2015 are approximately as follows: 2016 - $100,989; 2017 - $15,983; 2018 - $16,044; 2019 - $16,397; and 2020 - $12,533.

March 31, 2015 [thousands of dollars]

16. LONG-TERM DEBT [Continued]

Included in interest expense is $3,722 [2014 - $3,718] relating to long-term debt.

The Corporation has a debt covenant limiting cash payments to shareholders to be less than or equivalent to profit earned. The Corporation is in compliance with this covenant. No assets have been pledged as security for the above debt.

17. LONG-TERM LEASE PAYABLE

	2015	2014
Lease of computer hardware payable in monthly installments of $6 including interest at an imputed rate of 3.5% until June 2017.	**$ 163**	$ 232
Lease of computer hardware payable in monthly installments of $121 including interest at an imputed rate of 3.5% until April 2014.	**-**	75
Lease of computer software payable in monthly installments of $109 including interest at an imputed rate of 3.5% until July 2014.	**-**	500
Lease of computer software payable in monthly installments of $27 including interest at an imputed rate of 4.17% until July 2017.	**719**	1,013
	882	1,820
Current portion of long-term lease	**378**	938
	$ 504	

The aggregate payment of long-term lease payable for each of the five years subsequent to March 31, 2015 are approximately as follows: 2016 - $378; 2017 - $393, 2018 - $111; 2019 - nil; and 2020 - nil.

Included in interest expense is an amount of $45 [2014 - $120] related to software and hardware under capital lease.

18. CASH FLOW HEDGE

Derivatives not designated as hedging instruments
The Corporation does not use derivative contracts to manage transaction exposures.

Cash flow hedges
The Corporation holds four bank term loans bearing variable interest rates based on 30-day Bankers' Acceptances, hedged by fixed interest rate swaps. The interest rate swap has the same terms as the loan agreement to realize an effective hedge situation and therefore is not expected to impact the consolidated statement of operations. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in the consolidated statement of operations.

18. CASH FLOW HEDGE [Continued]

During the year ended March 31, 2015, the Corporation recorded the fair value of its cash flow hedges as a long-term liability of $2,484, while the effective portion of the hedging derivative was recognized in other comprehensive income (loss). During the year ended March 31, 2014, the Corporation recorded the fair value of its cash flow hedges as a non-current asset of $969.

19. EMPLOYEE FUTURE BENEFITS

Pension benefits
The Corporation participates in a multi-employer defined benefit contributory pension plan. Benefits of the pension plan are based on employees' length of service and the average of the 60 consecutive months of highest pensionable earnings prior to termination or retirement. The Corporation's share of the multi-employer plan assets and the related accrued benefit obligation have been actuarially measured for accounting purposes as at March 31, 2015 using the projected benefit method prorated on service and management's best estimate of expected plan performance, salary escalation and retirement ages of employees.

The most recent actuarial valuation for funding purposes was performed on December 31, 2013 by Mercer, a firm of consulting actuaries. This valuation disclosed an unfunded liability of $5,107 for the entire plan [2010 - $10,596 for all] of which the Corporation is one of the participating employers. Pursuant to the Act, the Corporation will pay its share of special payments, on average $9,500 annually, into the Plan in addition to the employer contribution for current service cost. These payments will continue until 2018 or until the benefits under the Act are fully funded as determined by an actuarial valuation whichever comes first. The additional amount paid during the fiscal year ended March 31, 2015 was $9,504 [2014 - $7,857].

Other post-employment benefits
The Corporation also sponsors the following post-employment benefits:

1. Extended health and dental benefits.
2. Life insurance and ad-hoc supplementary pensions.

The most recent actuarial valuation of the other post-employment benefits liabilities was conducted on March 31, 2011, and those results were extrapolated to March 31, 2015. Actuarial reports are prepared based on projections of employees' compensation levels to the time of retirement and future health care costs based on management's best estimate. The long service award was closed to plan members in an exchange for a cash settlement that was paid to plan members in September 2014.

Sick leave
The Corporation offers its employees accumulation of unused sick leave days that the employees can use in later annual periods. The Corporation has provided for the cumulated sick leave days for which past empirical data of the usage of such days and the resulting future cash outflow are probable. Included in the individual costs for a sick leave day are all annual payroll costs of the respective employee divided by the average number employment days per annum. A provision totaling $635 [2014 - $656] is recorded and is included as part of other post-employment benefits.

March 31, 2015 [thousands of dollars]

19. EMPLOYEE FUTURE BENEFITS [Continued]

Information about the Corporation's employee future benefits as at March 31, in aggregate, is as follows:

	Defined benefit pension plan - Corporation's share (funded)		Other post-employment benefits (unfunded)	
	2015	2014	**2015**	2014
Change in defined benefit obligation				
Balance, beginning of year	**$ 146,062**	$ 146,955	**$ 13,924**	$ 13,440
Current service cost [employer portion]	**3,833**	4,895	**712**	921
Past service cost	**(2,899)**	-	**-**	-
(Gain)/loss on settlements	**-**	-	**(290)**	-
Interest expense	**6,449**	6,477	**523**	570
Cash flows				
Benefits paid	**(5,743)**	(6,029)	**(301)**	(898)
Settlement payments from plan	**-**	-	**(5,007)**	-
Employees' contributions	**2,209**	2,216	**-**	-
Remeasurements				
Effect of changes in demographic assumptions	**(2,312)**	8,525	**(152)**	509
Effect of changes in financial assumptions	**19,752**	(16,165)	**1,777**	(941)
Effect of experience adjustments	**(775)**	(812)	**-**	323
Balance, end of year	**$ 166,576**	$ 146,062	**$ 11,186**	$ 13,924
Change in fair value of plan assets				
Balance, beginning of year	**$ 131,738**	$ 109,405	**$ -**	$ -
Interest income	**6,398**	5,062	**-**	-
Return on plan assets [excluding interest income]	**14,013**	11,089	**-**	-
Cash flows				
Employer contributions	**12,625**	10,415	**5,308**	898
Employees' contributions	**2,209**	2,216	**-**	-
Benefits paid	**(5,743)**	(6,029)	**(301)**	(898)
Settlement payments from plan	**-**	-	**(5,007)**	-
Administrative expense paid from plan assets	**(320)**	(420)	**-**	-
Balance, end of year	**$ 160,920**	$ 131,738	**$ -**	$ -
Amounts recognized in the consolidated balance sheet				
Defined benefit obligation ["DBO"]	**$ 166,576**	$ 146,062	**$ 11,186**	$ 13,924
Fair value of plan assets	**160,920**	131,738	**-**	-
Funded status	**5,656**	14,324	**11,186**	13,924
Effect of asset ceiling/onerous liability	**-**	-	**-**	-
Net liability	**$ 5,656**	$ 14,324	**$ 11,186**	$ 13,924

March 31, 2015 [thousands of dollars]

19. EMPLOYEE FUTURE BENEFITS [Continued]

	Defined benefit pension plan - Corporation's share (funded)		Other post-employment benefits (unfunded)	
	2015	2014	**2015**	2014
Components of defined benefit cost				
Service cost				
Current service cost	**$ 3,833**	$ 4,895	**$ 712**	$ 921
Past service cost	**(2,899)**	-	**-**	-
(Gain)/loss on settlements	**-**	-	**(290)**	-
Total service cost	**934**	4,895	**422**	921
Net interest cost				
Interest expense on DBO	**6,449**	6,477	**523**	570
Interest (income) on plan assets	**(6,398)**	(5,062)	**-**	-
Total net interest cost	**51**	1,415	**523**	570
Remeasurement of other long term benefits	**-**	-	**-**	-
Administrative expenses on taxes	**320**	420	**-**	-
Defined benefit cost included in Statement of Operations ["Stmt. Ops."]	**1,305**	6,730	**945**	1,491
Remeasurements				
Effect of changes in demographic assumptions	**(2,312)**	8,525	**(152)**	509
Effect of changes in financial assumptions	**19,752**	(16,165)	**1,777**	(941)
Effect of experience adjustments	**(775)**	(812)	**-**	323
(Return) on plan assets [excluding interest income]	**(14,013)**	(11,089)	**-**	-
Total remeasurements included in other comprehensive income ["OCI"]	**2,652**	(19,541)	**1,625**	(109)
Total defined benefit cost recognized in Stmt. Ops and OCI	**$ 3,957**	$ (12,811)	**$ 2,570**	$ 1,382
Net defined benefit liability (asset) reconciliation				
Net defined benefit liability	**$ 14,324**	$ 37,550	**$ 13,924**	$ 13,440
Defined benefit cost included in Stmt. Ops.	**1,305**	6,730	**945**	1,491
Total remeasurements included in OCI	**2,652**	(19,541)	**1,625**	(109)
Cash flows				
Employer contributions	**(12,625)**	(10,415)	**(301)**	(898)
Employer direct benefit payments	**-**	-	**(5,007)**	-
Net defined benefit liability as of end of year	**$ 5,656**	$ 14,324	**$ 11,186**	$ 13,924
Significant assumptions				
Benefit obligation				
Discount rate	**3.90%**	4.70%	**3.88%**	4.59%
Rate of salary increase	**3.25%**	3.70%	**3.50%**	3.70%
Rate of price inflation	**2.10%**	2.20%	**-**	-
Rate of pension increase	**2.10%**	2.20%	**2.10%**	2.20%
Defined benefit cost				
Discount rate	**4.70%**	4.50%	**4.59%**	4.28%
Rate of salary increase	**3.70%**	4.00%	**3.70%**	4.00%
Rate of price inflation	**2.20%**	2.50%	**-**	-
Rate of pension increase	**2.20%**	2.50%	**2.20%**	2.50%

March 31, 2015 [thousands of dollars]

19. EMPLOYEE FUTURE BENEFITS [Continued]

The following table demonstrates the Corporation's sensitivity to a reasonably possible change in the significant assumptions used to determine the defined benefit obligation:

	Change in discount rate	**Weighted average duration of defined benefit obligation**	**2015**
Effect on net defined benefit obligation	+ 0.5%	17 years	$ 153,060
Effect on net defined benefit obligation	- 0.5%	20 years	$ 183,973

	Change in inflation rate	**2015**
Effect on net defined benefit obligation	+ 0.5%	$ 178,099
Effect on net defined benefit obligation	- 0.5%	$ 157,779

	Change in mortality	**2015**
Effect on net defined benefit obligation	-1 year setback	$ 170,990
Effect on net defined benefit obligation	+ 1 year setback	$ 163,810

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the net defined benefit obligation as at March 31, 2015 as a result of reasonable changes in key assumptions.

20. PROVISIONS

Decommissioning

The Corporation records the fair value of a decommissioning provision in the year during which it is incurred and can be reasonably estimated. This provision is associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Corporation also records a corresponding asset that is amortized over the life of the asset. Decommissioning provisions are classified as current if the useful life will expire in the next fiscal year and as a long-term asset if the useful lives extend beyond the next fiscal year. Provisions have been recorded for gaming equipment in the amount of $695 [2014 - $730]. The provision is classified as a current payable of $10 [2014 - $224] and a long-term liability of $685 [2014 - $506].

21. SHARE CAPITAL

Authorized and issued on incorporation is one common share to each of the provinces or their agencies for cash consideration of one hundred dollars per share.

March 31, 2015 [thousands of dollars]

22. PAYMENTS TO THE GOVERNMENT OF CANADA

The Corporation, as the Regional Marketing Organization of the Interprovincial Lottery Corporation, remits its member provinces' share of the above payments to the Interprovincial Lottery Corporation. The payment is included in the consolidated statement of operations as a deduction from profit and was allocated to the Corporation's member provinces based upon disposable income of the province, as follows:

	2015	2014
New Brunswick Lotteries and Gaming Corporation	**$ 1,379**	$ 1,386
Province of Newfoundland and Labrador	**1,100**	1,052
Nova Scotia Provincial Lotteries and Casino Corporation	**1,735**	1,744
Prince Edward Island Lotteries Commission	**257**	251
	$ 4,471	$ 4,433

23. TAXES

In lieu of the collection of HST on lottery ticket sales to the consumer, GST/HST paid on goods and services purchased that relate to gaming activities is not recoverable and is recorded with the cost to which it relates. Said goods and services are subject to the HST rate being applied a second time for remittance to the Federal Government, recorded as tax expense.

	2015	2014
Harmonized Sales Tax (HST)	**$ 29,355**	$ 27,296

24. COMMITMENTS

Operating leases
The Corporation is committed to payments for the lease of equipment and premises occupied by its head office, as well as operations in Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. These leases have a duration of between one and 12 years, and the lease contracts end in the period from 2015 to 2027. Some of the contracts for the head office and operational properties include renewal options. The minimum future annual lease payments over the next five years are as follows: 2016 - $3,827; 2017 - $3,691; 2018 - $3,191; 2019 - $3,108; and 2020 - $3,096. Future lease payments later than five years total $20,358.

Outsource agreement
On July 18, 2010, the Corporation entered into a 7 year outsourcing agreement with CGI, with the option of three one year renewable terms. The scope of the agreement is for Infrastructure Services, Application Services, Project Services and the purchase of most non-gaming IT assets. The minimum future annual payments to CGI over the next three years are as follows: 2016 - $22,990; 2017 - $22,926; and 2018 - $5,727.

March 31, 2015 [thousands of dollars]

25. NET CHANGE IN NON-CASH COMPONENTS OF WORKING CAPITAL

		2015	2014
Decrease (increase)			
Accounts receivable	$	**(4,804)**	$5,770
Prepaid expenses and deposits		**(6,040)**	(2,752)
Inventory		**2,395**	453
	$	**(8,449)**	$3,471
Increase (decrease)			
Accounts payable and accrued liabilities	$	**(15,379)**	$10,567
Deferred revenue		**861**	462
Liabilities for unclaimed prizes		**(1,936)**	407
Due to shareholders		**6,351**	485
	$	**(10,103)**	$11,921
Net change	$	**(18,552)**	$15,392

26. RELATED PARTY TRANSACTIONS

Transactions with key management personnel
Key management personnel [Corporate Executives] receive compensation in the form of short-term employee benefits and post-retirement benefits. Key management personnel compensation for the year ended March 31, 2015 is $2,299 [2014 - $2,519] which includes pension benefits of $155 [2014 - $181].

Other related party transactions
The Corporation is related to its shareholders: New Brunswick Lotteries and Gaming Corporation, Province of Newfoundland and Labrador, Nova Scotia Provincial Lotteries and Casino Corporation and Prince Edward Island Lotteries Commission.

The Corporation holds 100% equity interest in Atlantic Gaming Equipment Limited, 7865813 Canada Inc., and 8157154 Canada Inc. All intra-Corporation balances, transactions, income and expenses, and profits and losses, including dividends resulting from intra-Corporation transactions, are eliminated in full.

27. FINANCIAL INSTRUMENTS

Fair value versus carrying amounts
The fair value of financial instruments generally corresponds to the consideration for which the instrument could be exchanged in an arm's-length transaction between knowledgeable, willing parties.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

March 31, 2015 [thousands of dollars]

27. FINANCIAL INSTRUMENTS [Continued]

- Level 1 fair value measurements are those derived from quoted prices [unadjusted] in active markets for identical assets or liabilities;
- 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 [i.e. as prices] or indirectly [i.e. derived from prices]; and
- 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].

The following tables present the breakdown of fair value measurements of financial instruments recognized at fair value on the consolidated balance sheet.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Derivatives designated as hedging instruments in an effective hedge	**$ -**	**$ 2,484**	**$ -**	**$ 2,484**
Total financial liabilities	**$ -**	**$ 2,484**	**$ -**	**$ 2,484**

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale	$ -	$ -	$ 8,681	$ 8,681
Total financial assets	$ -	$ -	$ 8,681	$ 8,681
Financial liabilities				
Derivatives designated as hedging instruments in an effective hedge	$ -	$ (969)	$ -	$ (969)
Total financial liabilities	$ -	$ (969)	$ -	$ (969)

The fair value of cash, restricted prize cash, accounts receivable, due to/from shareholders, line of credit, accounts payable and accrued liabilities and liabilities for unclaimed prizes approximate their carrying amount largely due to the short-term maturities of these instruments.

The financial asset in Level 3 relates to a purchase by the Corporation of an investment during the year ended March 31, 2012 that was classified as an available for sale financial asset in 2014. Its fair value is not available on the market and therefore, was measured at cost. This asset has been impaired for accounting purposes as at March 31, 2015.

28. FINANCIAL INSTRUMENTS [Continued]

The Corporation has entered into a derivative financial instrument with a financial institution with an investment grade credit rating. Interest rate swaps are the only derivatives valued using a valuation technique with market observable inputs. The applied valuation technique is a swap valuation model using present value calculations. The models incorporate various inputs, including the credit quality of counterparties and interest rate curves. Because the derivatives are valued with their fair value in accordance with IAS 39, the recorded carrying value at the consolidated balance sheet date equals the fair value of the financial instrument.

29. CAPITAL MANAGEMENT

The Corporation does not retain any earnings. Net profit, after deducting contractual amounts due to the Government of Canada, is returned to the Province of Newfoundland and Labrador, Province of Prince Edward Island, Province of Nova Scotia and Province of New Brunswick.

The Corporation's policy is to maintain a structure which allows it to have sufficient liquidity to meet both operational demands and payments to the Provinces. The profit of the Corporation is distributed twice monthly to each of the shareholders.

As a result of fluctuating cash flow requirements and to minimize market risk, the Corporation maintains a high degree of liquidity and has a line of credit available. Corporate assets are financed through debt borrowings in the form of bank term loans and a line of credit.

The Board of Directors is responsible for the oversight of management, including its policies related to financial and risk management issues.

There were no changes in the Corporation's approach to capital management during the year.

30. FINANCIAL RISK MANAGEMENT

The Corporation has exposure to credit risk, liquidity risk, and market risk from its use of financial instruments. This note presents information about the Corporation's exposure to each of these risks and its objectives, policies and procedures for measuring and managing these risks.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board of Directors has established the Audit Committee, which is responsible for developing and monitoring the Corporation's risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities. The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Corporation's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

30. FINANCIAL RISK MANAGEMENT [Continued]

The Audit Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is subject to credit risk due to the nature of its operations where retail partners collect the Corporation's revenue.

This risk is managed through frequent collection of revenue and the control to pull funds from retailers' bank accounts and through retaining security deposits where the individual risk is assessed as high. The Corporation is not materially exposed to any one individual retailer or service provider and has applied standard credit practices which limit the Corporation's exposure to credit risk. The maximum risk the Corporation would be exposed to is $20,596 and the average balance for any one retail location outstanding is approximately $5. There are no accounts receivable balances outstanding greater than 90 days. As a result of the limited and controlled risk there is no provision established for bad debt.

The Corporation is not subject to credit risk for internet gaming sales because they are through credit card, debit card, online bill payment purchases or webcash purchases where customers pay in advance of transactions.

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

To manage cash flow requirements, the Corporation has a line of credit from which it may borrow up to $125,000. Short-term financing is unsecured and interest is payable at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1% per annum.

The Corporation's Finance division manages liquidity risk by forecasting and assessing actual cash flow requirements on an ongoing basis, as well as by planning for short-term liquidity with investment maturities chosen to ensure that sufficient funds are available to meet the Corporation's financial obligations.

The carrying values of the financial liabilities approximate their fair values due to the relatively short periods to maturity of these items, or because they are payable on demand. The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments.

March 31, 2015 [thousands of dollars]

30. FINANCIAL RISK MANAGEMENT [Continued]

Maturity	On demand	Less than 12 months	1 to 2 years	2 to 5 years	5 to 10 years
Line of credit	$ 24,239	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	-	17,339	-	-	-
Liabilities for unclaimed prizes	-	18,812	-	-	-
Due to shareholders	-	11,246	-	-	-
Debt	-	100,989	-	-	69,508
Lease payable	-	378	393	111	-
Other long term liabilities	-	-	-	496	189
	$ 24,239	$ 148,764	$ 393	$ 607	$ 69,697

Market risk
Market risk is the risk that changes in market prices will affect the fair value of future cash flows of a financial instrument. Market risk is comprised of currency risk, interest rate risk and other market price risk.

Currency risk
The Corporation is exposed to currency risk [or foreign exchange risk] by settling certain obligations in foreign currencies [primarily USD and GBP]. Gains and losses due to foreign exchange rate fluctuations are minimized by settling foreign obligations as quickly as possible. The transactions in foreign currency are minimal and therefore the Corporation is not materially impacted by currency risk.

Interest rate risk
The Corporation's Finance division manages interest rate risk by forecasting and assessing actual cash flow requirements on an ongoing basis, and securing fixed rate debt (hedges) for financing of long-term projects. On an ongoing basis, the Corporation is exposed to interest rate risk through its line of credit which is subject to interest charges at prime less 0.50%, and charges a standby fee on the daily unadvanced portion of the credit facility at a rate of 0.1%. Fluctuations in the prime rate by plus or minus 1% could impact the Corporation's annual net profit by an amount of $242 [2014 - $149] based on the line of credit balance as at March 31, 2015.

Other market price risk
The Corporation offers the Proline brand of lottery products in the marketplace. The Corporation manages risks associated with these products by:

- setting odds for each event within a short time frame before the actual event;
- establishing sales liability thresholds by events, by combination of events, by retailer, and by player; and
- posting conditions and prize structure statements on www.alc.ca.

The Corporation has the authority to suppress sales of any game at any time when liability is a concern.

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS
MARCH 31, 2015

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

Suite 201, 516 Topsail Rd • St. John's, NL • A1E 2C5
Tel: (709) 364-5600 • Fax: (709) 368-2146
www.noseworthychapman.ca

INDEPENDENT AUDITORS' REPORT

To 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 statement of financial position as at March 31, 2015, and the statements of operations, change 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 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, Newfoundland & Labrador
June 1, 2015

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
Year Ended March 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	$ 659,405	$ 1,836,354
Receivables (Note 4)	59,901	342,022
HST receivable (Note 5)	60,174	60,630
Recoverable costs (Notes 2 & 6)	2,370,331	1,217,812
	3,149,811	3,456,818
LIABILITIES		
Payables and accruals	$ 548,196	$ 579,600
Government remittances payable	1,295	728
Payroll accruals	1,015,808	949,393
	1,565,299	1,529,721
NET FINANCIAL ASSETS	1,584,512	1,927,097
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	$ 53,751	$ 55,846
Prepaid expenses	9,159	7,062
	62,910	62,908
ACCUMULATED SURPLUS	1,647,422	1,990,005
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	$ 53,751	$ 55,846
Internally restricted (Note 11)	1,527,800	1,435,052
Unrestricted	65,871	499,107
	$ 1,647,422	$ 1,990,005

Commitments (Note 12)

On Behalf of the Board:

____________________ Chairperson and CEO

____________________ Vice Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2015

	Budget 2015 (Note 13) (Unaudited)	2015	2014
REVENUES			
Regulatory assessments	$ 2,480,034	**$ 2,479,527**	$ 2,726,148
Interest and other income	10,000	**7,462**	16,405
Pension fund earnings, net of expenses (Note 7)	-	-	(777)
	2,490,034	**2,486,989**	2,741,776
EXPENDITURES			
Amortization	$ -	**$ 24,460**	$ 23,475
Consulting fees	243,550	**137,338**	253,915
Office equipment, supplies, and services	90,426	**72,957**	60,473
Rent and insurance	225,100	**225,063**	225,027
Salaries and associated costs (Note 7)	1,770,066	**1,801,252**	1,750,665
Telecommunications	35,040	**29,066**	28,782
Training and membership	72,840	**17,017**	27,180
Travel	53,012	**23,315**	35,414
	2,490,034	**2,330,468**	2,404,931
Excess of revenues over expenditures	$ -	**$ 156,521**	$ 336,845

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets
Year Ended March 31, 2015

	Budget 2015 (Note 13) (Unaudited)	2015	2014
Annual surplus	$ -	$ 156,521	$ 336,845
Changes in tangible capital assets			
Acquisition of tangible capital assets		(22,365)	(17,677)
Amortization of tangible capital assets		24,460	23,475
	-	2,095	5,798
Change in other non-financial assets			
Assessment reductions (Note 14)		(499,104)	-
Net acquisition of prepaid expenses		(2,097)	1,259
	-	(501,201)	1,259
Decrease (increase) in net assets	-	(342,585)	343,902
Net financial assets, beginning of year	1,927,097	1,927,097	1,583,195
Net financial assets, end of year	$ -	$ 1,584,512	$ 1,927,097

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
Operating transactions		
Cash receipts from assessments and other revenues	$ 2,270,462	$ 2,668,023
Cash paid to suppliers and employees	(2,272,527)	(2,449,124)
Cash (used in) provided by operating transactions	(2,065)	218,899
Hearing and review transaction		
Increase in recoverable costs	(1,152,519)	(75,399)
Cash used in hearing and review transaction	(1,152,519)	(75,399)
Capital transaction		
Purchase of capital assets	(22,365)	(17,677)
Cash used in capital transaction	(22,365)	(17,677)
Investing transaction		
Decrease in designated pension funds	-	27,308
Cash provided by investing transaction	-	27,308
(Decrease) increase in cash during year	(1,176,949)	153,131
Cash position, beginning of year	1,836,354	1,683,223
Cash position, end of year	$ 659,405	$ 1,836,354

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The 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 addressed by that statement.

Financial instruments

The Board's financial instruments recognized in the statement of financial position consists of cash, receivables, HST receivable, recoverable costs, payables and accruals, government remittance payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. 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.

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

Cash

Cash includes cash in bank.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible 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 or 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.

Prepaid expenses

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

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.

Employee future benefits

(i) Severance pay

Certain employees of the Board are entitled to 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.

(ii) Sick pay

The Board provides accumulating, non-vesting sick leave benefits to its employees. 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.

(iii) Pension fund

The employees of the Board are subject to the *Public Service Pension Act 1991*. Employee contributions 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 employees when they retire. Contributions of the Board to the plan are recorded as expenses in the year the contributions are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Expenditures

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

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.

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2015.

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its floating interest rate bank credit agreement.

4. RECEIVABLES

	2015	2014
Revenues receivable	**$ 56,796**	$ 339,733
Accrued interest receivable	**2,696**	1,617
Other receivables	**409**	672
	$ 59,901	$ 342,022

5. HST RECEIVABLE

	2015	2014
HST rebate receivable from federal government	**$ 65,508**	$ 89,469
HST payable to federal government	**(5,334)**	(28,839)
	$ 60,174	$ 60,630

6. RECOVERABLE COSTS

	2015	2014
Recoverable costs, beginning of year	**$ 1,217,812**	$ 1,142,413
Add - specific enquiry costs incurred during the year:		
Consulting fees	**1,473,841**	957,393
Consumer Advocate	**505,044**	307,410
Legal	**249,910**	137,480
Advertising and notice	**39,087**	25,295
Other	**51,234**	19,617
Transcription and printing	**8,174**	956
	2,327,290	1,448,151
	3,545,102	2,590,564
Less - costs recovered during the year	**(1,174,771)**	(1,372,752)
Recoverable costs, end of year	**$ 2,370,331**	$ 1,217,812

7. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

The Board previously maintained a pension fund for one former commissioner. During the 2014 year this pension fund was wound up and all amounts on deposit were transferred to the Board's cash balance.

	2015	2014
Balance on deposit, beginning of year	$ -	$ 27,308
Add (deduct) - earnings net of expenses	-	(777)
	-	26,531
Less - amount withdrawn on wind-up	-	26,531
Balance on deposit, end of year	$ -	$ -

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 in the amount of $121,027 (2014 - $112,405) is included in salaries and associated costs.

8. CAPITAL ASSETS

2015	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	$ 242,404	$ 231,265	$ 190,515	$ 664,184
Additions	3,847	18,518	-	22,365
Disposals	-	-	-	-
Closing balance	246,251	249,783	190,515	686,549
Accumulated amortization				
Opening balance	214,976	202,847	190,515	608,338
Amortization	6,255	18,205	-	24,460
Disposals	-	-	-	-
Closing balance	221,231	221,052	190,515	632,798
Net book value	$ 25,020	$ 28,731	$ -	$ 53,751

2014	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	$ 236,893	$ 219,099	$ 190,515	$ 646,507
Additions	5,511	12,166	-	17,677
Disposals	-	-	-	-
Closing balance	242,404	231,265	190,515	664,184
Accumulated amortization				
Opening balance	208,793	185,555	190,515	584,863
Amortization	6,183	17,292	-	23,475
Disposals	-	-	-	-
Closing balance	214,976	202,847	190,515	608,338
Net book value	$ 27,428	$ 28,418	$ -	$ 55,846

9. 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, 2015, the balance outstanding was $Nil (2014- $Nil).

10. 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, 2015, 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.

11. 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, 2015 are as follows:

	2015	2014
Lease commitments	**$ 223,300**	$ 223,300
Payroll contingency	**68,426**	67,205
Redundancy pay contingency	**797,613**	729,541
Working capital	**438,461**	415,006
	$ 1,527,800	$ 1,435,052

12. 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 has a contract for telecommunications in the amount of $14,400 per annum, concluding in 2015.

13. BUDGET FIGURES

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

14. ASSESSMENT REDUCTIONS

During the year and pursuant to section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities, the insurance industry and the petroleum products industry in the amounts of $75,877, $180,988, and $242,239 respectively (total $499,104 – 2014- $NIL).

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2015

Management's Report

Management's Responsibility for the Business Investment Corporation 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 on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Business Investment Corporation, 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 Business Investment Corporation.

On behalf of the Business Investment Corporation.

G Edwards

Mr. Guy Edwards, CPA, CMA, MBA
Director of Portfolio Management

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Business Investment Corporation which comprise the statement of financial position as at March 31, 2015, and the statements of operations 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

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 Business Investment Corporation as at March 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

June 26, 2015
St. John's, Newfoundland and Labrador

BUSINESS INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

As at March 31	2015	2014
FINANCIAL ASSETS		
Cash (Note 3)	$ 27,155,394	$ 24,430,225
Due from the Province	13,548	24,188
Bank interest receivable	20,156	20,521
HST receivable	1,820	912
Loans receivable and equity investments (Note 4)	9,202,297	9,843,434
	36,393,215	34,319,280
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	53,548	52,713
	53,548	52,713
Net financial assets	36,339,667	34,266,567
NON-FINANCIAL ASSETS	-	-
Accumulated surplus	$ 36,339,667	$ 34,266,567

Contingent liabilities (Note 6)
Contractual obligations (Note 7)

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

Signed on behalf of the Board:

Chairperson **Board Member**

BUSINESS INVESTMENT CORPORATION
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2015 Budget (Note 11)	2015 Actual	2014 Actual
REVENUES			
Contributions from Province			
Business Development Support Program (Note 10)	$ 3,600,000	$ 3,636,100	$ 3,456,135
Other Provincial contributions (Note 10)	1,137,000	1,145,967	1,125,420
Interest on loans	400,000	397,797	514,755
Other investment income	240,000	252,275	245,892
Recovery in value of loans receivable and equity investments (Note 4)	100,000	79,582	190,500
	5,477,000	5,511,721	5,532,702
EXPENSES (Note 9)			
Administration (Note 10)	1,120,500	1,145,967	1,125,420
Allowance for decline in value of loans receivable and equity investments	240,000	-	-
Bank charges	1,500	1,417	2,278
Business Development Support Program	2,600,000	2,291,237	2,100,379
	3,962,000	3,438,621	3,228,077
Annual surplus	1,515,000	2,073,100	2,304,625
Accumulated surplus beginning of year	34,266,567	34,266,567	31,961,942
Accumulated surplus, end of year	$ 35,781,567	$ 36,339,667	$ 34,266,567

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

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2015	2014
Operating transactions		
Annual surplus	$ 2,073,100	$ 2,304,625
Adjustment for non-cash items		
Recovery in value of loans receivable and equity investments	(79,582)	(190,500)
	1,993,518	2,114,125
Change in non-cash working capital		
Due from the Province	10,640	696
Bank interest receivable	365	(48)
HST receivable	(908)	(486)
Accounts payable and accrued liabilities	835	26,837
Cash provided from operating transactions	2,004,450	2,141,124
Investing transactions		
Increase in loans and equity investments	(2,613,841)	(4,326,962)
Collection of loans and equity investments	3,334,560	2,850,374
Cash provided from (applied to) investing transactions	720,719	(1,476,588)
Increase in cash	2,725,169	664,536
Cash, beginning of year	24,430,225	23,765,689
Cash, end of year	$ 27,155,394	$ 24,430,225

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

1. Nature of operations

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

The *Act* came into force effective April 1, 2002. Under the *Act*, the Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board.

The Business Investment Corporation 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 Corporation is classified as an Other Government Organization as defined by 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 Corporation does not prepare a statement of change in net financial assets as this information is readily apparent from the other statements. In addition, 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. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments, and accounts payable and accrued liabilities. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from the Province, bank interest receivable and HST receivable. Loans receivable and equity investments are measured at amortized cost as disclosed in notes 2(d), 2(e) and 4. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying values of cash, due from the Province, bank interest receivable, HST receivable, and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity associated with these instruments. The carrying value of loans receivable and equity investments are considered to approximate market value.

Interest attributable to financial instruments is reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Loans receivable

The Corporation records loans receivable at amortized cost. Loans receivable are tested annually for impairment. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability. Changes in the allowance are recognized in the statement of operations.

(e) Equity investments

The Corporation records equity investments at amortized cost. The Corporation's equity investments for all companies are accounted for on the amortized cost basis with an allowance being made for any decline in their value considered to be other than temporary. Equity investments are tested annually for impairment and changes in the allowance for impaired investments are recognized in the statement of operations.

2. Summary of significant accounting policies (cont.)

(f) 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.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Government transfers (contributions from the Province) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

The Corporation is administered by the Department of Business, Tourism, Culture and Rural Development. Expenses related to salaries, accommodations and administration are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

Transfers (grants under the Business Development Support Program) are recorded as expenses when the grant is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

(h) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS 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 collectability of the loans and equity investments.

2. Summary of significant accounting policies (cont.)

(h) Measurement uncertainty (cont.)

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. Cash

	2015	2014
Aquaculture Working Capital Fund	$ 811,692	$ 783,922
Business Investment Program	19,511,941	18,225,097
Business Development Support Program	6,831,071	5,420,999
Other	690	207
	$ 27,155,394	$ 24,430,225

4. Loans receivable and equity investments

	2015	2014
Loans receivable		
Principal due and unpaid	$ 9,773,048	$ 10,307,113
Principal not yet due	11,207,532	12,150,040
Interest due and unpaid	1,087,121	1,206,004
	22,067,701	23,663,157
Less: allowance for decline in value	(13,162,198)	(13,998,812)
	8,905,503	9,664,345
Equity investments		
Equity investments, at cost	11,765,048	12,675,731
Less: allowance for decline in value	(11,468,254)	(12,496,642)
	296,794	179,089
Loans receivable and equity investments	$ 9,202,297	$ 9,843,434

4. Loans receivable and equity investments (cont.)

Generally, for loans, the loan terms are 3 years for working capital loans, 10 years for loans for equipment purchases and leasehold improvements and 15 years for loans for the purchase or renovation of land and buildings. The interest rate on loans is fixed and ranges from 0% to 12%. The Corporation obtains security against its loans which generally consists of demand promissory notes, general security agreements, collateral mortgages and personal guarantees.

Generally, for equity investments, redemption will be the earlier of 20% of annual after tax cash flows or 7 years. There is no interest or dividend rate charged on equity investments but in some cases a return on investment is expected from declared dividends or growth of shares. The Corporation obtains security against its equity investments which generally consists of share certificates and shareholder subordination agreements.

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

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

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

	2015	2014
Balance, beginning of year	**$ 26,495,454**	$ 32,743,661
Principal written off, net of recoveries	**(1,672,006)**	(5,624,131)
Interest written off, net of recoveries	**(113,414)**	(433,576)
Recovery in value of loans receivable and equity investments	**(79,582)**	(190,500)
Balance, end of year	**$ 24,630,452**	$ 26,495,454

5. Accounts payable and accrued liabilities

	2015	2014
Accrued salaries	$ 13,548	$ 10,188
Accounts payable	-	14,000
Business Development Support Program	40,000	23,835
Business Investment Program	-	4,690
	$ 53,548	$ 52,713

6. Contingent liabilities

A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the former Fisheries Loan Board. The amount of this potential claim is in the range of $900,000 to $1,100,000. No provision has been made for this claim as the likelihood of loss is not determinable at this time.

7. Contractual obligations

The Corporation has contractual obligations in respect of approved but not yet disbursed loans, equity investments and grants in the amount of $3,579,387 (2014 - $2,791,805).

8. Financial 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. The Corporation is exposed to credit risk, liquidity risk and market risk through its financial instruments. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

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 Corporation's main credit risk relates to cash, due from the Province, bank interest receivable, HST receivable, loans receivable and equity investments. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with due from the Province, bank interest receivable and HST receivable because of their nature.

8. Financial risk management (cont.)

The Corporation is exposed to credit risk related to its loans receivable and equity investments. The Corporation has policies and procedures for the monitoring and collection of its loans receivable and equity investments, including security being held, so as to mitigate potential credit losses. The Corporation classifies its loan receivables and equity investments as impaired in accordance with note 2(d), 2(e) and note 4. Any estimated impairment of loans receivable and equity investments has been provided for through an allowance for decline in value as disclosed in note 4. Loans receivable and equity investments which are not impaired or past due are considered collectible by the Corporation.

As disclosed in note 4, the Corporation reported loans receivable totaling $22,067,701 as at March 31, 2015 (2014 - $23,663,157). Principal due and unpaid of $9,773,048 (2014 - $10,307,113) was overdue by portfolio as follows:

Loan Portfolio	Days Overdue				
	1-30	31-60	61-90	>90	Total
Aquaculture Working Capital Fund	$ -	$ -	$ -	$ 565,733	$ 565,733
Business Investment Corporation	12,976	12,976	16,424	729,447	771,823
Former Enterprise Newfoundland and Labrador	3,828	3,969	27,598	7,342,903	7,378,298
Former Farm Loan Board	-	-	-	660,027	660,027
Former Fisheries Loan Board	-	-	-	397,167	397,167
Total Principal Past Due	**$ 16,804**	**$ 16,945**	**$ 44,022**	**$ 9,695,277**	**$ 9,773,048**

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its ability to meet its contractual obligations for approved but not yet disbursed loans, equity investments and grants as outlined in note 7. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

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 (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant foreign exchange or other price risk. In addition, the Corporation is not exposed to significant interest rate risk as its loans and equity investments are provided at fixed interest rates.

9. Expenses by Object

The following is a summary of expenses by object:

	2015	2014
Bank charges	$ 1,417	$ 2,278
Grants and subsidies	2,291,237	2,100,379
Professional services	-	14,000
Property, furnishings and equipment	6,847	163
Purchased services	87,620	82,677
Salaries and benefits	1,024,971	1,000,819
Supplies	7,566	9,373
Transportation and communication	18,963	18,388
	$ 3,438,621	$ 3,228,077

10. Related party transactions

The Corporation had the following transactions with the Province:

	2015	2014
Business Development Support Program	$ 3,636,100	$ 3,456,135
Other Provincial contributions	1,145,967	1,125,420
	$ 4,782,067	$ 4,581,555

The Corporation is administered by the Department of Business, Tourism, Culture and Rural Development. Administration expenses $1,145,967 (2014 - $1,125,420) are paid directly by the Province and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province. Included in this total is $129,656 (2014 - $107,183) related to the employer's share of employee benefits, paid by the Department of Finance on behalf of the Corporation.

11. Budget

The Corporation's budget has been provided for comparison purposes and has been derived from the estimates approved by the management of the Corporation.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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 M

Mr. Ric Mercer
Executive Director

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
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 March 31, 2015, the consolidated statements of operations, change 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 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.

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 consolidated financial statements present fairly, in all material respects, the financial position of the C.A. Pippy Park Commission as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

July 24, 2015
St. John's, Newfoundland and Labrador

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2015	2014
FINANCIAL ASSETS		
Cash	$ 924,341	$ 750,019
Accounts receivable (Note 3)	17,460	40,876
Inventories held for resale	15,224	18,185
	957,025	809,080
LIABILITIES		
Accounts payable and accrued liabilities	105,900	107,527
Deferred revenue (Note 4)	123,384	98,074
Obligations under capital leases (Note 5)	87,325	141,087
Employee future benefits (Note 6)	258,090	224,015
Advance from Province of Newfoundland and Labrador (Note 7)	250,000	250,000
	824,699	820,703
Net financial assets (debt)	132,326	(11,623)
NON-FINANCIAL ASSETS		
Prepaid expenses	23,059	20,329
Inventories held for use	16,088	16,967
Tangible capital assets (Note 8)	8,905,793	9,115,845
	8,944,940	9,153,141
Accumulated surplus	$ 9,077,266	$ 9,141,518

Contractual obligations (Note 13)

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
For the Year Ended March 31

	2015 Budget	2015 Actual	2014 Actual
	(Note 16)		
REVENUES (Note 10)			
Province of Newfoundland and Labrador			
Operating grant	$ 539,600	$ 539,600	$ 523,000
Golf course (Note 11)	991,000	999,429	1,041,112
Campground (Note 12)	570,000	572,673	572,574
Services	285,000	292,739	285,575
Rental	53,000	57,166	54,103
Driving range	43,000	43,087	50,961
Miscellaneous	27,000	26,785	11,953
Advertising	11,062	11,487	11,062
Interest	2,500	9,108	6,208
	2,522,162	2,552,074	2,556,548
EXPENSES (Note 10)			
Golf course	986,864	962,256	983,647
Campground	303,400	301,228	267,212
General park	633,300	640,277	565,464
Administration and other	772,300	712,565	659,258
	2,695,864	2,616,326	2,475,581
Annual (deficit) surplus	(173,702)	(64,252)	80,967
Accumulated surplus, beginning of year	9,141,518	9,141,518	9,060,551
Accumulated surplus, end of year	$ 8,967,816	$ 9,077,266	$ 9,141,518

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

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

	2015 Budget	2015 Actual	2014 Actual
	(Note 16)		
Annual (deficit) surplus	$ (173,702)	$ (64,252)	$ 80,967
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(40,519)	(110,270)
Loss on disposal of tangible capital assets	-	155	1,620
Amortization of tangible capital assets	283,000	250,416	260,522
	283,000	210,052	151,872
Changes in other non-financial assets			
Use of prepaid expenses	-	20,329	19,223
Acquisition of prepaid expenses	-	(23,059)	(20,329)
Net acquisition of inventories held for use	-	879	(651)
	-	(1,851)	(1,757)
Decrease in net debt and increase in net financial assets/decrease in net debt	109,298	143,949	231,082
Net debt, beginning of year	(11,623)	(11,623)	(242,705)
Net financial assets (debt), end of year	$ 97,675	$ 132,326	$ (11,623)

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 March 31	2015	2014
Cash flows from operating activities		
Annual (deficit) surplus	$ (64,252)	$ 80,967
Adjustment for non-cash items		
Amortization	250,416	260,522
Loss on disposal of tangible capital assets	155	1,620
	186,319	343,109
Changes in non-cash working capital		
Accounts receivable	23,416	(6,609)
Inventories held for resale	2,961	5,437
Prepaid expenses	(2,730)	(1,106)
Inventories held for use	879	(651)
Accounts payable and accrued liabilities	(1,627)	(48,728)
Deferred revenue	25,310	5,973
Employee future benefits	34,075	15,798
Cash provided from operating transactions	268,603	313,223
Capital transactions		
Acquisition of tangible capital assets - purchased from operations	(40,519)	(25,653)
Acquisition of tangible capital assets - purchased under capital lease	-	(84,617)
Cash applied to capital transactions	(40,519)	(110,270)
Financing transactions		
Increase in capital lease obligations	-	84,617
Repayment of capital lease obligations	(53,762)	(57,720)
Cash (applied to) provided from financial transactions	(53,762)	26,897
Net increase in cash	174,322	229,850
Cash, beginning of year	750,019	520,169
Cash, end of year	$ 924,341	$ 750,019

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 January 6, 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. Summary of significant accounting policies

(a) Basis of accounting

The Commission is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These consolidated financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB). The Commission does not prepare a statement of remeasurement gains and losses as the Commission does not enter into relevant transactions or circumstances that are addressed by that 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. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Commission's financial instruments recognized in the consolidated statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases, and the advance from the Province of Newfoundland and Labrador. The Commission generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Of the financial assets, cash is measured at cost while accounts receivable is measured at amortized cost. Financial liabilities measured at cost include accounts payable and accrued liabilities and the advance from the Province of Newfoundland and Labrador. Obligations under capital leases are measured at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases, and the advance from the Province of Newfoundland and Labrador approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the consolidated statement of operations.

(c) Cash

Cash includes cash in bank.

(d) 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.

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 leases	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

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.

2. Summary of significant accounting policies (cont.)

(d) Tangible capital assets (cont.)

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.

(e) 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.

(f) Inventories held for use

Inventories held for use include supplies and are recorded at the lower of historical cost and replacement cost.

(g) Prepaid expenses

Prepaid expenses are recorded as an expense over the periods expected to benefit from the prepayment.

(h) Employee future benefits

(i) The employees of the Commission represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE) and certain management employees are entitled to severance pay. 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. Severance 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 employees of the Commission are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Commission and remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer 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 six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

2. Summary of significant accounting policies (cont.)

(h) Employee future benefits (cont.)

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

The matched contributions paid by the Commission are recorded as an expense for the year.

(iii) The Commission provides accumulating, non-vesting sick leave benefits to its employees. 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.

(i) 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.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized as revenue in the fiscal year the fee is earned or the service is performed.

The Commission recognizes government transfers as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulations related to the liabilities are settled. Government transfers consist of an operating grant from the Province of Newfoundland and Labrador.

2. Summary of significant accounting policies (cont.)

(j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

(k) Measurement uncertainty

The preparation of consolidated financial statements in conformity with CPSAS 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.

3. Accounts receivable

	2015	2014
Trade	$ 18,360	$ 38,502
Harmonized sales tax	4,808	8,082
	23,168	46,584
Less: allowance for doubtful accounts	(5,708)	(5,708)
Net accounts receivable	$ 17,460	$ 40,876

4. Deferred revenue

	2015	2014
Golf course	$ 80,183	$ 68,906
Clubhouse	15,684	12,840
Rental	13,266	7,840
Campground	14,251	8,488
	$ 123,384	$ 98,074

4. Deferred revenue (cont.)

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2015 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 and a property lease payment received that relates to the 2015-16 fiscal year. Campground deferred revenue relates to deposits received on reservations.

5. Obligations under capital leases

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

	2015	2014
Obligations under capital leases	**$ 87,325**	$ 141,087

Future minimum lease payments under capital leases are:

2016	$ 55,468
2017	23,522
2018	14,103
	93,093
Less: interest portion of payments	(5,768)
	$ 87,325

The capital leases are secured by equipment having a net book value of $92,385.

6. Employee future benefits

	2015	2014
Vested severance benefits	**$ 132,835**	$ 118,038
Non-vested severance benefits	**56,690**	40,449
Provision for accumulating, non-vesting, sick leave	**68,565**	65,528
	$ 258,090	$ 224,015

Pension contributions

The employees of the Commission represented by the NAPE and certain management 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, on behalf of the Public Service Pension Plan Corporation.

6. Employee future benefits (cont.)

The plan provides a pension upon retirement based on the age of its members at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2014 - 8.6%). The Commission contributes an amount equal to 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 for the year ended March 31, 2015, was $58,229 (2014 - $52,074).

7. Advance from Province of Newfoundland and Labrador

On March 30, 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.

8. Tangible capital assets

Original cost

	Balance March 31, 2014	Additions	Disposals	Balance March 31, 2015
Park				
Land	$ 5,429,850	$ -	$ -	$ 5,429,850
Furniture and equipment	383,135	20,830	7,042	396,923
Vehicles	24,106	14,249	-	38,355
Equipment under capital leases	39,914	-	-	39,914
Buildings	1,689,605	-	-	1,689,605
Park improvements	1,791,558	-	-	1,791,558
Golf course				
Land	1,809,696	-	-	1,809,696
Golf course improvements	1,346,311	-	-	1,346,311
Buildings	530,469	-	-	530,469
Equipment under capital leases	208,347	-	23,825	184,522
Furniture and equipment	460,890	29,265	5,319	484,836
	$ 13,713,881	$ 64,344	$ 36,186	$ 13,742,039

8. Tangible capital assets (cont.)

Accumulated amortization

	Balance March 31, 2014	Amortization	Accumulated amortization on additions/disposals	Balance March 31, 2015	Net book value March 31, 2015	Net book value March 31, 2014
Park						
Land	$ -	$ -	$ -	$ -	**$ 5,429,850**	$ 5,429,850
Furniture and equipment	355,022	11,588	(7,042)	359,568	**37,355**	28,113
Vehicles	23,909	2,197	-	26,106	**12,249**	197
Equipment under capital leases	5,987	10,178	-	16,165	**23,749**	33,927
Buildings	1,377,893	31,128	-	1,409,021	**280,584**	311,712
Park improvements	1,222,439	65,340	-	1,287,779	**503,779**	569,119
Golf course						
Land	-	-	-	-	**1,809,696**	1,809,696
Golf course improvements	813,741	53,258	-	866,999	**479,312**	532,570
Buildings	309,020	22,146	-	331,166	**199,303**	221,449
Equipment under capital leases	103,349	29,416	(16,879)	115,886	**68,636**	104,998
Furniture and equipment	386,676	25,165	11,715	423,556	**61,280**	74,214
	$ 4,598,036	**$ 250,416**	**$ (12,206)**	**$ 4,836,246**	**$ 8,905,793**	**$ 9,115,845**

8. 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

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.

9. Related party transactions

(a) During the year, the Commission received an operating grant of $539,600 (2014 - $523,000) from the Province.

(b) Services and rental revenue include revenues from the Province in the amount of $256,432 (2014 - $245,425) as a result of ongoing contracts.

10. Segmented information

The Commission reports its revenue and expenses by program area.

	Golf course		Campground		General park		Administration		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Province of Newfoundland and Labrador operating grant	$ -	$ -	$ -	$ -	$ -	$ -	$ 539,600	$ 523,000	$ 539,600	$ 523,000
Golf course (Note 11)	999,429	1,041,112	-	-	-	-	-	-	999,429	1,041,112
Campground (Note 12)	-	-	572,673	572,574	-	-	-	-	572,673	572,574
Services	-	-	-	-	292,739	285,575	-	-	292,739	285,575
Rental	-	-	-	-	-	-	57,166	54,103	57,166	54,103
Driving range	43,087	50,961	-	-	-	-	-	-	43,087	50,961
Miscellaneous	6,065	235	-	-	-	-	20,720	11,718	26,785	11,953
Advertising	11,487	11,062	-	-	-	-	-	-	11,487	11,062
Interest	1,619	1,606	-	-	-	-	7,489	4,602	9,108	6,208
	1,061,687	1,104,976	572,673	572,574	292,739	285,575	624,975	593,423	2,552,074	2,556,548
Expenses										
Advertising and promotion	1,747	2,005	2,228	2,734	426	-	1,315	1,538	5,716	6,277
Amortization	55,671	63,436	-	-	-	-	194,745	197,086	250,416	260,522
Bank charges	22,126	22,382	-	-	-	-	17,853	17,122	39,979	39,504
Building maintenance	63,779	58,781	50,779	13,954	52,387	4,221	10,315	10,983	177,260	87,939
Course maintenance	56,819	73,259	-	-	-	-	-	-	56,819	73,259
Driving range	4,643	11,374	-	-	-	-	-	-	4,643	11,374
Equipment maintenance	38,562	25,494	-	-	41,067	30,382	-	-	79,629	55,876
Fuel	35,844	37,094	-	-	30,036	32,463	-	-	65,880	69,557
Heat, light and telephone	55,483	52,108	46,113	42,445	17,520	19,225	31,739	32,822	150,855	146,600
Honoraria	-	-	-	-	-	-	280	420	280	420
Insurance	25,258	24,727	-	-	-	-	42,348	42,243	67,606	66,970
Interest on capital lease obligations	5,908	8,109	-	-	-	-	78	66	5,986	8,175
Loss on disposal of tangible capital assets	-	233	-	-	-	-	155	1,387	155	1,620
Miscellaneous	4,351	2,556	333	432	3,967	3,186	2,765	3,138	11,416	9,312
Office	7,021	5,991	897	594	-	-	9,053	7,658	16,971	14,243
Professional fees	2,510	11,989	150	1,338	-	-	4,296	18,326	6,956	31,653
Salaries and employee benefits	574,103	575,568	195,137	196,817	478,332	458,771	392,389	323,119	1,639,961	1,554,275
Supplies	8,431	8,541	5,591	8,898	16,542	16,971	3,735	3,105	34,299	37,515
Training	-	-	-	-	-	245	-	245	-	490
Travel	-	-	-	-	-	-	1,499	-	1,499	-
-	962,256	983,647	301,228	267,212	640,277	565,464	712,565	659,258	2,616,326	2,475,581
Annual surplus (deficit)	$ 99,431	$ 121,329	$ 271,445	$ 305,362	$ (347,538)	$ (279,889)	$ (87,590)	$ (65,835)	$ (64,252)	$ 80,967

11. Golf Course revenue

Course operations

	2015 Budget	2015 Actual	2014 Actual
Green fees	$ 630,500	$ 628,381	$ 660,663
Rentals	163,500	169,261	162,515
	794,000	797,642	823,178
Proshop sales	23,000	10,032	23,389
Less: cost of goods sold	(10,000)	(4,016)	(13,139)
	13,000	6,016	10,250
Course operations	807,000	803,658	833,428
Clubhouse operations			
Salon rentals	38,500	42,520	43,888
Catering commissions	45,000	45,896	51,938
	83,500	88,416	95,826
Salon sales	174,500	181,562	187,890
Less: cost of goods sold	(74,000)	(74,207)	(76,032)
	100,500	107,355	111,858
Clubhouse operations	184,000	195,771	207,684
	$ 991,000	$ 999,429	$ 1,041,112

12. Campground revenue

	2015 Budget	2015 Actual	2014 Actual
Registration fees	$ 570,000	$ 555,991	$ 559,519
Sales	-	41,045	37,641
Less: cost of goods sold	-	(24,363)	(24,586)
	-	16,682	13,055
	$ 570,000	$ 572,673	$ 572,574

13. Contractual obligations

Equipment has been leased by the Commission. Minimum lease payments over the remaining term of the leases are as follows:

2016	$ 7,508
2017	7,508
2018	1,244
2019	311
	$ 16,571

14. Financial 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. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Commission's exposure to these risks or its processes for managing these risks from the prior year.

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 Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. Also, it is not exposed to significant credit risk related to the harmonized sales tax receivable due to its nature. The Commission is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance as disclosed in Note 3.

14. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its financial liabilities and contractual obligations. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, its obligations under capital leases as disclosed in Note 5, the advance from the Province of Newfoundland and Labrador, and its contractual obligations as disclosed in Note 13. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

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 (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange or other price risk. The Commission is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity. In addition, the Commission is not exposed to interest rate risk related to the advance from the Province of Newfoundland and Labrador as this financial instrument is non-interest bearing.

15. Comparative figures

Certain comparative figures as at March 31, 2014, have been reclassified to conform to the current year's presentation.

16. 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.

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 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

MARCH 31, 2015

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 Corporation 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.

Mr. Ric Mercer
Executive Director

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the Board of Directors
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 March 31, 2015, the statements of operations, change 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 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.

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 C.A. Pippy Park Golf Course Limited as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

July 24, 2015
St. John's, Newfoundland and Labrador

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

As at March 31	2015	2014
FINANCIAL ASSETS		
Cash	$ 270,528	$ 215,800
Accounts receivable (Note 3)	12,169	25,039
Inventories held for resale	14,217	17,778
	296,914	258,617
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	68,993	79,793
Deferred revenue (Note 5)	95,867	81,746
Obligations under capital leases (Note 6)	64,042	107,825
Employee future benefits (Note 7)	53,725	51,138
	282,627	320,502
Net financial assets (debt)	14,287	(61,885)
NON-FINANCIAL ASSETS		
Prepaid expenses	3,140	2,250
Inventories held for use	1,500	1,400
Tangible capital assets (Note 8)	143,957	194,188
	148,597	197,838
Accumulated surplus	$ 162,884	$ 135,953

Contractual obligations (Note 12)

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

Signed on behalf of the Board of Directors: Chairperson Member

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

	2015 Budget (Note 14)	2015 Actual	2014 Actual
REVENUE			
Golf course (Note 9)	$ 807,000	$ 803,658	$ 833,428
Clubhouse (Note 10)	184,000	195,771	207,684
Driving Range	43,000	43,087	50,961
Advertising	11,062	11,487	11,062
Miscellaneous	-	6,065	235
Interest	1,000	1,619	1,606
	1,046,062	1,061,687	1,104,976
EXPENSES			
Advertising and promotion	6,000	1,747	2,005
Amortization	63,000	55,671	63,436
Bank charges	22,500	22,126	22,382
Building maintenance	64,000	63,779	58,781
Course maintenance	70,000	56,819	73,259
Driving range	12,000	9,643	16,374
Equipment maintenance	26,264	38,562	25,494
Fuel	36,000	35,844	37,094
Heat, light and telephone	51,000	55,483	52,108
Insurance	24,800	25,258	24,727
Interest on capital lease obligations	5,600	5,908	8,109
Loss on disposal of assets	-	-	233
Miscellaneous	4,000	4,351	2,556
Office	7,700	7,021	5,991
Professional fees	15,000	2,510	11,989
Salaries and employee benefits	640,000	641,603	643,448
Supplies	9,000	8,431	8,541
	1,056,864	1,034,756	1,056,527
Annual surplus (deficit)	(10,802)	26,931	48,449
Accumulated surplus, beginning of year	135,953	135,953	87,504
Accumulated surplus, end of year	$ 125,151	$ 162,884	$ 135,953

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

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

	2015 Budget (Note 14)	2015 Actual	2014 Actual
Annual surplus (deficit)	$ (10,802)	$ 26,931	$ 48,449
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(5,440)	(67,335)
Amortization of tangible capital assets	63,000	55,671	63,436
Loss on disposal of tangible capital assets	-	-	233
	63,000	50,231	(3,666)
Changes in other non-financial assets			
Use of prepaid expenses	-	2,250	1,870
Acquisition of prepaid expenses	-	(3,140)	(2,250)
Net acquisition of inventories held for use	-	(100)	(1,400)
	-	(990)	(1,780)
Decrease in net debt and increase in net financial assets/decrease in net debt	52,198	76,172	43,003
Net debt, beginning of year	(61,885)	(61,885)	(104,888)
Net financial assets (debt), end of year	$ (9,687)	$ 14,287	$ (61,885)

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 March 31	2015	2014
Cash flows from operating activities		
Annual surplus	**$ 26,931**	$ 48,449
Adjustment for non-cash items		
Amortization	**55,671**	63,436
Loss on disposal of capital assets	**-**	233
	82,602	112,118
Changes in non-cash operating items		
Accounts receivable	**12,870**	(2,603)
Inventories held for resale	**3,561**	5,453
Prepaid expenses	**(890)**	(380)
Accounts payable and accrued liabilities	**(10,800)**	(6,293)
Deferred revenue	**14,121**	4,294
Employee future benefits	**2,587**	3,492
Inventories held for use	**(100)**	(1,400)
Cash provided from operating transactions	**103,951**	114,681
Capital transactions		
Acquisition of tangible capital assets	**(5,440)**	(67,335)
Cash applied to capital transactions	**(5,440)**	(67,335)
Financing transactions		
Acquisition of capital leases	**-**	44,703
Repayment of obligations under capital leases	**(43,783)**	(50,206)
Cash applied to financial transactions	**(43,783)**	(5,503)
Increase in cash	**54,728**	41,843
Cash, beginning of year	**215,800**	173,957
Cash, end of year	**$ 270,528**	$ 215,800

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 January 6, 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, the Admiral's Green Clubhouse and the Driving Range. 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. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board. The Corporation does not prepare a statement of remeasurement gains and losses, as the Corporation does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Of the financial assets, cash is measured at cost while accounts receivable is measured at amortized cost. Financial liabilities measured at cost include accounts payable and accrued liabilities. Obligations under capital leases are measured at amortized cost.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital leases approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in bank.

(d) 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.

Obligations under capital leases 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.

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%

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.

(e) 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.

(f) Inventories held for use

Inventories held for use include course supplies and are recorded at the lower of historical cost and replacement cost.

2. Summary of significant accounting policies (cont.)

(g) Prepaid expenses

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

(h) Employee future benefits

(i) The employees of the Corporation, represented by the Newfoundland and Labrador Association of Public and Private Employees (NAPE), are entitled to severance pay. 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. 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 employees of the Corporation are subject to the *Public Services Pensions Act, 1991*. Employee contributions are matched by the Corporation and remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer 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 six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

2. **Summary of significant accounting policies (cont.)**

(h) **Employee future benefits (cont.)**

The matched contributions paid by the Corporation are recorded as an expense for the year.

(iii) The Corporation provides accumulating, non-vesting sick leave benefits to its employees. 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.

(i) **Revenues**

Revenues are recognized in the period in which the transactions or events occurred that give 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.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized as revenue in the fiscal year the fee is earned or the service is performed.

(j) **Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

(k) **Measurement uncertainty**

The preparation of financial statements in conformity with CPSAS 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.

3. Accounts receivable

	2015	2014
Trade	$ 9,641	$ 19,140
Harmonized sales tax	4,253	7,624
	13,894	26,764
Less: provision for doubtful accounts	(1,725)	(1,725)
	$ 12,169	$ 25,039

4. Accounts payable and accrued liabilities

	2015	2014
Due to C.A. Pippy Park Commission	$ 33,708	$ 27,138
Trade payables and accrued liabilities	35,285	52,655
	$ 68,993	$ 79,793

5. Deferred revenue

	2015	2014
Golf course	$ 80,183	$ 68,906
Clubhouse	15,684	12,840
	$ 95,867	$ 81,746

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2015 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods.

6. Obligations under capital leases

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

	2015	2014
Obligations under capital leases	**$ 64,042**	$ 107,825

Future minimum lease payments under capital leases are:

2016	$ 45,411
2017	13,465
2018	10,751
	69,627
Less: interest portion of payments	(5,585)
	$ 64,042

The capital leases are secured by equipment having a net book value of $68,637.

7. Employee future benefits

	2015	2014
Vested severance benefits	**$ 36,025**	$ 34,652
Provision for accumulating, non-vesting, sick leave	**17,700**	16,486
	$ 53,725	$ 51,138

Pension contributions

The employees of the Corporation, represented by the NAPE, 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, on behalf of the Public Service Pension Plan Corporation.

The plan provides a pension upon retirement based on the age of its members at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2014 - 8.6%). The Corporation contributes an amount equal to 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 for the year ended March 31, 2015 was $5,907 (2014 - $5,752).

8. Tangible capital assets

Original cost

	Balance March 31, 2014	Additions	Disposals	Balance March 31, 2015
Golf course improvements	$ 8,784	$ -	$ -	$ 8,784
Building improvements	18,000	-	-	18,000
Course maintenance equipment	147,381	23,825	-	171,206
Golf carts	177,009	-	-	177,009
Equipment	17,725	-	-	17,725
Office equipment	30,346	5,440	-	35,786
Proshop rental equipment	20,444	-	-	20,444
Golf carts under capital lease	87,723	-	-	87,723
Course maintenance equipment under capital lease	120,625	-	23,825	96,800
	$ 628,037	$ 29,265	$ 23,825	$ 633,477

Accumulated amortization

	Balance March 31, 2014	Amortization	Accumulated amortization on additions/ disposals	Balance March 31, 2015	Net book value March 31, 2015	Net book value March 31, 2014
Golf course improvements	$ 4,305	$ 448	$ -	$ 4,753	**$ 4,031**	$ 4,479
Building improvements	5,473	1,252	-	6,725	**11,275**	12,527
Course maintenance equipment	107,352	14,092	16,879	138,323	**32,883**	40,029
Golf carts	158,684	5,497	-	164,181	**12,828**	18,325
Equipment	14,252	1,042	-	15,294	**2,431**	3,473
Office equipment	24,513	2,566	-	27,079	**8,707**	5,833
Propshop rental equipment	15,922	1,357	-	17,279	**3,165**	4,522
Golf carts under capital lease	31,807	16,775	-	48,582	**39,141**	55,916
Course maintenance equipment under capital lease	71,541	12,642	(16,879)	67,304	**29,496**	49,084
	$ 433,849	$ 55,671	$ -	$ 489,520	**$ 143,957**	$ 194,188

9. Golf course revenue

	2015 Budget	2015 Actual	2014 Actual
Green fees	$ 630,500	$ 628,381	$ 660,663
Rentals	163,500	169,261	162,515
	794,000	797,642	823,178
Proshop sales	23,000	10,032	23,389
Less: cost of goods sold	(10,000)	(4,016)	(13,139)
	13,000	6,016	10,250
	$ 807,000	$ 803,658	$ 833,428

10. Clubhouse revenue

	2015 Budget	2015 Actual	2014 Actual
Salon rentals	$ 38,500	$ 42,520	$ 43,888
Catering commissions	45,000	45,896	51,938
	83,500	88,416	95,826
Salon sales	174,500	181,562	187,890
Less: cost of goods sold	(74,000)	(74,207)	(76,032)
	100,500	107,355	111,858
	$ 184,000	$ 195,771	$ 207,684

11. Related party transactions

Administrative and other services for the Corporation are provided by the Commission at a cost of $72,500 (2014 - $72,880).

The land, buildings and certain other equipment used by the Corporation are owned by the Commission and, for 2015, use was provided at no cost.

12. Contractual obligations

Equipment has been leased by the Corporation for the purpose of maintaining the golf course. Minimum lease payments over the remaining terms of the lease are as follows:

2016	$ 6,264
2017	6,264
	$ 12,528

13. Financial 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. The risks that the Corporation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

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 Corporation's main credit risk relates to cash and accounts receivable. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. Also, it is not exposed to significant credit risk related to the harmonized sales tax receivable due to its nature. The Corporation is exposed to credit risk related to its trade accounts receivable. Any estimated impairment of accounts receivable has been provided for through an allowance.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, its obligations under capital leases as disclosed in Note 6, and its contractual obligations as disclosed in Note 12. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

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 (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant foreign exchange or other price risk. In addition, the Corporation is not exposed to interest rate risk on the obligations under capital leases as the interest rates are fixed to maturity.

14. 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.

15. 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.

16. Comparative figures

Certain comparative figures as at March 31, 2014, have been reclassified to conform to the current year's presentation.

Grant Thornton

Consolidated Financial Statements

Central Regional Health Authority

March 31, 2015

Statement of responsibility

The accompanying consolidated financial statements are the responsibility of the Board of Trustees of the Central Regional Health Authority (the "Authority") and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards as recommended by 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 Authority met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated finalized financial statements.

Grant Thornton LLP as the Authority's appointed external auditors, have audited the consolidated financial statements. The auditor's report is addressed to the Authority 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 consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Authority in accordance with Canadian public sector accounting standards.

John George Chair

Director

Independent Auditors' Report

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To the Board of Trustees of

Central Regional Health Authority

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, 2015, 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 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 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 organization'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 organization'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 consolidated financial position of Central Regional Health Authority as at March 31, 2015 and the results of its consolidated operations and changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Gander, Canada

July 14, 2015

Chartered Accountants

Central Regional Health Authority
Consolidated Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	**$ 25,531,798**	$ 16,702,644
Receivables (Note 4)	**17,943,520**	18,413,931
Residents' trust funds held on deposit	**806,475**	901,834
Cash restricted for security deposits	**37,532**	35,561
Investments restricted for general endowment purposes (Note 5)	**879,504**	803,809
Replacement reserve funding (Note 10)	**165,156**	159,399
	45,363,985	37,017,178
Liabilities		
Payables and accruals (Note 6)	**33,675,620**	27,092,115
Employee future benefits		
Accrued vacation	**15,204,206**	14,113,590
Accrued sick (Note 7)	**16,291,236**	16,207,839
Accrued severance (Note 7)	**29,683,330**	28,462,499
Deferred grants (Note 8)	**25,023,293**	27,531,722
Long-term debt (Note 9)	**11,962,051**	13,349,219
Obligations under capital lease	**-**	117,902
Trust funds payable	**806,475**	901,834
Security deposits liability	**37,531**	35,562
Replacement reserves (Note 10)	**165,155**	159,399
J.M. Olds scholarship and library funds	**83,731**	82,852
	132,932,628	128,054,533
Net financial debt	**(87,568,643)**	(91,037,355)
Non-financial assets		
Capital assets (Note 11)	**56,949,347**	56,085,406
Deposits on capital assets	**245,810**	104,392
Inventories (Note 12)	**2,444,850**	2,239,989
Prepaids (Note 13)	**3,378,348**	6,936,739
	63,018,355	65,366,526
Accumulated deficit	**$ (24,550,288)**	$ (25,670,829)

Commitments (Note 15)
Contingencies (Note 16)

On behalf of the Board

______ Trustee   Wm. O'Rielly Trustee

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Consolidated Statement of Operations

Year ended March 31	Budget 2015	Actual 2015	(Note 17) Actual 2014
Revenue			
Provincial plan operating	$ 312,415,724	$ 312,446,952	$ 294,071,434
Provincial capital grants	-	7,097,594	4,277,945
Other capital contributions	-	457,190	267,298
MCP	13,777,431	13,314,663	14,347,583
Patient-resident services	13,741,600	13,768,329	13,481,238
CMHC mortgage interest subsidy (Note 14)	56,982	55,920	56,805
Capital project funding	13,270,066	13,554,791	11,973,697
Recoveries	8,618,000	10,168,053	11,144,004
Cottage operations	1,516,844	1,516,953	1,491,423
Foundations	856,100	919,020	1,063,190
Other revenue	3,393,154	4,039,129	2,753,368
	367,645,901	377,338,594	354,927,985
Expenditure			
Administration	28,748,244	30,990,653	30,784,454
Community and social services	92,561,337	88,081,121	83,728,973
Support services	61,718,028	61,620,657	60,348,087
Nursing inpatient services	83,709,135	87,203,528	79,061,151
Ambulatory care services	22,845,310	21,941,067	19,619,548
Diagnostic and therapeutic services	43,353,905	43,017,097	41,502,728
Medical services	17,676,650	17,754,541	18,309,613
Educational services	1,255,863	1,119,020	1,052,850
Undistributed	13,404,485	13,637,308	12,061,580
Cottage, operations, including amortization of $502,817 (2014 - $492,929)	1,519,422	1,517,204	1,505,155
Foundations, including amortization of $4,312 (2014 - $4,539)	784,800	853,750	705,951
	367,577,179	367,735,946	348,680,090
Surplus – shareable	68,722	9,602,648	6,247,895
Non-shareable items			
Gain on disposal of capital assets	-	25,150	-
Amortization of capital assets	-	(6,113,365)	(5,923,407)
Accrued vacation pay – increase	-	(1,089,664)	(759,000)
Accrued severance pay – increase	-	(1,220,831)	(1,684,783)
Accrued sick pay – increase	-	(83,397)	(274,202)
	-	(8,482,107)	(8,641,392)
Surplus (deficit) - shareable and non-shareable	68,722	1,120,541	(2,393,497)
Accumulated (deficit)			
Beginning of year	(25,670,829)	(25,670,829)	(23,277,332)
End of year	$ (25,602,107)	$ (24,550,288)	$ (25,670,829)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Consolidated Statement of Changes in Net Financial Assets (Debt)

March 31	2015	2014
Net debt - beginning of year	**$ (91,037,355)**	$ (91,330,293)
Surplus (Deficit)	**1,120,541**	(2,393,497)
Changes in capital assets		
Acquisition of capital assets	**(7,722,060)**	(4,545,242)
Amortization of capital assets	**6,620,494**	6,420,875
Other adjustments	**167,152**	-
Gain on disposal of capital assets	**(25,150)**	-
Proceeds on disposal of capital assets	**95,622**	-
Deposits on capital assets	**(141,418)**	(10,377)
(Decrease) increase in net book value of capital assets	**(1,005,360)**	1,865,257
Changes in non-financial assets		
(Increase) decrease in inventories	**(204,861)**	6,866
Decrease in prepaids	**3,558,392**	814,313
Decrease in non-financial assets	**3,353,531**	821,179
Decrease in net debt	**3,468,712**	292,938
Net debt, end of year	**$ (87,568,643)**	$ (91,037,355)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Consolidated Statement of Cash Flows

Year ended March 31	2015	2014
Operating		
Surplus (deficit)	$ 1,120,541	$ (2,393,497)
Amortization	6,620,494	6,420,875
Gain on disposal of capital assets	(25,150)	-
Investment losses	(35,787)	(51,005)
	7,680,098	3,976,373
Changes in		
Receivables	470,410	11,225,034
Payables and accruals	6,583,505	159,200
Accrued vacation pay	1,090,612	758,910
Accrued severance pay	1,220,831	1,684,783
Accrued sick pay	83,397	274,202
Deferred grants	(2,508,430)	(1,680,496)
Inventories	(204,861)	6,866
Prepaids	3,558,392	814,313
Net cash provided from operations	17,973,954	17,219,185
Financing		
Repayment of long-term debt	(1,387,167)	(1,427,995)
Repayment of capital leases	(117,902)	(225,635)
Net changes in J.M. Olds funds	880	250
Net cash applied to financing	(1,504,189)	(1,653,380)
Investing		
Additions to capital assets	(7,722,060)	(4,545,242)
Deposits on capital assets	(141,418)	(10,377)
Increase in general endowment fund investments	(39,907)	(58,920)
Proceeds on disposal of capital assets	95,622	-
Other adjustments	167,152	-
Net cash applied to investing	(7,640,611)	(4,614,539)
Net increase in cash	8,829,154	10,951,266
Cash, net of bank indebtedness:		
Beginning	16,702,644	5,751,378
Ending (Note 3)	$ 25,531,798	$ 16,702,644

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Operating Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	**$ 24,073,149**	$ 15,411,450
Receivables (Note 4)	**17,886,921**	18,397,155
Residents' trust funds held on deposit	**806,475**	901,834
Due from cottage operations and foundations - net	**704,907**	515,570
	43,471,452	35,226,009
Liabilities		
Payables and accruals (Note 6)	**33,651,262**	27,050,768
Employee future benefits		
Accrued vacation pay	**15,197,828**	14,108,164
Accrued sick pay (Note 7)	**16,291,236**	16,207,839
Accrued severance pay (Note 7)	**29,683,330**	28,462,499
Deferred grants (Note 8)	**25,023,292**	27,531,722
Long-term debt (Note 9)	**10,122,753**	11,031,779
Obligations under capital lease	**-**	117,902
Trust funds payable	**806,475**	901,834
J.M Olds scholarship and library funds	**83,731**	82,852
	130,859,908	125,495,359
Net financial debt	**(87,388,455)**	(90,269,350)
Non-financial assets		
Capital assets (Note 11)	**54,481,079**	53,110,007
Deposits on capital assets	**245,810**	104,392
Inventories (Note 12)	**2,444,850**	2,239,989
Prepaids (Note 13)	**3,288,117**	6,830,837
	60,459,856	62,285,225
Accumulated deficit	**$ (26,928,599)**	$ (27,984,125)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Operating Statement of Operations

Year ended March 31	Budget 2015	Actual 2015	(Note 17) Actual 2014
Revenue			
Provincial plan	$ 311,910,055	$ 311,910,055	$ 293,346,669
Provincial capital grants	-	7,097,594	4,277,945
Other capital contributions	-	457,190	267,298
MCP	13,777,431	13,314,663	14,347,583
Inpatient	2,155,000	2,187,587	2,154,728
Outpatient	2,937,000	2,843,757	2,841,316
Resident	8,649,600	8,736,985	8,485,194
CMHC mortgage interest subsidy (Note 14)	56,982	55,920	56,805
Capital project funding	13,270,066	13,554,791	11,973,697
National Child Benefit	159,677	159,676	356,773
Early Childhood Development	345,992	377,220	367,992
Recoveries - salaries	362,500	2,098,070	2,149,910
- services	736,000	742,165	854,344
- ambulance	820,000	844,329	826,135
- drugs	6,699,500	6,483,489	7,313,723
Other revenue	3,393,154	4,039,129	2,753,259
	365,272,957	374,902,620	352,373,371
Expenditure			
Administration	28,748,244	30,990,653	30,784,454
Community and social services	92,561,337	88,081,121	83,728,973
Support services	61,718,028	61,620,654	60,348,114
Nursing inpatient services	83,709,135	87,203,528	79,061,129
Ambulatory care services	22,845,310	21,941,067	19,619,543
Diagnostic and therapeutic services	43,353,905	43,017,097	41,502,728
Medical services	17,676,650	17,754,541	18,309,613
Education services	1,255,863	1,119,020	1,052,850
Undistributed	13,404,485	13,637,308	12,061,580
	365,272,957	365,364,989	346,468,984
Surplus – shareable	-	9,537,631	5,904,387
Non-shareable items			
Gain on disposal of capital assets	-	25,150	-
Amortization	-	(6,113,365)	(5,923,409)
Accrued vacation pay – (increase) decrease	-	(1,089,664)	(759,000)
Accrued severance pay – (increase) decrease	-	(1,220,831)	(1,684,783)
Accrued sick pay – (increase) decrease	-	(83,397)	(274,202)
	-	(8,482,107)	(8,641,394)
Surplus (deficit) – shareable and non-shareable	-	1,055,524	(2,737,007)
Accumulated deficit			
Beginning of year	(27,984,125)	(27,984,125)	(25,247,118)
End of year	$ (27,984,125)	$ (26,928,601)	$ (27,984,125)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority

Operating Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net debt - beginning of year	**$ (90,269,350)**	$ (89,741,134)
Surplus (deficit)	**1,055,524**	(2,737,007)
Changes in capital assets		
Acquisition of capital assets	**(7,722,060)**	(4,545,242)
Amortization of capital assets	**6,113,365**	5,923,409
Other adjustments	**167,152**	-
Gain on disposal of capital assets	**(25,150)**	-
Proceeds on disposal of capital assets	**95,622**	-
Deposits on capital assets	**(141,417)**	(10,377)
(Increase) decrease in net book value of capital assets	**(1,512,488)**	1,367,790
Changes in other non-financial assets		
Decrease in prepaids	**3,542,720**	834,135
(Increase) decrease in inventories	**(204,861)**	6,866
Decrease in other non-financial assets	**3,337,859**	841,001
Decrease (increase) in net debt	**2,880,895**	(528,216)
Net debt - end of year	**$ (87,388,455)**	$ (90,269,350)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Operating Statement of Cash Flows

Year ended March 31	2015	2014
Operating		
Surplus (Deficit)	**$ 1,055,524**	$ (2,737,007)
Amortization	**6,113,365**	5,923,409
Gain on disposal on capital assets	**(25,150)**	-
	7,143,739	3,186,402
Changes in		
Receivables	**510,234**	11,221,629
Due from cottage operations and Foundations	**(189,337)**	(20,706)
Inventories	**(204,861)**	6,866
Prepaids	**3,542,720**	834,135
Payables and accruals	**6,600,494**	148,831
Accrued vacation pay	**1,089,664**	759,000
Accrued severance pay	**1,220,831**	1,684,783
Accrued sick pay	**83,397**	274,202
Deferred grants	**(2,508,429)**	(1,680,496)
Net cash provided from operations	**17,288,452**	16,414,646
Financing		
Repayment of long-term debt	**(909,026)**	(961,090)
Repayment of capital leases	**(117,902)**	(225,635)
Net changes in J.M. Olds funds	**879**	250
Net cash applied to financing	**(1,026,049)**	(1,186,475)
Investing		
Additions to capital assets	**(7,722,060)**	(4,545,242)
Deposits on capital assets	**(141,418)**	(10,377)
Proceeds on disposal of capital assets	**95,622**	-
Prior year adjustment of capital assets	**167,152**	-
Net cash applied to investing	**(7,600,704)**	(4,555,619)
Net increase in cash and cash equivalents	**8,661,699**	10,672,552
Cash, net of bank indebtedness		
Beginning	**15,411,450**	4,738,898
Ending (Note 3)	**$ 24,073,149**	$ 15,411,450

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	**$ 152,834**	$ 90,956
Receivables (Note 4)	**6,296**	6,270
Cash restricted for security deposits	**17,968**	15,382
Replacement reserve cash	**17,635**	8,678
	194,733	121,286
Liabilities		
Payables and accruals (Note 6)	**4,846**	26,448
Due to Central Regional Health Authority	**148,339**	150,525
Long-term debt (Note 9)	**539,662**	729,808
Security deposit liability	**17,968**	15,382
Replacement reserves (Note 10)	**17,635**	8,678
	728,449	930,841
Net financial debt	**(533,716)**	(809,555)
Non-financial assets		
Capital assets (Note 11)	**1,005,346**	1,220,167
Prepaids (Note 13)	**47,376**	65,269
	1,052,722	1,285,436
Accumulated surplus	**$ 519,006**	$ 475,881

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Operations
Year ended March 31

	Budget 2015	Actual 2015	Actual 2014
Revenue			
Rentals	$ 523,391	$ 530,848	$ 522,084
NLHC subsidy (Note 14)	197,876	191,448	189,876
	721,267	722,296	711,960
Expenditure			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	214,829	214,821	210,732
Heat and light	157,000	158,185	165,493
Insurance	8,000	6,730	6,875
Mortgage interest	16,356	15,900	21,356
Municipal taxes	66,500	60,407	61,225
Office	200	23	84
Professional fees	2,000	2,004	1,800
Repairs and maintenance	74,500	61,855	81,926
Salaries and benefits	125,000	107,256	122,734
Snowclearing	8,900	10,000	7,500
Telephone	2,400	2,470	2,359
	715,205	679,171	721,604
Annual surplus (deficit)	6,062	43,125	(9,644)
Accumulated surplus			
Beginning of year	475,881	475,881	485,525
End of year	$ 481,943	$ 519,006	$ 475,881

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net debt - beginning of year	**$ (809,555)**	$ (991,905)
Annual surplus (deficit)	**43,125**	(9,644)
Changes in capital assets		
Amortization of capital assets	**214,821**	210,732
Decrease in net book value of capital assets	**214,821**	210,732
Changes in non-financial assets		
Decrease (increase) in prepaids	**17,892**	(18,738)
Decrease (increase) in other non-financial assets	**17,892**	(18,738)
Decrease in net debt	**275,838**	182,350
Net debt - end of year	**$ (533,717)**	$ (809,555)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase I, II, III
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual surplus (deficit)	**$ 43,125**	$ (9,644)
Amortization	**214,821**	210,732
	257,946	201,088
Changes in		
Receivables	**(26)**	47
Payables and accruals	**(21,602)**	17,304
Due to Central Regional Health Authority	**(2,186)**	(25,194)
Prepaids	**17,892**	(18,738)
Net cash provided from operations	**252,024**	174,507
Financing		
Repayment of long-term debt	**(190,146)**	(184,705)
Net cash applied to financing	**(190,146)**	(184,705)
Net increase (decrease) in cash and cash equivalents	**61,878**	(10,198)
Cash		
Beginning	**90,956**	101,154
Ending (Note 3)	**$ 152,834**	$ 90,956

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	$ **24,667**	$ 15,174
Receivables (Note 4)	**489**	2,764
Cash restricted for security deposits	**1,032**	1,363
Due from NLHC for replacement reserve	**82,643**	82,643
	108,831	101,944
Liabilities		
Payables and accruals (Note 6)	**14,225**	2,145
Due to Central Regional Health Authority	**16,398**	20,902
Long-term debt (Note 9)	**344,752**	375,080
Security deposit liability	**1,032**	1,363
Replacement reserve (Note 10)	**82,643**	82,643
	459,050	482,133
Net financial debt	**(350,219)**	(380,189)
Non-financial assets		
Capital assets (Note 11)	**359,752**	390,080
Prepaids (Note 13)	**5,467**	5,109
	365,219	395,189
Accumulated surplus	$ **15,000**	$ 15,000

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Operations

Year ended March 31	Budget 2015	Actual 2015	Actual 2014
Revenue			
Rentals	$ 44,580	$ 46,932	$ 45,163
NLHC subsidy (Note 14)	49,214	48,051	50,306
	93,794	94,983	95,469
Expenditure			
Administration	4,070	3,600	3,600
Amortization	30,328	30,328	29,828
Heat and light	19,300	19,038	20,571
Insurance	1,100	765	878
Mortgage interest	6,015	5,972	6,473
Municipal taxes	6,781	6,898	6,781
Office	300	-	8
Professional fees	1,500	1,500	1,500
Repairs and maintenance	8,100	14,143	13,780
Salaries and benefits	12,000	10,849	10,569
Snowclearing	4,000	1,600	1,200
Telephone	300	290	281
	93,794	94,983	95,469
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 to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net debt, beginning of year	**$ (380,189)**	$ (410,017)
Annual surplus	**-**	-
Changes in capital assets		
Amortization of capital assets	**30,328**	29,828
Decrease in net book value of capital assets	**30,328**	29,828
Changes in non-financial assets		
Increase in prepaids	**(358)**	-
Increase in non-financial assets	**(358)**	-
Decrease in net debt	**29,970**	29,828
Net debt, end of year	**$ (350,219)**	$ (380,189)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
North Haven Manor Cottages Phase IV
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual surplus	$ -	$ -
Amortization	30,328	29,828
	30,328	29,828
Changes in		
Receivables	2,275	1,211
Prepaids	(358)	-
Payables and accruals	12,080	(41)
Due to Central Regional Health Authority	(4,504)	(2,839)
Net cash provided from operations	39,821	28,159
Financing		
Repayment of long-term debt	(30,328)	(29,828)
Net cash applied to financing	(30,328)	(29,828)
Net increase (decrease) in cash and cash equivalents	9,493	(1,669)
Cash		
Beginning	15,174	16,843
Ending (Note 3)	$ 24,667	$ 15,174

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	**$ 23,281**	$ 31,977
Receivables (Note 4)	**4,257**	4,257
Cash restricted for security deposits	**18,533**	18,816
Replacement reserve cash	**2,477**	5,678
	48,548	60,728
Liabilities		
Payables and accruals (Note 6)	**2,297**	2,625
Due to Central Regional Health Authority	**230,390**	193,574
Long-term debt (Note 9)	**564,018**	785,460
Security deposit liability	**18,533**	18,816
Replacement reserves (Note 10)	**2,477**	5,678
	817,715	1,006,153
Net financial debt	**(769,167)**	(945,425)
Non-financial assets		
Capital assets (Note 11)	**597,243**	818,685
Prepaids (Note 13)	**36,041**	34,234
	633,284	852,919
Accumulated deficit	**$ (135,883)**	$ (92,506)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Operations
Year ended March 31

	Budget 2015	Actual 2015	Actual 2014
Revenue			
Rentals	$ 515,060	$ 513,349	$ 500,693
NLHC subsidy (Note 14)	51,000	51,083	51,437
	566,060	564,432	552,130
Expenditure			
Allocation to replacement reserve	30,000	30,000	30,000
Amortization	203,000	221,442	217,054
Cable television	17,500	15,313	16,149
Heat and light	135,000	133,630	133,468
Insurance	7,200	7,250	7,300
Lawn care	5,000	4,320	4,320
Mortgage interest	30,000	11,157	15,710
Municipal taxes	45,000	46,029	44,380
Office	1,200	642	908
Professional fees	1,800	1,800	1,800
Repairs and maintenance	30,000	72,781	21,703
Salaries and benefits	61,500	57,741	57,722
Snowclearing	7,500	5,704	5,704
	574,700	607,809	556,218
Annual deficit	(8,640)	(43,377)	(4,088)
Accumulated deficit			
Beginning of year	(92,506)	(92,506)	(88,418)
End of year	$ (101,146)	$ (135,883)	$ (92,506)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net debt - beginning of year	**$ (945,425)**	$ (1,157,333)
Annual deficit	**(43,377)**	(4,088)
Changes in capital assets		
Amortization of capital assets	**221,442**	217,054
Decrease in net book value of capital assets	**221,442**	217,054
Changes in non-financial assets		
Increase in prepaids	**(1,807)**	(1,058)
Increase in non-financial assets	**(1,807)**	(1,058)
Decrease in net debt	**176,258**	211,908
Net debt - end of year	**$ (769,167)**	$ (945,425)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Valley Vista Cottages
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual (deficit)	$ (43,377)	$ (4,088)
Amortization	221,442	217,054
	178,065	212,966
Changes in		
Receivables	-	632
Payables and accruals	(328)	(693)
Due to Central Regional Health Authority	36,816	(20,520)
Prepaids	(1,807)	(1,058)
Net cash provided from operations	212,746	191,327
Financing		
Repayment of long-term debt	(221,442)	(217,054)
Net cash applied to financing	(221,442)	(217,054)
Net decrease in cash and cash equivalents	(8,696)	(25,727)
Cash		
Beginning	31,977	57,704
Ending (Note 3)	$ 23,281	$ 31,977

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Bonnews Lodge Apartment Complex
Statement of Financial Position

March 31	2015	2014
Financial assets		
Due from Central Regional Health Authority	$ 2,990	$ 10,129
Due from NLHC for replacement reserve	62,400	62,400
	65,390	72,529
Liabilities		
Payables and accruals (Note 6)	2,990	10,129
Long-term debt (Note 9)	390,866	427,092
Replacement reserve (Note 10)	62,400	62,400
	456,256	499,621
Net financial debt	(390,866)	(427,092)
Non-financial assets		
Capital assets (Note 11)	390,866	427,092
Accumulated surplus (deficit)	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Bonnews Lodge Apartment Complex
Statement of Operations
Year ended March 31

	Budget 2015	Actual 2015	Actual 2014
Revenue			
Rentals	$ 62,904	$ 61,292	$ 64,505
NLHC subsidy (Note 14)	64,659	65,512	59,825
Surcharges - utilities	3,120	3,100	3,120
- laundry	1,440	1,430	1,440
- other	3,600	3,908	2,974
	135,723	135,242	131,864
Expenditure			
Administration allowance	8,525	8,520	8,525
Amortization	36,226	36,226	35,315
Fire and safety	1,000	1,146	1,114
Heat and light	23,100	22,066	22,819
Insurance	700	700	700
Mortgage interest	8,572	8,282	9,413
Municipal taxes	8,616	8,616	8,616
Professional fees	2,400	2,400	2,400
Repairs and maintenance	41,084	36,636	32,312
Snowclearing	5,500	10,650	10,650
	135,723	135,242	131,864
Annual surplus	-	-	-
Accumulated surplus			
Beginning of year	-	-	-
End of year	$ -	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Bonnews Lodge Apartment Complex
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net debt - beginning of year	**$ (427,092)**	$ (462,407)
Annual surplus	**-**	-
Changes in capital assets		
Amortization of capital assets	**36,226**	35,315
Decrease in net book value of capital assets	**36,226**	35,315
Decrease in net debt	**36,226**	35,315
Net debt - end of year	**$ (390,866)**	$ (427,092)

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Bonnews Lodge Apartment Complex
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual surplus	$ -	$ -
Amortization	36,226	35,315
	36,226	35,315
Changes in		
Payables and accruals	7,139	(1,203)
Due to Central Regional Health Authority	(7,139)	1,203
Net cash provided from operations	36,226	35,315
Financing		
Repayment of long-term debt	(36,226)	(35,315)
Net cash applied to financing	(36,226)	(35,315)
Net increase in cash and cash equivalents	-	-
Cash		
Beginning	-	-
Ending (Note 3)	$ -	$ -

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Financial Position

March 31		2015		2014
Financial assets				
Cash (Note 3)	$	639,415	$	459,958
Receivables (Note 4)		28,057		3,485
Investments restricted for general endowment fund (Note 5)		242,936		216,425
		910,408		679,868
Liabilities				
Accrued vacation pay		2,857		1,286
Due to Central Regional Health Authority		132,338		19,326
		135,195		20,612
Net financial assets and accumulated surplus	$	775,213	$	659,256

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Operations

Year ended March 31	Budget 2015	Actual 2015	Actual 2014
Revenue			
Donations	$ 339,000	$ 339,292	$ 464,947
Staff lottery	46,000	45,380	44,943
Endowment fund			
Investment income	7,000	6,873	4,788
Investment gains	2,000	9,237	13,893
Grants	10,000	22,500	36,000
Interest and recoveries	6,000	8,003	6,226
	410,000	431,285	570,797
Expenditure			
Donations for the purchase of			
Capital equipment	115,000	116,770	74,884
Minor equipment	29,000	61,930	80,119
Patient comfort items	30,000	1,680	19,344
Healing Garden	5,000	6,618	5,469
Office	8,000	2,118	1,761
Other supplies and expenses	25,000	36,140	28,912
Salaries and benefits	90,000	89,631	95,651
Travel	600	441	537
	302,600	315,328	306,677
Annual surplus	107,400	115,957	264,120
Accumulated surplus			
Beginning of year	659,256	659,256	395,136
End of year	$ 766,656	$ 775,213	$ 659,256

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31		2015		2014
Net assets – beginning of year	**$**	**659,256**	$	395,136
Annual surplus		**115,957**		264,120
Net assets – end of year	**$**	**775,213**	$	659,256

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
Central Northeast Health Foundation Inc.
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual surplus	**$ 115,957**	$ 264,120
Investment gains	**(10,647)**	(13,893)
	105,310	250,227
Change in		
Receivables	**(24,572)**	(3,485)
Advance to South and Central Health Foundation for endowment	**-**	5,000
Due from Central Regional Health Authority	**113,012**	(47,000)
Accrued vacation pay	**1,571**	(267)
Net cash provided from operations	**195,321**	204,475
Investing		
Endowment fund investments		
Contributions	**(10,400)**	(10,032)
Reinvested income	**(5,464)**	(4,788)
Net cash applied to investing	**(15,864)**	(14,820)
Net increase in cash and cash equivalents	**179,457**	189,655
Cash		
Beginning of year	**459,958**	270,303
End of year (Note 3)	**$ 639,415**	$ 459,958

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Financial Position

March 31	2015	2014
Financial assets		
Cash (Note 3)	$ 618,452	$ 693,129
Capital grant receivable (Note 4)	17,500	-
Investments restricted for general endowment fund (Note 5)	636,568	587,384
	1,272,520	1,280,513
Liabilities		
Accrued vacation pay	3,518	4,140
Due to Central Regional Health Authority	180,435	141,373
	183,953	145,513
Net financial assets	1,088,568	1,135,000
Non-financial assets		
Capital assets (Note 11)	115,061	119,373
Prepaids (Note 13)	1,346	1,290
	116,407	120,663
Accumulated surplus	$ 1,204,975	$ 1,255,663

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Operations
Year ended March 31

	Budget 2015	Actual 2015	Actual 2014
Revenue			
Donations	$ 327,000	$ 336,933	$ 318,974
Staff lottery	61,000	60,493	57,615
Grants	25,000	17,500	36,000
Endowment fund			
Investment income	7,000	14,150	13,147
Investment gains	4,000	25,140	37,236
Rentals	15,600	15,600	15,600
Interest and recoveries	6,500	17,919	13,821
	446,100	487,735	492,393
Expenditure			
Donations for the purchase of			
Capital equipment	275,000	270,326	192,414
Minor equipment	27,000	73,509	30,458
Patient comfort items	30,000	44,167	36,727
Other supplies and expenses	39,000	37,130	28,051
Rental expenses, including amortization of $4,312 (2014 -$4,539)	6,200	6,051	6,233
Salaries and benefits	105,000	107,240	105,391
	482,200	538,423	399,274
Annual (deficit) surplus	(36,100)	(50,688)	93,119
Accumulated surplus			
Beginning of year	1,255,663	1,255,663	1,162,544
End of year	$ 1,219,563	$ 1,204,975	$ 1,255,663

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Changes in Net Financial Assets (Debt)

Year ended March 31	2015	2014
Net assets – beginning of year	**$ 1,135,000**	$ 1,037,368
Annual (deficit) surplus	**(50,688)**	93,119
Changes in capital assets		
Amortization of capital assets	**4,312**	4,539
Decrease in net book value of capital assets	**4,312**	4,539
Changes in other non-financial assets		
Increase in prepaids	**(56)**	(26)
Increase in other non-financial assets	**(56)**	(26)
(Decrease) increase in net assets	**(46,432)**	97,632
Net assets – end of year	**$ 1,088,568**	$ 1,135,000

See accompanying notes to the consolidated financial statements

Central Regional Health Authority
South and Central Health Foundation
Statement of Cash Flows

Year ended March 31	2015	2014
Operations		
Annual (deficit) surplus	$ (50,688)	$ 93,119
Amortization	4,312	4,539
Investment gains	(25,140)	(37,236)
	(71,516)	60,422
Change in		
Prepaids	(56)	(26)
Due to Central Regional Health Authority	39,062	115,057
Capital grant receivable	(17,500)	-
Accrued vacation pay	(624)	180
Advance from Central Northeast Health Foundation	-	(5,000)
Net cash (applied to) provided from operations	(50,634)	170,633
Investing		
Endowment fund investments		
Contributions	(9,893)	(30,834)
Reinvested income	(14,150)	(13,146)
Net cash applied to investing	(24,043)	(43,980)
Net (decrease) increase in cash and cash equivalents	(74,677)	126,653
Cash		
Beginning of year	693,129	566,476
End of year (Note 3)	$ 618,452	$ 693,129

See accompanying notes to the consolidated financial statements

1. 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 Authorities Act.

2. Summary of significant accounting policies

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

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:

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

Use of estimates
The preparation of consolidated 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 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 tangible 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.

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

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.

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.

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.

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.

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.

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.

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

Inventories
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	First-in, first-out

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 an operating agreement 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, and 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. Other capital assets are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5.0%
Buildings and service equipment	5.0%
Equipment	12.5%
Motor vehicles	20.0%

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.

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.

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.

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

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.

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.

3. Cash	**2015**	2014
Operating:		
Cash	**$ 17,175**	$ 14,425
Bank – current accounts	**24,055,974**	15,397,025
	24,073,149	15,411,450
Cash and bank other:		
North Haven Manor Cottage Units Phase I, II, III	**152,834**	90,956
North Haven Manor Cottage Units Phase IV	**24,667**	15,174
Valley Vista Cottages	**23,281**	31,977
Central Northeast Health Foundation	**639,415**	459,958
South and Central Health Foundation	**618,452**	693,129
	$ 25,531,798	$ 16,702,644

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. This line of credit was unused at March 31, 2015 and March 31, 2014.

4. **Receivables**	**2015**	2014
Operating		
Provincial plan grants - operating	**$ 8,598,449**	$ 8,122,160
Capital grants	**252,076**	471,198
Patient, rents and other	**5,863,671**	6,547,707
MCP	**2,150,049**	1,927,960
Cancer Foundation	**678,844**	1,166,415
HST	**688,051**	663,427
	18,231,140	18,898,867
Allowance for doubtful	**(344,219)**	(501,712)
	17,886,921	18,397,155
North Haven Manor Cottages Phase I,II,III		
Trade	**26**	-
Due from NLHC - operating subsidy	**6,270**	6,270
	6,296	6,270
North Haven Manor Cottages Phase IV		
Trade	**-**	27
Accrued interest	**489**	532
Due from NLHC - operating subsidy	**-**	2,205
	489	2,764
Valley Vista Cottages		
Due from NLHC - operating subsidy	**4,257**	4,257
	4,257	4,257
Central Northeast Health Foundation		
Trade	**10,557**	3,485
Capital grant receivable	**17,500**	-
	28,057	3,485
South and Central Health Foundation		
Capital grant receivable	**17,500**	-
	$ 17,943,520	$ 18,413,931

5. Investments restricted for general endowment purposes

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

	2015	2014
Central Northeast Health Foundation Inc.	$ 242,936	$ 216,425
South and Central Health Foundation	636,568	587,384
	$ 879,504	$ 803,809

6. Payables and accruals

	2015	2014
Operating		
Trade	$ 16,516,528	$ 14,993,603
Residents comfort fund	75,766	31,011
Accrued - wages	17,023,608	11,987,667
- interest	35,360	38,487
	33,651,262	27,050,768
North Haven Manor Cottage Units Phase I,II,III		
Trade	3,724	24,863
Accrued interest	1,122	1,585
	4,846	26,448
North Haven Manor Cottage Units Phase IV		
Trade	1,613	1,613
Accrued interest	489	532
Due to NLHC - operating subsidy	12,123	-
	14,225	2,145
Valley Vista Cottages		
Trade	1,500	1,500
Accrued interest	797	1,125
	2,297	2,625
Bonnews Lodge Apartment Complex		
Trade	2,056	3,186
Accrued interest	677	740
Due to NLHC - operating subsidy	257	6,203
	2,990	10,129
	$ 33,675,620	$ 27,092,115

7. **Employee future benefits**	**2015**	2014

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation as at March 31, 2012 and extrapolated to March 31, 2015. 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:

	2015	2014
Wages and salary escalation	**3.75%**	2.75%
Interest	**2.90%**	3.90%

Based on actuarial valuation of the liability, at March 31, 2015 the results for sick leave are:

	2015	2014
Accrued sick pay obligation, beginning	**$ 16,535,793**	$ 17,299,918
Current period benefit cost	**1,704,464**	1,754,054
Benefit payments	**(2,298,789)**	(2,209,855)
Interest on the accrued benefit obligations	**633,307**	614,593
Actuarial losses (gains)	**1,425,096**	(922,917)
Accrued sick pay obligations, at end	**$ 17,999,871**	$ 16,535,793

Based on actuarial valuation of the liability, at March 31, 2015 the results for severance are:

	2015	2014
Accrued benefit obligation, beginning	**$ 29,468,470**	$ 30,105,639
Current period benefit cost	**1,957,955**	2,047,131
Benefit payments	**(2,009,693)**	(1,732,175)
Interest on the accrued benefit obligation	**1,148,262**	1,089,473
Actuarial losses (gains)	**2,575,533**	(2,041,598)
Accrued severance obligation, at end	**$ 33,140,527**	$ 29,468,470

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

Sick benefits

	2015	2014
Accrued benefit obligation	**$ 17,999,871**	$ 16,535,793
Unamortized actuarial losses	**(1,708,635)**	(327,954)
Accrued benefit liability	**$ 16,291,236**	$ 16,207,839

Severance benefits

	2015	2014
Accrued benefit obligation	**$ 33,140,527**	$ 29,468,470
Unamortized actuarial losses	**(3,457,197)**	(1,005,971)
Accrued benefit liability	**$ 29,683,330**	$ 28,462,499

8. Deferred grants	2015	2014
Deferred operating grants	$ 2,579,863	$ 3,215,438
Deferred capital grants	22,443,430	24,316,284
	$ 25,023,293	$ 27,531,722

9. Long-term debt	2015	2014
Operating		
2.4% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of $12,112, interest included; maturing April, 2020, renewable October, 2015.	$ 695,009	$ 822,086
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly instalments of $4,574, interest included; maturing July, 2023.	341,484	369,992
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly instalments of $3,056, plus interest; maturing December, 2018.	137,441	174,113
3.53% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly instalments of $58,386, interest included; maturing January, 2027.	6,769,037	7,222,004
2.97% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly instalments of $384, interest included; maturing June, 2027, renewable July, 2018.	47,349	50,385
2.89% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly instalments of $347, interest included; maturing July, 2027, renewable August, 2018.	42,904	45,611
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of $10,124, interest included; maturing August, 2027.	962,662	1,006,484

9. **Long-term debt** (cont'd.)	**2015**	2014
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly instalments of $8,165, interest included; maturing October, 2024.	**659,292**	704,060
1.82% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly instalments of $7,752, interest included; maturing July, 2019.	**387,293**	471,625
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly instalments of $6,199, plus interest; repaid in the current year.	**-**	74,385
2.99% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly instalments of $406, interest included; maturing July, 2024, renewable May, 2017.	**39,655**	43,288
2.99% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly instalments of $352, interest included; maturing April, 2020, renewable May, 2017.	**19,891**	23,462
2.89% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly instalments of $350, interest included; maturing July, 2020, renewable December, 2016.	**20,736**	24,284
	10,122,753	11,031,779
North Haven Manor Cottages Phase I,II,III		
4.25% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $8,668, interest included; maturing December, 2016.	**$ 175,185**	$ 269,652
1.64% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $8,541, interest included; maturing November, 2018.	**364,477**	460,156
	539,662	729,808

9. **Long-term debt** (cont'd.)	**2015**	2014
North Haven Manor Cottages Phase IV 1.67% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly instalments of $3,029, interest included maturing July, 2025, renewable April, 2017.	**344,752**	375,080
Valley Vista Cottages 2.26% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $4,865, interest included; maturing June, 2016.	**71,863**	127,937
1.53% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $9,738, interest included; maturing December, 2017.	**314,366**	425,500
1.67% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly instalments of $4,807, interest included; maturing May, 2018, renewable June, 2016.	**177,789**	232,023
	564,018	785,460
Bonnews Lodge Apartment Complex 2.04% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly instalments of $3,714, interest included; maturing November, 2024, renewable April, 2019.	**390,866**	427,092
	$ 11,962,051	$ 13,349,219

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

2016	$ 1,355,796
2017	1,328,817
2018	1,247,597
2019	1,108,000
2020	979,097
Thereafter	5,942,747

10. Replacement reserves		2015		2014
North Haven Manor Cottages Phase I,II,III				
Balance, beginning	$	8,678	$	2,171
Add:				
Allocation for year		30,220		30,220
Contributions from Authority		12,900		12,900
		51,798		45,291
Less:				
Approved expenditures		34,163		36,613
Balance, ending		17,635		8,678
North Haven Manor Cottages Phase IV				
Balance, beginning		82,643		82,643
Less:				
Approved expenditures		-		-
Balance, ending		82,643		82,643
Valley Vista Cottages				
Balance, beginning		5,678		6,815
Add:				
Allocation for year		30,000		30,000
		35,678		36,815
Less:				
Approved expenditures		33,201		31,137
Balance, ending		2,477		5,678
Bonnews Lodge Apartment Complex				
Balance, beginning		62,400		62,400
Less:				
Approved expenditures		-		-
Balance, ending		62,400		62,400
	$	165,155	$	159,399
Funding				
Replacement reserve funds	$	20,112	$	14,356
Due from Newfoundland and Labrador Housing Corporation		145,043		145,043
	$	165,155	$	159,399

11. Capital assets

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Operating				
Land	$ 450,991	$ -	$ **450,991**	$ 450,991
Land improvements	1,031,546	750,501	**281,045**	295,837
Buildings and service equipment	65,474,050	46,523,512	**18,950,538**	19,947,935
Equipment	122,929,894	89,219,821	**33,710,073**	31,301,147
Equipment under capital lease	2,781,898	2,556,792	**225,106**	290,269
Motor vehicles	3,294,428	2,444,765	**849,663**	806,749
Motor vehicles under capital lease	196,503	182,840	**13,663**	17,079
	196,159,310	141,678,231	**54,481,079**	53,110,007
North Haven Manor Cottages Phase I, II, III				
Land	16,900	-	**16,900**	16,900
Land improvements	180,500	124,870	**55,630**	66,941
Buildings	3,268,158	2,369,518	**898,640**	1,094,922
Equipment	113,848	79,672	**34,176**	41,404
	3,579,406	2,574,060	**1,005,346**	1,220,167
North Haven Manor Cottages Phase IV				
Land	24,571	-	**24,571**	24,571
Buildings	687,616	352,435	**335,181**	365,509
	712,187	352,435	**359,752**	390,080
Valley Vista Cottages				
Land	27,014	-	**27,014**	27,014
Buildings	3,588,770	3,020,039	**568,731**	788,206
Equipment	33,262	31,764	**1,498**	3,465
	3,649,046	3,051,803	**597,243**	818,685
Bonnews Lodge Apartment Complex				
Land	774	-	**774**	774
Buildings	870,022	482,692	**387,330**	423,299
Equipment	6,204	3,442	**2,762**	3,019
	877,000	486,134	**390,866**	427,092
South and Central Health Foundation				
Land	33,134	-	**33,134**	33,134
Buildings	119,141	37,214	**81,927**	86,241
	152,275	37,214	**115,061**	119,375
	$ 205,129,224	$ 148,179,877	$ **56,949,347**	$ 56,085,406

12. Inventories

	2015	2014
General stores	**$ 1,100,408**	$ 941,401
Drugs	**1,344,442**	1,298,588
	$ 2,444,850	$ 2,239,989

13. Prepaids

	2015	2014
Operating		
Equipment maintenance	**$ 1,083,986**	$ 828,763
Malpractice and membership fees	**108,094**	58,249
General insurance	**208,305**	236,651
Workplace Health, Safety and Compensation Commission	**-**	4,308,368
Municipal taxes	**720,419**	645,055
Other	**1,167,313**	753,751
	3,288,117	6,830,837
Municipal taxes		
North Haven Manor Cottage Units Phase I, II, III	**47,377**	65,269
North Haven Manor Cottage Units Phase IV	**5,467**	5,109
Valley Vista Cottages	**36,041**	34,234
South and Central Health Foundation	**1,346**	1,290
	$ 3,378,348	$ 6,936,739

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 2015 was $55,920 (2014 - $56,805) for operating facilities and $356,094 (2014 - $370,144) for the Authority's Cottage operations.

15. Commitments

Operating leases

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

2016	$ 269,509
2017	244,005
2018	164,042
2019	96,929
2020	41,870

16. Contingencies

As of March 31, 2015 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.

17. Comparative figures

Certain of the comparative figures have been restated to conform to the financial statement presentation used in the current year.

Grant Thornton

Financial Statements

Chicken Farmers of Newfoundland and Labrador

December 31, 2014

Statement of Responsibility

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 ________ Director

Grant Thornton

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, 2014 and the statement of operations and changes in accumulated surplus, 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.

Grant Thornton

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, 2014, 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, Canada

February 13, 2015

Chartered Accountants

Chicken Farmers of Newfoundland and Labrador

Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and cash equivalents	$ 97,532	$ 95,657
Receivables (Note 5)	23,334	23,632
Investment	28,658	15,651
	$ 149,524	$ 134,940
Liabilities		
Payables and accruals	$ 29,838	$ 23,409
Accrued severance pay	9,423	7,922
	39,261	31,331
Net financial assets	$ 110,263	$ 103,609
Non-financial assets		
Prepaids	$ 2,240	$ 3,110
Tangible capital assets (Note 6)	13,882	5,371
	16,122	8,481
Accumulated surplus	$ 126,385	$ 112,090

Commitments (Note 7)

On behalf of the Board

Ruth Noseworthy Chair [illegible] 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 2014	Budget 2014	Actual 2013
Revenue			
Levies	$ 300,871	$ 277,500	$ 284,205
Grant funded projects	10,287	-	4,448
CFC Summer meeting	-	-	49,622
Interest and miscellaneous	110	100	1,771
	311,268	277,600	340,046
Other costs			
Costs for Grant funded projects	8,499	10,000	12,588
Costs for CFC Summer meeting	-	-	52,033
	302,769	267,600	275,425
Expenses (Page 13)			
Administration	$ 112,378	$ 100,812	$ 102,486
Regulatory	131,454	118,434	117,148
Promotion	23,647	25,834	22,452
Facilitation	20,995	22,445	20,534
	288,474	267,525	262,620
Annual surplus	$ 14,295	$ 75	$ 12,805

Accumulated surplus, beginning of year	$ 112,090	$ 112,090	$ 99,285
Annual surplus	14,295	75	12,805
Accumulated surplus, end of year	$ 126,385	$ 112,165	$ 112,090

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 2014		Budget 2014		Actual 2013
Annual surplus	$	14,295	$	75	$	12,805
Amortization of tangible capital assets		1,283		-		943
Purchase of tangible capital assets		(9,794)		-		(3,196)
Decrease (increase) in prepaids		870		-		(614)
Increase in net assets		6,654		75		9,938
Net financial assets, beginning of year		103,609		103,609		93,671
Net financial assets, end of year	$	110,263	$	103,684	$	103,609

See accompanying notes to the financial statements.

Chicken Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2014	2013
Increase in cash and cash equivalents		
Operating		
Annual surplus	$ 14,295	$ 12,805
Change in non-cash items		
Accrued severance pay	1,501	1,321
Depreciation	1,283	943
Receivables	298	(851)
Prepaids	870	(614)
Payables and accruals	6,429	(4,148)
Cash provided by operating transactions	24,676	9,456
Investing		
Purchase of tangible capital assets	(9,794)	(3,196)
Reclassification of cash to investments	(13,007)	-
Cash used in investing transactions	(22,801)	(3,196)
Increase in cash and cash equivalents	1,875	6,260
Cash and cash equivalents, beginning of year	95,657	89,397
Cash and cash equivalents, end of year	$ 97,532	$ 95,657

See accompanying notes to the financial statements.

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 $95,714 of levies collected in 2014 (2013 - $83,367).

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, accrued 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, 2014 was $28,658 (2013 - $28,658).

5. Receivables

	2014	2013
Levies	$ 17,390	$ 21,217
Travel advances	5,944	2,415
	$ 23,334	$ 23,632

6. Tangible capital assets

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Furniture and equipment	$ 47,177	$ 33,295	$ 13,882	$ 5,369

7. Commitments

The Board has a commitment under an operating lease for a photocopier. Payment for the next year is as follows:

2015 - $1,859

8. 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, 2014.

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 $23,334 (2013 - $23,632). 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.

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 in the amount of $29,838 (2013 - $23,409). 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.

9. Line of credit

The organization has a line of credit with a limit of $25,000, bearing an interest rate of prime plus 2%. As at December 31, 2014, the balance owing on the line of credit is nil (2013 – nil).

Chicken Farmers of Newfoundland and Labrador
Schedule of Expenses

December 31	2014	2013
	Actual	Actual
Administration		
Depreciation	$ **1,283**	$ 943
Federation of Agriculture	**12,000**	12,200
Honorariums	**12,000**	12,000
Insurance	**1,619**	1,639
Interest and bank charges	**998**	1,451
Office and postage	**6,142**	3,922
Per diems	**17,525**	14,350
Professional fees	**17,492**	15,252
Rent	**3,003**	3,003
Telephone	**5,375**	4,846
Travel and meetings	**6,179**	5,018
Wages and benefits	**28,762**	27,861
	$ 112,378	$ 102,486
Regulation		
Levy – CFC	$ **95,714**	$ 83,367
Office and postage	**979**	1,263
Travel and meetings	**5,716**	3,926
Wages and benefits	**29,045**	28,592
	$ 131,454	$ 117,148
Promotion		
Office and postage	$ **445**	$ 573
Promotion	**7,905**	7,202
Travel and meetings	**2,095**	1,680
Wages and benefits	**13,202**	12,997
	$ 23,647	$ 22,452
Facilitation		
Office and postage	$ **593**	$ 764
Travel and meetings	**2,799**	2,440
Wages and benefits	**17,603**	17,330
	$ 20,995	$ 20,534
Total expenses	$ 288,474	$ 262,620

Grant Thornton

College of the North Atlantic
Financial Statements
March 31, 2015

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.

Board Chair

Senior Vice-President
Corporate Services

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, 2015 and the results of operations, changes in net debt, and cash flows for the year ended March 31, 2015 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.

Grant Thornton

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, 2015 and the results of its operations, changes in net debt, and its cash flows for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

St. John's, Canada

June 24, 2015

Chartered Accountants

College of the North Atlantic
Statement of Financial Position
Year Ended March 31, 2015

		March 31 2015		March 31 2014
Financial Assets				
Cash	$	22,748,110	$	19,218,361
Receivables (Note 3)		14,529,473		20,084,334
Inventories for resale		1,698,337		1,559,990
Trust funds on deposit (Note 4)		5,524,267		3,468,390
	$	44,500,187	$	44,331,075
Liabilities				
Accounts payable & accrued liabilities (Note 5)	$	9,125,256	$	9,849,124
Vacation pay accrual		8,256,953		8,627,754
Post-employment benefits (Note 6)		15,032,935		14,485,040
Compensated absences (Note 6)		11,109,127		10,975,409
Due to Qatar Campus (Note 7)		9,417,747		10,795,613
Deferred contributions - operating (Note 8)		4,559,764		4,281,030
Trust funds payable (Note 4)		5,524,267		3,468,390
	$	63,026,049	$	62,482,360
Net Debt	$	(18,525,862)	$	(18,151,285)
Non-Financial Assets				
Tangible capital assets (Schedule 1)	$	24,974,652	$	27,535,631
Inventories held for use		89,718		89,696
Prepaid expenses		1,518,035		1,643,061
		26,582,405		29,268,388
Accumulated surplus	$	8,056,543	$	11,117,103

Commitments (Note 9)
Contingent liabilities (Note 10)

Approved:

Board Chair ____________________

Board Member ____________________

See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Revenue (Schedule 2)			
Grants and reimbursements	$ **66,969,965**	$ **68,333,197**	$ 63,214,706
Subsidy	**17,200,000**	**17,071,932**	20,543,046
Tuition	**12,975,805**	**11,813,183**	12,282,662
Classroom/video rental	**15,000**	**15,000**	15,000
Interest	**200,000**	**304,553**	281,304
Fees	**650,271**	**704,372**	695,832
Apprenticeship	**4,451,809**	**5,982,803**	5,637,926
Bookstore	**2,722,500**	**2,681,782**	2,719,547
Corporate	**2,178,380**	**4,727,513**	3,127,881
Daycare	**487,445**	**502,947**	514,956
Equipment and materials	**1,829,538**	**1,666,597**	1,610,863
Food services	**1,220,900**	**1,156,088**	1,210,258
International	**1,060,976**	**783,480**	1,205,215
Parking	**7,750**	**4,167**	4,800
Residence	**339,700**	**334,804**	337,060
Special projects	**4,904,263**	**3,723,046**	4,009,343
Qatar project	**10,082,431**	**9,730,670**	10,252,412
Other	**384,033**	**266,882**	653,952
Total revenue	**127,680,766**	**129,803,016**	128,316,763
Expenditures (Schedules 3 to 15)			
Facilities	**4,934,803**	**5,192,080**	4,988,239
Administration	**17,819,956**	**16,579,484**	16,203,946
Instructional	**71,088,529**	**64,910,389**	68,711,488
Student services	**11,225,891**	**10,756,922**	10,100,084
Information technology	**7,698,776**	**6,817,913**	5,512,634
Resale	**5,137,437**	**5,403,337**	5,153,639
Apprenticeship	**4,444,217**	**4,598,272**	4,385,707
Continuing education	**695,743**	**690,707**	724,425
Contracts	**4,599,258**	**5,134,403**	4,697,004
International	**615,071**	**595,761**	593,438
Special projects	**3,183,238**	**2,830,012**	3,274,245
Qatar project	**2,339,430**	**1,813,575**	1,675,457
Total expenditure	**133,782,349**	**125,322,855**	126,020,306
Annual Surplus (Deficit) before adjustments:	**(6,101,583)**	**4,480,161**	2,296,457
Less adjustments for undernoted items:			
Amortization of tangible capital assets	**7,139,482**	**6,951,623**	7,256,519
Accrued post-employment benefits	**600,000**	**576,070**	(163,570)
Accrued compensated absences	**300,000**	**133,718**	203,001
Accrued annual leave	**300,000**	**(120,690)**	(1,111,884)
Total adjustment for above noted items	**8,339,482**	**7,540,721**	6,184,066
Annual Surplus (Deficit)	**(14,441,065)**	**(3,060,560)**	(3,887,609)
Accumulated surplus, beginning of year	**11,117,103**	**11,117,103**	15,004,712
Accumulated surplus, end of year	$ **(3,323,962)**	$ **8,056,543**	$ 11,117,103

See accompanying notes.

College of the North Atlantic
Statement of Change in Net Financial Assets (Debt)
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015 Total	2014 Total
Annual surplus (deficit)	$ (14,441,065)	$ (3,060,560)	$ (3,887,609)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(8,511,451)	(4,390,644)	(6,006,311)
Write-downs on tangible capital assets	-	-	23,800
Loss on sale of tangible capital assets	-	-	41,361
Amortization of tangible capital assets	7,139,482	6,951,623	7,256,519
Increase in net book value of tangible capital assets	(1,371,969)	2,560,979	1,315,369
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	-	125,026	(202,977)
Acquisition of inventory of supplies (net of usage)	-	(22)	(11,598)
Increase (Decrease) in other non-financial assets	-	125,004	(214,575)
Increase in net financial assets (debt)	(15,813,034)	(374,577)	(2,786,815)
Net financial assets (debt) at beginning of year	(18,151,285)	(18,151,285)	(15,364,470)
Net financial assets (debt) at end of year	$ (33,964,319)	$ (18,525,862)	$ (18,151,285)

See accompanying notes.

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2015

	2015	2014
Operating		
Annual surplus (deficit)	**$ (3,060,560)**	$ (3,887,609)
Add (deduct) non-cash items:		
Amortization of capital assets	**6,951,623**	7,256,519
Accrued post-employment benefits - increase (decrease)	**547,895**	(119,488)
Accrued compensated absences - increase (decrease)	**133,718**	203,001
	4,572,676	3,452,423
Changes in:		
Receivables	**5,554,861**	7,322,270
Inventory	**(138,369)**	(257,576)
Prepaid expenses	**125,026**	(202,977)
Deferred contributions - operating	**278,734**	(358,625)
Payables and accruals	**(1,094,669)**	(1,628,167)
Due to Qatar campus	**(1,377,866)**	125,294
Net cash provided by operating transactions	**7,920,393**	8,452,642
Capital		
Acquisitions of tangible capital assets	**(4,390,644)**	(6,006,311)
Write-downs on tangible capital assets	**-**	23,800
Proceeds on sale of tangible capital assets	**-**	41,361
Net cash applied to capital transactions	**(4,390,644)**	(5,941,150)
Net cash provided (applied)	**3,529,749**	2,511,492
Cash, beginning of year	**19,218,361**	16,706,869
Cash, ending of year	**$ 22,748,110**	$ 19,218,361

See accompanying notes.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

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, 2015, the write-down of inventory was $107,596 (2014 - $81,982)

(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

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

(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, 2015

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 $11,568 gain (2014 - $14,632 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 The costs of the multi-employer plan plan are the College's contributions to the plan in the period 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) 10 75% of earnings up to the Year's Basic Exemption, the portion of earnings upon which no CPP contributions are required;
(ii) 8 95% of earnings in excess of the Year's Basic Exemption up to and including the Year's Maximum Pensionable Earnings ("YMPE"); and
(iii) 11 85% 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 six year average salary (up to the three year average YMPE) multiplied by the years of pensionable service, plus 2% of the best six 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 2015 the College contributed $6,289,908 to the PSPP and $727,546 to the GMPP In 2014 the College contributed $6,408,248 to the PSPP and $791,703 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 Receivables

	2015	2014
Government of Newfoundland	**$ 4,829,402**	$ 6,013,131
LMDA Subsidy	**6,941,981**	10,409,813
Students	**998,349**	843,705
Government agencies and other	**2,090,883**	3,113,776
	14,860,615	20,380,425
Less allowance for doubtful accounts	**331,142**	296,091
	$ 14,529,473	$ 20,084,334

4 Trust funds on deposit

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

	2015	2014
Opening balance	**$ 3,468,390**	$ 3,343,087
Net deposits and payments	**1,975,777**	53,051
Interest	**80,100**	72,252
Closing balance	**$ 5,524,267**	$ 3,468,390

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

5 Accounts payables & accrued liabilities

	2015	2014
Trade liabilities	**$ 2,164,860**	$ 3,667,476
Accrued wages and benefits	**5,455,047**	4,976,569
End of service compensation	**35,621**	44,697
Other	**1,469,728**	1,160,382
	$ 9,125,256	$ 9,849,124

6 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, 2015 The actuarial valuation date for severance pay accrual was March 31, 2013 and has been extrapolated for March 31, 2015 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:

	2015	2014
Wages and salary escalation	**2.75%**	4 00%
Discount rate	**2.90%**	3 90%

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

	2015	2014
Accrued sick pay benefit obligation beginning of year	**$ 11,190,004**	**$** 11,394,351
Current period benefit cost	**1,208,847**	1,208,060
Benefit payments	**(1,528,647)**	(1,461,467)
Interest on the accrued benefit sick leave obligations	**430,174**	405,635
Actuarial gains /losses	**256,110**	(356,575)
Accrued sick pay benefit obligation end of year	**11,556,488**	11,190,004
Unamortized actuarial experience loss	**447,361**	214,595
Accrued benefit liability, end of year	**$ 11,109,127**	$ 10,975,409

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

	2015	2014
Accrued severance benefit obligation beginning of year	**$ 15,511,178**	**$** 15,820,544
Current period benefit cost	**1,242,986**	1,226,444
Benefit payments	**(1,389,377)**	(2,000,716)
Interest on the accrued benefit severance obligation	**602,081**	555,603
Actuarial (gains) / losses	**1,048,985**	(90,697)
Accrued severance benefit obligation end of year	**17,015,853**	15,511,178
Unamortized actuarial experience loss	**1,982,918**	1,026,138
Accrued benefit liability, end of year	**$ 15,032,935**	$ 14,485,040
Total post-employment benefits and compensated absences end of year	**$ 26,142,062**	$ 25,460,449

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

7 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

	2015	2014
Cash on Deposit	**$ 10,767,248**	$ 11,917,499
Payables (accruals)	**(1,349,501)**	(1,121,886)
Net Liability	**$ 9,417,747**	$ 10,795,613

Results of Operations

	2015	2014
Gross Proceeds	**$ 9,730,670**	$ 10,252,412
Management Costs	**(1,813,575)**	(1,675,457)
Net Proceeds	**$ 7,917,095**	$ 8,576,955

8 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:

	2015	2014
Balance, beginning of year	**$ 4,281,030**	$ 4,639,655
Less amounts recognized as revenue in the year	**(23,048,623)**	(22,573,024)
Add amounts received during the year	**23,327,357**	22,214,399
Balance, end of year	**$ 4,559,764**	$ 4,281,030

Deferred contributions -operating are comprised of:

	2015	2014
Residence and program fees	**$ 93,139**	$ 91,727
Tuition	**1,139,232**	1,093,873
Contract training and special projects	**3,327,393**	3,095,430
	$ 4,559,764	$ 4,281,030

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

9 Commitments

Lease Commitment

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

2015-2016	$	1,432,781
2016-2017		662,818
2017-2018		268,645
2018-2019		18,655

10 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

11 Financial instruments risk management

Classification

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

	2015		
	Fair Value	**Amortized Cost**	**Total**
Cash	$ 22,748,110	$ -	$ 22,748,110
Trust funds on deposit	5,524,267	-	5,524,267
Accounts receivable		14,529,473	14,529,473
	$ 28,272,377	$ 14,529,473	$ 42,801,850
Accounts payable and accrued liabilities	-	9,125,256	9,125,256
Vacation pay accrual	-	8,256,953	8,256,953
Due to Qatar Campus	-	9,417,747	9,417,747
Trust funds payable	-	5,524,267	5,524,267
	$ -	$ 32,324,223	$ 32,324,223

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 (2014 - $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	$ 12,115,875	$ 4,603,760	$ 7,086,738	$ 425,377
Student receivables	998,349	603,984	47,046	347,319
Other receivables	1,746,391	1,155,029	194,802	396,560
Gross receivables	14,860,615	6,362,773	7,328,586	1,169,256
Less: impairment allowances	(331,142)	-	-	(331,142)
Net receivables	$ 14,529,473	$ 6,362,773	$ 7,328,586	$ 838,114

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:

	2015	2014
Receipts		
US dollar (USD)	$ 260,618	$ 372,167
Payment		
US dollar (USD)	1,159,936	831,614
Qatari riyal (QR)	-	527,575
Euros (EUR)	185,609	93,360

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):

	2015		
	Within 6 Months	6 Months to 1 year	> 1 year
Accounts payable and accrued liabilities	$ 7,630,759	$ 1,294,497	$ 200,000
	$ 7,630,759	$ 1,294,497	$ 200,000

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 2014 comparative figures have been reclassified to conform to the financial presentation adopted in 2015

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 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

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2015

15 Related party transactions

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

	2015	2014
Grants from the province	$ 92,256,272	$ 90,523,652
Transfer from Child, Youth & Family Services	-	250,525
Transfer from Dept of Business	265,658	294,957
Transfer from Dept of Justice	13,860	214,900
Transfer from Dept of Education	121,179	-
Transfer from Nalcor	107,987	-
Transfer from Research Development Council	165,952	202,534
Transfer from NL Hydro	-	120,068
Transfer from Memorial University	-	127,274
Transfer to Memorial University	533,125	223,704

College of the North Atlantic
Tangible Capital Assets
March 31, 2015

	Artwork	Capital improvements	Computer and peripherals	Furnishings	Instructional equipment	Other electronic equipment	Software	ERP - Peoplesoft	Vehicles	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At March 31, 2014	5,500	28,994,321	6,305,450	721,185	43,483,018	913,328	658,744	6,779,292	9,066,551	96,927,389
Additions	-	1,373,540	394,479	13,521	1,628,445	-	6,276	-	974,383	4,390,644
Disposals	-	-	400,300	14,622	485,675	15,923	73,796	-	34,320	1,024,636
At March 31, 2015	5,500	30,367,861	6,299,629	720,084	44,625,788	897,405	591,224	6,779,292	10,006,614	100,293,397
Accumulated Amortization										
At March 31, 2014	-	13,287,818	5,953,595	683,032	37,392,631	783,073	632,281	3,744,330	6,914,998	69,391,758
Amortization	-	2,515,832	283,289	19,215	2,673,939	45,515	12,614	451,128	950,091	6,951,623
Disposals	-	-	400,300	14,622	485,675	15,923	73,796	-	34,320	1,024,636
At March 31, 2015	-	15,803,650	5,836,584	687,625	39,580,895	812,665	571,099	4,195,458	7,830,769	75,318,745
Net Book Value:										
At March 31, 2014	5,500	15,706,503	351,855	38,153	6,090,387	130,255	26,463	3,034,962	2,151,553	27,535,631
At March 31, 2015	5,500	14,564,211	463,045	32,459	5,044,893	84,740	20,125	2,583,834	2,175,845	24,974,652

College of the North Atlantic
Revenue
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Provincial Government Grants			
Grant-in-aid	$ **62,343,800**	$ **63,977,627**	$ 59,066,364
Provincial capital grant	**4,026,165**	**3,543,170**	3,548,342
Other grants	**600,000**	**812,400**	600,000
	66,969,965	**68,333,197**	63,214,706
Facilities			
Classroom/video rental	**15,000**	**15,000**	15,000
Gain on disposal of capital assets	**27,000**	**46,540**	39,603
Parking	**7,750**	**4,167**	4,800
Other	**-**	**6,542**	-
	49,750	**72,249**	59,403
Administration			
Interest	**200,000**	**304,553**	281,304
Other	**29,382**	**48,107**	66,152
	229,382	**352,660**	347,456
Instructional			
Tuition	**9,417,732**	**8,860,778**	8,766,433
Equipment and materials	**1,829,538**	**1,666,597**	1,610,863
Subsidy	**17,200,000**	**17,071,932**	20,543,046
Daycare	**487,445**	**502,947**	514,956
Other	**241,645**	**85,330**	464,570
	29,176,360	**28,187,584**	31,899,868
Student services			
Application fee	**278,099**	**309,680**	320,670
Registration fee	**372,172**	**394,692**	375,162
Other	**86,006**	**70,209**	60,031
	736,277	**774,581**	755,863
Resale			
Bookstore	**2,722,500**	**2,681,782**	2,719,547
Food services	**1,220,900**	**1,156,088**	1,210,258
Residence	**339,700**	**334,804**	337,060
Other	**-**	**1,187**	839
	4,283,100	**4,173,861**	4,267,704
Apprenticeship			
Apprenticeship	**4,451,809**	**5,982,803**	5,637,926
	4,451,809	**5,982,803**	5,637,926

College of the North Atlantic
Revenue
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Continuing education			
Tuition	**845,089**	**848,823**	1,025,749
Other	**-**	**8,967**	22,757
	845,089	**857,790**	1,048,506
Contracts			
Tuition	**2,712,984**	**2,103,582**	2,490,480
Corporate	**2,178,380**	**4,727,513**	3,127,881
	4,891,364	**6,831,095**	5,618,361
International			
International	**1,060,976**	**783,480**	1,205,215
	1,060,976	**783,480**	1,205,215
Special projects			
Special projects	**4,904,263**	**3,723,046**	4,009,343
	4,904,263	**3,723,046**	4,009,343
Qatar Project			
Management fee	**9,882,431**	**9,315,911**	10,148,688
Other	**200,000**	**414,759**	103,724
	10,082,431	**9,730,670**	10,252,412
	$ 127,680,766	**$ 129,803,016**	$ 128,316,763

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 1,411,366	$ 1,602,078	$ 1,535,791
Professional development	1,714	-	-
Professional fees	6,600	4,090	1,499
Travel	11,424	16,171	10,809
Insurance	325,000	202,247	265,719
Photocopying/printing	350	341	3,374
Office related supplies	2,750	940	13,858
General advertising	-	280	-
Freight and customs	2,100	10	42
Telephone	4,970	6,572	5,059
Utilities	1,602,100	1,555,529	1,671,547
Repairs and maintenance	1,015,255	1,281,907	955,245
Vehicle operations	176,509	152,311	149,660
Equipment rentals	11,600	4,767	7,348
Facilities rentals	169,718	162,769	169,718
Protective clothing	12,400	14,889	11,791
Assets - loss	-	-	65,161
Computer supplies	500	40,701	151
Contracted services	68,000	64,726	71,229
Student related	-	75	884
Minor equipment and tools	3,778	33,868	6,690
Minor computer equipment	2,000	2,431	-
Materials and supplies	106,669	45,378	42,664
	$ 4,934,803	$ 5,192,080	$ 4,988,239

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ **13,057,416**	$ **12,920,130**	$ 12,812,454
Professional development	**139,753**	**92,491**	43,479
Employee recognition and wellness	**33,920**	**26,878**	24,872
Professional fees	**1,076,943**	**666,062**	702,144
Travel	**473,815**	**402,699**	378,941
Recruitment and relocation	**136,341**	**111,026**	63,828
Insurance	**500**	**944**	1,681
Bank charges	**182,000**	**221,744**	186,122
Photocopying/printing	**213,867**	**177,305**	166,435
Office related supplies	**429,852**	**376,348**	378,090
Membership fees	**126,850**	**83,821**	48,084
General advertising	**277,165**	**100,802**	95,775
Doubtful receivables	**65,000**	**92,270**	78,230
Freight and customs	**124,093**	**78,545**	82,337
Telephone	**693,228**	**639,966**	663,080
Utilities	**5,700**	**6,196**	5,596
Repairs and maintenance	**80,670**	**109,124**	78,007
Vehicle operations	**276**	**2,273**	1,318
Equipment rentals	**32,299**	**2,544**	9,251
Facilities rentals	**37,488**	**37,000**	35,088
Protective clothing	**8,250**	**7,351**	6,339
Food cost	**-**	**-**	104
Computer supplies	**83,366**	**66,188**	45,523
Contracted Services	**500**	**7,072**	726
Educational materials	**13,500**	**3,675**	4,190
Student related	**600**	**8,204**	3,544
Minor equipment and tools	**78,506**	**37,520**	40,474
Minor computer equipment	**80,383**	**70,773**	62,677
Materials and supplies	**367,675**	**230,533**	185,557
	$ **17,819,956**	$ **16,579,484**	$ 16,203,946

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 62,137,206	$ 58,397,419	$ 63,874,091
Professional development	315,869	159,094	130,972
Employee recognition and wellness	-	50	415
Professional fees	244,541	285,916	140,466
Travel	452,989	398,579	456,296
Recruitment and relocation	20,000	26,892	68,806
Insurance	1,500	-	-
Photocopying/printing	169,240	246,745	185,396
Office related supplies	57,299	43,972	42,204
Membership fees	27,433	16,505	13,367
General advertising	40,861	45,662	37,112
Freight and customs	54,766	11,202	15,212
Telephone	18,516	14,442	20,305
Utilities	6,880	5,604	7,811
Repairs and maintenance	850,218	1,182,054	195,870
Vehicle operations	595,554	480,235	357,314
Equipment rentals	47,651	28,759	45,879
Facilities rentals	51,892	27,778	63,326
Protective clothing	41,022	25,546	25,252
Food cost	153,257	141,254	134,851
Laundry and drycleaning	5,825	4,958	4,187
Textbooks and supplies	100	-	-
Computer supplies	171,814	198,118	158,254
Contracted services	100,601	93,751	82,287
Educational materials	96,573	78,032	132,303
Daycare operations	109,110	89,718	72,493
Student related	125,895	127,522	253,881
Minor equipment and tools	522,886	512,243	346,854
Minor computer equipment	150,513	373,740	198,655
Materials and supplies	4,518,518	1,894,599	1,647,629
	$ 71,088,529	$ 64,910,389	$ 68,711,488

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 9,243,074	$ 8,847,619	$ 9,128,447
Professional development	27,283	18,456	27,788
Professional fees	94,000	403,277	7,172
Travel	129,386	107,709	90,788
Insurance	16,400	7,500	10,500
Photocopying/printing	225,521	125,680	91,229
Office related supplies	67,064	50,510	57,383
Membership fees	3,850	6,450	3,470
General advertising	797,919	489,945	277,763
Freight and customs	18,390	4,262	4,828
Telephone	1,650	4,783	4,431
Utilities	-	-	613
Repairs and maintenance	750	31,167	17,834
Equipment rentals	-	346	1,140
Facilities rentals	1,075	514	152
Food cost	-	34	154
Laundry and drycleaning	2,788	2,604	2,001
Computer supplies	9,396	53,605	12,291
Contracted services	112,875	201,122	428
Educational materials	251,264	213,503	169,363
Student related	77,971	66,540	70,037
Minor equipment and tools	27,256	25,934	25,086
Minor computer equipment	22,380	37,293	19,442
Materials and supplies	95,599	58,069	77,744
	$ 11,225,891	$ 10,756,922	$ 10,100,084

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	**$ 4,744,852**	**$ 4,544,375**	$ 3,905,545
Professional development	**26,741**	**1,106**	-
Professional fees	**80,565**	**-**	14,748
Travel	**197,341**	**24,032**	27,505
Photocopying/printing	**1,850**	**806**	-
Office related supplies	**14,950**	**4,421**	8,437
Membership fees	**-**	**-**	886
Freight and customs	**2,455**	**576**	330
Telephone	**11,730**	**11,764**	10,038
Utilities	**-**	**240**	-
Repairs and maintenance	**1,800**	**954**	29,493
Vehicle operations	**-**	**-**	239
Facilities Rentals	**52,632**	**-**	52,632
Protective clothing	**600**	**184**	259
Computer supplies	**2,287,752**	**1,531,398**	1,398,965
Contracted services	**-**	**13,744**	-
Minor equipment and tools	**22,844**	**15,652**	2,942
Minor computer equipment	**202,974**	**654,662**	41,643
Materials and supplies	**49,690**	**13,999**	18,972
	$ 7,698,776	**$ 6,817,913**	$ 5,512,634

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 1,769,045	$ 1,990,801	$ 1,865,795
Professional development	-	349	-
Employee recognition and wellness	-	-	96
Travel	7,229	7,515	9,987
Recruitment and relocation	-	1,542	-
Photocopying/printing	9,050	5,719	2,230
Office related supplies	16,750	12,797	16,308
General advertising	1,900	2,077	1,075
Freight and customs	138,925	148,582	140,459
Telephone	1,100	1,697	1,579
Utilities	16,265	17,686	18,510
Repairs and maintenance	40,702	29,695	23,829
Protective clothing	17,400	13,182	15,589
Food cost	721,659	803,934	792,353
Laundry and drycleaning	17,500	14,390	16,546
Textbooks and supplies	2,239,400	2,174,857	2,194,914
Computer supplies	13,812	53,648	13,673
Contracted services	71,400	65,245	531
Student related	900	2,776	881
Minor equipment and tools	7,525	17,304	8,904
Minor computer equipment	2,000	12,996	4,023
Materials and supplies	44,875	26,545	26,357
	$ 5,137,437	$ 5,403,337	$ 5,153,639

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 3,616,991	$ 3,543,822	$ 3,399,043
Professional development	781	-	-
Professional fees	3,559	200	1,678
Travel	1,529	5,265	23,192
Photocopying/printing	5,374	6,433	4,306
Office related supplies	450	715	1,058
Membership fees	150	632	603
General advertising	763	99	214
Freight and customs	8,571	1,438	1,449
Telephone	-	-	33
Utilities	-	11	-
Repairs and maintenance	6,780	22,022	14,293
Vehicle operations	3,928	817	520
Equipment rentals	250	105	253
Protective clothing	1,600	1,917	2,349
Food cost	15,619	12,299	22,318
Laundry and drycleaning	3,186	706	1,136
Computer supplies	18,528	12,879	11,731
Contracted services	-	-	548
Educational materials	23,195	21,932	13,086
Student related	399,689	621,168	580,616
Minor equipment and tools	48,138	70,393	50,203
Minor computer equipment	8,153	3,969	8,968
Materials and supplies	276,983	271,450	248,110
	$ 4,444,217	$ 4,598,272	$ 4,385,707

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 493,593	$ 493,504	$ 487,559
Professional fees	2,000	67	1,055
Travel	1,000	12,242	13,021
Photocopying/printing	3,703	16,039	8,318
Office related supplies	-	3,795	2,679
General advertising	7,733	286	1,973
Freight and customs	1,241	1,200	1,187
Utilities	-	-	1,142
Equipment rentals	-	164	262
Facilities rentals	3,610	9,362	3,605
Food cost	-	-	126
Contracted services	132,340	121,202	158,649
Educational materials	3,164	884	470
Student related	29,000	23,852	28,766
Minor computer equipment	1,959	-	-
Materials and supplies	16,400	8,110	15,613
	$ 695,743	$ 690,707	$ 724,425

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 3,582,893	$ 3,722,723	$ 3,580,321
Professional development	-	6,196	951
Professional fees	-	460	8,055
Travel	106,500	126,912	83,817
Recruitment and relocation	3,000	-	-
Photocopying/printing	25,250	14,532	17,340
Office related supplies	11,000	7,385	2,116
Membership fees	4,311	721	310
General advertising	6,000	24,675	11,762
Freight and customs	2,000	5,649	5,627
Telephone	6,060	2,971	2,886
Utilities	-	1,225	-
Repairs and maintenance	8,000	1,494	4,708
Vehicle operations	15,897	2,086	9,436
Equipment rentals	30,000	82,188	71,927
Facilities rentals	20,000	6,573	5,040
Protective clothing	10,000	4,024	5,056
Food cost	27,500	27,222	24,259
Laundry and drycleaning	1,338	1,344	1,091
Computer supplies	12,000	2,176	10,059
Contracted services	273,983	598,262	416,520
Educational materials	8,500	3,129	5,662
Student related	224,112	133,401	181,904
Minor equipment and tools	23,820	6,300	3,964
Minor computer equipment	38,061	5,029	3,455
Materials and supplies	159,033	347,726	240,738
	$ 4,599,258	$ 5,134,403	$ 4,697,004

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 345,689	$ 378,806	$ 355,138
Professional fees	80,000	70,019	110,174
Travel	98,400	107,031	90,279
Insurance	-	-	249
Photocopying/printing	556	70	40
Office related supplies	1,287	36	231
Membership fees	1,580	1,428	1,619
General advertising	3,218	167	1,010
Freight and customs	2,000	2,332	1,367
Telephone	2,200	2,803	1,679
Facilities rentals	-	-	310
Computer supplies	-	-	115
Contracted services	71,400	19,793	20,735
Educational Materials	2,000	669	3,528
Student related	3,000	2,188	4,426
Minor computer equipment	-	3,024	-
Materials and supplies	3,741	7,395	2,538
	$ 615,071	$ 595,761	$ 593,438

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	**$ 1,416,839**	**1,433,827**	$ 1,830,253
Professional development	**41,000**	**18,208**	22,204
Professional fees	**185,230**	**53,379**	59,788
Travel	**133,074**	**98,691**	87,578
Insurance	**-**	**1,458**	1,042
Photocopying/printing	**2,870**	**3,955**	4,909
Office related supplies	**8,600**	**1,274**	2,258
Membership fees	**1,500**	**2,769**	2,044
General advertising	**44,748**	**25,358**	11,640
Freight and customs	**4,242**	**4,465**	1,018
Telephone	**1,719**	**1,947**	3,497
Utilities	**10,081**	**9,915**	8,831
Repairs and maintenance	**21,181**	**90,453**	141,248
Vehicle operations	**56,452**	**14,139**	15,587
Equipment rentals	**-**	**4,167**	3,509
Facilities rentals	**21,490**	**15,410**	14,583
Protective clothing	**-**	**997**	440
Food cost	**-**	**132**	428
Computer supplies	**36,205**	**28,164**	41,148
Contracted services	**34,651**	**68,368**	209,017
Educational materials	**222,127**	**224,640**	2,587
Daycare operations	**2,619**	**-**	-
Student related	**324,589**	**309,537**	303,673
Minor equipment and tools	**160,978**	**140,414**	207,857
Minor computer equipment	**5,872**	**96,833**	119,199
Materials and supplies	**447,171**	**181,512**	179,907
	$ 3,183,238	**$ 2,830,012**	$ 3,274,245

College of the North Atlantic
Summary of Qatar Project Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ **1,291,770**	**1,183,791**	$ 1,012,921
Professional development	**2,200**	**-**	-
Professional fees	**690,475**	**415,628**	439,178
Travel	**174,000**	**116,938**	95,292
Photocopying/printing	**4,100**	**1,408**	1,928
Office related supplies	**9,150**	**4,586**	8,901
Membership fees	**4,000**	**3,977**	3,221
General advertising	**82,585**	**51,909**	49,025
Freight and customs	**3,500**	**2,141**	2,910
Telephone	**25,750**	**4,860**	29,652
Facilities rentals	**20,200**	**20,191**	25,384
Computer supplies	**3,100**	**452**	1,033
Minor equipment and tools	**2,400**	**1,305**	316
Minor computer equipment	**4,600**	**1,600**	2,823
Materials and supplies	**21,600**	**4,789**	2,873
	$ **2,339,430**	$ **1,813,575**	$ 1,675,457

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2015

	2015 Budget (Note 14)	2015	2014
Salaries and benefits	$ 103,110,734	$ 99,058,895	$ 103,787,358
Professional development	555,341	295,900	225,394
Employee recognition and wellness	33,920	26,928	25,383
Professional fees	2,463,913	1,899,098	1,485,957
Travel	1,786,687	1,423,784	1,367,505
Recruitment and relocation	159,341	139,460	132,634
Insurance	343,400	212,149	279,191
Bank charges	182,000	221,744	186,122
Photocopying/printing	661,731	599,033	485,505
Office related supplies	619,152	506,779	533,523
Membership fees	169,674	116,303	73,604
General advertising	1,262,892	741,260	487,349
Doubtful receivables	65,000	92,270	78,230
Freight and customs	362,283	260,402	256,766
Telephone	766,923	691,805	742,239
Utilities	1,641,026	1,596,406	1,714,050
Repairs and maintenance	2,025,356	2,748,870	1,460,527
Vehicle operations	848,616	651,861	534,074
Equipment rentals	121,800	123,040	139,569
Facilities rentals	378,105	279,597	369,838
Protective clothing	91,272	68,090	67,075
Assets - loss	-	-	65,161
Food cost	918,035	984,875	974,593
Laundry and drycleaning	30,637	24,002	24,961
Textbooks and supplies	2,239,500	2,174,857	2,194,914
Computer supplies	2,636,473	1,987,329	1,692,943
Contracted services	865,750	1,253,285	960,670
Educational materials	620,323	546,464	331,189
Daycare operations	111,729	89,718	72,493
Student related	1,185,756	1,295,263	1,428,612
Minor equipment and tools	898,131	860,933	693,290
Minor computer equipment	518,895	1,262,350	460,885
Materials and supplies	6,107,954	3,090,105	2,688,702
	$ 133,782,349	$ 125,322,855	$ 126,020,306

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL DE TERRE-NEUVE-ET-LABRADOR
NON-CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2014

GARDNER COOMBS
WINSOR COOMBS COPY
PLEASE SIGN AND RETURN

Management Report

Management's Responsibility for the Financial Statements

The financial statements of School District have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation 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 schedules, 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 reliable financial information is produced.

The Board of Directors of the Conseil scolaire francophone provincial (called the "Board") 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 statements on a periodic basis and external audited financial statements yearly.

The external auditors, Gardner Coombs Winsor Coombs, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the School District and meet when required.

The accompanying independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the School Board's financial statements.

On behalf of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador:

le 4 nov. 2014

Signature of the Chairperson of the Board - Mr. Ali Chaisson **Date Signed**

4 nov 2014

Signature of the Director of Education - Mr. Claude Giroux **Date Signed**

le 3 nov. 2014

Signature of the Assistant Director Education (Finance & Administration) - Mr. Peter Smith **Date Signed**

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador
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Gardner Coombs
Winsor Coombs
Chartered Accountants

59A Lemarchant Rd.
St. John's, NL
A1C 2G9
T: 709.753.3283
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gc@gardnercoombs.ca

INDEPENDENT AUDITORS' REPORT

To the Members 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 statement of financial position as at June 30, 2014 and the non-consolidated statements of operations, and accumulated surplus, change 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 Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-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 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 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 the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2014, and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

St. John's, Newfoundland and Labrador

October 24, 2014

Gardner Coombs Winsor Coombs

Chartered Accountants

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

FINANCIAL ASSETS

	2014	2013
Bank	$ 78,792	$ 99,396
Short Term Investments	209,500	309,500
Accounts Receivable (Note 8)	658,617	827,001
HST Receivable	32,991	28,808
	979,900	1,264,705

FINANCIAL LIABILITIES

	2014	2013
Due to the Government of Newfoundland and Labrador	182,700	233,327
Accounts Payable and Accruals (Note 9)	57,719	72,739
Summer Pay Liability (Note 4)	501,489	676,248
Deferred Revenue	77,097	61,136
Repayable Deposits (Note 6)	10,280	10,139
Employee Future Benefits		
Accrued Severance Pay (Note 12)	601,408	521,220
Accrued Sick Leave (Note 7)	469,568	433,079
Other (Note 13)	110,376	76,828
	2,010,637	2,084,716
Net Debt	(1,030,737)	(820,011)

NON-FINANCIAL ASSETS

	2014	2013
Capital Assets (Schedule 7)	8,633,674	8,927,689
Prepaid Expenses (Supp. Info 1)	10,071	14,154
	8,643,745	8,941,843
Accumulated surplus (Note 11)	$ 7,613,008	$ 8,121,832

Approved:

_______________ Chair _______________ Director of Education

See accompanying notes to the financial statements

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
NON-CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Revenue (Schedule 1)			
Provincial Government Grants	$ 7,041,044	$ 7,111,206	$ 7,824,504
Grants - Official Languages in Education Projects	1,030,913	1,024,252	1,067,717
Ancillary Services	147,200	146,830	145,050
Miscellaneous	1,800	13,514	10,945
Total revenue	8,220,957	8,295,802	9,048,216
Expenditures			
Administration (Schedule 2)	546,194	547,371	523,526
Instruction (Schedule 3)	4,856,000	5,165,851	4,855,917
Operations and Maintenance (Schedule 4)	1,132,750	1,352,804	1,930,777
Pupil Transportation (Schedule 5)	505,000	548,689	509,302
Ancillary Services & Miscellaneous (Schedule 6)	233,600	252,407	249,864
Pupil Services - Official Languages in Education Projects (Schedule 8)	815,615	759,039	843,583
Community Programs - Official Languages in Education Projects (Schedule 9)	181,798	178,465	181,798
Total expenditure	8,270,957	8,804,626	9,094,767
Excess Expenditures over Revenue	(50,000)	(508,824)	(46,551)
Accumulated Surplus, Beginning of Year	8,121,832	8,121,832	8,168,383
Accumulated Surplus, End of Year (Note 11)	$ 8,071,832	$ 7,613,008	$ 8,121,832

See accompanying notes to the financial statements

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
NON-CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Excess of expenses over revenue	$ (50,000)	$ (508,824)	$ (46,551)
Acquisition of tangible capital assets	-	(157,623)	(432,288)
Amortization of tangible capital assets	412,800	451,639	432,207
Net change in prepaid expenses	-	4,082	(3,789)
Change in net debt	362,800	(210,726)	(50,421)
Net debt, beginning of year	(820,011)	(820,011)	(769,590)
Net assets (debt), end of year	$ (457,211)	$ (1,030,737)	$ (820,011)

See accompanying notes to the financial statements

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

	2014	2013
Cash from (used for)		
Operating Transactions		
Excess of expenditures over revenue	$ (508,824)	$ (46,551)
Items not affecting cash		
Amortization	451,639	432,207
Accounts receivable	168,384	(173,861)
HST receivable	(4,183)	(719)
Prepaid expenses	4,083	(3,788)
Due to Government of Newfoundland and Labrador	(50,627)	58,711
Accounts payable and accruals	(15,020)	(31,221)
Repayable deposits	141	421
Summer pay liability	(174,759)	208,755
Accrued severance pay	80,188	69,439
Accrued sick leave	36,489	36,717
Other employee future benefits	33,548	2,409
Deferred revenue	15,960	8,842
	37,019	561,361
Capital asset transactions		
Government purchase - modular classrooms	-	(374,541)
Additions to capital assets	(157,623)	(57,747)
	(157,623)	(432,288)
Investing activities		
Short term investments	100,000	-
Increase (decrease) in cash	(20,604)	129,073
Cash (bank indebtedness), beginning of year	99,396	(29,677)
Cash (bank indebtedness), end of year	$ 78,792	$ 99,396

See accompanying notes to the financial statements

1. Nature of Operations

The Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador (CSFP or "the Board") 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 province of Newfoundland and Labrador and it possesses the same authority as the English public school board of the province, but with an extra mandate to promote the French language and culture.

2. Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector which are represented by standards issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

A summary of significant accounting policies adopted by the Board 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 administrations.

b) The Board's main source of funding is derived from 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 severance pay, sick leave and executive paid leave. In these three cases, funding is recorded when the severance is paid to employees (see Note 12), when sick leave is taken (Note 7) or when paid leave is taken by executives (see Note 13). 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.

c) Capital asset additions are recorded at full cost 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) The School Board has acquired, in certain cases, land for its buildings without cost. In other cases, the Board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. Finally, in cases where the land is Board property and value determinations were not possible, fair market values were not recorded.

f) The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies for all principals, teachers, student assistants, board management and program coordinators. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

g) All permanent employees of the Board 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 Board. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador. For pensions, employer contributions are recognized in the accounts on a current basis.

h) 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 the CSFP or another public sector employer. Severance is payable when the employee ceases employment with the CSFP 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 over time, per the actuarial calculation, through the non-consolidated statement of operations.

i) Employees of the CSFP are entitled to sick pay benefits which accumulate but do not vest. In accordance with Public Sector Accounting for post-employment benefits and compensated balances, the CSFP 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 over time, per the actuarial calculation, through the non-consolidated statement of operations.

j) In preparing the financial statements for the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Examples of significant estimates include:

- the liability for Employee Future Benefits
- providing for amortization of tangible capital assets
- the estimated useful lives of assets

3. Financial Instruments

The Board's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and employee benefits payable. It is management's opinion that the Board is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

The carrying value of the Board's financial instruments approximate fair values.

4. Summer Pay Liability

The Board records a vacation (summer) pay liability for teachers in the District. This liability relates to teacher's salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the Board has recorded teachers' vacation pay receivable of $501,489 in Accounts Receivable (2013 - $676,248).

5. Insurance Subsidy

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

6. Repayable Deposits

The School Board collects performance bonds from suppliers for the provision of multi-year heating, ventilation and air conditioning maintenance contracts as well as for multi-year snow clearing contracts. These deposits earn interest at market rates. The balance as at June 30, 2014 is payable as follows:

2014	$	2,780
2015		6,000
2016		1,500
Total:	$	10,280

7. Employee Future Benefits - Accrued Sick Leave

	2014	2013
Accrued benefit liability, beginning of year	$ 433,079	$ 396,362
Benefits expense		
Current service cost	60,174	60,756
Interest expense	17,591	14,681
Amortization of loss in period	772	2,005
Benefits paid	(42,048)	(40,725)
Total accrued benefit liability, end of year	469,568	433,079
Unamortized actuarial experience loss (gain)	13,649	7,754
Total accrued benefit obligation	483,217	440,833
Accrued benefit liability according to employee groups		
Teachers	412,999	379,073
Board employees	40,094	38,549
Student assistants	16,475	15,457
Total accrued benefit liability, end of year	$ 469,568	$ 433,079

The significant actuarial assumptions used in measuring the accrued sick leave and benefits expenses are as follows:

	2014	2013	2012
Discount rate - benefit cost (%)	3.70	3.91	3.40

Rate of compensation increase

Teachers - less than 10 yrs service	7.25%
Teachers - more than 10 yrs service	4.00%
Student assistants	4.00%
Board employees	4.00%

8. Accounts Receivable

	2014	2013
Provincial government	$ 3,136	$ 73,405
Provincial government - Summer pay - teachers	501,489	676,248
Provincial government - Transportation	58,674	-
Federal government	11,521	32,663
Rent	54,906	7,463
Interest	536	963
Travel advances and miscellaneous	300	4,875
Provincial government construction grants	28,055	31,384
	$ 658,617	$ 827,001

9. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	$ 26,025	$ 40,122
Accrued liabilities	22,000	32,617
Accrued salaries and benefits payable	9,694	-
	$ 57,719	$ 72,739

10. Expenses by Object

	2014	2013
Salary	$ 5,401,509	$ 5,290,332
Employee benefits	1,010,246	909,026
Supplies and services	1,550,607	2,065,526
Contract services and fees	237,958	266,891
Training	90,857	80,794
Rentals	61,422	49,575
Amortization	451,640	432,205
Interest	387	418
	$ 8,804,626	$ 9,094,767

11. Breakdown of Accumulated Surplus

Year end composition	2014	2013
Restricted reserve - Centre des Grands-Vents (Note 14)	$ 61,863	$ 63,000
Net investment in capital assets	8,633,674	8,921,867
Unfunded accrued sick leave (Note 7)	(469,568)	(433,079)
Unfunded accrued employee severance pay (Note 12)	(545,906)	(439,633)
Unfunded paid leave - executive (Note 13)	(80,785)	(53,913)
Operating accumulated surplus	13,730	63,590
Total accumulated surplus	$ 7,613,008	$ 8,121,832

12. Employee Future Benefits - Accrued Severance Pay

	2014	2013
Accrued benefit liability, beginning of year	$ 521,220	$ 451,781
Benefits expense		
Current service cost	91,271	98,656
Interest expense	21,906	17,037
Amortization of loss in period	1,169	4,082
Benefits paid	(34,158)	(50,336)
Accrued benefit liability, end of year	601,408	521,220
Unamortized actuarial loss (gain)	23,487	10,468
Accrued benefit obligation, end of year	624,895	531,688
Accrued benefit liability according to employee groups		
Teachers	499,428	400,066
Board employees	95,743	116,783
Student assistants	6,237	4,371
Total accrued benefit liability, end of year	$ 601,408	$ 521,220

The significant actuarial assumptions used in measuring the accrued sick leave and benefits expenses are as follows:

	2014	2013	2012
Discount rate - benefit cost (%)	3.70	3.91	3.40

Rate of compensation increase	
Teachers - less than 10 yrs service	7.25%
Teachers - more than 10 yrs service	4.00%
Student assistants	4.00%
Board employees	4.00%

13. Employee Future Benefits - Other

Paid leave for executive staff and vacation pay benefits payable for Board office administration staff, school secretaries and janitorial staff are recorded in accordance with the benefit rates applicable to these groups.

Other employee future benefits is comprised of the following:

	2014	2013
Executive staff paid leave	$ 80,785	$ 53,913
Employee vacation pay	29,591	22,915
	$ 110,376	$ 76,828

14. Reserve

In accordance with leases with the tenants of the Centre scolaire et communitaire des Grand-Vents in St. John's, the CSFP maintains a reserve constituted of funds that management has designated as restricted for the future purchase of computer equipment and major renovations to this building.

15. 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
SCHEDULE 1 - REVENUES
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Revenues			
Grants - Official Languages in Education			
Regular projects	$ 997,413	$ 967,413	$ 1,027,354
Official language monitor	33,500	56,839	40,363
	1,030,913	1,024,252	1,067,717
Provincial government grants			
Regular operating grants	1,542,894	1,510,776	1,622,206
Acquisition of capital assets - buildings and land	410,000	-	374,541
Major renovations to buildings	-	89,057	661,707
Special grants			
Communication tech (Powerschool)	20,000	12,792	10,918
Other	11,000	249,971	226,575
Salaries and benefits			
Director and Assistant Director	279,650	273,063	242,010
Regular teachers	3,915,000	3,986,721	3,814,237
Substitute teachers	150,000	192,238	206,510
Student assistants	110,000	139,750	99,227
Senior Education Officer	120,000	116,058	98,006
Pupil transportation			
Contracted	482,500	540,780	468,567
	7,041,044	7,111,206	7,824,504
Ancillary Services			
Revenues from rental of residences	9,700	10,350	6,351
Revenues from rental of schools and facilities - Grand-Vents	112,500	111,480	113,699
Other rental - ARCO - West Coast	25,000	25,000	25,000
	147,200	146,830	145,050
Miscellaneous			
Interest on investments	1,300	1,398	1,286
Recoveries of expenditures	-	12,116	8,453
Other - sundry	500	-	1,206
	1,800	13,514	10,945
Total revenues	$ 8,220,957	$ 8,295,802	$ 9,048,216

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 2 - ADMINISTRATION EXPENDITURES
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Salaries and benefits			
Director and Assistant Director	$ 279,650	$ 300,851	$ 245,744
Board office personnel	77,950	79,442	98,243
Office supplies	5,000	2,676	3,968
Replacement furniture and equipment	5,000	3,441	3,389
Postage	5,000	4,035	3,796
Telephone/internet	17,000	13,328	15,568
Office equipment rentals and repairs	10,000	9,888	10,138
Bank charges	4,000	3,626	3,891
Office rental	5,000	-	-
Repairs and maintenance - office buildings	3,000	2,551	2,761
Travel	17,500	19,691	14,431
Board meeting expenses	40,000	26,790	31,034
Professional fees	28,500	48,212	28,651
Advertising - recruitment	12,500	1,967	17,543
Membership dues	18,750	11,177	18,818
Municipal service fees	1,500	-	996
Relocation expenses	-	-	7,863
Miscellaneous	544	100	246
Amortization	12,800	15,015	14,614
Training	2,500	3,831	1,832
Assurance	-	750	-
Total administrative expenditures	$ 546,194	$ 547,371	$ 523,526

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 3 - INSTRUCTIONAL EXPENDITURES
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Instructional salaries (gross)			
Teachers' salaries			
Regular	$ 3,300,000	$ 3,368,845	$ 3,226,326
Substitutes	150,000	185,070	186,012
Senior Education Officer	120,000	116,447	98,006
Board pay	4,500	492	-
Employee benefits - general	540,000	576,106	546,320
Employee benefits - sick leave and severance	-	142,672	86,511
School secretaries - salaries and benefits	177,000	176,352	195,379
Payroll tax	75,000	80,409	75,936
Other - salary and benefits - program coordinators	140,000	123,909	118,559
Other - salary and benefits - student assistants	110,000	109,513	88,306
	4,616,500	4,879,815	4,621,355
Instructional materials			
General supplies	21,500	21,913	17,989
Teaching aids	27,750	39,868	38,387
	49,250	61,781	56,376
Instructional furniture and equipment			
Replacement	26,500	18,720	27,473
Rentals and repairs	7,750	6,932	7,720
	34,250	25,652	35,193
Instructional staff travel			
Program co-coordinators	5,000	-	-
Teachers' travel	16,500	20,257	20,707
In-service and conferences	2,500	-	1,437
	24,000	20,257	22,144
Other instructional costs			
French monitor program	37,500	62,054	44,037
Inclusion - support services	10,000	35,039	6,412
Secretaries - training	7,000	4,078	1,920
Secretaries - travel	2,500	1,386	1,045
Secretaries - equipment	4,000	3,065	-
Kinderstart	1,000	593	1,500
PowerSchool	20,000	12,829	8,489
Art workshop	-	1,978	641
	82,000	121,022	64,044
Amortization	50,000	57,324	56,805
Total instruction expenditures	$ 4,856,000	$ 5,165,851	$ 4,855,917

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 4 - OPERATIONS AND MAINTENANCE EXPENDITURES (SCHOOLS)
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Salaries - janitorial	$ 245,000	$ 261,854	$ 302,388
Salaries - maintenance	79,250	91,769	95,244
Electricity	150,000	163,353	163,968
Municipal service fees/garbage removal	17,000	20,997	20,087
Telephone	26,000	23,101	25,131
Vehicle operating and travel	24,000	23,230	19,133
Janitorial supplies	19,000	17,740	15,743
Janitorial equipment	2,500	647	2,898
Minor repairs and maintenance - buildings	55,000	156,164	167,356
Major repairs and maintenance - buildings	-	89,057	661,707
Repairs and maintenance - equipment	81,500	36,811	11,007
Contracted services - janitorial	1,500	-	-
Snow clearing	80,000	93,631	88,772
Other - training	4,500	-	-
Other - security systems	2,500	1,853	1,987
Amortization	345,000	372,597	355,356
Total operations and maintenance	$ 1,132,750	$ 1,352,804	$ 1,930,777

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 5 - PUPIL TRANSPORTATION EXPENDITURES
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Contracted services			
Regular Transportation	$ 500,000	$ 541,233	$ 503,313
Extracurricular Busing	5,000	7,456	5,989
Pupil transportation expenditures	$ 505,000	$ 548,689	$ 509,302

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 6 - ANCILLARY SERVICES AND MISCELLANEOUS EXPENDITURES
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Ancillary Service Expenditures			
Operation of teachers' residences	$ 48,600	$ 49,710	$ 41,324
Other - Community Centre operations	180,000	195,993	194,353
Amortization	5,000	6,704	5,430
Total ancillary services	233,600	252,407	241,107
Miscellaneous Expenditures			
Wordpress	-	-	5,000
Special project - Claquer des mots	-	-	3,757
Total miscellaneous expenses	-	-	8,757
Total ancillary services and misc. expenses	$ 233,600	$ 252,407	$ 249,864

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 7 - DETAILS OF CAPITAL ASSETS
YEAR ENDED JUNE 30, 2014

	Cost 2013	Additions 2014	Cost 2014	Accumulated Amortization 2014	Net Book Value 2014	Net Book Value 2013
Land and Sites						
Land and Sites	$ 125,000	$ -	$ 125,000	$ -	$ 125,000	$ 125,000
Buildings						
Schools	13,819,876	-	13,819,876	5,632,735	8,187,141	8,517,999
Administration	-	-	-	-	-	-
	13,819,876	-	13,819,876	5,632,735	8,187,141	8,517,999
Furniture and Equipment						
Schools	672,770	17,268	690,038	526,741	163,297	203,352
Administration	118,956	-	118,956	113,145	5,811	11,170
Other - Centre des Grands-Vents	54,304	12,732	67,036	42,100	24,936	18,908
	846,030	30,000	876,030	681,986	194,044	233,430
Computers						
Schools	413,289	114,898	528,187	419,533	108,654	35,495
Administration	241,281	12,725	254,006	235,171	18,835	15,765
	654,570	127,623	782,193	654,704	127,489	51,260
Total Capital Assets	$15,445,476	$ 157,623	$15,603,099	$ 6,969,425	$ 8,633,674	$ 8,927,689

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 8 - PUPIL SERVICES - OFFICIAL LANGUAGES IN EDUCATION PROJECTS
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Language recovery	$ 240,000	$ 247,819	$ 237,979
School programs coordination	120,000	106,528	77,629
Student support services	110,000	105,416	117,244
Art and cultural programming	56,115	46,766	99,548
Principal and teacher training	57,000	60,300	60,493
Promotion and communications services	46,000	50,356	50,768
Federal project administration	45,000	50,244	49,071
Technology support services	47,500	47,500	47,240
Teacher recruitment and retention	29,000	24,260	37,372
French professional services	30,000	14,225	31,072
Educational resource centre	5,000	5,625	9,847
School board governance	-	-	25,320
Classroom technology	30,000	-	-
Total pupil services - Official Languages in Education Projects	$ 815,615	$ 759,039	$ 843,583

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SCHEDULE 9 - COMMUNITY PROGRAMS - OFFICIAL LANGUAGES IN EDUCATION PROJECTS
YEAR ENDED JUNE 30, 2014

	Budget 2014	Actual 2014	Actual 2013
Preschool program	$ 75,356	$ 71,386	$ 72,719
After school programs	63,660	62,463	63,629
Family literacy - Port-au-Port peninsula	30,688	30,339	30,906
Saturday activity camp	12,094	14,277	14,544
Total community programs - Official Languages in Education Projects	$ 181,798	$ 178,465	$ 181,798

CONSEIL SCOLAIRE FRANCOPHONE PROVINCIAL
DE TERRE-NEUVE-ET-LABRADOR
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

		2014		2013
1. Prepaid Expenses				
Worker's compensation commission	$	5,571	$	8,260
Prepaid meeting expenses		350		1,844
Rental - damage deposit		4,150		4,050
Total prepaid expenses	$	10,071	$	14,154

CREDIT UNION DEPOSIT GUARANTEE CORPORATION NL

Financial Statements

Year Ended December 31, 2014

BRIAN T. SCAMMELL CA CBV
ASSURANCE VALUATION & ADVISORY

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St. John's, NL A1A 5B5
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation NL

I have audited the accompanying financial statements of Credit Union Deposit Guarantee Corporation NL, which comprise the balance sheet as at December 31, 2014 and the statements of income and fund balance and cash flow 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 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 NL as at December 31, 2014 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

Brian Scammell

St. John's, NL
March 31, 2015

CHARTERED PROFESSIONAL ACCOUNTANT

CREDIT UNION DEPOSIT GUARANTEE CORPORATION NL

Balance Sheet

December 31, 2014

		2014		2013
ASSETS				
Cash	**$**	**41,781**	$	52,809
Marketable securities *(Market value $7,100,110; 2013 - $6,450,110) (Note 4)*		**7,100,110**		6,450,110
Accounts receivable		**500**		614
Interest receivable		**80,044**		24,390
Harmonized sales tax recoverable		**20,144**		28,421
Prepaid expenses		**442**		441
Property, plant and equipment *(Note 5)*		**12,494**		11,864
	$	**7,255,515**	$	6,568,649
LIABILITIES				
Accounts payable	**$**	**545,815**	$	530,825
FUND BALANCE		**6,709,700**		6,037,824
LIABILITIES AND FUND BALANCE	**$**	**7,255,515**	$	6,568,649

ON BEHALF OF THE BOARD

William Langthorne *Director*

Director

CREDIT UNION DEPOSIT GUARANTEE CORPORATION NL

Statement of Income and Fund Balance

Year Ended December 31, 2014

	2014	2013
REVENUE		
Assessments	$ 1,555,732	$ 1,481,306
Bonding insurance	277,197	276,968
Interest	121,058	111,212
Other	800	1,150
	1,954,787	1,870,636
EXPENSES		
Salaries and wages	530,587	527,933
Insurance	224,707	224,010
Training	48,067	30,990
Rental	44,460	44,460
Meetings and conventions	38,867	31,880
Travel	27,554	38,824
Data access costs	13,630	13,228
Telephone	12,752	11,714
Office	12,610	11,469
Professional fees	11,661	10,793
Directors fees	9,725	7,830
Advertising and promotion	4,368	76,743
Amortization	3,526	3,391
	982,514	1,033,265
INCOME FROM OPERATIONS	972,273	837,371
OTHER INCOME (EXPENSES)		
Loss on disposal of assets	(397)	-
Assistance to credit unions	(300,000)	(300,000)
	(300,397)	(300,000)
NET INCOME	671,876	537,371
RETAINED EARNINGS - BEGINNING OF YEAR	6,037,824	5,500,453
RETAINED EARNINGS - END OF YEAR	$ 6,709,700	$ 6,037,824

CREDIT UNION DEPOSIT GUARANTEE CORPORATION NL

Statement of Cash Flow

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Net income	$ 671,876	$ 537,371
Items not affecting cash:		
Amortization of property, plant and equipment	3,526	3,391
Loss on disposal of assets	397	-
Interest revenue	(121,058)	(111,212)
	554,741	429,550
Changes in non-cash working capital:		
Accounts receivable	114	248
Interest received	65,404	154,439
Accounts payable	14,990	(158,001)
Prepaid expenses	(1)	(51)
Harmonized sales tax payable	8,277	3,729
	88,784	364
Cash flow from operating activities	643,525	429,914
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,670)	(2,589)
Proceeds on disposal of property, plant and equipment	117	-
Proceeds from sale of marketable securities	6,000,000	1,079,770
Purchase of marketable securities	(6,650,000)	(1,520,000)
Cash flow used by investing activities	(654,553)	(442,819)
DECREASE IN CASH FLOW	(11,028)	(12,905)
Cash - beginning of year	52,809	65,714
CASH - END OF YEAR	$ 41,781	$ 52,809

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

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements for the year ended December 31, 2014 were authorized for issue by the Corporation's Board of Directors on March 31, 2015.

Basis of preparation

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 judgements 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 reviewed on an ongoing basis. 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

The amount recognized as accounts payable and accrued liabilities is the best estimate of the consideration required to settle the related liability, taking into account the risks and uncertainties surrounding the obligation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing these financial statements are reasonable, Actual results in the future may differ materially from those reported.

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.

(continues)

2. BASIS OF PREPARATION *(continued)*

(b) Economic lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment based on historical experience of the actual lives of property, plant and equipment of similar nature and functions, and reviews these estimates at the end of each reporting period.

Application of new and revised standards

In the current year, the Corporation applied the following new and amended IFRS issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for the year ended December 31, 2014.

Recoverable Amount Disclosures for Non-Financial Assets

The Corporation has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The adoption of the new standard had no impact on the operations or reporting of the Corporation.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to the existing standards have been issued by the IASB but are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements:

(a) Financial instruments

In November 2009 and October 2010, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), Classification and Measurement of Financial Assets and Financial Liabilities. IFRS 9 will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39.

In November 2013, the IASB announced the completion of a package of three amendments to the accounting requirements for financial statements set out in IFRS 9. The amendments are as follows:

- bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
- allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

The Corporation is assessing the potential impact of these new amendments and standards.

(continues)

2. BASIS OF PREPARATION *(continued)*

(b) Clarification of Acceptable Methods of Depreciation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for property, plant and equipment.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Corporation uses the straight-line and declining balance methods for depreciation of its property, plant and equipment. Management of the Corporation believe that these methods are the most appropriate to reflect the consumption of economic benefits inherent in the respective assets and accordingly, management of the Corporation does not anticipate that the application of this amendment to IAS 16 will have a material impact on the Corporation's financial statements.

(c) Revenue for Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 is applicable for annual periods beginning on or after January 1, 2017, with earlier application permitted. Management of the Corporation is assessing the potential impact of this new 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.

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 except for cash and cash equivalents.

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.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment 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 property, plant and equipment to eliminate obsolete items.

Property, plant and equipment 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.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 $25,579 (2013- $23,992).

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 $8,461 (2013 - $7,966)

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

	2014	2013
Concentra Financial term deposit, 1.60%, maturing April 28, 2015	$ 1,100,000	$ -
Concentra Financial term deposit, 1.76%, matured April 9, 2014	-	5,000,000
Bank of Montreal term deposit, 1.76%, maturing April 10, 2015.	6,000,000	-
Concentra Financial term deposit, 1.67%, matured April 28, 2014	-	1,450,000
Newfoundland and Labrador Credit Union share	100	100
Concentra share	10	10
	$ 7,100,110	$ 6,450,110

5. PROPERTY, PLANT AND EQUIPMENT

2014

	Computers	Signage	Furniture and Fixtures	Total
	$	$	$	$
Cost				
Balance, beginning of year	78,873	1,547	35,047	115,467
Additions	3,497	-	1,173	4,670
Disposals	515	-	-	515
Balance, end of year	81,855	1,547	36,220	119,622
Accumulated Depreciation				
Balance, beginning of year	73,787	433	29,383	103,603
Amortization expense	2,052	223	1,250	3,525
	75,839	656	30,633	107,128
Net book value	**6,016**	**891**	**5,587**	**12,494**

2013

	Computers	Signage	Furniture and Fixtures	Total
	$	$	$	$
Cost				
Balance, beginning of year	77,084	1,547	34,247	112,878
Additions	1,789	-	800	2,589
Disposals	-	-	-	-
Balance, end of year	78,873	1,547	35,047	115,467
Accumulated Depreciation				
Balance, beginning of year	71,990	155	28,067	100,212
Amortization expense	1,797	278	1,316	3,391
Balance, end of year	73,787	433	29,383	103,603
Net book value	**5,086**	**1,114**	**5,664**	**11,864**

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 2014 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 $131,197.

The Corporation has the following non-capital losses available, listed by year of expiry, 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

2015	$ 362,558
2026	350,333
2027	255,907
2028	387,654
2029	434,292
2030	575,432
2031	654,705
2032	658,896
2033	631,274
2034	565,881
	$ 4,876,932

11. RELATED PARTY TRANSACTIONS

The Corporation's compensation, including the employers' portion of benefits, to key management personnel in 2014, 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 Corporation, including directors and management was $241,669 (2013 - $226,609).

Dairy Farmers of Newfoundland and Labrador

Financial Statements

July 31, 2014

BUSSEY PORTER HETU
CERTIFIED GENERAL ACCOUNTANTS
Network member of
Porter Hetu International
Professional Services Group

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, 2014 and the statement of operations and changes in net assets and cash flow for the year then ended, 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, 2014 and its financial performance and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Bussey Porter Hetu

Bussey Porter Hétu
Certified General Accountants

Conception Bay South, Newfoundland
October 14, 2014

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66 Indian Pond Estates
CBS, NL A1X 6P7
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Dairy Farmers of Newfoundland and Labrador
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended July 31, 2014

	Budget	2014	2013
Revenue			
Market share quota (Note 5)	$ -	$ 13,172,883	$ 14,310,725
Dairy Farmers of Newfoundland and Labrador Board levies	1,069,720	1,064,813	976,046
New entrants levy	155,000	150,885	149,529
Top up program	18,000	17,539	17,539
Government funding - special projects (Note 6)	-	765,294	319,112
Special project income (Note 7)	-	42,834	37,697
Other income	-	15	1,950
	1,242,720	15,214,263	15,812,598
	-		
Direct expenditures	-		
Market share quota (Note 5)	-	13,172,883	14,310,725
Special project costs (Note 8)	-	812,585	336,159
Fluid Milk Dairy Farmers of Canada promotion levy	200,000	208,887	64,813
Dairy Farmers of Canada ice cream promotion fund	50,000	52,463	48,248
	250,000	14,246,818	14,759,945
	-		
	992,720	967,445	1,052,653
Operating expenditures (page 9)	962,065	913,820	935,957
Excess of revenue over expenditures	30,655	53,625	116,696
Interest	-	-	2,624
Excess of revenue over expenditures	$ 30,655	$ 53,625	$ 119,320

	2014	2013
Net sssets, beginning of year	$ 639,031	$ 519,711
Excess of revenue over expenditures	53,625	119,320
Net assets, end of year	$ 692,656	$ 639,031

Dairy Farmers of Newfoundland and Labrador

STATEMENT OF FINANCIAL POSITION

As at July 31, 2014

	2014	2013
ASSETS		
Current		
Cash and cash equivalents	$ 567,386	$ 83,967
Accounts receivable	2,357,073	2,647,315
HST Receivable	4,552	8,632
Prepaid expenses and deposits	23,831	10,100
	2,952,842	2,750,014
Capital assets (Note 2)	4,102	4,640
	$ 2,956,944	$ 2,754,654
LIABILITIES		
Current		
Payables and accruals	$ 2,227,358	$ 2,059,098
Accrued severance pay	32,828	51,885
	2,260,186	2,110,983
NET ASSETS		
Net assets	692,656	639,031
Investment in capital assets (Note 4)	4,102	4,640
	696,758	643,671
	$ 2,956,944	$ 2,754,654

On behalf of the Board

_____________ Director

November 10/14 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, 2014

		2014		2013
Cash flows from operating activities				
Net income	$	53,625	$	119,320
Items not requiring an outlay of cash:				
Capital expenditures		955		670
		54,580		119,990
Changes in non-cash working capital:				
Receivables		294,322		122,736
Prepaid expenses		(13,731)		8,139
Payables and accruals		168,260		(587,159)
Accrued severance pay		(19,057)		11,303
Deferred income		-		(8,599)
		484,374		(333,590)
Cash flows used in investing activities				
Purchase of property, plant, and equipment		(955)		(670)
		(955)		(670)
Increase (decrease) in cash and cash equivalents		483,419		(334,260)
Cash and cash equivalents, beginning of year		83,967		418,227
Cash and cash equivalents, end of year	$	567,386	$	83,967

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 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 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 share 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 non-financial assets, 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 2.

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.

2. Capital assets

	Rate	Cost	Accumulated Amortization	Net Book Value 2014	Net Book Value 2013
Computer equipment	45%	$ 10,830	$ 9,887	$ 944	$ 1,766
Furniture and equipment	20%	40,173	37,015	3,158	2,873
		$ 51,003	$ 46,902	$ 4,102	$ 4,640

3. 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, 2014, there was a balance of $nil (2013 - $nil) outstanding on the line of credit.

4. Investment in capital assets

	2014	2013
Balance, beginning of year	$ 4,640	$ 5,966
Capital expenditures	955	670
Depreciation	(1,493)	(1,996)
	$ 4,102	$ 4,640

5. Market share quota

	2014	2013
Revenue		
Industrial milk	$ 10,572,656	$ 11,290,495
Canadian Dairy Commissions pooling charges	1,227,652	1,622,791
Transportation	1,240,449	1,246,610
Dairy Farmers of Canada promotion levy	132,126	150,829
	$ 13,172,883	$ 14,310,725
Direct expenditures		
Industrial milk	$ 10,572,656	$ 11,290,495
Canadian Dairy Commissions pooling charges	1,227,652	1,622,791
Transportation	1,240,449	1,246,610
Dairy Farmers of Canada promotion levy	132,126	150,829
	$ 13,172,883	$ 14,310,725

6. Government funding - special projects

The Board received Government funding for the following projects:

	2014	2013
Land Development Initiative	$ 750,000	$ 286,416
Government funding	-	13,678
Profit profiler	15,294	13,745
Nutrient Management Planning	-	5,273
	$ 765,294	$ 319,112

7. Special project income

	2014	2013
DFC Annual Policy Conference	-	$ 37,697
Agritechnia	$ 42,834	-
	$ 42,834	$ 37,697

8. Special project costs

	2014	2013
Land Development Initiative	$ 750,088	$ 286,416
DFC Annual Policy Conference 2012	-	10,348
Cost of Production Update	-	3,633
Agritechnia	44,504	-
Profit profiler	17,993	16,170
Nutrient Management Planning	-	5,273
Atlantic John's Disease Initiative	-	14,319
	$ 812,585	$ 336,159

9. Commitments

The Board has commitments for the lease of office space and equipment for the next two years as follows: 2015 - $24,639; and 2016 -$24,639.

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.

10. Contingency

For employment contracts prior to June 8, 2009 the board has a potential liability to pay approximately $118,023 to one employee for sick leave for 510.50 days if necessary

Effective June 8, 2009 employees are eligible to accumulate sick leave until retirement or termination to a maximum of 90 days. Unused sick leave is not eligible for payment on retirement or termination, nor can it be used as vacation.

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 its 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, 2014, 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 2014.

Dairy Farmers of Newfoundland and Labrador

SCHEDULE OF OPERATING EXPENSES
For the year ended July 31, 2014

	Budget	2014	2013
Advertising	$ 20,000	$ 6,046	$ 8,560
Board annual and semi-annual meetings	20,000	28,184	16,074
Capital expenditures	2,000	955	670
Conference and meetings	25,000	24,754	19,154
CDC audit fees	10,000	9,500	10,000
CQM initiatve payment	3,500	3,250	4,400
DFC membership and Balance Co.	24,000	16,029	
Donations,dues and subscriptions	20,000	1,800	20,759
Equipment leasing	3,300	3,230	2,873
Eric Williams Memorial Scholarship	2,000	2,000	
Federation of Agriculture	22,500	22,500	22,500
Insurance	2,000	1,958	1,825
Interest and bank charges	2,000	2,389	871
Milk testing	5,000	4,688	5,831
Miscellaneous	1,000	4,894	1,735
National cost of production study		2,037	
Office supplies, postage and phone	18,000	15,603	16,263
Per diems and honorarium	35,000	30,360	33,905
Professional fees	20,000	30,082	14,265
Research	10,000	10,000	10,000
Repairs and maintenance	2,100	2,058	2,029
School Milk Foundation	339,665	339,665	339,665
Rent and utilities	18,000	19,651	17,179
Travel	65,000	50,344	70,526
Wages and benefits	292,000	281,843	316,873
	$ 962,065	$ 913,820	$ 935,957

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

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

MARCH 31, 2015

AUDITOR
GENERAL
of 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, 2015, 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 accounting policies described in Note 1 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*, 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, 2015, and its receipts and disbursements for the year then ended in accordance with the accounting policies described in Note 1 to these financial statements.

Basis of Accounting and Restriction on Use

Without modifying my opinion, I draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared 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*. As a result, the financial statements may not be suitable for any other purpose. My report is intended solely for the use of the Director of Support Enforcement and the Government of Newfoundland and Labrador and should not be used by anyone other than the specified users.

TERRY PADDON, CPA, CA
Auditor General

June 12, 2015
St. John's, Newfoundland and Labrador

DIRECTOR OF SUPPORT ENFORCEMENT
BALANCE SHEET

March 31	2015	2014
ASSETS		
Cash	$ 1,024,852	$ 993,769
Accounts receivable (Note 2)	23,615,183	23,217,954
Other receivables (Note 3)	21,819	18,979
	$ 24,661,854	$ 24,230,702
LIABILITIES		
Accounts payable (Note 4)	$ 24,625,787	$ 24,197,282
Other payables (Note 5)	36,067	33,420
	$ 24,661,854	$ 24,230,702

See accompanying notes

Signed: ______________________
Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31	2015	2014
RECEIPTS		
Regular support	$ 38,085,518	$ 36,397,093
Out-of-system support	1,073,912	1,006,661
	39,159,430	37,403,754
DISBURSEMENTS		
Regular support	37,489,388	35,814,303
Out-of-system support	1,073,912	1,006,661
Other payments	565,047	538,103
	39,128,347	37,359,067
Excess of receipts over disbursements	31,083	44,687
Cash, beginning of year	993,769	949,082
Cash, end of year	$ 1,024,852	$ 993,769

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 Public Safety 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 and Public Safety. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and Public Safety 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:

	2015	2014
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,234,839	$ 9,527,570
Debtor in receipt of income support	2,911,324	2,470,951
Stay of enforcement in place	2,363,596	2,609,413
	14,509,759	14,607,934
Enforceable support orders	9,105,424	8,610,020
	$ 23,615,183	$ 23,217,954

3. Other receivables

Other receivables of $21,819 (2014 - $18,979) 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:

	2015	2014
Unenforceable support orders		
Debtor out of Province - interjurisdictional support orders	$ 9,234,839	$ 9,527,570
Debtor in receipt of income support	2,911,324	2,470,951
Stay of enforcement in place	2,363,596	2,609,413
	14,509,759	14,607,934
Enforceable support orders	10,116,028	9,589,348
	$ 24,625,787	$ 24,197,282

5. Other payables

Other payables of $36,067 (2014 - $33,420) 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 and Public Safety. Expenses of $920,941 (2014 - $904,635) 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 $1.8 million (2014 - $1.9 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, 2015

Building a better working world

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of the **Eastern Regional Health Authority** [the "Authority"] as at and for the year ended March 31, 2015 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 the notes to the consolidated financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the consolidated 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 Board of Trustees [the "Board"] is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance Committee [the "Committee"]. The Committee meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements.

The external auditor, Ernst & Young LLP, conducts an independent examination in accordance with Canadian generally accepted auditing standards and expresses an opinion on the consolidated financial statements for the year ended March 31, 2015.

George Butt, CPA,CA
Vice President, Corporate Services

Chris O'Grady, CPA,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, 2015, and the consolidated statements of operations and accumulated deficit, 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, 2015 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
June 25, 2015

Chartered Professional Accountants

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2015 $	2014 $
Financial assets		
Cash	**20,734**	—
Accounts receivable *[note 3]*	**19,642**	24,940
Due from government/other government entities *[note 4]*	**87,081**	107,910
Capital replacement reserve fund *[note 12]*	**719**	704
Sinking fund investment *[note 11]*	**16,447**	14,969
	144,623	148,523
Liabilities		
Bank indebtedness	—	2,771
Accounts payable and accrued liabilities *[note 7]*	**119,855**	107,087
Due to government/other government entities *[note 8]*	**11,217**	25,788
Employee future benefits		
Accrued sick leave *[note 18]*	**59,304**	59,654
Accrued severance pay *[note 17]*	**110,852**	110,841
Accrued vacation pay	**49,938**	47,779
Deferred contributions *[note 9]*		
Deferred capital grants	**83,732**	80,190
Deferred operating contributions	**16,323**	20,883
Capital replacement reserve fund *[note 12]*	**719**	704
Long-term debt *[note 10]*	**138,826**	140,304
	590,766	596,001
Net debt	**(446,143)**	(447,478)
Non-financial assets		
Tangible capital assets *[note 5]*	**350,461**	346,326
Supplies inventory	**15,312**	15,537
Prepaid expenses	**4,805**	4,916
	370,578	366,779
Accumulated deficit	**(75,565)**	(80,699)

Contingencies *[note 15]*
Contractual obligations *[note 16]*
Operating facility *[note 6]*

See accompanying notes

Approved by the Board:

_______________ Director _______________ Director

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

Year ended March 31
[in thousands of dollars]

	Budget	2015	2014
	$	$	$
	[note 21]		
Revenue			
Provincial plan	1,232,070	**1,232,070**	1,175,985
Medical Care Plan	77,389	**77,434**	75,697
Provincial plan capital grant *[note 9]*	—	**31,878**	22,121
Other	37,765	**40,896**	38,776
Resident	18,995	**18,479**	17,711
Inpatient	12,688	**12,422**	13,302
Outpatient	8,966	**8,225**	8,061
Other capital contributions *[note 9]*	—	**7,025**	5,758
Cottages and Hostels operations	—	**2,500**	2,322
	1,387,873	**1,430,929**	1,359,733
Expenses *[note 23]*			
Patient and resident services	375,108	**385,335**	361,334
Client services	230,653	**228,683**	218,638
Diagnostic and therapeutic	191,644	**191,343**	188,356
Support	174,794	**176,686**	165,421
Ambulatory care	153,369	**154,303**	145,620
Administration	116,436	**118,376**	115,961
Medical services	99,134	**99,809**	100,351
Amortization of tangible capital assets *[note 5]*	—	**34,768**	43,334
Research and education	17,002	**16,124**	15,735
Interest on long-term debt	11,090	**9,276**	9,354
Other	18,643	**7,171**	5,294
Accrued severance pay expense (recovery)	—	**11**	(3,576)
Accrued sick leave recovery	—	**(350)**	(3,783)
Accrued vacation pay expense	—	**2,159**	185
Cottages and Hostels operations	—	**2,101**	1,859
	1,387,873	**1,425,795**	1,364,083
Annual surplus (deficit)	—	**5,134**	(4,350)
Public Health Laboratory transfer	—	**—**	(219)
Accumulated deficit, beginning of year	—	**(80,699)**	(76,130)
Accumulated deficit, end of year	—	**(75,565)**	(80,699)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

Year ended March 31
[in thousands of dollars]

	Budget $ *[note 21]*	2015 $	2014 $
Annual surplus (deficit)	—	**5,134**	(4,350)
Changes in tangible capital assets			
Acquisition of tangible capital assets	—	**(38,903)**	(27,879)
Amortization of tangible capital assets	—	**34,768**	43,334
(Increase) decrease in net book value of tangible capital assets	—	**(4,135)**	15,455
Changes in other non-financial assets			
Net decrease (increase) in prepaid expenses	—	**111**	(823)
Net decrease (increase) in supplies inventory	—	**225**	(140)
Decrease (increase) in other non-financial assets	—	**336**	(963)
Decrease in net debt	—	**1,335**	10,142
Net debt – beginning of year	—	**(447,478)**	(456,903)
Public Health Laboratory transfer	—	—	(717)
Net debt – end of year	—	**(446,143)**	(447,478)

See accompanying notes

Eastern Regional Health Authority

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2015 $	2014 $
Operating transactions		
Annual surplus (deficit)	**5,134**	(4,350)
Adjustments for:		
Amortization of tangible capital assets	**34,768**	43,334
Capital grants	**(38,903)**	(27,879)
Increase (decrease) in accrued severance pay	**11**	(3,576)
Decrease in accrued sick leave	**(350)**	(3,783)
Net change in non-cash assets and liabilities related to operations *[note 13]*	**25,801**	(16,422)
Cash provided by (used in) operating transactions	**26,461**	(12,676)
Capital transactions		
Acquisition of tangible capital assets	**(38,903)**	(27,879)
Tangible capital asset contributions	**38,903**	27,879
Cash used in capital transactions	**—**	—
Investing transactions		
Sinking fund payments	**(1,478)**	(1,463)
Cash used in investing transactions	**(1,478)**	(1,463)
Financing transactions		
Decrease in bank indebtedness	**—**	—
Repayment of long-term debt	**(1,478)**	(2,528)
Cash used in financing transactions	**(1,478)**	(2,528)
Net increase (decrease) in cash during the year	**23,505**	(16,667)
(Bank indebtedness) cash, beginning of year	**(2,771)**	13,896
Cash (bank indebtedness), end of year	**20,734**	(2,771)
Supplementary disclosure of cash flow information		
Interest paid	**9,271**	9,348

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[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.

Effective April 1, 2013, the operations of the Public Health Laboratory ["PHL"] were transferred to Eastern Health. PHL was not a separate legal entity; it was a component of the provincial government of the Province. Prior to April 1, 2013, separate financial statements of PHL were prepared. From April 1, 2013 onwards, the assets, liabilities, revenues and expenses associated with the operations and activities of PHL have been recorded by Eastern Health.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ["PSAS"] established by the Public Sector Accounting Standards Board of the Chartered Professional Accountants of Canada.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

Principles of consolidation

The Authority controls the General Hospital Hostel Association ["GHHA"], Northwest Rotary ["NWR"] – Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc. ["TCRHB"], Blue Crest Cottages and Golden Heights Manor Cottages ["GHMC"] [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. All inter-entity assets and liabilities and expenses and revenues have been eliminated.

Revenue recognition

Provincial plan revenue without eligibility criteria and stipulations restricting its 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 expenses, 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.

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 an 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 includes cash on hand and balances with banks that fluctuate from positive to negative.

Inventory

Inventory is valued at the lower of cost and replacement cost, determined on a first-in, first-out basis.

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 consolidated financial statements as legal title is held by the Government of Newfoundland and Labrador [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.

Contributed tangible capital assets represent assets that are donated or contributed to the Authority by third parties. Revenue is recognized in the year the assets are contributed and have been recognized at fair value as at the date of contribution.

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, as follows:

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 that 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 and accumulated deficit throughout.

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.

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 or the public sector employer, upon retirement, resignation or termination without cause. 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 deferred and amortized over the average remaining service life of employees, which is 14 years.

Accrued sick leave

Employees of Eastern Health are entitled to sick leave benefits that accumulate but do not vest. 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 deferred and amortized over the average remaining service life of employees, which is 14 years.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Pension costs

Employees are members of the Public Service Pension Plan or the Government Money Purchase Plan [the "Plans"] administered by the Government. The Plans, which are defined benefit plans, are considered multi-employer plans. 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 $43,319,353 for the year ended March 31, 2015 [2014 – $38,848,645].

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 bank indebtedness 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 PSAS 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2015					
			Past due			
	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	Over 90 days $
Services to patients, residents and clients	**14,892**	**1,166**	**3,471**	**2,669**	**808**	**6,778**
Other	**7,694**	**748**	—	—	—	**6,946**
Gross receivables	**22,586**	**1,914**	**3,471**	**2,669**	**808**	**13,724**
Less: impairment allowance	**2,944**	—	—	—	—	**2,944**
Net accounts receivable	**19,642**	**1,914**	**3,471**	**2,669**	**808**	**10,780**

	2014					
			Past due			
	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	Over 90 days $
Services to patients, residents and clients	16,523	926	3,065	3,139	1,692	7,701
Other	11,858	4,340	—	—	—	7,518
Gross receivables	28,381	5,266	3,065	3,139	1,692	15,219
Less: impairment allowance	3,441	—	—	—	—	3,441
Net accounts receivable	24,940	5,266	3,065	3,139	1,692	11,778

4. DUE FROM GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2015 $	2014 $
Government of Newfoundland and Labrador	**80,061**	105,249
Other government entities	**7,020**	2,661
	87,081	107,910

Outstanding balances at the yearend are unsecured, interest free and settlement occurs in cash. For the year ended March 31, 2015, the Authority has not recorded any impairment of receivables relating to the above amounts [2014 – nil].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

5. TANGIBLE CAPITAL ASSETS

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2015						
Cost						
Opening balance	**3,204**	**396,737**	**482,188**	**15,445**	**39,389**	**936,963**
Additions (transfers)	**155**	**32,898**	**32,873**	**—**	**(27,023)**	**38,903**
Closing balance	**3,359**	**429,635**	**515,061**	**15,445**	**12,366**	**975,866**
Accumulated amortization						
Opening balance	**575**	**180,848**	**393,769**	**15,445**	**—**	**590,637**
Additions	**8**	**10,524**	**24,236**	**—**	**—**	**34,768**
Closing balance	**583**	**191,372**	**418,005**	**15,445**	**—**	**625,405**
Net book value	**2,776**	**238,263**	**97,056**	**—**	**12,366**	**350,461**

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2014						
Cost						
Opening balance	3,204	377,723	460,286	15,445	49,317	905,975
Opening PHL	—	—	3,109	—	—	3,109
Additions (transfers)	—	19,014	18,793	—	(9,928)	27,879
Closing balance	3,204	396,737	482,188	15,445	39,389	936,963
Accumulated amortization						
Opening balance	568	160,650	368,030	15,445	—	544,693
Opening PHL	—	—	2,610	—	—	2,610
Additions	7	20,198	23,129	—	—	43,334
Closing balance	575	180,848	393,769	15,445	—	590,637
Net book value	2,629	215,889	88,419	—	39,389	346,326

During fiscal 2014, certain building and equipment in the amount of $9,995,000 were no longer in productive use due to conditions indicating that future economic benefits associated with the underlying assets were less than the net book value. The write-down was included in amortization expense.

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

6. OPERATING FACILITY

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, 2015 [unused at 2014 – $64,000,000]. The Authority's ability to borrow has been approved by the Province's Minister of Health and Community Services.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 $	2014 $
Accounts payable and accrued liabilities	**76,361**	66,773
Salaries and wages payable	**41,494**	38,089
Employee/employer remittances	**2,000**	2,225
	119,855	107,087

8. DUE TO GOVERNMENT/OTHER GOVERNMENT ENTITIES

	2015 $	2014 $
Federal government	**2,625**	11,826
Government of Newfoundland and Labrador	**5,935**	7,914
Other government entities	**2,657**	6,048
	11,217	25,788

9. DEFERRED CONTRIBUTIONS

	2015 $	2014 $
Deferred capital grants [a]		
Balance at beginning of year	**80,190**	65,984
Receipts during the year	**42,445**	42,085
Recognized in revenue during the year	**(38,903)**	(27,879)
Balance at end of year	**83,732**	80,190
Deferred operating revenue [b]		
Balance at beginning of year	**20,883**	12,910
Receipts during the year	**1,268,435**	1,252,090
Recognized in revenue during the year	**(1,272,995)**	(1,244,117)
Balance at end of year	**16,323**	20,883

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

[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 or constructed 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.

10. LONG-TERM DEBT

	2015 $	2014 $
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 matured in May 2014, payable in monthly instalments of $101,670.	—	208
Newfoundland and Labrador Housing Corporation ["NLHC"] (Placentia Health Centre), 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 $2,536,678.	**1,162**	1,346
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, maturing in August 2016, repayable in monthly instalments of $21,200 plus interest.	**358**	612
NLHC (Inter Faith Citizens Home), 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 $866,447.	**815**	841
NLHC (Access House) 2.40% mortgage, maturing in July 2020, repayable in blended monthly instalments of $1,022, secured by property with a net book value of $50,477.	**61**	72
NLHC (GHHA) 1.67% first mortgage on land, building and equipment, with a net book value of $1,218,955, maturing in April 1, 2017, amortized to April 1, 2019, payable in blended monthly instalments of $12,304.	**582**	720

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

	2015 $	2014 $
Royal Bank of Canada, 3.58% promissory note on land, building and equipment with a net book value of $1,218,955, maturing on June 1, 2016, amortized to May 24, 2021, payable in blended monthly instalments of $7,447.	**438**	510
NLHC (NWR) 1.67% first mortgage on land and building, with a net book value of $468,014, with an assignment of rents and leases, maturing on June 1, 2018, amortized to April 1, 2018, payable in blended monthly instalments of $7,472.	**269**	354
NLHC (Lions Manor) 1.67% first mortgage on land and building phase one, with a net book value of $978,156, maturing in April 2017, amortized to October 2023, repayable in blended monthly instalments of $6,077.	**583**	645
NLHC (Lions Manor) 1.67% first mortgage on land and building phase two, with a net book value of $978,156, maturing in April 2017, amortized to December 2026, repayable in blended monthly instalments of $2,941.	**376**	405
NLHC (TCRHB) 1.67% first mortgage on land and building, with a net book value of $276,650 maturing in April 2017, amortized to December 2027, repayable in blended monthly instalments of $2,008.	**277**	296
NLHC (Golden Heights Cottages) 2.61% first mortgage on land and building with a net book value of $244,463, chattel mortgage on equipment and an assignment of rents, maturing and amortized to July 1, 2019, repayable in blended monthly instalments of $5,397.	**270**	328
NLHC (Blue Crest) 1.64% first mortgage on land and building, with a net book value of $479,801, maturing on December 1, 2016, amortized to December 1, 2021, repayable in blended monthly instalments of $3,743.	**287**	327
NLHC (Blue Crest) 2.26% first mortgage on land and building with a net book value of $479,801, maturing on August 1, 2016, amortized to May 1, 2021, repayable in blended monthly instalments of $3,165.	**218**	251

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

	2015 $	2014 $
Canada Mortgage and Housing Corporation ["CMHC"], (Blue Crest Cottages), 8.0% mortgage, maturing in November 2025, repayable in blended monthly instalments of $7,777, secured by land and buildings with a net book value of $2,805,738.	**674**	712
CMHC (Golden Heights Manor Seniors Home), 10.5% mortgage, maturing in August 2027, repayable in blended monthly instalments of $7,549, maturing in August 2027.	**636**	660
CMHC (Golden Heights Manor Seniors Home), 1.12% mortgage, maturing in June 2023, repayable in blended monthly instalments of $19,246.	**1,820**	2,017
	138,826	140,304

Future principal repayments to maturity are as follows:

	$
2016	1,309
2017	1,187
2018	1,112
2019	1,061
2020	905
Thereafter	133,252
	138,826

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, 2015 included interest earned in the amount of $5,981,612 [2014 – $5,251,000].

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 sinking fund payments on the Debenture are guaranteed by the Government.

March 31, 2015
[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.

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. NET CHANGE IN NON-CASH ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2015 $	2014 $
Accounts receivable	**5,298**	6,871
Supplies inventory	**225**	(140)
Prepaid expenses	**111**	(823)
Accounts payable and accrued liabilities	**12,768**	982
Accrued vacation pay	**2,159**	320
Deferred operating contributions	**(4,560)**	7,973
Deferred capital grants	**3,542**	14,206
Due from/to government/other government entities	**6,258**	(45,694)
Public Health Laboratory cash flow change	—	(117)
	25,801	(16,422)

14. TRUST FUNDS

Trusts administered by the Authority have not been included in the consolidated financial statements as they are excluded from the Government reporting entity. As at March 31, 2015, the balance of funds held in trust for residents of long-term care facilities was $4,220,965 [2014 – $4,285,180]. 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.

March 31, 2015
[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 table below relates to the unperformed portion of the contracts:

	2016 $	2017 $	2018 $	2019 $	2020 $	Thereafter $
Future operating lease payments	13,290	11,942	10,878	10,047	8,664	56,714
Managed print services	2,635	2,000	2,000	2,000	2,000	—
Vehicles	322	181	127	66	—	—
	16,247	14,123	13,005	12,113	10,664	56,714

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 2015, cash payments to retirees for the Authority's unfunded employee future benefits amounted to approximately $8,608,000 [2014 – $7,775,000]. The last actuarial valuation for both the accrued severance pay and accrued sick leave was performed effective March 31, 2012, and an extrapolation of that valuation has been performed to March 31, 2015.

The accrued benefit liability and benefits expense of the severance pay are outlined below:

	2015 $	2014 $
Accrued benefit liability, beginning of year	**110,841**	113,947
Public Health Lab	—	470
Benefits expense		
Current service cost	**7,362**	7,700
Interest cost	**4,298**	4,118
Amortization of actuarial losses and other	**(3,041)**	(7,619)
	119,460	118,616
Benefits paid	**(8,608)**	(7,775)
Accrued benefit liability, end of year	**110,852**	110,841
Current year benefit cost	**7,362**	7,701
Amortization of actuarial loss during the year	**435**	1,021
Benefits interest expense	**4,298**	4,118
Total expense recognized for the year	**12,095**	12,840

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

The significant actuarial assumptions used in measuring the accrued severance pay benefit expense and liability are as follows:

Discount rate – benefit liability	2.90% as at March 31, 2015 3.90% as at March 31, 2014
Discount rate – benefit expense	3.90% in fiscal 2015 3.60% in fiscal 2014
Rate of compensation increase	2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2015
	2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75for promotions and merit as at March 31, 2014

18. ACCRUED SICK LEAVE

The Authority provides sick leave to employees as the obligation arises and accrues a liability based on anticipation of sick days accumulating for future use. In 2015, cash payments to employees for the Authority's unfunded sick leave benefits amounted to approximately $8,480,000 [2014 – $8,153,000]. The last actuarial valuations for both the accrued severance pay and accrued sick leave were performed effective March 31, 2012, and an extrapolation of that valuation has been performed to March 31, 2015.

The accrued benefit liability and benefit expense of the sick leave are outlined below:

	2015 $	2014 $
Accrued benefit liability, beginning of year	**59,654**	63,307
Public Health Lab	—	130
Benefits expense		
Current service cost	**6,117**	6,277
Interest cost	**2,280**	2,250
Amortization of actuarial losses and other	**(267)**	(4,157)
	67,784	67,807
Benefits paid	**(8,480)**	(8,153)
Accrued benefit liability, end of year	**59,304**	59,654
Current year benefits cost	**6,117**	6,277
Amortization of actuarial loss during the year	**98**	417
Benefits interest expense	**2,280**	2,250
Total expense recognized for the year	**8,495**	8,944

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

Significant actuarial assumptions used in measuring the accrued sick leave benefit expense and liability are as follows:

Discount rate – benefit liability	2.90% as at March 31, 2015 3.90% as at March 31, 2014
Discount rate – benefit expense	3.90% in fiscal 2015 3.60% in fiscal 2014
Rate of compensation increase	2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2015
	2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2014

19. RELATED PARTY TRANSACTIONS

The Authority's related party transactions occur between the Government and other government entities. Other government entities are those who report financial information to the Province. Transactions between the Authority and related parties are conducted as arm's length transactions.

Transfers from the Government are funding payments made to the Authority for both operating and capital expenditures. Transfers from other related government entities are payments made to the Authority from the Medical Care Plan and Workplace Health and Safety Compensation Commission. Transfers to other related government entities are payments made by the Authority to long term care facilities, Central Regional Health Authority, Labrador Regional Health Authority and Western Regional Health Authority. Transactions are settled at prevailing markets prices under normal trade terms.

The Authority had the following transactions with the Government and other government entities:

	2015 $	2014 $
Transfer from the Government of Newfoundland and Labrador	**1,275,763**	1,215,089
Transfers from other government entities	**86,722**	87,819
Transfers to other government entities	**(107,995)**	(96,852)
	1,254,490	1,206,056

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk

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 Authority is not exposed to interest rate risk as the majority of its long-term debt obligations are at fixed rates of interest. 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 fulfil 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, 2015, the Authority had $64,000,000 in funds available on the Facility [2014 – $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 from the Province, assuming these can be obtained.

Interest rate risk

The Authority is exposed to interest rate risk with respect to its long-term debt because the fair value of the debt will fluctuate due to changes in market interest rates. A change in the interest rate on the long-term debt would have no impact on the financial statements since debt has a fixed rate of interest and is measured at amortized cost.

21. BUDGET

The Authority prepares an initial budget for a fiscal period that is approved by the Board of Trustees and the 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 budget amounts as presented in the consolidated statement of operations and accumulated deficit [the "Budget"].

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

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 tangible 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 as such amounts not are required by Government to be included in the Original Budget or the Budget. The Authority also does not prepare a full budget in respect of changes in net debt as the Authority does not include an amount for tangible capital asset amortization or the acquisition of tangible capital assets in the Original Budget or the Budget.

The following presents a reconciliation between the Original Budget and the final Budget as presented in the Consolidation statement of operations and accumulated deficit for the year ended March 31, 2015:

	Revenue $	**Expenditures** $	**Annual surplus** $
Original Budget	**1,286,736**	**1,286,736**	—
Adjustments during the year for service and program changes, net	**83,116**	**83,116**	—
Revised Original Budget	**1,369,852**	**1,369,852**	—
Stabilization fund approved by Government	**18,021**	**18,021**	—
Final Budget	**1,387,873**	**1,387,873**	—

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

23. EXPENSES BY OBJECT

This disclosure supports the functional display of expenses provided in the consolidated statement of operations by offering a different perspective of the expenses for the year. The following presents expenses by object, which outlines the major types of expenses incurred by the Authority during the year.

	2015 $	**2014** $
Salaries	**730,851**	706,042
Supplies – other	**261,938**	234,587
Direct client costs	**134,643**	128,808
Employee benefits	**121,567**	106,296
Supplies – medical and surgical	**59,019**	62,826
Drugs	**50,655**	49,438
Amortization of tangible capital assets	**34,768**	42,556
Maintenance	**20,977**	22,317
Interest on long-term debt	**9,276**	9,354
Cottages and hostels operations	**2,101**	1,859
Total expenses	**1,425,795**	1,364,083

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT
NON-CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Trustees of:
Eastern School District

Report on the Financial Statements

I have audited the accompanying non-consolidated financial statements of the Eastern School District, which comprise the statement of financial position as at August 31, 2013 and the statements of operations, cash flows, and changes in net debt for the two months then ended and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in compliance with legislation, and in accordance with Canadian 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 non-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 whether the non-consolidated financial statements are free of material misstatement.

An audit includes 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 judgement, 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 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 non-consolidated 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 and sick pay is described in Note 1. Canadian public sector accounting standards require that all accounts receivable should be recorded and disclosed on the financial statements. The liabilities for teachers' severance pay and sick pay have been recorded but no offsetting receivables have been recorded. In this respect, these non-consolidated financial statements are not in accordance with Canadian public sector accounting standards. If the accounts receivable were recorded in accordance with Canadian public sector accounting standard, 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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Eastern School District for the two months ended August 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards 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
March 31, 2014

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Non-Consolidated - Statement of Financial Position

As at August 31, 2013

	August 31, 2013	June 30, 2013
FINANCIAL ASSETS		
Cash (Note 3)	$ 18,866,111	$ 18,915,643
Short-term investments (Note 4)	926,133	921,814
Accounts receivable (Note 5)	200,628	201,303
Due from government entities (Note 6)	3,462,050	2,485,276
Restricted cash	4,839,992	4,912,061
Teachers' vacation pay receivable (Note 10)		39,587,741
	28,294,914	67,023,838
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	5,735,888	7,595,930
Long-term debt (Schedule 8 and 8A)	1,844,094	1,919,112
Obligation under capital lease (Note 12)	268,520	286,217
Accrued vacation pay (Note 10)	2,219,640	42,260,405
Employee future benefits		
Accrued sick pay (Note 11)	55,265,609	55,320,477
Accrued severance pay (Note 11)	72,655,451	71,475,989
Other employee benefits	182,581	198,840
Deferred revenue (Note 17)	9,496,514	5,926,800
	147,668,297	184,983,770
NET DEBT	(119,373,383)	(117,959,932)
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 7)	338,123	344,256
Tangible capital assets (Schedule 7)	290,375,850	285,900,665
	290,713,973	286,244,921
ACCUMULATED SURPLUS		
Accumulated surplus - restricted (Note 19)	1,370,659	1,370,659
Accumulated surplus - unrestricted	169,969,931	166,914,330
	$ 171,340,590	$ 168,284,989

Commitments (Note 13)
Contingent Liabilities (Note 16)

On Behalf of the Board:

_______________ Chairperson _______________ Treasurer V.CHAIR

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Non-Consolidated - Statement of Operations

For the two months ended August 31, 2013

	Budget (Note 20)	August 2013	Year Ended June 2013
Revenue			
Provincial government grants (Schedule1)	$ 10,183,058	$ 14,564,166	$ 422,132,807
Ancillary services (Schedule 1)	15,282	123,705	320,015
Miscellaneous (Schedule 1)	12,500	60,592	338,977
Capital transfers from government		5,819,757	35,307,107
	10,210,840	20,568,220	458,098,906
Expenditures			
Administration (Schedule 2)	1,480,776	1,163,691	7,931,335
Instruction (Schedule 3)	2,790,656	9,399,558	352,948,610
Operations and maintenance (Schedule 4)	5,231,695	4,121,908	36,963,917
Pupil transportation (Schedule 5)	696,959	323,579	23,950,239
Miscellaneous (Schedule 6)		85,810	112,104
Amortization of capital assets (Schedule 7)		2,273,687	15,282,129
Interest (Schedule 8A)	10,754	2,440	35,072
Special grant expense		141,946	1,866,192
	$ 10,210,840	17,512,619	439,089,598
Annual surplus from operations		3,055,601	19,009,308
Transfer to restricted surplus			
Annual surplus from operations - unrestricted		**$ 3,055,601**	**$ 19,009,308**

Accumulated surplus - unrestricted, beginning of period	$ 166,914,330	$ 147,905,022
Annual surplus from operations - unrestricted	3,055,601	19,009,308
Accumulated surplus - unrestricted, end of period	**$ 169,969,931**	**$166,914,330**

Accumulated surplus - restricted, beginning of period	$ 1,370,659	$ 1,370,659
Annual surplus from operations - restricted		
Accumulated surplus - restricted, end of period	**$ 1,370,659**	**$ 1,370,659**

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Non-Consolidated - Statement of Changes in Net Debt

For the two months ended August 31, 2013

	August 31, 2013	Year Ended June 30, 2013
Annual surplus from operations	$ 3,055,601	$ 19,009,308
Changes in tangible capital assets		
Acquisition of tangible capital assets	(6,748,872)	(36,392,725)
Gain on disposal of vehicle		11,122
Amortization of tangible capital assets	2,273,687	15,282,129
Increase in net book value of tangible capital assets	(4,475,185)	(21,099,474)
Changes in other non-financial assets		
New change in prepaid expenses - increase/decrease	6,133	(20,067)
Increase in net debt	(1,413,451)	(2,110,233)
Net debt, beginning of period	(117,959,932)	(115,849,699)
Net debt, end of period	$ (119,373,383)	$ (117,959,932)

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Non-Consolidated - Statement of Cash Flows

For the two months ended August 31, 2013

	August 31, 2013	Year Ended June 30, 2013
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 3,055,601	$ 19,009,308
Items not affecting cash:		
Amortization of capital assets	2,273,687	15,282,129
Gain on disposal of vehicle		11,122
Accrued vacation pay	(40,040,765)	164,158
Accrued sick pay	(54,868)	(227,862)
Accrued severance pay	1,179,462	3,778,311
Other employee benefits liability	(16,259)	(67,122)
Increase in short-term investments	(4,319)	(34,632)
Decrease accounts receivable	38,611,642	3,470,464
Decrease (increase) in prepaid expenses	6,133	(20,067)
Increase in accounts payable and accrued liabilities	1,709,672	672,938
	6,719,986	42,038,747
INVESTING ACTIVITIES		
Capital expenditures - net	(6,748,872)	(36,392,725)
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease		82,750
Repayment of obligation under capital lease	(17,697)	(774,445)
Proceeds from long-term borrowings		457,044
Repayment of long-term debt	(75,018)	(477,869)
	(92,715)	(712,520)
Change in cash resources	(121,601)	4,933,502
Cash, beginning of period	23,827,704	18,894,202
Cash, end of period	$ 23,706,103	$ 23,827,704
Consist of:		
Cash	$ 18,866,111	$ 18,915,643
Cash - restricted	4,839,992	4,912,061
	$ 23,706,103	$ 23,827,704
Supplementary disclosure of cash flow information:		
Interest paid	$ 2,440	$ 35,072
Interest paid - bussing loans	10,178	64,746
	$ 12,618	$ 99,818

See accompanying notes to financial statements.

Nature of Operations

The Eastern School District [the "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 [the "Province"] 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

Except for the fact that these statements are non-consolidated, these non-consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, which for purposes of the District's financial statements are represented by accounting recommendations of the Public Sector Accounting Board ["PSAB'] of CPA Canada, supplemented by other CPA Canada accounting standards or pronouncements.

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

Basis of Presentation

These non-consolidated financial statements reflect the assets, liabilities, revenue and expenditures of the District. These non-consolidated financial statements have not been consolidated with those of other organizations controlled by the District.

The District currently exercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc ["NISEP"].

The net assets of the Eastern Education Foundation Inc. as at December 31, 2012 were $259,328 in accordance with the financial statements compiled by the corporation. The net assets of the NISEP as at August 31, 2013 are recorded in Note 9 of these non-consolidated 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 Province to wind up operations.

These non-consolidated financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled by school administration.

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. Funding designated for specific purposes, for which criteria has not been met, is deferred and included in revenue when all eligibility criteria have been met.

Restricted Surplus

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 surplus for the designated purpose.

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

Tangible Capital Assets

Tangible 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 government policy, 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 Province. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Province and, as such, the employer contributions for pensions are recognized in the accounts on a current basis.

Employee Future Benefits

The District's employee future benefits included accrued severance, accrued sick leave and other employee benefits.

(i) accrued severance

Consistent with government policy, the District has in effect severance pay policies whereby certain employees are entitled to a severance payment upon leaving employment with the District. Under these policies, an employee who has nine (9) or more years of continuous service in the employment of the District or other public sector employer is entitled to be paid severance on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimate of future salary changes and other factors. Discount rates are based on the Provinces' long-term borrowing rate.

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded a 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. For employees other than teachers, the District has set aside specific funds to assist with the severance liability in a separate bank account for this purpose.

(ii) accrued sick leave

The District provides certain 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.

(iii) other employee benefits

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. As these benefits no longer accumulate or vest as of 1985 they are outside of the scope of PS 3255, *Post-employment benefits, compensated absences and termination benefits*, and are not actuarially determined at the end of each period.

Use of Accounting 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 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. 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.

3. Cash

	August 31, 2013	June 30, 2013
112 Current bank account	$ 18,828,946	$ 18,869,680
114 Teachers' payroll bank account	35,313	43,556
117 Other	1,852	2,407
	$ 18,866,111	$ 18,915,643

4. Short Term Investments

	August 31, 2013	June 30, 2013
121 Term deposits - restricted	$ 787,257	$ 787,090
122 Marketable securities	138,876	134,724
	$ 926,133	$ 921,814

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.

5. Accounts Receivable

	August 31, 2013	June 30, 2013
138 Interest	$ 24,186	$ 22,189
139 Miscellaneous, travel advances and other	176,442	179,114
	$ 200,628	$ 201,303

6. Due from Government

	August 31, 2013	June 30, 2013
231 Government of Newfoundland and Labrador	$ 3,013,092	$ 2,006,354
232 Federal Government	448,958	478,922
	$ 3,462,050	$ 2,485,276

7. Prepaid Expenses

	August 31, 2013	June 30, 2013
141 Insurance	$ 5,115	$ 15,688
142 Municipal service fees	158,913	238,359
144 Other	75,174	90,209
145 Rent	98,921	
	$ 338,123	$ 344,256

8. 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 August 31, 2013 and June 30, 2013. 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.

9. Accounts Payable and Accrued Liabilities

	August 31, 2013	June 30, 2013
21 111 Trade payables	$ 3,431,285	$ 4,198,898
112 Accrued liabilities	395,901	594,096
114 Wages	325,084	1,051,762
115 Payroll deductions	19,783	187,506
118 Other		
Eastern School District Trust Fund	641,106	640,939
Scholarship funds	119,621	119,621
N.I.S.E.P. due to a related corporation	803,108	803,108
	$ 5,735,888	$ 7,595,930

10. Accrued 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 $Nil as at August 31, 2013, (June 30, 2013 - $ 39,587,741)

	August 31, 2013	June 30, 2013
Vacation pay - teachers		$ 39,587,741
Vacation pay - executive staff	$ 562,206	466,536
Vacation pay - board employees	1,657,434	2,206,128
Total Accrued Vacation Pay	$ 2,219,640	$ 42,260,405

11. Employee Future Benefits

The actuarial valuation date for sick leave and severance accrual was June 30, 2012 and has been extrapolated for August 31, 2013 and June 30, 2013. PS 3255 implies that benefit obligations that are not funded in advance should be valued using a rate referencing government's cost of borrowing. As the Sick Leave and Severance are not funded in advance, the discount rate selected by Management is equal to the Provincial long term borrowing rate. This rate was 4.15% as at August 31, 2013 and 3.91% as at June 30, 2013.

ACCRUED SEVERANCE	August 31, 2013	June 30, 2013
Severance Pay (Teachers)		
Accrued benefit liability, beginning of period	$ 66,418,559	$ 62,685,128
Benefits Expense	1,303,018	7,842,375
Benefits Paid	(98,573)	(4,108,946)
Accrued benefit liability (Teachers), end of period	67,623,004	66,418,559
Severance Pay (Board Employees)		
Accrued benefit liability, beginning of period	5,057,430	5,012,550
Benefits Expense	94,564	570,540
Benefits Paid	(119,547)	(525,660)
Accrued benefit liability (Board Employees), end of period	5,032,447	5,057,430
Total accrued severance pay liability, end of period	**72,655,451**	**71,475,989**
Unamortized portion of actuarial loss	248,052	1,665,041
Total accrued severance obligation	$ 72,903,503	$ 73,141,030

Reconciliation of Accrued Benefit Obligation from June 30, 2012 to June 30, 2013

	Board Employees	Teachers	Total
Accrued benefit liability as at June 30, 2012	$ 5,303,718	$ 67,548,927	$ 72,852,645
Current period benefit cost	363,847	5,153,179	5,517,026
Benefits payments/contributions	(525,660)	(4,108,946)	(4,634,606)
Interest on the accrued benefit obligation	177,576	2,314,416	2,491,992
Actuarial (gains)/losses	(169,581)	(2,916,446)	(3,086,027)
Accrued benefit obligation as at June 30, 2013	$ 5,149,900	$ 67,991,130	$ 73,141,030

Reconciliation of Accrued Benefit Obligation from June 30, 2013 to August 31, 2013

	Board Employees	Teachers	Total
Accrued benefit liability as at June 2013	$ 5,149,900	$ 67,991,130	$ 73,141,030
Current period benefit cost	59,175	832,543	891,718
Benefits payments/contributions	(119,547)	(98,573)	(218,120)
Interest on the accrued benefit obligation	33,363	445,467	478,830
Actuarial (gains)/losses	(82,670)	(1,307,285)	(1,389,955)
Accrued benefit obligation as at August 2013	$ 5,040,221	$ 67,863,282	$ 72,903,503

ACCRUED SICK LEAVE	August 31, 2013	June 30, 2013
Sick Leave (Teachers)		
Accrued benefit liability, beginning of period	$ 52,798,114	$ 53,032,844
Benefit Expense	1,021,120	6,016,979
Benefits Paid	(1,075,815)	(6,251,709)
Accrued benefit liability (Teachers), end of period	52,743,419	52,798,114
Sick Leave (Board Employees)		
Accrued benefits liability, beginning of period	2,522,363	2,515,495
Benefit Expense	66,731	395,655
Benefits Paid	(66,904)	(388,787)
Accrued benefit liability (Board Employees), end of period	2,522,190	2,522,363
Total accrued sick leave liability, end of period	55,265,609	55,320,477
Unamortized portion of actuarial loss	333,324	1,050,590
Total accrued sick leave obligation	$ 55,598,933	$ 56,371,067

Reconciliation of Accrued Benefit Obligation from June 30, 2012 to June 30, 2013

	Board Employees	Teachers	Total
Accrued benefit liability as at June 30, 2012	$ 2,630,856	$ 55,751,537	$ 58,382,393
Current period benefit cost	296,243	3,950,841	4,247,084
Benefits payments/contributions	(388,787)	(6,251,709)	(6,640,496)
Interest on the accrued benefit obligation	87,876	1,856,438	1,944,314
Actuarial (gains)/losses	(66,210)	(1,496,018)	(1,562,228)
Accrued benefit obligation as at June 30, 2013	$ 2,559,978	$ 53,811,089	$ 56,371,067

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Reconciliation of Accrued Benefit Obligation from June 30, 2013 to August, 2013

	Board Employees	Teachers	Total
Accrued benefit liability as at June 30, 2013	$ 2,559,978	$ 53,811,089	$ 56,371,067
Current period benefit cost	49,286	656,102	705,388
Benefits payments/contributions	(66,904)	(1,075,815)	(1,142,719)
Interest on the accrued benefit obligation	16,625	349,302	365,927
Actuarial (gains)/losses	(29,812)	(670,918)	(700,730)
Accrued benefit obligation as at August 31, 2013	$ 2,529,173	$ 53,069,760	$ 55,598,933

12. Obligation Under Capital Leases

The District has entered into capital leases with the Royal Bank of Canada for various copiers and laptops. The principal balance outstanding as at August 31, 2013 was $268,520 with a purchase option of $1. Interest has been imputed at various rates for these leases. Total interest paid on these leases for the two month period was $1,790 (June 30, 2013 - $15,651).

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

	2014	$ 83,880
	2015	76,267
	2016	76,719
	2017	48,637
Total future minimum lease payments		285,503
Less: amount representing interest		16,983
		$ 268,520

13. Lease Commitments

The District has entered a new three year premises lease effective June 1, 2013 for the following annual amounts, before HST: year 1 - $1,044,207, year 2 - $1,044,207 and year 3 - $1,044,207.

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

2014	$76,532
2015	$69,587
2016	$69,587
2017	$47,532

14. Financial Instruments

The District's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, 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.

15. 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.

16. 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.

17. Deferred Revenue

Deferred revenue represents funding designated for specific purposes for which the revenue recognition criteria has not been met. The funding is deferred and included in revenue when all eligibility criteria have been met. Changes in the funding deferred to future periods are as follows:

	August 31, 2013	June 30, 2013
Balance, beginning of period	$ 5,926,800	$ 6,107,302
Less amounts recognized as revenue in the period	(149,663)	(2,522,497)
Add amounts received during the period	3,719,377	2,341,995
Balance, end of period	$ 9,496,514	$ 5,926,800

Deferred revenue is comprised of the following:

	August 31, 2013	June 30, 2013
Operations and maintenance	$ 2,571,924	$ 1,174,676
Instruction	5,541,968	3,943,805
Administration	1,074,671	808,319
Pupil transportation	307,951	
	$ 9,496,514	$ 5,926,800

18. Accumulated Surplus

The District has an annual surplus of $3,055,601 for the 2 months ending August 31, 2013, which consist of the following:

	August 31, 2013	June 30, 2013
Annual surplus from operations - unrestricted	$ 3,055,601	$ 19,009,308
Add: expenditures not funded through operating grant		
Amortization	2,273,687	15,282,129
Change in employee future benefits accrual	991,928	3,550,448
Less: non expenditure items funded through operating grant		
Principal payments on long-term debt and leases	(92,715)	(1,252,314)
Tangible capital asset additions	(392,198)	(545,824)
Less: capital transfers from government	(5,819,757)	(35,307,107)
Adjusted annual surplus from operations	$ 16,546	$ 736,640

19. Restricted Surplus

In previous years, the Board of Trustees approved transfers totaling $1,370,659 to restricted equity for specified capital purposes.

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20. Budget

The unaudited budget data presented in these non-consolidated financial statements is based upon the Board approved budget for the two months ended August 2013. Capitalization of assets, amortization and accrued severance and sick leave are not reflected in the budgeted amounts. The chart below adjusts the approved budget to reflect the same basis of accounting.

Original budgeted revenues	$ 10,210,840
Add: capital transfers from government	5,819,757
Revised budgeted revenues	**16,030,597**
Original budgeted expenditures	10,210,840
Add: amortization of tangible capital assets	2,273,687
Add: change in employee future benefits accrual	991,928
Revised budgeted expenditures	**13,476,455**
Original annual surplus (deficit)	
Revised annual surplus (deficit)	**$ 2,554,142**

21. Subsequent Events

Subsequent to August 31, 2013, the Eastern School District was amalgamated with the Western, Nova Central and Labrador School Districts to form the Newfoundland and Labrador English School District. Effective September 1, 2013, the four Districts were combined and now operate as one school district.

Eastern School District
Schedule 1
Current Revenues

For the two months ended August 31, 2013

	Budget	August 31, 2013	Year Ended June 30, 2013
32 010 **Provincial government grants**			
011 Regular operating grants	$ 9,039,400	$ 5,860,086	$ 57,023,559
016 Special grants		142,575	1,859,707
017 Directors, Assistant Directors and Senior Education Officers salaries and benefits	548,175	401,771	3,474,292
021 Teachers salaries and benefits		7,415,231	325,685,680
023 Student assistants salaries and benefits		47,994	9,170,793
031 Board owned pupil transportation	595,483	286,616	3,507,068
032 Contracted pupil transportation			17,167,579
033 Special needs pupil transportation			3,141,016
035 Maintenance grants		409,893	1,103,113
	10,183,058	14,564,166	422,132,807
34 010 **Ancillary Services**			
012 Revenues from bus charters		1,339	28,124
021 Revenues from rental of schools and facilities	15,282	28,532	141,469
034 Summer and night school fees		93,834	150,422
	15,282	123,705	320,015
35 010 **Miscellaneous**			
011 Interest on investments and bank	12,500	55,955	309,453
092 Sundry revenue		4,637	29,524
	12,500	60,592	338,977
Total Current Revenues	$ 10,210,840	$ 14,748,463	$ 422,791,799

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Eastern School District
Schedule 2
Administration Expenditures

For the two months ended August 31, 2013

	Budget	August 31, 2013	Year Ended June 30, 2013
51 011 Directors, Assistant Directors and Senior Education Officers salaries and benefits	$ 548,175	$ 497,441	$ 3,506,045
012 Board office personnel salaries and benefits	469,120	319,398	2,622,322
013 Office supplies	19,667	17,105	79,882
014 Replacement furniture and equipment	15,583		29,817
015 Postage	10,833	19,859	32,367
016 Telephone	24,167	18,567	114,499
017 Office equipment rentals and repairs	2,667	853	10,012
018 Bank charges		284	1,892
019 Electricity	14,167	9,343	85,873
023 Repairs and maintenance	1,167		5,005
024 Travel	13,092	7,216	38,040
025 Board meeting expenses	23,333	14,261	178,122
027 Professional fees	100,000	68,375	257,372
028 Advertising and public relations	11,667	2,761	29,660
029 Membership dues (recovery)	21,667	(13,816)	111,911
031 Municipal service fees	1,417		4,286
032 Rental of office space	200,496	200,761	808,533
034 Professional development and meetings	3,558	1,283	15,697
Total Administration Expenditures	$ 1,480,776	$ 1,163,691	$ 7,931,335

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Eastern School District
Schedule 3
Instruction Expenditures

For the two months ended August 31, 2013

	Budget	August 31, 2013	Year Ended June 30, 2013
52 010 Instructional Salaries			
011 Regular Teachers		$ 6,108,982	$ 266,694,273
012 Substitute Teachers		186,150	14,071,846
013 Salaries and benefits - board employees	$ 138,745	107,659	679,514
015 Employee benefits - teachers		1,021,675	44,912,689
016 Salaries and benefits - school secretaries	139,613	48,763	5,515,583
Salaries and benefits - IT staff	266,757	233,928	1,442,842
Salaries and benefits - program assistants		787	55,321
Salaries and benefits - student assistants		47,994	9,170,793
Change in employee future benefits accrual		991,928	3,550,448
	545,115	8,747,866	346,093,309
52 040 Instructional Materials			
041 General supplies	2,149,072	619,445	5,897,265
043 Other		2,102	95,802
	2,149,072	621,547	5,993,067
52 060 Instructional Furniture and Equipment			
061 Replacement	7,167	278	41,555
52 080 Instructional Staff Travel			
080 IT travel	7,644	10,113	71,126
081 Program co-coordinators	31,441	14,117	476,369
082 Teachers' travel			35,620
083 Inservice and conferences	38,000	5,637	196,369
	77,085	29,867	779,484
52 090 Other Instructional Costs			
091 Postage and stationary	12,217		41,195
Total Instruction Expenditures	$ 2,790,656	$ 9,399,558	$ 352,948,610

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Eastern School District
Schedule 4
Operations and Maintenance Expenditures

For the two months ended August 31, 2013

	Budget	August 31, 2013	Year Ended June 30, 2013
53 011 Salaries and benefits - janitorial	$ 2,262,542	$ 2,142,327	$ 14,743,012
012 Salaries and benefits - maintenance	592,016	459,776	3,336,536
014 Electricity	496,461	638,333	7,363,532
015 Fuel	150,027	29,834	1,812,186
016 Municipal service fee	82,998	173,239	1,384,155
017 Telephone	72,591	246,570	1,184,956
018 Vehicle operating and travel	76,500	66,783	447,204
019 Janitorial supplies	290,400	39,482	762,001
021 Janitorial equipment	31,600	15,929	53,790
022 Repairs and maintenance - Fund 1	1,128,618	266,200	2,740,699
023 Repairs and maintenance - Fund 2		41,503	1,179,614
024 Equipment maintenance	8,000	1,932	39,425
025 Snow clearing			1,916,807
Principal payments on energy leases	39,942		
Total Operations and Maintenance	$ 5,231,695	$ 4,121,908	$ 36,963,917

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the two months ended August 31, 2013

	Budget	August 31, 2013	Year Ended June 30, 2013
54 010 **Operation and Maintenance of Board Owned Fleet**			
011 Salaries and benefits - administration	$ 25,319	$ 21,275	$ 151,923
012 Salaries and benefits - drivers and mechanics	313,148	125,983	1,818,879
013 Payroll tax		1,940	32,060
014 Debt repayment- interest	12,333	10,178	64,746
015 Principal payments on bus loans	48,400		
017 Gas and oil	88,333	16,169	458,171
018 Licenses	4,867	2,000	29,636
019 Insurance	5,817	6,374	38,253
021 Repairs and Maintenance - Fleet	48,300	66,896	289,502
022 Building	3,667	5,243	30,235
023 Tires and Tubes	10,932	10,155	58,261
024 Heat and Light	3,167	2,497	18,695
025 Municipal Service	217		
026 Snow Clearing	3,783		18,305
027 Office Supplies	1,700	4,054	6,841
029 Travel	2,000	1,323	10,035
031 Professional Fees	667		
032 Miscellaneous	15,833	8,801	99,103
033 Telephone	7,000	6,239	46,782
	595,483	289,127	3,171,427
54 040 **Contracted Services**			
041 Regular transportation			17,079,813
042 Handicapped			3,141,016
047 Salaries	46,143	17,328	233,558
048 Travel	2,000	2,459	8,306
049 Non funded misc		4,982	150,000
050 Non funded equipment and expenses	45,000	4,192	127,252
051 Professional fees	8,333	5,491	38,867
Total Pupil Transportation Expenditures	$ 696,959	$ 323,579	$ 23,950,239

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Eastern School District
Schedule 6
Miscellaneous Expenses

For the two months ended August 31, 2013

	August 31, 2013	Year Ended June 30, 2013
55 032 Summer school and night school fees	$ 104,398	$ 150,421
57 011 Bad debt expense (recovery)	(18,588)	(38,317)
Total Miscellaneous Expenditures	$ 85,810	$ 112,104

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Eastern School District
Schedule 7
Capital Assets

For the two months ended August 31, 2013

	Cost August 31, 2013	Accumulated Amortization 2013	NBV August 31, 2013	NBV June 30, 2013
12 210 **Land and Sites**	$ 10,125,077		$ 10,125,077	$ 10,125,077
12 220 **Buildings**				
221 Schools	451,797,384	$ 178,425,543	273,371,841	269,342,548
222 Administration	5,620,567	2,331,256	3,289,311	3,299,674
223 Residential	10,000	1,633	8,367	8,400
225 Other	452,854	425,114	27,740	28,261
	457,880,805	181,183,546	276,697,259	272,678,883
12 230 **Furniture and Equip.**				
231 Schools	32,339,469	31,294,161	1,045,308	1,095,062
232 Administration	3,215,370	3,175,119	40,251	
233 Residential	850	850		
235 Other	27,648	27,648		
	35,583,337	34,497,778	1,085,559	1,095,062
12 240 **Vehicles**				
241 Service vehicles	1,143,789	851,229	292,560	310,076
12 250 **Pupil Transportation**				
252 Building	152,886	29,792	123,094	123,270
253 Buses	5,134,680	3,103,594	2,031,086	1,546,920
254 Service vehicles	59,383	59,383		
	5,346,949	3,192,769	2,154,180	1,670,190
12 260 **Misc. Capital Assets**				
Computers	894,464	894,464		
Tools	18,162	18,162		
Water lines	29,151	7,936	21,215	21,377
	941,777	920,562	21,215	21,377
Total Capital Assets	$ 511,021,734	$ 220,645,884	$ 290,375,850	$ 285,900,665

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Eastern School District
Schedule 7A
Details of Capital Assets - Additions and Disposals

For the two months ended August 31, 2013

	Cost June 30, 2013	Additions 2013	Disposals 2013	Cost August 31, 2013
12 210 **Land and Sites**	$ 10,125,077			$ 10,125,077
12 220 **Buildings**				
221 Schools	447,684,234	$ 6,170,316	$ 2,057,166	451,797,384
222 Administration	5,620,567			5,620,567
223 Residential	10,000			10,000
225 Other	452,854			452,854
	453,767,655	6,170,316	2,057,166	457,880,805
12 230 **Furniture and Equip.**				
231 Schools	32,339,469			32,339,469
232 Administration	3,173,731	41,639		3,215,370
233 Residential	850			850
235 Other	27,648			27,648
	35,541,698	41,639		35,583,337
12 240 **Vehicles**				
241 Service vehicles	1,143,789			1,143,789
12 250 **Pupil Transportation**				
252 Building	152,886			152,886
253 Buses	5,727,879	536,917	1,130,116	5,134,680
254 Service vehicles	59,383			59,383
	5,940,148	536,917	1,130,116	5,346,949
12 260 **Misc. Capital Assets**				
Computers	894,464			894,464
Tools	18,162			18,162
Energy retrofit	5,834,303		5,834,303	
Water lines	29,151			29,151
	6,776,080		5,834,303	941,777
Total Capital Assets	$ 513,294,447	$ 6,748,872	$ 9,021,585	$ 511,021,734

Eastern School District
Schedule 7B
Details of Capital Assets - Amortization

For the two months ended August 31, 2013

	Accumulated Amortization June 2013	Amortization 2013	Amortization on disposals 2013	Change in Amortization 2013	Accumulated Amortization August 2013
12 210 **Land and Sites**					
12 220 **Buildings**					
221 Schools	$ 178,341,686	$ 2,141,023	$ 2,057,166	$ 83,857	$ 178,425,543
222 Administration	2,320,893	10,363		10,363	2,331,256
223 Residential	1,600	33		33	1,633
225 Other	424,593	521		521	425,114
	181,088,772	2,151,940	2,057,166	94,774	181,183,546
12 230 **Furniture and Equip.**					
231 Schools	31,244,407	49,754		49,754	31,294,161
232 Administration	3,173,731	1,388		1,388	3,175,119
233 Residential	850				850
235 Other	27,648				27,648
	34,446,636	51,142		51,142	34,497,778
12 240 **Vehicles**					
241 Service vehicles	833,713	17,516		17,516	851,229
12 250 **Pupil Transportation**					
252 Building	29,616	176		176	29,792
253 Buses	4,180,959	52,751	1,130,116	(1,077,365)	3,103,594
254 Service vehicles	59,383				59,383
	4,269,958	52,927	1,130,116	(1,077,189)	3,192,769
12 260 **Misc. Capital Assets**					
Computers	894,464				894,464
Tools	18,162				18,162
Energy retrofit	5,834,303		5,834,303	(5,834,303)	
Water lines	7,774	162		162	7,936
	6,754,703	162	5,834,303	(5,834,141)	920,562
Total Capital Assets	$ 227,393,782	$ 2,273,687	$ 9,021,585	$ (6,747,898)	$ 220,645,884

Eastern School District
Schedule 8
Long-Term Debt

For the two months ended August 31, 2013

	August 31, 2013	June 30, 2013
211 Bank Loans		
BMO unsecured loan, bearing interest at prime + 2.0%, repayable in monthly installments of $9,443 plus interest, maturing September 2014.	$ 113,319	$ 132,205
221 Pupil Transportation Vehicle Bank Loans		
BMO unsecured loan, bearing interest at prime + 2%, repayable in blended monthly installments of $5,744, maturing July 2013.		6,311
BMO unsecured loan, bearing interest at prime + 2%, repayable in blended monthly installments of $1,095, maturing May 2014.	10,951	13,141
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $1,679 plus interest, maturing September 2014.	23,508	26,867
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $3,910 plus interest, maturing June 2015.	86,029	93,850
BMO unsecured loan, bearing interest at 4.55%, repayable in blended monthly installments of $4,393, maturing September 2015.	195,130	202,396
BMO unsecured loan, bearing interest at prime + 2%, repayable in monthly installments of $4,336 plus interest, maturing May 2016.	143,086	151,758
RBC unsecured loan, bearing interest at 5.046%, repayable in blended monthly installments of $4,320, maturing October 2018.	235,171	241,792
BMO unsecured loan, bearing interest at 3.59%, repayable in blended monthly installments of $2,256, maturing September 2022.	209,580	212,823
RBC unsecured loan, bearing interest at 2.6%, repayable in blended monthly installments of $3,759, maturing September 2023.	399,659	404,905
RBC unsecured loan, bearing interest at 3.02%, repayable in blended monthly installments of $3,788, maturing September 2024.	427,661	433,064
Total Pupil Transportation Vehicle Bank Loans	1,730,775	1,786,907
Total Long-Term Debt	$ 1,844,094	$ 1,919,112

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Long-Term Debt

Description	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
Equipment	$ 132,205	$	$ 18,886	$ 113,319
Transportation	1,786,907		56,132	1,730,775
Total Loans	$ 1,919,112	$	$ 75,018	$ 1,844,094

Annual principal payments

Annual principal payments to maturity are as follows:

2014	$ 518,385
2015	$ 374,367
2016	$ 307,700
2017	$ 241,648
2018	$ 160,149
Thereafter	$ 603,076

Interest Expense

	August 31, 2013	June 30, 2013
Equipment	$ 1,790	$ 15,650
Energy management - capital lease	650	19,422
Total expense	$ 2,440	$ 35,072

Note: Interest expense related to bank loans for pupil transportation vehicles of $10,178 (June 30, 2013 - $64,746) is included with Pupil Transportation Expenditures on schedule 5.

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Financial Statements

Health Care Foundation of St. John's Inc.

March 31, 2014

Grant Thornton

Independent auditor's report

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To the Board of Directors of
Health Care Foundation of St. John's Inc.

We have audited the accompanying financial statements of Health Care Foundation of St. John's Inc., which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change 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 accounting standards for not-for-profit organizations, 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. Except as explained in the following paragraph, 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.

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

Basis for qualified opinion

In common with many charitable organizations, the Foundation derives its revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended March 31, 2014, and current assets and net assets as at March 31, 2014.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Health Care Foundation of St. John's Inc. as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. John's, Canada

September 25, 2014

Chartered accountants

Health Care Foundation of St. John's Inc.

Statement of Operations

Year Ended March 31

	Operating Fund 2014	Restricted Fund 2014	Total 2014	Operating Fund 2013	Restricted Fund 2013	Total 2013
Revenue						
Annual giving	$ 589,315	$ 123,234	$ 712,549	$ 604,965	$ 140,633	$ 745,598
Major gifts	255,300	2,630,592	2,885,892	119,500	1,352,309	1,471,809
Planned giving	-	80,109	80,109	216,438	1,261,500	1,477,938
Special events	693,747	-	693,747	1,074,422	-	1,074,422
Hospital Home Lottery	3,112,840	-	3,112,840	-	-	-
Interest	54,435	10,687	65,122	38,277	6,017	44,294
	4,705,637	2,844,622	7,550,259	2,053,602	2,760,459	4,814,061
Expenditures						
Salaries and benefits	732,886	-	732,886	659,597	-	659,597
Annual giving	184,325	2,864	187,189	180,068	2,040	182,108
Major gifts	6,382	-	6,382	24,057	-	24,057
Planned giving	376	-	376	-	-	-
Special events	168,472	-	168,472	194,002	-	194,002
Hospital Home Lottery	2,209,041	-	2,209,041	245,605	-	245,605
Administration	184,038	-	184,038	242,977	-	242,977
Communications	60,996	-	60,996	53,392	-	53,392
Amortization	10,188	-	10,188	8,876	-	8,876
	3,556,704	2,864	3,559,568	1,608,574	2,040	1,610,614
Excess of revenue over expenditures before undernoted item	1,148,933	2,841,758	3,990,691	445,028	2,758,419	3,203,447
Grants						
Grants to Eastern Health	184,593	3,011,581	3,196,174	40,039	2,854,764	2,894,803
Excess of revenue over expenditures (expenditures over revenue)	$ 964,340	$ (169,823)	$ 794,517	$ 404,989	$ (96,345)	$ 308,644

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.

Statement of Changes in Net Assets

Year Ended March 31			**2014**	2013
	Operating Fund	**Restricted Fund**	**Total**	Total
Net assets, beginning of year	**$ 1,742,585**	**$ 1,163,578**	**$ 2,906,163**	$ 2,597,519
Excess of revenue over expenditures (expenditures over revenue)	**964,340**	**(169,823)**	**794,517**	308,644
Fund transfer (Note 8)	**(486,209)**	**486,209**	**-**	-
Net assets, end of year	**$ 2,220,716**	**$ 1,479,964**	**$ 3,700,680**	$ 2,906,163

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
Statement of Financial Position
March 31, 2014

	Operating Fund 2014	Restricted Fund 2014	Total 2014	Operating Fund 2013	Restricted Fund 2013	Total 2013
Assets						
Current						
Cash and cash equivalents	$ 3,293,179	$ 1,738,276	$ 5,031,455	$ 2,738,642	$ 1,217,120	$ 3,955,762
Receivables	270,275	3,096	273,371	269,563	3,792	273,355
Prepaids	12,040	-	12,040	5,558	-	5,558
Other assets (Note 4)	180,518	-	180,518	271,899	-	271,899
	3,756,012	1,741,372	5,497,384	3,285,662	1,220,912	4,506,574
Equipment (Note 5)	24,748	-	24,748	31,350	-	31,350
	$ 3,780,760	$ 1,741,372	$ 5,522,132	$ 3,317,012	$ 1,220,912	$ 4,537,924
Liabilities						
Current						
Payables and accruals	$ 204,592	$ 123	$ 204,715	$ 238,046	$ 23,989	$ 262,035
Deferred revenue	1,079,095	-	1,079,095	1,218,327	-	1,218,327
Due to Eastern Regional Health Authority	201,804	261,285	463,089	48,947	33,345	82,292
Accrued severance and vacation pay	74,553	-	74,553	69,107	-	69,107
	1,560,044	261,408	1,821,452	1,574,427	57,334	1,631,761
Net Assets						
Restricted net assets	-	1,479,964	1,479,964	-	1,163,578	1,163,578
Unrestricted net assets	2,220,716	-	2,220,716	1,742,585	-	1,742,585
	2,220,716	1,479,964	3,700,680	1,742,585	1,163,578	2,906,163
	$ 3,780,760	$ 1,741,372	$ 5,522,132	$ 3,317,012	$ 1,220,912	$ 4,537,924

Commitment (Note 7)

On behalf of the Board

Jonathan Perry Director Debbie Patten Director

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.

Statement of Cash Flows

Year Ended March 31	2014			2013
	Operating Fund	**Restricted Fund**	**Total**	Total
Increase (decrease) in cash and cash equivalents				
Operating				
Excess of revenue over expenditures (expenditures over revenue)	**$ 964,340**	**$ (169,823)**	**$ 794,517**	$ 308,644
Amortization	**10,188**	**-**	**10,188**	8,876
	974,528	**(169,823)**	**804,705**	317,520
Changes in non-cash operating working capital (Note 6)	**69,804**	**204,770**	**274,574**	982,043
	1,044,332	**34,947**	**1,079,279**	1,299,563
Investing				
Purchase of equipment	**(3,586)**	**-**	**(3,586)**	(9,526)
Financing				
Transfer of funds between operating and restricted funds	**(486,209)**	**486,209**	**-**	-
Net increase in cash and cash equivalents	**554,537**	**521,156**	**1,075,693**	1,290,037
Cash and cash equivalents				
Beginning of year	**2,738,642**	**1,217,120**	**3,955,762**	2,665,725
End of year	**$ 3,293,179**	**$ 1,738,276**	**$ 5,031,455**	$ 3,955,762

See accompanying notes to the financial statements.

1. Nature of operations

The Health Care Foundation of St. John's Inc. (the "Foundation") raises funds to meet the financial needs of the Eastern Regional Health Authority for capital projects, equipment, programs and research directly related to the health and welfare of the people of Newfoundland and Labrador, while promoting public awareness of these needs.

The Foundation is a registered charity and is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include all assets, liabilities, revenue and expenditures of the Foundation. The Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Joint venture

The Foundation participates in a joint fundraising event conducted jointly with another organization wherein the Foundation has entered into an agreement that provides for specified percentage interest in the fundraising activities. The Foundation accounts for its interest in the joint venture using the proportionate consolidation method.

Fund accounting

The Foundation employs fund accounting, classifying financial statement items in either the operating or restricted fund.

The operating fund provides funds to help support the St. Clare's Mercy Hospital, General Hospital - Health Sciences Centre, Dr. L.A. Miller Centre, Waterford Hospital and the Dr. Walter Templeman Center.

The restricted fund consists of donations which are restricted by the donors to specific purposes and which are recorded to reflect their designation.

Revenue earned and expenses incurred in support of a fundraising event are recorded in the operating fund in accordance with the Foundation's revenue recognition policies. Once an event has been completed, 75% of the net results of the event are transferred to the restricted fund, while 25% of the funds remain in the operating fund.

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.

Equipment

Equipment is recorded at cost and amortized on a straight line basis over five years.

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

Other assets

Costs directly related to the development of the Hospital Home Lottery are presented as other assets when the Foundation can reliably demonstrate that there is a future economic benefit associated with these costs. These costs will be expensed when the lottery is held in the next fiscal year. Costs such as advertising and promotion are expensed immediately.

Deferred revenue

Revenue received during the year related to ticket sales or sponsorships for events taking place subsequent to year end have been deferred and will be recognized when the event takes place.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Deferred compensation

Deferred compensation pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Deferred compensation is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for deferred compensation is recorded in the accounts for any employee who has less than nine years of service. Deferred compensation is payable when the employee ceases employment with the Foundation.

Revenue recognition

The Foundation follows the restricted fund method whereby externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed when received or receivable and when collectability is reasonably assured.

Unrestricted contributions, excluding donations, are recognized as revenue when received or receivable and when collectability is reasonably assured.

Revenue from donations, including pledges, and other fundraising activities is recognized in the accounts of the Foundation in the year in which it is received.

Revenue from the joint venture fundraising event is recognized when collected plus an estimated accrual based on subsequent receipts.

Revenue and expenses for the Hospital Home Lottery in the prior year are recorded on a gross basis as the Foundation acted as the principal in the transactions.

Based upon the terms and conditions of the Lottery agreements, the Foundation assumed the risks associated with the Lottery. As the Lottery was not completed during the current year, revenue received as of year end has been deferred.

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

Due to the uncertainty surrounding the collectability of sponsorships, the Foundation recognizes them when they are received, unless collectability is reasonably assured, in which case a receivable is set up.

Due to the uncertainty surrounding collectability of pledges, the Foundation recognizes only those pledges for which amounts have been received at the date of the completion of financial statements.

Donated materials and services

Donated material and services are recorded in the financial statements when the fair value of these items can be reasonably estimated. The Foundation has recognized $43,634 (2013 - $67,801) as donated materials and services during the year. These included prizes for various events.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis. The total pension expense for the Foundation for the year was $35,546 (2013 - $34,090).

Financial instruments

Initial measurement
The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement
At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and amounts due to Eastern Regional Health Authority.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Risk management

The Foundation'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 Foundation include liquidity and credit risks.

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

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Foundation's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

4. Other assets

Prior to March 31, 2014, the Foundation committed to carrying out the spring 2014 Hospital Home Lottery (the "Home Lottery"), which was held in May 2014. As at March 31, 2014, revenue of $1,072,095 (2013 - $1,200,227) received during the year associated with the 2014 Home Lottery has been deferred and recorded on the Statement of Financial Position. Costs of $180,518 (2013 - $271,899) incurred during the year ended March 31, 2014 have been included in other assets on the Statement of Financial Position and will be expensed when the lottery is held. Advertising and promotional costs of $177,261 (2013 - 245,605) incurred during the year have been recognized under the Hospital Home Lottery expense on the Statement of Operations. The revenue and remaining expenses of the 2014 Home Lottery will be recorded in the financial statements for the year ending March 31, 2015.

5. Equipment

			2014	2013
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and equipment	$ 46,435	$ 25,396	**$ 21,039**	$ 27,787
Computer equipment	29,340	25,631	**3,709**	3,563
	$ 75,775	$ 51,027	**$ 24,748**	$ 31,350

6. Supplemental cash flow information

	Operating Fund	Restricted Fund	2014 Total	2013 Total
Change in non-cash operating working capital				
Receivables	(712)	696	**(16)**	$ (17,399)
Prepaids	(6,482)	-	**(6,482)**	7,718
Other assets	91,381	-	**91,381**	(271,899)
Payables and accruals	(33,454)	(23,866)	**(57,320)**	44,398
Deferred revenue	(139,232)	-	**(139,232)**	1,201,427
Due to Eastern Regional Health Authority	152,857	227,940	**380,797**	1,329
Accrued vacation pay	5,446	-	**5,446**	16,469
	$ 69,804	$ 204,770	**$ 274,574**	$ 982,043

Cash and cash equivalents consist of the following:

	2014	2013
Balance with bank – Hospital Home Lottery	**$ 1,019,423**	$ 946,929
Balance with bank – Bust-a-Move (Foundation's 50% portion)	**102,017**	157,023
Balance with bank and cash on hand	**2,171,738**	1,634,690
Balance with bank (restricted)	**1,738,276**	1,217,120
	$ 5,031,454	$ 3,955,762

7. Commitment

The Foundation is committed to minimum annual payments in the next two years under a lease agreement for office space as follows:

2015	$ 51,129
2016	$ 34,086

8. Fund Transfer

Funds are transferred from the operating fund to the restricted fund to ensure proper segregation of funds related to specific Board-approved initiatives and programs. For the year ended March 31, 2014, $486,209 (2013 - $996,710) was transferred from the operating fund to the restricted fund.

9. Joint venture

During the year, the Foundation participated in the Bust-a-Move event which was a joint venture with Dr. H. Bliss Murphy Cancer Care Foundation Newfoundland and Labrador Inc. Both organizations had a 50% interest in the fundraising event. Accordingly, the Foundation includes its share of assets, liabilities, revenue and expenses in the financial statements. The following is a summary of the financial position and operating results of the Bust-a-Move event as at March 31, 2014, and the Foundation's proportionate share.

	2014 Total	2014 Proportionate Share	2013 Total	2013 Proportionate Share
Assets				
Cash	$ 204,033	$ 102,017	$ 314,046	$ 157,023
Receivables	27,745	13,872	82,607	41,303
Prepaid	-	-	-	-
	231,778	115,889	396,653	198,326
Liabilities				
Accounts payables	35,562	17,781	211,725	105,862
Net assets	196,216	98,108	184,928	92,464
	$ 231,778	$ 115,889	$ 396,653	$ 198,326

9. **Joint venture** (cont'd.)

	2014 Total	2014 Proportionate Share	2013 Total	2013 Proportionate Share
Revenue				
Participants pledges	**226,191**	**113,096**	239,450	119,725
Sponsorships	**95,000**	**47,500**	100,000	50,000
Other	**2,797**	**1,398**	7,094	3,547
	323,988	**161,994**	346,544	173,272
Expenses				
Advertising and promotion	**37,706**	**18,853**	46,184	23,092
Bank account fees	**19,517**	**9,758**	15,877	7,939
Catering	**1,283**	**642**	1,079	539
Committee support	**-**	**-**	1,500	750
Contract services	**1,500**	**750**	-	-
Entertainment	**32,566**	**16,283**	26,455	13,228
License	**10,000**	**5,000**	10,000	5,000
Miscellaneous	**5,196**	**2,598**	5,323	2,661
Office supplies	**298**	**149**	316	158
Printing	**1,000**	**500**	3,509	1,755
Prizes	**100**	**50**	1,125	562
Professional fees	**2,500**	**1,250**	3,210	1,605
Salary	**10,000**	**5,000**	45,000	22,500
Audio visual	**18,562**	**9,281**	-	-
Venue rentals	**8,472**	**4,236**	8,551	4,275
	148,700	**74,350**	168,129	84,064
Excess of revenue over expenditures	**$ 175,288**	**$ 87,644**	$ 178,415	$ 89,208
Net assets, beginning of year	**$ 184,928**	**$ 92,464**	$ 150,513	75,256
Disbursements	**164,000**	**82,000**	144,000	72,000
	20,928	**10,464**	6,513	3,256
Excess of revenue over expenses	**175,288**	**87,644**	178,415	89,208
Net assets, end of year	**$ 196,216**	**$ 98,108**	$ 184,928	92,464

Grant Thornton

Financial Statements

Health Care Foundation of St. John's Inc.

March 31, 2015

Grant Thornton

Independent auditor's report

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To the Board of Directors of
Health Care Foundation of St. John's Inc.

We have audited the accompanying financial statements of Health Care Foundation of St. John's Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of operations, change 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 accounting standards for not-for-profit organizations, 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. Except as explained in the following paragraph, 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.

Basis for qualified opinion

In common with many charitable and not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, and cash flows from operations for the years ended March 31, 2015 and 2014, assets as at March 31, 2015 and 2014, and net assets as at April 1, 2014 and 2013 and March 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended March 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Health Care Foundation of St. John's Inc. as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. John's, Canada

September 24, 2015

Chartered accountants

Health Care Foundation of St. John's Inc.

Statement of Operations

Year Ended March 31

	Operating Fund 2015	Restricted Fund 2015	Total 2015	Operating Fund 2014	Restricted Fund 2014	Total 2014
Revenue						
Annual giving	$ 378,042	$ 175,285	$ 553,327	$ 589,315	$ 123,234	$ 712,549
Major gifts	255,875	2,928,449	3,184,324	255,300	2,630,592	2,885,892
Planned giving	-	138,606	138,606	-	80,109	80,109
Special events	756,709	-	756,709	693,747	-	693,747
Hospital Home Lottery	3,154,500	-	3,154,500	3,112,840	-	3,112,840
Interest	51,491	40,226	91,717	54,435	10,687	65,122
	4,596,617	3,282,566	7,879,183	4,705,637	2,844,622	7,550,259
Expenditures						
Salaries and benefits	656,382	-	656,382	732,886	-	732,886
Annual giving	122,436	2,529	124,965	184,325	2,864	187,189
Major gifts	22,091	-	22,091	6,382	-	6,382
Planned giving	2,557	-	2,557	376	-	376
Special events	216,235	-	216,235	168,472	-	168,472
Hospital Home Lottery	2,351,354	-	2,351,354	2,209,041	-	2,209,041
Administration	205,939	-	205,939	184,038	-	184,038
Communications	83,719	-	83,719	60,996	-	60,996
Amortization	11,008	-	11,008	10,188	-	10,188
	3,671,721	2,529	3,674,250	3,556,704	2,864	3,559,568
Excess of revenue over expenditures before undernoted item	924,896	3,280,037	4,204,933	1,148,933	2,841,758	3,990,691
Grants						
Grants to Eastern Health	50,000	3,682,924	3,732,924	184,593	3,011,581	3,196,174
Excess of revenue over expenditures (expenditures over revenue)	$ 874,896	$ (402,887)	$ 472,009	$ 964,340	$ (169,823)	$ 794,517

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.

Statement of Changes in Net Assets

Year Ended March 31			2015	2014
	Operating Fund	Restricted Fund	Total	Total
Net assets, beginning of year	$ 2,220,716	$ 1,479,964	$ 3,700,680	$ 2,906,163
Excess of revenue over expenditures (expenditures over revenue)	874,896	(402,887)	472,009	794,517
Fund transfer (Note 8)	(571,323)	571,323	-	-
Net assets, end of year	$ 2,524,289	$ 1,648,400	$ 4,172,689	$ 3,700,680

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
Statement of Financial Position
March 31, 2015

	Operating Fund 2015	Restricted Fund 2015	Total 2015	Operating Fund 2014	Restricted Fund 2014	Total 2014
Assets						
Current						
Cash and cash equivalents	$ 3,385,565	$ 1,890,075	$ 5,275,640	$ 3,293,179	$ 1,738,276	$ 5,031,455
Receivables	199,901	14,446	214,347	270,275	3,096	273,371
Prepaids	21,274	-	21,274	12,040	-	12,040
Other assets (Note 4)	140,287	-	140,287	180,518	-	180,518
	3,747,027	1,904,521	5,651,548	3,756,012	1,741,372	5,497,384
Equipment (Note 5)	18,316	-	18,316	24,748	-	24,748
	$ 3,765,343	$ 1,904,521	$ 5,669,864	$ 3,780,760	$ 1,741,372	$ 5,522,132
Liabilities						
Current						
Payables and accruals	$ 122,053	$ 2,121	$ 124,174	$ 204,592	$ 123	$ 204,715
Deferred revenue	971,640	-	971,640	1,079,095	-	1,079,095
Due to Eastern Regional Health Authority	57,199	254,000	311,199	201,804	261,285	463,089
Accrued severance and vacation pay	90,162	-	90,162	74,553	-	74,553
	1,241,054	256,121	1,497,175	1,560,044	261,408	1,821,452
Net Assets						
Restricted net assets	-	1,648,400	1,648,400	-	1,479,964	1,479,964
Unrestricted net assets	2,524,289	-	2,524,289	2,220,716	-	2,220,716
	2,524,289	1,648,400	4,172,689	2,220,716	1,479,964	3,700,680
	$ 3,765,343	$ 1,904,521	$ 5,669,864	$ 3,780,760	$ 1,741,372	$ 5,522,132

Commitment (Note 7)

On behalf of the Board

Debbie Patten Director David Jones Director

See accompanying notes to the financial statements.

Health Care Foundation of St. John's Inc.
Statement of Cash Flows
Year Ended March 31

	Operating Fund (2015)	Restricted Fund (2015)	Total (2015)	Total (2014)
Increase (decrease) in cash and cash equivalents				
Operating				
Excess of revenue over expenditures (expenditures over revenue)	$ 874,896	$ (402,887)	$ 472,009	$ 794,517
Amortization	11,008	-	11,008	10,188
	885,904	(402,887)	483,017	804,705
Changes in non-cash operating working capital (Note 6)	(217,619)	(16,637)	(234,256)	274,574
	668,285	(419,524)	248,761	1,079,279
Investing				
Purchase of equipment	(4,576)	-	(4,576)	(3,586)
Financing				
Transfer of funds between operating and restricted funds	(571,323)	571,323	-	-
Net increase in cash and cash equivalents	92,386	151,799	244,185	1,075,693
Cash and cash equivalents				
Beginning of year	3,293,179	1,738,276	5,031,455	3,955,762
End of year	$ 3,385,565	$ 1,890,075	$ 5,275,640	$ 5,031,455

See accompanying notes to the financial statements.

1. Nature of operations

The Health Care Foundation of St. John's Inc. (the "Foundation") raises funds to meet the financial needs of the Eastern Regional Health Authority for capital projects, equipment, programs and research directly related to the health and welfare of the people of Newfoundland and Labrador, while promoting public awareness of these needs.

The Foundation is a registered charity and is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include all assets, liabilities, revenue and expenditures of the Foundation. The Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Joint venture

The Foundation participates in a joint fundraising event conducted jointly with another organization wherein the Foundation has entered into an agreement that provides for specified percentage interest in the fundraising activities. The Foundation accounts for its interest in the joint venture using the proportionate consolidation method.

Fund accounting

The Foundation employs fund accounting, classifying financial statement items in either the operating or restricted fund.

The operating fund provides funds to help support the St. Clare's Mercy Hospital, General Hospital - Health Sciences Centre, Dr. L.A. Miller Centre, Waterford Hospital and the Dr. Walter Templeman Centre.

The restricted fund consists of donations which are restricted by the donors for specific purposes and which are recorded to reflect their designation.

Revenue earned and expenses incurred in support of a special event are recorded in the operating fund in accordance with the Foundation's revenue recognition policies. Once an event has been completed, 75% of the net results of the event are transferred to the restricted fund, while 25% of the funds remain in the operating fund.

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.

Equipment

Equipment is recorded at cost and amortized on a straight line basis over five years.

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

Other assets

Costs directly related to the development of the Hospital Home Lottery are presented as other assets when the Foundation can reliably demonstrate that there is a future economic benefit associated with these costs. These costs will be expensed when the lottery is held in the next fiscal year. Costs such as advertising and promotion are expensed immediately.

Deferred revenue

Revenue received during the year related to ticket sales or sponsorships for events taking place subsequent to year end have been deferred and will be recognized when the event takes place.

Severance and vacation pay

Severance and vacation pay is accrued for employees as entitlement to these payments is earned.

Deferred compensation

Deferred compensation pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Deferred compensation is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for deferred compensation is recorded in the accounts for any employee who has less than nine years of service. Deferred compensation is payable when the employee ceases employment with the Foundation.

Revenue recognition

The Foundation follows the restricted fund method whereby externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed when received or receivable and when collectability is reasonably assured.

Unrestricted contributions, excluding donations, are recognized as revenue when received or receivable and when collectability is reasonably assured.

Revenue from donations, including pledges, and other fundraising activities is recognized in the accounts of the Foundation in the year in which it is received.

Revenue from the joint venture fundraising event is recognized when collected plus an estimated accrual based on subsequent receipts.

Revenue and expenses for the Hospital Home Lottery in the prior year are recorded on a gross basis as the Foundation acted as the principal in the transactions.

Based upon the terms and conditions of the Lottery agreements, the Foundation assumed the risks associated with the Lottery. As the Lottery was not completed during the current year, revenue received as of year end has been deferred.

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

Due to the uncertainty surrounding the collectability of sponsorships, the Foundation recognizes them when they are received, unless collectability is reasonably assured, in which case a receivable is recorded.

Due to the uncertainty surrounding collectability of pledges, the Foundation recognizes only those pledges for which amounts have been received at the date of the completion of financial statements.

Donated materials and services

Donated material and services are recorded in the financial statements when the fair value of these items can be reasonably estimated. The Foundation has recognized $68,626 (2014 - $43,634) as donated materials and services during the year. These included prizes for various events.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis. The total pension expense for the Foundation for the year was $38,275 (2014 - $35,546).

Financial instruments

Initial measurement
The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement
At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and amounts due to Eastern Regional Health Authority.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Risk management

The Foundation'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 Foundation include liquidity and credit risks.

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

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Foundation's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

4. Other assets

Prior to March 31, 2015, the Foundation committed to carrying out the spring 2015 Hospital Home Lottery (the "Home Lottery"), which was held in May 2015. As at March 31, 2015, revenue of $942,140 (2014 - $1,072,095) received during the year associated with the 2015 Home Lottery has been deferred and recorded on the Statement of Financial Position. Costs of $140,287 (2014 - $180,518) incurred during the year ended March 31, 2015 have been included in other assets on the Statement of Financial Position and will be expensed when the lottery is held. Advertising and promotional costs of $112,878 (2014 – 177,261) incurred during the year have been recognized under the Hospital Home Lottery expense on the Statement of Operations. The revenue and remaining expenses of the 2015 Home Lottery will be recorded in the financial statements for the year ending March 31, 2016.

5. Equipment

			2015	2014
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and equipment	$ 48,847	$ 35,102	**$ 13,745**	$ 21,039
Computer equipment	31,504	26,933	**4,571**	3,709
	$ 80,351	$ 62,035	**$ 18,316**	$ 24,748

6. Supplemental cash flow information

	Operating Fund	Restricted Fund	2015 Total	2014 Total
Change in non-cash operating working capital				
Receivables	$ 70,374	$ (11,350)	$ **59,024**	$ (16)
Prepaids	(9,234)	-	**(9,234)**	(6,482)
Other assets	40,231	-	**40,231**	91,381
Payables and accruals	(82,539)	1,998	**(80,541)**	(57,320)
Deferred revenue	(107,455)	-	**(107,455)**	(139,232)
Due to Eastern Regional Health Authority	(144,605)	(7,285)	**(151,890)**	380,797
Accrued vacation pay	15,609	-	**15,609**	5,446
	$ (217,619)	$ (16,637)	$ **(234,256)**	$ 274,574

Cash and cash equivalents consist of the following:

	2015	2014
Balance with bank – Hospital Home Lottery	$ **889,845**	$ 1,019,423
Balance with bank – Bust-a-Move (Foundation's 50% portion)	**8,971**	102,017
Balance with bank and cash on hand	**2,486,749**	2,171,738
Balance with bank (restricted)	**1,890,075**	1,738,276
	$ **5,275,640**	$ 5,031,454

7. Commitment

The Foundation is committed to minimum annual payments in the next year under a lease agreement for office space as follows:

2016	$ 34,086

8. Fund Transfer

Funds are transferred from the operating fund to the restricted fund to ensure proper segregation of funds related to specific Board-approved initiatives and programs. For the year ended March 31, 2015, $571,323 (2014 - $486,209) was transferred from the operating fund to the restricted fund.

9. Joint venture

In 2014 the Foundation participated in the Bust-a-Move event which was a joint venture with Dr. H. Bliss Murphy Cancer Care Foundation Newfoundland and Labrador Inc. Both organizations had a 50% interest in the fundraising event. The Bust a Move event was not held in 2015. As a result, the activity in 2015 was minimal with the exception of the disbursement of funds to each organization of $87,000.

The Foundation includes its share of assets, liabilities, revenue and expenses in the financial statements. The following is a summary of the financial position and operating results of the Bust-a-Move event as at March 31, 2014 and 2015, and the Foundation's proportionate share.

	2015 Total	2015 Proportionate Share	2014 Total	2014 Proportionate Share
Assets				
Cash	$ 17,942	$ 8,971	$ 204,033	$ 102,017
Receivables	2,706	1,353	27,745	13,872
Prepaid	4,343	2,172	-	-
	24,991	12,496	231,778	115,889
Liabilities				
Accounts payables	2,500	1,250	35,562	17,781
Net assets	22,491	11,246	196,216	98,108
	$ 24,991	$ 12,496	$ 231,778	$ 115,889

9. Joint venture (cont'd.)

	2015 Total	2015 Proportionate Share	2014 Total	2014 Proportionate Share
Revenue				
Participants pledges	$ -	$ -	$ 226,191	$ 113,096
Sponsorships	-	-	95,000	47,500
Other	1,344	672	2,797	1,398
	1,344	672	323,988	161,994
Expenses				
Advertising and promotion	847	424	37,706	18,853
Bank account fees	26	13	19,517	9,758
Catering	-	-	1,283	642
Contract services	-	-	1,500	750
Entertainment	-	-	32,566	16,283
License	-	-	10,000	5,000
Miscellaneous	196	98	5,196	2,598
Office supplies	-	-	298	149
Printing	-	-	1,000	500
Prizes	-	-	100	50
Professional fees	-	-	2,500	1,250
Salary	-	-	10,000	5,000
Audio visual	-	-	18,562	9,281
Venue rentals	-	-	8,472	4,236
	1,069	535	148,700	74,350
Excess of revenue over expenditures	$ 275	$ 137	$ 175,288	$ 87,644
Net assets, beginning of year	$ 196,216	$ 98,108	$ 184,928	$ 92,464
Disbursements	174,000	87,000	164,000	82,000
	22,216	11,108	20,928	10,464
Excess of revenue over expenses	275	137	175,288	87,644
Net assets, end of year	$ 22,491	$ 11,245	$ 196,216	$ 98,108

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

MARCH 31, 2015

Management's Report

Management's Responsibility for the Heritage Foundation of Newfoundland and Labrador 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 on a periodic basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Foundation, 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 Heritage Foundation of Newfoundland and Labrador.

On behalf of the Heritage Foundation of Newfoundland and Labrador.

George Chalker
Executive Director

Madonna Sullivan
Financial Manager

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Heritage Foundation of Newfoundland and Labrador which comprise the statement of financial position as at March 31, 2015, the statements of operations, change 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 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.

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 Heritage Foundation of Newfoundland and Labrador as at March 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

September 28, 2015
St. John's, Newfoundland and Labrador

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF FINANCIAL POSITION

As at March 31	2015	2014
FINANCIAL ASSETS		
Cash	$ 28,418	$ 120,580
Portfolio investments (Note 3)	1,567,394	1,511,913
Accounts receivable (Note 4)	58,172	80,356
	1,653,984	1,712,849
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	50,504	124,401
Employee future benefits (Note 6)	82,125	79,363
Deferred revenue (Note 7)	1,206,959	1,158,866
	1,339,588	1,362,630
Net financial assets	314,396	350,219
NON-FINANCIAL ASSETS		
Tangible capital assets, net (Note 8)	-	-
Prepaid expenses	889	1,129
	889	1,129
Accumulated surplus (Note 9)	$ 315,285	$ 351,348

Contractual obligations (Note 13)

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

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS
For the Year Ended 31 March

	2015 Budget	2015 Actual	2014 Actual
	(Note 15)		
REVENUES			
Province of Newfoundland and Labrador (Note 16)	$ 589,900	$ 542,547	$ 889,145
Government of Canada	-	-	6,300
Donation	-	90,000	50,000
Income from portfolio investments	-	32,134	33,396
Miscellaneous	-	6,859	28,344
	589,900	671,540	1,007,185
EXPENSES (Note 10)			
Heritage grants	194,000	53,846	151,186
Fisheries Heritage Preservation Initiative	-	26,768	14,685
Special projects (Note 11)	353,490	143,800	363,710
Administration	342,600	368,412	375,683
Intangible Cultural Heritage Strategy (Note 12)	133,300	114,777	146,031
	1,023,390	707,603	1,051,295
Annual deficit	(433,490)	(36,063)	(44,110)
Accumulated surplus, beginning of year	351,348	351,348	395,458
Accumulated surplus (deficit), end of year	$ (82,142)	$ 315,285	$ 351,348

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
For the Year Ended March 31

	2015 Budget	2015 Actual	2014 Actual
	(Note 15)		
Annual deficit	$ (433,490)	$ (36,063)	$ (44,110)
Tangible capital assets			
Amortization of tangible capital assets	-	-	598
	-	-	598
Prepaid expenses			
Acquisition of prepaid expense	-	(16,155)	(1,750)
Use of prepaid expense	-	16,395	1,004
	-	240	(746)
Decrease in net financial assets	(433,490)	(35,823)	(44,258)
Net financial assets, beginning of year	350,219	350,219	394,477
Net financial assets (debt), end of year	$ (83,271)	$ 314,396	$ 350,219

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

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS

For the Year Ended March 31	2015	2014
Operating transactions		
Annual deficit	$ (36,063)	$ (44,110)
Adjustment for non-cash items		
Amortization of tangible capital assets	-	598
	(36,063)	(43,512)
Change in non-cash operating items		
Accounts receivable	22,184	312,907
Accounts payable and accrued liabilities	(73,897)	75,051
Employee future benefits	2,762	2,148
Deferred revenue	48,093	(304,075)
Prepaid expense	240	(746)
Cash (applied to) provided from operating transactions	(36,681)	41,773
Investing transactions		
Purchase of portfolio investments	(531,332)	(954,418)
Redemption of portfolio investments	475,851	930,000
Cash applied to investing transactions	(55,481)	(24,418)
Increase (decrease) in cash	(92,162)	17,355
Cash, beginning of year	120,580	103,225
Cash, end of year	$ 28,418	$ 120,580

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

1. Nature of operations

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

The Foundation 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 Foundation is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Foundation does not prepare a statement of remeasurement gains and losses as the Foundation does not enter into relevant transactions or circumstances that are being addressed by the statement.

(b) Financial instruments

The Foundation's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities. The Foundation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition. The Foundation subsequently measures all of its financial assets and financial liabilities at cost.

The carrying values of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short term maturity associated with these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province. These contributions are recognized as revenue in the fiscal year the related expenses are incurred.

(e) Employee future benefits

i. Severance pay 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. The amount is payable when the employee ceases employment with the Foundation 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 employees of the Foundation are covered by the *Public Service Pensions Act, 1991*, or a self-directed RRSP. For employees covered by the self-directed RRSP, the Foundation will contribute at the same rates as the Public Service Pension Plan based on the employee's salary to the self-directed RRSP but there is no requirement for the employee to match the contributions.

For employees covered by the *Public Service Pension Act, 1991*, employee contributions are matched by the Commission and then remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer, 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 six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service.

The contributions of the Foundation to both the self-directed RRSPs and the Public Service Pension Plan Corporation are recorded as an expense for the year.

2. Summary of significant accounting policies (cont.)

(e) Employee future benefits (cont.)

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using the higher of the average of the frozen best five years of earnings up to January 1, 2015, or the average of the best six years of earnings for all service rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, including amounts that are directly related to the acquisition of the assets.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Systems development	5 years
Office and computer equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Foundation'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.

Minor tangible capital asset purchases are charged to operations in the year of acquisition.

(g) Prepaid expenses

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

2. Summary of significant accounting policies (cont.)

(h) Revenues

Revenues are recognized in the periods 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.

The Foundation recognizes government transfers as revenues when the transfer is authorized, any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability for the Foundation. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfers consist of funding from the Province of Newfoundland and Labrador and the Government of Canada.

Income from portfolio investments is recorded as earned.

(i) Expenses

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

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Foundation's Registered Heritage Structures grant program, the Fisheries Heritage Preservation grant program, and other projects as directed by the Province.

(j) 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 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.

3. Portfolio investments

	2015	2014
Portfolio investments, at cost	**$ 1,567,394**	$ 1,511,913
Portfolio investments, at market	**$ 1,567,394**	$ 1,511,913

Investments consist of Guaranteed Investment Certificates, with maturity dates ranging from June 11, 2015 to November 6, 2017, and interest rates ranging from 1.20% to 2.45%.

4. Accounts receivable

	2015	2014
Investment income receivable	**$ 19,623**	$ 21,920
Harmonized sales tax receivable	**28,953**	49,040
Province of Newfoundland and Labrador	**8,700**	6,000
Trade accounts receivable	**896**	3,396
	$ 58,172	$ 80,356

There is no allowance for doubtful accounts since all amounts are considered collectible.

5. Accounts payable and accrued liabilities

	2015	2014
Trade accounts payables and accruals	**$ 15,696**	$ 87,240
Accrued employee benefits	**34,808**	37,161
	$ 50,504	$ 124,401

6. Employee future benefits

(a) Severance pay

Employee future benefits consist of the liability for severance pay of $82,125 (2014 - $79,363).

(b) Retirement benefits

The Foundation and certain of its employees are subject to the *Public Service Pensions Act, 1991*. The plan will be administered by the Public Service Pension Plan Corporation, including payment of pension benefits to employees to whom the *Act* applies.

6. Employee future benefits (cont.)

(b) Retirement benefits (cont.)

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2014 - 8.6%). The Foundation's contributions equal the employee contributions to the plan. The Foundation is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Foundation for the year ended March 31, 2015 was $8,921 (2014 - $8,225).

For those employees not covered by the Public Service Pension Plan, the Foundation will make an annual contribution equal to the rate provided under the Public Service Pension Plan (maximum of 11.85% of the employee's salary) to a self-directed RRSP. There is no requirement that the employee make a matching contribution. Contributions to self-directed RRSPs for the year ended March 31, 2015, were $13,459 (2014 - $12,425).

7. Deferred revenue

Deferred revenue consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage initiatives as directed by the Province.

	2015	2014
Registered Heritage Structures	**$ 936,434**	$ 810,844
Fisheries Heritage Preservation Program	**60,133**	86,901
Ecclesiastical Structures	**113,824**	115,000
Registered Heritage Districts	**96,568**	101,855
Helicopter Crash Memorial	**-**	44,266
	$ 1,206,959	$ 1,158,866

8. Tangible capital assets

	Systems development	Office and computer equipment	Total
Balance, March 31, 2014	$ 267,096	$ 65,558	$ 332,654
Additions	-	-	-
Balance, March 31, 2015	267,096	65,558	332,654
Balance, March 31, 2014	267,096	65,558	332,654
Amortization expense	-	-	-
Balance, March 31, 2015	267,096	65,558	332,654
Net book value, March 31, 2015	**$ -**	**$ -**	**$ -**
Net book value, March 31, 2014	$ -	$ -	$ -

9. Accumulated surplus

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation. The Fund consists of the accumulated surplus of the Foundation. As at March 31, 2015, the Fund balance was $315,285 (2014 - $351,348).

10. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Salaries and benefits	$ 378,078	$ 404,053
Grants	87,045	217,918
Professional services	157,161	314,443
Purchased services	49,317	81,746
Travel	29,378	24,508
Amortization	-	598
Communications	4,162	5,599
Property, furnishings and equipment	2,462	2,430
	$ 707,603	$ 1,051,295

11. Special projects

The Foundation incurred expenses related to the following special projects.

	2015	2014
O'Brien Farm Foundation	$ -	$ 50,000
Helicopter Memorial	136,340	300,124
UNESCO	2,907	2,863
Other	4,553	10,723
	$ 143,800	$ 363,710

12. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year, the Foundation recognized $97,009 (2014 - $127,713) in revenue related to the Strategy. The Foundation also incurred expenses of $114,777 (2014 - $146,031) related to the Strategy.

13. Contractual obligations

(a) Grant commitments

As at March 31, 2015, the Foundation had committed $510,823 (2014 - $425,892) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

As at March 31, 2015, the Foundation had also committed $0 (2014 - $0) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

(b) Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments over the term of the lease are as follows:

2015	$ 3,246
2016	1,628
	$ 4,874

14. Financial risk management

The Foundation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Foundation is exposed to through its financial instruments are credit risk, liquidity risk and market risk. There was no significant change in the Heritage Foundation of Newfoundland and Labrador's exposure to these risks or its processes for managing these risks from the prior year.

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 Foundation's main credit risk relates to cash, portfolio investments and accounts receivable. The Foundation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Foundation is not exposed to significant credit risk with its cash or portfolio investments because these financial instruments are held with a Chartered Bank. The Foundation is not exposed to significant credit risk related to its accounts receivable as these amounts are due primarily from the Province of Newfoundland and Labrador, a Chartered Bank, or the Government of Canada. Accordingly, there is no allowance for doubtful accounts as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its financial liabilities and contractual obligations. The Foundation's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities and its contractual obligations as disclosed in Note 13. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

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 (foreign exchange) risk, interest rate risk and other price risk. The Foundation is not exposed to significant foreign exchange or other price risk. The Foundation is not exposed to significant interest rate risk related to its portfolio investments because these investments have fixed interest rates and fixed values at maturity.

15. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been derived from the estimates approved by the Board of Directors of the Foundation.

16. Related party transactions

(a) The Foundation receives grant funding from the Province of Newfoundland and Labrador. During the year, the Foundation received grants totaling $583,900 (2014 - $585,070). The Foundation recognized $542,547 (2014 - $889,145) in revenue from the Province of Newfoundland and Labrador.

(b) The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

(c) The Foundation received revenues of $0 (2014 - $1,843) from other related parties.

(d) The Foundation incurred expenses of $5,000 (2014 - $5,000) with related parties.

(e) Accounts receivable includes amounts due from related parties of $8,700 (2014 - $6,000)

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 Foundation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Foundation's objectives.

Consolidated financial statements

Labrador-Grenfell Regional Health Authority

March 31, 2015

Building a better
working world

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying consolidated financial statements of the **Labrador-Grenfell Regional Health Authority** as at and for the year ended March 31, 2015 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 the notes to the consolidated financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the consolidated 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 Board of Trustees [the "Board"] is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee [the "Committee"]. The Committee meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements.

The external auditor, Ernst & Young LLP, conducts an independent examination in accordance with Canadian generally accepted auditing standards and expresses an opinion on the consolidated financial statements for the year ended March 31, 2015.

Ray Norman	Tony Wakeham
Board Chair	Chief Executive Officer

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the **Labrador-Grenfell Regional Health Authority,** which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus (deficit), 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 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 the **Labrador-Grenfell Regional Health Authority** as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

St. John's, Canada
September 12, 2015

Chartered Professional Accountants

Labrador – Grenfell Regional Health Authority

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31

	2015 $	2014 $
Financial assets		
Cash	**885,105**	840,870
Restricted cash *[note 3]*	**1,702,545**	1,692,826
Accounts receivable *[note 5]*	**29,906,907**	20,656,204
Inventories for resale	**916,436**	880,020
	33,410,993	24,069,920
Liabilities		
Bank overdraft *[note 4]*	**2,172,939**	2,219,117
Demand credit facility *[note 4]*	**14,970,000**	—
Accounts payable and accrued liabilities *[note 6]*	**12,872,606**	10,811,980
Accrued vacation pay and other accrued benefits	**9,755,188**	9,073,022
Employee future benefits		
Accrued sick leave *[note 7]*	**7,544,611**	7,379,200
Accrued severance pay *[note 7]*	**13,259,904**	12,729,376
Deferred contributions *[note 8]*		
Deferred operating contributions	**4,022,273**	4,433,766
National Child Benefit (NCB) initiatives	**1,118,594**	1,830,642
Deferred capital contributions	**17,701,367**	24,063,802
Special purpose funds	**747,649**	984,584
Long-term debt *[note 10]*	**783,301**	896,670
	84,948,432	74,422,159
Net debt	**(51,537,439)**	(50,352,239)
Non-financial assets		
Tangible capital assets *[note 9]*	**55,626,926**	45,027,216
Prepaid expenses	**3,033,522**	3,017,836
Supplies inventory	**1,570,617**	1,464,735
	60,231,065	49,509,787
Accumulated surplus (deficit)	**8,693,626**	(842,452)

Contractual obligations *[note 11]*
Contingencies *[note 17]*

See accompanying notes

Approved by the Board:

_______________ Trustee _______________ Trustee

Labrador – Grenfell Regional Health Authority

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)

Year ended March 31

	Budget $ *[note 14]*	2015 $	2014 $
Revenue			
Provincial plan – operating	**136,067,518**	**136,136,023**	129,142,450
MCP physicians	**23,530,585**	**19,210,201**	19,850,767
Provincial plan – capital grant	—	**17,106,089**	5,692,905
National Child Benefit ["NCB"]	**1,117,221**	**817,495**	1,606,247
Outpatient	**3,271,700**	**2,744,507**	2,890,089
Inpatient	**1,467,500**	**685,529**	1,552,291
Long-term care	**1,552,000**	**1,607,131**	1,506,905
Transportation and works	**1,285,500**	**1,285,500**	1,285,500
Apartment complexes	—	**311,935**	306,157
Foundation	—	**308,754**	354,960
Other	**7,144,400**	**8,468,841**	7,577,473
	168,292,024	**188,682,005**	171,765,744
Expenses *[note 12]*			
Support services	**31,506,967**	**32,509,373**	31,804,365
Community and social services	**32,064,406**	**29,320,993**	29,816,698
Nursing inpatient services	**27,374,050**	**31,221,427**	27,452,589
Medical services	**25,839,759**	**21,538,858**	22,171,747
Ambulatory care services	**20,058,807**	**22,770,022**	21,734,145
Diagnostic and therapeutic services	**16,984,161**	**17,536,858**	17,278,534
Administration	**20,707,187**	**16,549,763**	15,827,560
Amortization *[notes 9 and 15]*	—	**6,844,407**	5,358,552
Education	**95,691**	**554,004**	599,803
Research	**805,396**	**69,728**	68,826
Apartment complexes	—	**220,316**	210,256
Foundation	—	**10,178**	21,446
	175,436,424	**179,145,927**	172,344,521
Annual surplus (deficit)	—	**9,536,078**	(578,777)
Accumulated deficit, beginning of year	—	**(842,452)**	(263,675)
Accumulated surplus (deficit), end of year	—	**8,693,626**	(842,452)

See accompanying notes

Labrador – Grenfell Regional Health Authority

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the year ended March 31

	Budget $ *[note 14]*	2015 $	2014 $
Annual surplus (deficit)		**9,536,078**	(578,777)
Acquisition of capital assets, net of disposals		**(17,444,117)**	(5,870,406)
Amortization of capital assets		**6,844,407**	5,358,552
Increase in net book value of tangible capital assets	—	**(10,599,710)**	(511,854)
Net increase in prepaid expenses		**(15,686)**	(325,121)
Net decrease (increase) in supplies inventory		**(105,882)**	212,875
Decrease in non-financial assets	—	**(121,568)**	(112,246)
Increase in net debt		**(1,185,200)**	(1,202,877)
Net debt, beginning of year		**(50,352,239)**	(49,149,362)
Net debt, end of year	—	**(51,537,439)**	(50,352,239)

See accompanying notes

Labrador – Grenfell Regional Health Authority

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2015 $	2014 $
OPERATING ACTIVITIES		
Annual surplus (deficit)	**9,536,078**	(578,777)
Adjustments for		
Amortization of tangible capital assets	**6,844,407**	5,358,552
Accrued severance pay	**530,528**	843,725
Accrued sick leave	**165,411**	254,326
Net change in non-cash assets and liabilities related to operations *[note 16]*	**(7,789,436)**	308,458
Cash provided by operating transactions	**9,286,988**	6,186,284
Capital transactions		
Acquisition of capital assets, net of disposals	**(17,444,117)**	(5,870,406)
Cash used in capital transactions	**(17,444,117)**	(5,870,406)
Investing transactions		
Changes to restricted cash	**(9,719)**	(7,333)
Cash used in investing transactions	**(9,719)**	(7,333)
Financing transactions		
Change in deferred contributions		
Deferred capital contributions	**(6,362,435)**	1,751,966
Special purpose funds	**(236,935)**	339,838
Demand credit facility	**14,970,000**	—
Repayment of long-term debt	**(113,369)**	(109,776)
Cash provided by (used in) financing transactions	**8,257,261**	1,982,028
Net charge in bank indebtedness during the year	**90,413**	2,290,573
Bank indebtedness, beginning of year	**(1,378,247)**	(3,668,820)
Bank indebtedness, end of year	**(1,287,834)**	(1,378,247)
Bank indebtedness comprised of:		
Cash	**885,105**	840,870
Bank overdraft	**(2,172,939)**	(2,219,117)
Bank indebtedness	**(1,287,834)**	(1,378,247)

See accompanying notes

Labrador – Grenfell Regional Health Authority

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

1. NATURE OF OPERATIONS

The Labrador-Grenfell Regional Health Authority [the "Authority"] manages and operates all health facilities, services and programs on the Northern peninsula and all of Labrador in the Province of Newfoundland and Labrador. The Authority manages and controls the operations of the following facilities:

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

The Authority also manages and controls the operations of all medical clinics, nursing stations, community health centers, facilities programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador [the "Government"].

The Authority is incorporated under the Regional Health Authorities Act of Newfoundland and Labrador and is exempt from income taxes under the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ["PSAS"] established by the Public Sector Accounting Standards Board of the Chartered Professional Accountants of Canada.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

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 the Authority. These organizations are listed under principles of consolidation. Trusts administered by the Authority are not included in the consolidated statement of financial position *[note 13]*.

The Authority has also prepared separate non-consolidated financial statements for the operations of the operating fund of Labrador-Grenfell Regional Health Authority.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

Principles of consolidation

The Authority controls The St. Anthony Interfaith Home 12 Unit Apartment Complex, The St. Anthony Interfaith Home 20 Unit Apartment Complex, and the Grenfell Foundation Incorporated [together with Labrador Grenfell Health Authority, collectively referred to herein as the "Authority"]. These entities are consolidated in the consolidated financial statements.

Cash, bank overdraft and restricted cash

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash or bank overdraft, respectively.

Restricted cash relates to amounts held for special purpose funds and endowment funds.

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 discharged existing liabilities but are employed to deliver healthcare services, may be consumed in normal operations and are not for resale.

Employee Future Benefits

Accrued sick leave

Employees of the Authority are entitled to sick leave benefits that accumulate but do not vest. In accordance with PSAS for post-employment benefits and compensated balances, the Authority 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 Government's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 13 years. Adjustments to the liability arising from plan amendments are recognized immediately.

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 the Authority or another public sector employer. Severance is payable when the employee ceases employment with the Authority or the public sector employer. 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 Government's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 13 years. Adjustments to the liability arising from plan amendments are recognized immediately.

Accrued vacation pay and other accrued benefits

Vacation pay and other accrued benefits are accrued for all employees as entitlement is earned.

Pension costs

The employees of the Authority are included in the Public Service Pension Plan ["PSPP"] and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. The Government determines the required plan contributions annually. The annual contributions are recognized as expense as incurred and amounted $4,567,108 for the year ended March 31, 2015 [2014 – $4,142,273].

During the year ended March 31, 2015 changes were made to the PSPP by the plan administrators including an increase in retirement ages, changes to post retirement indexing, and increased contributions from both PSPP members and the Authority. These changes were effective January 1, 2015.

The costs of insured benefits reflected in these consolidated financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

Tangible capital assets

The Authority utilizes certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded as tangible capital assets. 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.

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a declining balance basis over their estimated useful lives as follows:

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

Contributed capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Works of art, historical treasures, intangible assets and items inherited by right of the Crown, such as artwork displayed in the facilities, are not recognized in these consolidated financial statements.

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 that 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 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 (deficit).

Inventories for resale

Inventories for resale include pharmaceuticals and are recorded at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Supplies inventory

Supplies inventory include medical, surgical, general supplies, fuel oil and pharmaceuticals.

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

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

Prepaid expenses

Prepaid expenses include equipment service contracts, insurance and other miscellaneous items that are charged to expenses over the periods expected to benefit from it.

Revenue

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 expenses, 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.

Other revenue includes, but not limited to, drug revenue, rental revenue from accommodations and dental revenue and salary recoveries from Workplace, Health and 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 reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

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.

Long-term debt is 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 bank indebtedness are classified at fair value. Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, and due to/from government/other government entities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Contributed services

Volunteers contribute a significant amount of their time each year assisting the Authority 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.

Use of estimates

The preparation of consolidated financial statements 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.

3. RESTRICTED CASH

	2015 $	2014 $
Deferred contributions – special purpose funds	**802,102**	794,331
Endowment fund	**778,231**	778,231
Restricted cash held by Newfoundland and Labrador Housing Corporation for replacement reserve	**122,212**	120,264
	1,702,545	1,692,826

4. BANK INDEBTEDNESS

Bank indebtedness represents the bank overdraft position and use of the available credit facility. The Authority was in a bank overdraft position of $2,172,939 as at March 2015 [2014 – $2,219,117].

The Authority has a demand credit facility [the "facility"] with a Canadian chartered bank for a maximum amount of $20,000,000, bearing interest at the bank's prime rate plus 0.25%. The relevant prime rate was 2.85% as at 31 March 2015 [2014 – 3.00%]. As at March 31, 2015 the Authority has drawn $14,970,000 in funds from the facility [2014 – nil]. The effective interest rate for the year ended March 31, 2015 was 3.13% [2014 – 0%].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

5. ACCOUNTS RECEIVABLE

	2015 $	2014 $
Patient	**3,178,837**	3,196,545
Government of Newfoundland and Labrador – Department of Child, Youth and Family Services	**7,722,149**	5,831,616
Government of Newfoundland and Labrador – Other	**18,348,396**	11,242,227
Harmonized sales tax receivable	**1,460,879**	553,403
Other	**260,946**	770,137
	30,971,207	21,593,928
Less: provision for doubtful accounts	**(1,064,300)**	(937,724)
	29,906,907	20,656,204

The aging of patient and other accounts receivable is as follows:

2015

	Total $	Current $	Past due 1-30 days $	Past due 31-60 days $	Past due 61-90 days $	Past due Over 90 days $
Patient	**3,178,837**	**139,258**	**647,574**	**454,232**	**262,756**	**1,675,017**
Other	**260,946**	**260,946**	—	—	—	—

2014

	Total $	Current $	Past due 1-30 days $	Past due 31-60 days $	Past due 61-90 days $	Past due Over 90 days $
Patient	3,196,545	671,775	613,665	339,741	198,116	1,373,248
Other	770,137	770,137	—	—	—	—

For the year ended March 31, 2015, the Authority has not recorded any impairment of receivables relating to the Government of Newfoundland and Labrador [2014 – nil].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 $	2014 $
Accounts payable and accrued liabilities	**8,378,058**	6,947,296
Salaries and wages payable	**3,808,453**	3,279,004
Government remittances	**591,478**	484,052
Other due to government	**94,617**	101,628
	12,872,606	10,811,980

7. EMPLOYEE FUTURE BENEFITS

The Authority provides their employees with at least nine years of service, upon termination, retirement or death, with severance benefits equal to one week of pay per year of service up to a maximum of twenty weeks. The Authority provides these benefits through an unfunded defined benefit plan.

The Authority also provides their employees with sick leave benefits that accumulate, but do not vest, as follows:

	Accumulated rate	Maximum accumulation	Maximum utilization per 20-year period
NLNU hired up to December 1, 2006	15 hours per 162.5 hours	1,800 hours	N/A
NLNU hired after December 1, 2006	7.5 hours per 162.5 hours	1,800 hours	1,800 hours
CUPE/NAPE hired up to May 4, 2004	2 days per month	N/A	480 days
CUPE/NAPE hired after May 4, 2004	1 day per month	N/A	240 days
CUPE/NAPE hired up to May 4, 2004 – 12-hour shifts	15 hours per 162.5 hours	N/A	3,600 hours
CUPE/NAPE hired after May 4, 2004 – 12-hour shifts	7.5 hours per 162.5 hours	N/A	1,800 hours

In addition, while management employees do not accrue additional sick leave days, they may use accrued sick leave banked after first using two days of paid leave.

The accrued benefit obligations for post-employment benefit plans as at March 31, 2015, are based on an actuarial valuation for accounting purposes as at March 31, 2012, and an extrapolation of that valuation has been performed to March 31, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

The actuarial valuation is based on assumptions about future events. Significant actuarial assumptions used in measuring the accrued severance and accrued sick leave liabilities are as follows:

	2015 %	2014 %
Wages and salary escalation	**4.00**	4.00
Discount rate	**2.90**	3.90

Significant actuarial assumptions used in the measuring the accrued severance pay and accrued sick leave expenses are as follows:

	2015 %	2014 %
Wages and salary escalation	**4.00**	4.00
Discount rate	**3.90**	3.60

(a) Severance and sick leave liabilities

	Severance $	Sick leave $	2015 Total $	2014 Total $
Accrued benefit liability, beginning of year	**12,729,377**	**7,379,200**	**20,108,577**	19,010,525
Total expenses during the year	**1,539,778**	**1,231,478**	**2,771,256**	2,907,876
Less: benefits paid	**(1,009,251)**	**(1,066,067)**	**(2,075,318)**	(1,809,824)
Accrued benefit liability, end of year	**13,259,904**	**7,544,611**	**20,804,515**	20,108,577

(b) Severance and sick leave expenses

	Severance $	Sick leave $	2015 Total $	2014 Total $
Current year benefit cost	**979,003**	**928,902**	**1,907,905**	1,977,577
Interest on accrued benefit obligation	**510,988**	**288,186**	**799,174**	760,117
Amortization of loss	**49,787**	**14,390**	**64,177**	170,181
Employee future benefit expenses	**1,539,778**	**1,231,478**	**2,771,256**	2,907,875

During the year ended March 31, 2015 the assumptions for the retirement ages were changed for both plans. The retirement ages were adjusted to agree with the PSPP retirement ages set by the Government of Newfoundland and Labrador. These changes were effective January 1, 2015.

8. DEFERRED CONTRIBUTIONS

Deferred contributions are set aside for specific purposes as required either by legislation, regulation or agreement:

March 31, 2015	Balance at beginning of year $	Receipts during the year $	Recognized as revenue $	Balance at end of year $
Deferred operating contributions	4,433,766	2,850,914	3,262,407	4,022,273
NCB initiatives	1,830,642	105,447	817,495	1,118,594
Deferred capital grants	24,063,802	10,743,654	17,106,089	17,701,367
Special purpose funds	984,584	405,155	642,090	747,649
	31,312,794	14,105,170	21,828,081	23,589,883

March 31, 2014	Balance at beginning of year $	Receipts during the year $	Recognized as revenue $	Balance at end of year $
Deferred operating contributions	4,602,533	3,038,521	3,207,288	4,433,766
NCB initiatives	2,551,037	885,851	1,606,246	1,830,642
Deferred capital grants	22,311,836	7,444,871	5,692,905	24,063,802
Special purpose funds	644,746	526,344	186,506	984,584
	30,110,152	11,895,587	10,692,945	31,312,794

9. TANGIBLE CAPITAL ASSETS

March 31, 2015	Land $	Land improvements $	Construction in progress $	Buildings $	Leasehold improvement $	Equipment and vehicles $	2015 Total $
Cost							
Opening balance	36,203	216,064	5,514,407	37,302,922	223,678	74,949,669	118,242,943
Additions	—	—	5,803,684	—	—	11,667,652	17,471,336
Transfers	—	—	(10,134,985)	—	10,134,985	—	—
Disposals	—	—	(27,219)	(84,662)	—	—	(111,881)
Closing balance	36,203	216,064	1,155,887	37,218,260	10,358,663	86,617,321	135,602,398
Accumulated amortization							
Opening balance	—	172,434	—	17,647,964	113,263	55,282,066	73,215,727
Amortization	—	5,066	—	1,634,707	258,896	4,945,738	6,844,407
Disposals	—	—	—	(84,662)	—	—	(84,662)
Closing balance	—	177,500	—	19,198,009	372,159	60,227,804	79,975,472
Net book value	36,203	38,564	1,155,887	18,020,251	9,986,504	26,389,517	55,626,926

March 31, 2014	Land $	Land improvements $	Construction in progress $	Buildings $	Leasehold improvement $	Equipment and vehicles $	2014 Total $
Cost							
Opening balance	11,203	216,064	4,296,061	38,191,268	223,678	70,322,609	113,260,883
Additions	25,000	—	1,218,346	—	—	4,627,060	5,870,406
Disposals	—	—	—	(888,346)	—	—	(888,346)
Closing balance	36,203	216,064	5,514,407	37,302,922	223,678	74,949,969	118,242,943
Accumulated amortization							
Opening balance	—	166,656	—	17,525,226	107,452	50,946,187	68,745,521
Amortization	—	5,778	—	1,011,084	5,811	4,335,879	5,358,552
Disposals	—	—	—	(888,346)	—	—	(888,346)
Closing balance	—	172,434	—	17,647,964	113,263	55,282,066	73,215,727
Net book value	36,203	43,630	5,514,407	19,654,958	110,415	19,667,603	45,027,216

Assets included in construction in progress are not amortized until construction of the asset is complete.

The Authority has works of art displayed in its facilities valued at $195,714 not recognized in these consolidated financial statements as these assets are the legal property of the Government.

10. LONG-TERM DEBT

	2015 $	2014 $
Newfoundland and Labrador Housing Corporation 2.86% first mortgage on land and building of 20 Unit apartment complex, repayable $6,537 monthly, interest included, and maturing January 2019.	**283,221**	353,455
Newfoundland and Labrador Housing Corporation 1.67% first mortgage on land and building of 12 Unit apartment complex, repayable $4,298 monthly, interest included, and maturing October 2025.	**500,080**	543,215
	783,301	896,670

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

	$
2016	115,134
2017	117,426
2018	119,759
2019	109,573
2020	46,523

11. CONTRACTUAL OBLIGATIONS

The Authority has entered into a number of multiple year operating leases and contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

Contractual obligations	**2015** $	**2016** $	**2017** $
Future operating lease payments – properties	418,477	156,384	1,000
Future operating lease payments – vehicles	129,073	18,585	—
Future operating lease payments – equipment service contracts	82,148	748	—
Service contracts	1,399,811	810,975	350,749
	2,029,509	986,692	351,749

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

12. EXPENSES BY OBJECT

This disclosure supports the functional display of expenses provided in the consolidated statements of operations and accumulated surplus (deficit) by offering a different perspective of the expenses for the year. The following presents expenses by object, which outlines the major types of expenses incurred by the Authority during the year:

	2015 $	2014 $
Salaries and benefits	**121,400,722**	117,319,896
Direct client costs	**11,017,754**	10,785,102
Other supplies	**9,813,947**	10,135,186
Medical supplies	**7,220,010**	7,336,116
Amortization of tangible capital assets *[note 9]*	**6,844,407**	5,248,773
Patient and Staff	**6,489,815**	5,720,694
Equipment expenses	**3,481,708**	3,555,716
Grants	**3,044,898**	3,165,904
Referred out services	**2,602,977**	2,584,357
Insurance	**1,234,591**	1,157,826
Other	**5,995,098**	5,334,951
	179,145,927	172,344,521

13. TRUSTS UNDER ADMINISTRATION

Trusts administered by the Authority have not been included in these consolidated financial statements as they are excluded from the Government reporting entity. At March 31, 2015, the balance of funds held in trust for long-term care residents was $271,263 [2014 – $283,833].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

14. 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 shown below is the updated budget after all amendments that have been processed. These final updated budget amounts are reflected in the budget column as presented in the consolidated statement of operations and accumulated surplus (deficit) [the "Budget"].

The Original Budget and the Budget do not include amounts relating to certain non-cash and other items including tangible capital asset amortization, the recognition of provincial capital grants and other capital contributions. The Authority also does not prepare a full budget in respect of changes in net debt as the Authority does not include an amount for tangible capital asset amortization or the acquisition of tangible capital assets in the Original Budget or the Budget.

The following presents a reconciliation between the Original Budget and the Budget as presented in the consolidated statement of operations and accumulated surplus (deficit) for the year ended March 31, 2015:

	Revenue $	Expenditures $	Annual surplus $
Original Budget	162,743,254	162,743,254	—
Adjustments during the year for service and program changes, net	9,293,170	9,293,170	—
Revised Original Budget	172,036,424	172,036,424	—
Stabilization fund approved by the Government	3,400,000	3,400,000	—
Budget	175,436,424	175,436,424	—

15. CHILD, YOUTH AND FAMILY SERVICES

On March 31, 2014, the Authority transferred five properties with a net book value of $665,436 to the Child, Youth and Family Services ["CYFS"] Department, as outlined in their CYFS/Labrador-Grenfell Regional Integrated Health Authority Transition Agreement. The transfer of the properties was recognized as an amortization expense in the consolidated statement of operations and accumulated surplus (deficit).

16. NET CHANGES IN NON-CASH ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2015 $	2014 $
Accounts receivable	**(9,250,703)**	2,784,492
Supplies inventory and inventory for resale	**(142,298)**	(751)
Prepaid expenses	**(15,686)**	(325,121)
Accounts payable and accrued liabilities	**2,060,626**	(948,829)
Accrued vacation pay and other accrued liabilities	**682,166**	(312,171)
Deferred contributions – operating and NCB initiatives	**(1,123,541)**	(889,162)
	(7,789,436)	308,458

17. 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.

18. RELATED PARTY TRANSACTIONS

The Authority's related party transactions occur between the Government and other government entities. Other government entities are those who report financial information to the Government. Transactions between the Authority and related parties are conducted as arm's-length transactions.

The Authority handles payments for other government entities. As a result of these transactions, the Authority has a net asset (liability) of $7,722,149 as of March 31, 2015 [2014 - $5,831,616].

Transfers from the Government consist of funding payments made to the Authority for both operating and capital expenditures. Transfers from other related government entities are payments made to the Authority from the Medical Care Plan and the Department of Transportation and Works. Transactions are settled at prevailing market prices under normal trade terms.

The Authority had the following transfers from the Government and other government controlled entities:

	2015 $	2014 $
Transfers from the Government	**154,233,963**	141,408,554
Transfers from other government entities	**20,495,701**	21,136,267
	174,729,664	157,755,369

Transfers to other Government authorities include PSPP contributions of $4,567,108 for the year ended March 31, 2015 [2014 - $4,142,273].

19. 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, interest rate 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 fulfil its payment obligation. The Authority's credit risk is primarily attributable to accounts receivable. The Authority 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to cash flow interest rate risk on its floating interest rate for the demand credit facility and interest rate fair value on its fixed term long-term debt.

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 is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and demand loan. 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 from the Government, assuming these can be obtained.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted for the current year.

LABRADOR SCHOOL BOARD

Financial statements

Period Ended August 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Newfoundland and Labrador English School District

We have audited the accompanying financial statements of the former Labrador School Board, which comprise the statement of financial position as at August 31, 2013 and the statements of operations and accumulated surplus, cash flows and changes in net debt for the period 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.

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 the former Labrador School Board as at August 31, 2013 and the results of its operations and accumulated surplus, cash flows and changes in net debt for the period then ended in accordance with Canadian public sector accounting standards.

Harris Ryan
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
May 16, 2014

Suite 202 120 Stavanger Drive, St. John's, NL Canada A1A 5E8
Phone: (709) 726-8324 Fax: (709) 726-4525

Labrador School Board

Statement of Financial Position
August 31,2013

	August 31,2013	June 30,2013
Financial Assets		
Cash (Note 4)	$ 3,579,423	$ 2,893,440
Short-term Investments (Note 5)	764,945	763,026
Accounts Receivable (Note 6)	156,202	228,466
Due from Government Entities (Note 6)	438,819	4,004,135
	4,939,389	7,889,067
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	1,200,332	929,980
Teachers' Vacation Pay (Note 7)	-	3,585,589
Long-term Debt (Schedule 8 and 8A)	2,026,577	1,697,527
Obligation under Capital Lease	-	-
Employee Future Benefits		
Teacher Severance Pay Benefits (Note 3 and Note 8)	6,176,831	6,047,293
Student assistant Severance Pay Benefits (Note 8)	89,642	87,230
Board employees Severance pay benefits (Note 8)	1,047,384	1,046,228
Accrued sick leave benefits (Note 8)	4,566,878	4,564,986
Executive Staff paid leave	297,989	302,589
Deferred Revenue	2,731,273	2,273,441
	18,136,906	20,534,863
Net Surplus (Debt)	(13,197,517)	(12,645,796)
Non-Financial Assets		
Restricted assets - Labrador West School Committee	-	(84,884)
Capital Assets (Schedule 7 and Note 2)	65,798,680	66,108,168
	65,798,680	66,023,284
Accumulated Surplus/Deficit	$ 52,601,163	$ 53,377,488

Contingent Liabilities (Note 12)

On Behalf of the District:

Chair

V.CHAIR

Labrador School Board

Statement of Operations
Period Ended August 31,2013

	31-Aug-13	Budget	30-Jun-13
30. Revenue			
Provincial Government Grants (Schedule 1)	$ 2,468,972	$ 2,303,686	$ 47,925,135
Donations (Schedule 1)	0	-	49,323
Ancillary Services (Schedule 1)	114,260	39,375	270,466
Miscellaneous (Schedule 1)	7,375	7,604	71,001
	2,590,607	2,350,665	48,315,925
50. Expenditures			
Administration (Schedule 2)	337,919	436,102	2,018,825
Instruction (Schedule 3)	1,048,131	1,132,794	34,544,904
Operations and Maintenance (Schedule 4)	798,075	741,894	6,614,401
Pupil Transportation (Schedule 5)	144,801	-	2,671,877
Miscellaneous (Schedule 6)	127,170	39,375	222,278
Amortization of Capital Assets (Notes 1 and 7)	751,492	-	4,036,397
Interest	1,096	500	6,228
Change in Sick leave accrual	1,892	-	21,046
Change in non-teacher severance liability	26,818		131,841
Change in Teachers' Severance Liability	129,538		399,195
	3,366,932	2,350,665	50,666,992
Annual Surplus/Deficit	$ (776,325)	$ -	$ (2,351,067)
Accumulated Surplus/Deficit, Beginning of Year	$ 53,377,488		$ 55,728,555
Accumulated Surplus/Deficit, End of Year	$ 52,601,163	$ -	$ 53,377,488

Labrador School Board

Statement of Cash Flows
Period Ended August 31,2013

	August 31, 2013		June 30,2012	
Operating Transactions				
Annual Surplus/Deficit	$	(776,325)	$	(2,351,067)
Adjustments for:				
Amortization of Capital Assets	$	751,492	$	4,036,397
Capital Grants Provincial and Other		-		-
(Decrease)/Increase in Severance Pay Accrual		26,818		131,841
(Decrease)/Increase in Teacher's Severance Liability		129,538		399,195
Change in sick leave accrual		1,892		21,046
Increase in Other Employee Benefits Liability		(4,600)		47,143
Short Term Investments		1,919		2,747,036
Deferred revenue		457,832		(369,367)
Changes in Non-Cash Assets and Liabilities		210,368		(343,422)
		798,934		4,318,802
Capital Transactions				
Construction and Purchase of Tangible Capital Assets		(442,000)		(2,615,967)
Capital Asset Contributions		-		-
Cash Provided by Capital Transactions		(442,000)		(2,615,967)
Financing Transactions				
Proceeds from Obligation Under Capital Lease		-		-
Repayment of Obligation under Capital Lease		-		-
Proceeds from Long-Term Borrowings		370,000		642,090
Repayment of Long-Term Debt		(40,951)		(205,741)
Cash Provided by (used in) Financing Transactions		329,049		436,349
Net Increase in Cash		685,983		2,139,184
Cash, Beginning of the Year		2,893,440		754,256
		3,579,423		2,893,440
Supplementary Disclosure of Cash Flow Information				
Interest Paid	$	958	$	6,223
Interest Paid - Bussing Loans				
	$	958	$	6,223

Labrador School Board

Statement of Changes in Net Debt

Period Ended August 31,2013

	August 31,2013	June 30,2013
60. Annual Surplus	$ (776,325)	$ (2,351,067)
Changes in Tangible Capital Assets		
Acquisition of Tangible Capital Assets	(442,000)	(2,615,967)
Amortization of Tangible Capital Assets	751,492	4,036,397
Increase in Net Book Value of Tangible Capital Assets	309,492	1,420,430
Changes in Other Non-Financial Assets		
Change in restricted assets	(84,884)	5,844
New Change in Prepaid Expenses - Increase/Decrease	-	19,978
Increase in Net Debt	(551,717)	(904,815)
Net Debt, Beginning of Year	(12,645,801)	(11,740,986)
Net Debt, End of Year	$ (13,197,518)	$ (12,645,801)

1. Nature of Operations

The former Labrador School Board ["Board"] was a learning organization mandated by the Government of Newfoundland and Labrador to organize, administer, and deliver primary, elementary and secondary education within Labrador.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ["PSA"]. 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 used in the preparation of these financial statements are summarized below:

Revenue

The former Board's main source of funding was derived from 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 was 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 was recorded when the severance was paid to employees (see note 2). Funding designated for specific purposes, for which criteria has not been met, was deferred and included in revenue when the related expenditures had been incurred. Government transfers received with associated stipulations relating to the purchase of capital assets, were recognized as revenue when the related assets were acquired. Rental revenue was recognized when received or receivable if the amount to be received could be reasonably estimated and collection was reasonably assured. Interest revenue was recognized when earned.

Restricted Equity

The former Board received funding from the Province and external sources which had been restricted for specific purposes in the future. Restricted funds had been recorded as revenue and transferred to restricted equity for the designated purpose.

Cash and cash equivalents

Cash and cash equivalents included cash on hand and balances with banks.

2. Significant Accounting Policies (con't

Short term investments

Short term investments included GIC's with original terms of greater than three months which mature within one year.

Tangible Capital Assets

Tangible capital assets are stated at cost or deemed cost and amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings (Wooden Structure)	25years
Buildings (Steel and Masonry)	40 years
Pavement	20 years
Heavy equipment and vehicles	12 years
Service vehicles	5 years
Oil tanks	5 years

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.

Accrued vacation pay

Vacation pay was accrued for all employees as entitlement is earned.

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processed the payrolls and remitted 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 former Board are covered by pension plans administered by the Government of Newfoundland Labrador. Contributions to these plans are required from both the employee and the Board. Post retirement obligations to employees are the responsibility of the

2. Significant Accounting Policies (con't)

Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

Other Employee Severance Pay Accrual

The former Board had in effect severance pay policies whereby employees were entitled to a severance payment upon leaving employment with the former Board. Under these policies, a permanent employee who had nine (9) or more years of continuous service in the employ of the former School Board was entitled to be paid severance pay upon termination. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimate of future salary and wage changes, employee age, years of services, 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 being amortized to the liability and related expense straight-line over the expected average remaining service life of the employee group

Severance pay for teachers is paid directly to employees by the Department of Education.

Accrued sick leave

Employees of the former Board are entitled to sick pay benefits which accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, the Labrador School Board recognized the liability in the period in which the employee rendered service. The obligation was 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 being amortized to the liability and related expense straight-line over the expected average remaining service life of the employee group.

Use of Accounting Estimates

The preparation of financial statements in conformity with PSA 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 reporting periods. Actual results could differ from those estimates.

2. Significant Accounting Policies (con't)

Deferred revenue

Deferred operating revenue represents externally restricted government transfers, as well as other externally restricted contributions, 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.

Financial instruments

Financial assets and liabilities are classified according to their characteristics and managements choices and intentions related thereto for the purpose of ongoing measurements. The fair value of a financial instrument is the estimated amount to be received or paid to terminate the instrument's agreement at the reporting date.

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	other liabilities	Amortized cost
Long-term debt	other liabilities	Amortized cost

3. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the former Board recorded the severance pay liability for teachers in the former Board. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The Department does not recognize this liability until it has to be paid.

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

	August 31, 2013	June 30, 2013
Teachers' Severance Pay Benefits		
Balance, beginning of the period	$ 6,047,293	$ 5,648,098
Net increase for the period	129,538	399,195
Balance, end of the period	$ 6,176,831	$ 6,047,293

4. Cash

	August, 2013	June 30, 2013
Cash		
Cash on Hand	$ 1,000	$ 1,000
Bank - Current	1,724,676	1,047,936
Bank - Savings	1,845,688	1,842,195
Bank - Teachers' Payroll	9,059	2,308
Bank - Non Teachers' Payroll	-	-
Bank - Coupon (Debenture)	-	-
Bank - Other (Specify)	-	-
	$ 3,579,423	$ 2,893,440

5. Short Term Investments

	August 31, 2013	June 30, 2013
Short Term Investments		
Term Deposits	$ 764,945	$ 763,026
Canada Savings Bonds	-	-
Other (Specify)	-	-
	$ 764,945	$ 763,026

6. Accounts Receivable

	August 31, 2013	June 30,2013
Accounts Receivable		
Current		
Provincial Government	$ 438,819	$ 4,004,134
Transportation	-	-
Federal Government	41,177	146,844
Other School Districts	-	-
Rent	-	-
Interest	-	-
Travel Advances and Miscellaneous	115,025	81,621
Capital		
DEC - Construction Grants	-	-
Local Contributions	-	-
Other School Districts	-	-
	$ 595,021	$ 4,232,599

7. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the former Board recorded the vacation pay liability for teachers with the Board. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30.

8. Employee Future Benefits

Future employee benefits related to severance and sick leave obligations have been calculated based on an actuarial valuation dated March 11, 2014. The actuarial valuation of the accrued severance pay and accrued sick leave was performed effective July 1, 2011 and an extrapolation of that valuation has been performed to June 30, 2012, June 30, 2013 and August 31, 2013.

Severance

	August 31, 2013	June 30, 2013
Accrued benefit obligation, beginning of period	7,329,979	7,227,392
Benefits expense		
Current service cost	99,927	622,714
Interest cost	48,036	248,420
Actuarial loss (gain)	(136,222)	(303,987)
Benefits paid	(17,376)	(464,560)
Accrued benefit obligation, end of period	7,324,344	7,329,979

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

Accrued benefit liability	7,313,858	7,180,751
Unamortized actuarial losses	10,487	149,228
Accrued benefit obligation	7,324,344	7,329,979

Sick leave

	August 31, 2013	June 30, 2013
Accrued benefit obligation, beginning of period	4,649,673	4,781,337
Benefits expense		
Current service cost	65,639	396,232
Interest cost	30,204	159,885
Actuarial loss (gain)	(60,152)	(133,874)
Benefits paid	(95,318)	(553,907)
Accrued benefit obligation, end of period	4,590,045	4,649,673

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

Accrued benefit liability	4,566,878	4,564,986
Unamortized actuarial losses	23,167	84,687
Accrued benefit obligation	4,590,045	4,649,673

The significant actuarial assumptions used in measuring the accrued severance pay and benefits expenses are as follows:

	August 2013	June 2013	2012
Discount rate	4.15%	3.91%	3.40%
Rate of compensation increase			
Teaching staff first 10 years service	7.25%	7.25%	7.25%
All other staff	4.00%	4.00%	4.00%

9. Accounts Payable and Accrued Liabilities

	August 31,2013	June 30,2013
Accounts Payable and Accrued Liabilities		
Current		
	$	$
Accounts Payable - Trade	794,012	563,904
Accrued Liabilities	45,569	31,570
Accrued Interest Payable	5,038	5,038
Accrued Wages Payable	354,805	304,750
Payroll Deductions Payable	(1,125)	22,298
Retail Sales Tax Payable	193	580
Deferred Grants Payble	-	-
Other (Drama Festival Payable)	1,840	1,840
	1,200,332	929,980

10. Financial Instruments

The former Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and long term obligations. It was management's opinion that the Board was not exposed to significant interest rate risk, currency or credit risks arising from these financial statements.

The carrying value of the Board's financial instruments approximate fair values due to the short-term maturity and normal credit terms of those instruments.

11. 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.

12. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the former 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 Lavers inquiry was 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 former Board is not known.

13. Subsequent Event

Subsequent to period end the Government of Newfoundland and Labrador mandated the consolidation of the four English speaking school boards into one successor board known as the Newfoundland and Labrador English School District.

Labrador School Board Schedule 1

Current Revenues

Period Ended August 31,2013

		31-Aug-13	30-Jun-13
	Revenues		
30.32.	**Provincial Government Grants**		
	011 Regular Operating Grants	1,083,108	7,490,250
	Maintenance operating grant	15,581	1,784,875
	Capital grant	72,000	1,973,882
	016 Special Grants (Details on bottom of Schedule 1)	455,053	2,716,661
	Salaries and Benefits		
	017 Superintendent and Assistant Superintendent	108,871	731,007
	021 Teachers' Gross Salaries	505,231	28,283,905
	022 Substitute Teachers' Gross Salaries	28,358	1,019,860
	Student assistants	599	702,914
	031 Pupil Transportation - District Owned	200,171	2,902,057
	032 Pupil Transportation - Contracted	-	-
	033 Pupil Transportation - Handicapped	-	21,960
	Capital loans - pupil transportation	-	-
	Other	-	297,764
		2,468,972	47,925,135
30.33.	**Donations**		
	012 Cash Receipts		
	013 Non Cash Receipts		
	014 Restricted Use	-	49,323
		-	49,323
30.34.	**Ancillary Services**		
	011 Revenues from Rental of Residences	114,260	270,466
	021 Revenues from Rental of Schools and Facilities (net)		
	031 Cafeterias		
	032 Other (Specify)		
		114,260	270,466
30.35.	**Miscellaneous**		
	011 Interest on Investments	7,375	71,001
	012 Bus Charters		
	021 Recoveries of Expenditures		
	031 Revenues from Other School Districts		
	051 Insurance Proceeds		
	061 Bilingual Education Revenue		
	071 Operating Revenue from Native Peoples Grant		
	081 Miscellaneous Federal Grants		
	092 Textbooks		
	092 Sundry		
		7,375	71,001
	Total Current Revenues	$ 2,590,607	$ 48,315,925

Special Grants	31-Aug-13	30-Jun-13
Fiscal Finance Agreement	$ 419,949	$ 2,487,826
Adult basic education	22,988	59,277
French Immersion	-	20,711
Francophone	-	67,270
School District Election Grant		
Alternate Text		
Textbook Credit Allocation		
Aboriginal Education Initiatives	12,116	81,576
	$ 455,053	$ 2,716,660

Labrador School Board

Schedule 2

Administration Expenditures
Period Ended August 31,2013

		31-Aug-13	30-Jun-13
50.51	**Administration**		
	011 Salaries and Benefits (Gross) Superintendents and Assistant Superinten(	104,272	778,150
	012 Salaries and Benefits - District Office Personnel	133,388	828,234
	013 Office Supplies	12,484	26,891
	014 Replacement Furniture and Equipment	1,229	12,652
	015 Postage	672	9,318
	016 Telephone	17,240	54,817
	017 Office Equipment Rentals and Repairs	2,611	23,317
	018 Bank Charges	-	34
	019 Electricity	561	5,233
	021 Fuel	-	-
	022 Insurance	-	2,713
	023 Repairs and Maintenance (Office Building)	-	-
	024 Travel	10,621	105,453
	025 District Meeting Expenses	9,747	63,736
	026 Election Expenses	-	-
	027 Professional Fees	29,553	24,094
	028 Advertising	12,419	41,123
	029 Membership Dues	-	24,466
	031 Municipal Service Fees	438	2,298
	032 Rental of Office Space	-	-
	033 Relocation Expenses	-	-
	034 Miscellaneous	192	1,810
	035 Administrative Payroll Tax	2,492	14,487
	Total Administration Expenditures	$ 337,919	$ 2,018,825

Labrador School Board

Schedule 3

Instruction Expenditures

Period Ended August 31,2013

		August 31, 2013	June 30, 2013
50.52.	010 **Instructional Salaries (Gross)**		
	011 Teachers' Salaries - Regular	18,565	24,862,115
	012 Teachers' Salaries - Substitute	24,782	891,236
	013 Teachers' Salaries - District Paid	(2,303)	79,899
	014 Augmentation Payments	-	-
	015 Employee Benefits	490,192	3,558,666
	016 School Secretaries - Salaries & Benefits	14,044	716,799
	017 Payroll Tax	-	33,364
	Teachers' Salaries - Student assistants	538	705,968
	018 Other instructional salaries and benefits	182,297	1,368,889
		728,115	32,216,936
50.52.	040 **Instructional Materials**		
	041 General Supplies	69,292	478,190
	042 Library Resource Materials	490	7,440
	043 Teaching Aids	35,736	105,345
	Other instructional materials	8,164	117,659
	Other Aboriginal Peoples Programs	152,888	761,653
	044 Textbooks		
		266,570	1,470,287
50.52.	060 **Instructional Furniture and Equipment**		
	061 Replacement	26,060	75,540
	062 Rentals and Repairs	809	105,402
		26,869	180,942
50.52.	080 **Instructional Staff Travel**		
	081 Program Co-ordinators	290	87,784
	Travel - IT technicians	1,085	30,658
	082 Teachers' Travel	-	6,412
	083 In-service and Conferences	12,896	334,887
		14,271	459,741
50.52.	090 **Other Instructional Costs**		
	091 Postage and Stationery	190	5,635
	Other - Aborignal Peoples Programs	12,116	195,593
	Other - Health and Community living	-	15,770
	092 Miscellaneous	-	-
		12,306	216,998
	Total Instruction Expenditures	$ 1,048,131	$ 34,544,904

Labrador School Board

Schedule 4

Operations and Maintenance Expenditures - School
Period Ended August 31,2013

		2013	2012
50.53.	011 Salaries and Benefits - Janitorial	$ 137,406	$ 1,336,629
	012 Salaries and Benefits - Maintenance	222,763	1,087,357
	013 Payroll Tax	39,732	245,716
	014 Electricity	33,887	378,437
	015 Fuel	-	471,204
	016 Municipal Service Fee	12,727	78,083
	017 Telephone	28,976	172,627
	018 Vehicle Operating and Travel	8,539	56,289
	019 Janitorial Supplies	153,025	201,604
	021 Janitorial Equipment	-	39,433
	022 Repairs and Maintenance - Buildings	120,653	1,805,870
	023 Repairs and Maintenance - Equipment	752	13,807
	024 Contracted Services - Janitorial	25,708	19,752
	025 Snow Clearing	-	284,037
	026 Rentals	-	-
	027 Other (Specify)	13,907	423,557
	Total Operations and Maintenance	$ 798,075	$ 6,614,401

Labrador School Board

Schedule 5

Pupil Transportation Expenditure
Period Ended August 31,2013

		31-Aug-13	30-Jun-13
50.54.	010 **Operation and Maintenance of District Owned Fleet**		
	011 Salaries and Benefits - Administration		
	012 Salaries and Benefits - Drivers and Mechanics	62,213	1,744,235
	013 Payroll Tax	820	28,088
	014 Debt Repayment - Interest	8,064	46,599
	015 Debt Repayment - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	6,234	340,007
	018 Licenses	13,887	12,744
	019 Insurance	-	21,316
	021 Repairs and Maintenance - Fleet	12,750	205,460
	022 Repairs and Maintenance - Building	-	8,820
	023 Tires and Tubes	10,297	23,846
	024 Heat and Light	837	14,559
	025 Municipal Service	990	6,091
	026 Snow Clearing	-	27,838
	027 Office Supplies	-	9,187
	028 Rent	18,741	74,966
	029 Travel	3,224	30,961
	031 Professional Fees	-	2,000
	032 Miscellaneous	-	4,204
	033 Telephone	2,988	17,991
	034 Vehicle Leases		
		141,045	2,618,911
50.54.	040 **Contracted Services**		
	041 Regular Transportation	-	2,160
	042 Handicapped	3,756	50,806
		3,756	52,966
	Pupil Transportation Expenditures	$ 144,801	$ 2,671,877

Labrador School Board

Schedule 6

Ancillary Services and Miscellaneous Expenses
Period Ended August 31,2013

Ancillary Services

The District owns and operates the following ancillary services:

		August 31, 2013	June 30, 2013
50.55.	**Ancillary Services**		
	011 Operation of Teachers' Residences	$ 127,170	$ 222,278
	031 Cafeterias	-	-
	032 Other (Specify)	-	-
		$ 127,170	$ 222,278

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

		2013	2012
50.57.	011 **Miscellaneous Expenses (Specify)**	$ -	$ -

Labrador School Board
Capital Assets
Period Ended August 31,2013

Schedule 7

		Cost August 31,2013	Accumulated Amortization 2013	NBV August 31, 2013	NBV June 30,2013
10.12.	210 **Land and Sites**				
	211 Land and Sites	$ 209,033	$ -	$ 209,033	$ 197,033
10.12.	220 **Buildings**				
	221 Schools	138,413,411	(79,493,907)	58,919,504	59,556,875
	222 Administration	2,723,522	(2,723,522)	-	-
	223 Residential	8,820,129	(4,903,283)	3,916,846	3,914,537
	224 Recreational	-	-	-	-
	225 Other (Specify)	-	-	-	-
		149,957,062	(87,120,712)	62,836,350	63,471,412
10.12.	230 **Furniture and Equipment**				
	231 Schools	-	-	-	-
	232 Administration	-	-	-	-
	233 Residential	-	-	-	-
	234 Recreation	-	-	-	-
	235 Other (Oil Tanks)	557,812	(382,103)	175,709	185,990
		557,812	(382,103)	175,709	185,990
10.12.	240 **Vehicles**				
	241 Service Vehicles	318,939	(270,152)	48,787	51,604
10.12.	250 **Pupil Transportation**				
	251 Land	-	-	-	-
	252 Building	732,941	(732,941)	-	-
	253 Vehicles - Buses	3,245,111	(1,135,100)	2,110,011	1,777,869
	254 Vehicles - Service	-	-	-	-
	255 Equipment	-	-	-	-
	256 Other (Specify)	-	-	-	-
		3,978,052	(1,868,041)	2,110,011	1,777,869
10.12.	260 **Misc. Capital Assets**				
	261 Other (Pavement)	466,995	(48,205)	418,790	424,260
	Total Capital Assets	$ 155,487,893	$ (89,689,213)	$ 65,798,680	$ 66,108,168

Labrador School Board

Schedule 7A

Details of Capital Assets - Additions and Disposals
Period Ended August 31,2013

		Balance June 30,2013	Additions	Disposals	Balance August 31,2013
10.12.	210 **Land and Sites**				
	211 Land and Sites	$ 197,033	$ 12,000	$ -	$ 209,033
10.12.	220 **Buildings**				
	221 Schools	138,413,411	-	-	138,413,411
	222 Administration	2,723,522	-	-	2,723,522
	223 Residential	8,760,129	60,000	-	8,820,129
	224 Recreational	-	-	-	-
	225 Other (Specify)	-	-	-	-
		149,897,062	60,000	-	149,957,062
10.12.	230 **Furniture and Equipment**				
	231 Schools	-	-	-	-
	232 Administration	-	-	-	-
	233 Residential	-	-	-	-
	234 Recreation	-	-	-	-
	235 Other (Oil Tanks)	557,812	-	-	557,812
		557,812	-	-	557,812
10.12.	240 **Vehicles**				
	241 Service Vehicles	318,939	-	-	318,939
10.12.	250 **Pupil Transportation**				
	251 Land	-	-	-	-
	252 Building	732,941	-	-	732,941
	253 Vehicles - Buses	3,190,285	370,000	315,178	3,245,107
	254 Vehicles - Service	-	-	-	-
	255 Equipment	-	-	-	-
	256 Other (Specify)	-	-	-	-
		3,923,226	370,000	315,178	3,978,048
10.12.	260 **Misc. Capital Assets**				
	261 Other (Pavement)	466,995	-	-	466,995
	Total Capital Assets	$ 155,361,066	$ 442,000	$ 315,178	$ 155,487,888

Labrador School Board Schedule 7B

Details of Capital Assets - Amortization

Period Ended August 31,2013

		Accumulated Amortization 2013	Amortization 2013	Amortization on Disposals 2013	Change in Amortization 2013	Accumulated Amortization 2013
10.12.	210 **Land and Sites**					
	211 Land and Sites	$ -	$ -	$ -	$ -	$ -
10.12.	220 **Buildings**					
	221 Schools	78,856,536	637,371	-	637,371	79,493,907
	222 Administration	2,723,522	-	-	-	2,723,522
	223 Residential	4,845,592	57,691	-	57,691	4,903,283
	224 Recreational	-	-	-	-	-
	225 Other (Specify)	-	-	-	-	-
		86,425,650	695,062	-	695,062	87,120,712
10.12.	230 **Furniture and Equipment**					
	231 Schools	-	-	-	-	-
	232 Administration	-	-	-	-	-
	233 Residential	-	-	-	-	-
	234 Recreation	-	-	-	-	-
	235 Other (Oil Tanks)	371,822	10,281	-	10,281	382,103
		371,822	10,281	-	10,281	382,103
10.12.	240 **Vehicles**					
	241 Service Vehicles	267,335	2,817	-	2,817	270,152
10.12.	250 **Pupil Transportation**					
	251 Land	-	-	-	-	-
	252 Building	732,941	-	-	-	732,941
	253 Vehicles - Buses	1,412,416	37,862	(315,178)	(277,316)	1,135,100
	254 Vehicles - Service	-	-	-	-	-
	255 Equipment	-	-	-	-	-
	256 Other (Specify)	-	-	-	-	-
		2,145,357	37,862	(315,178)	(277,316)	1,868,041
10.12.	260 **Misc. Capital Assets**					
	261 Other (Pavement)	42,735	5,470	-	5,470	48,205
	Total Capital Assets	$ 89,252,899	$ 751,492	$ (315,178)	$ 436,314	$ 89,689,213

Labrador School Board

Schedule 8

Details of Long Term Debt
Period Ended August 31,2013

Bank loans, mortgage and debentures, approved by the District and the Government of Newfoundland and Labrador

							August 31, 2013	June 30,2013
20.21.	210	**Loans Other than Pupil Transportation**						
		Ref #						
	211	**Bank Loans**						
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
		Total 211					-	-
	212	**Mortgages**						
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
		Total 212					-	-
	213	**Debentures**						
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
		Total 213					-	-
	214	**Other (Please Specify)**						
		Subtotal					-	-
	215	**Less Current Maturities**						
		Total Loans Other Than Pupil Transportation					-	-
20.21.	220	**Loans - Pupil Transportation**						
		Ref #						
	221	**Vehicle Bank Loans**						
			Repayable	$	2,172	monthly,	maturing May 21, 2013	$ -	$ -
			Repayable	$	581	monthly,	maturing January 19, 2013	5,809	6,971
			Repayable	$	1,696	monthly,	maturing September 4, 2013	42,396	45,788
			Repayable	$	2,924	monthly,	maturing April 14, 2016	175,384	181,232
			Repayable	$	2,523	monthly,	maturing August 21, 2015	277,591	285,160
			Repayable	$	4,687	monthly,	maturing August 16, 2016	562,356	576,417
			Repayable	$	4,459	monthly,	maturing August 31, 2016	593,041	601,959
			Repayable		$2,569	monthly,	maturing August 16, 2025	370,000	
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
		Total 221					2,026,577	1,697,527
	222	**Land, Buildings and Equipment Bank Loans**						
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
			Repayable	$		monthly,	maturing		
		Total 222						
		Subtotal					2,026,577	1,697,527
	223	**Less Current Maturities**						
		Total Loans- Pupil Transportation					2,026,577	1,697,527
	Total Long Term Debt						$ 2,026,577	$ 1,697,527

Labrador School Board

Summary of Long Term Debt
Period Ended August 31,2013

Schedule 8A

Description	Ref. #	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction			-	-	-	-
B)Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other			-	-	-	-
E) Pupil Transportation	Scotiabank	various	1,697,528	370,000	40,951	2,026,577
Total Loans			$ 1,697,528	$ 370,000	$ 40,951	$ 2,026,577

Labrador School Board

Schedule of Current Maturities
Period Ended August 31,2013

Schedule 8B

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B)Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	232,104	1,000,104	516,853	30,828	30,828
Total	$ 232,104	$ 1,000,104	$ 516,853	$ 30,828	$ 30,828

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2015

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

AUDITOR GENERAL
of 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, 2015, and the statement of operations 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, 2015, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

June 18, 2015
St. John's, Newfoundland and Labrador

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

	2015	2014
FINANCIAL ASSETS		
Cash	**$ 11,774**	$ 9,952
Due from the Province	**-**	1,500
	11,774	11,452
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	**-**	1,503
	-	1,503
Net financial assets	**11,774**	9,949
NON-FINANCIAL ASSETS	**-**	-
Accumulated surplus	**$ 11,774**	$ 9,949

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
For the Year Ended March 31

	2015 Budget	2015 Actual	2014 Actual
	(Note 7)		
REVENUES			
Province of Newfoundland and Labrador			
Operating grant (Note 6)	$ -	$ -	$ 10,000
Payments on behalf of the Board (Note 6)	9,945	7,210	8,710
Premiums from livestock owners	2,500	2,163	2,427
	12,445	9,373	21,137
EXPENSES (Note 5)			
Indemnity claims	2,200	335	2,415
Administration	9,950	7,213	8,718
	12,150	7,548	11,133
Annual surplus	295	1,825	10,004
Accumulated surplus (deficit), beginning of year	9,949	9,949	(55)
Accumulated surplus, end of year	$ 10,244	$ 11,774	$ 9,949

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) Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, due from the Province, and accounts payable and accrued liabilities. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash and due from the Province. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying values of cash, due from the Province, and accounts payable and accrued liabilities approximate current fair value due to their nature and/or the short-term maturity associated with these instruments.

(c) Cash

Cash includes cash in bank.

2. Summary of significant accounting policies (cont.)

(d) Revenue recognition

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

Government transfers (Province of Newfoundland and Labrador contributions) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(e) 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 Forestry and Agrifoods Agency. Expenses related to salaries, Board remuneration, and professional services are paid directly by the Forestry and Agrifoods Agency 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 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. The only risk that the Board is exposed to through its financial instruments is liquidity risk. There was no significant change in the Board's exposure to this risk or its processes for managing this risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities as they come due. The liquidity risk relating to accounts payable and accrued liabilities is considered to be low. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities.

4. Accounts payable and accrued liabilities

	2015	2014
Accounts receivable credits	**$ -**	$ 3
Province of Newfoundland and Labrador	**-**	1,500
	$ -	$ 1,503

5. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Bank charges	**$ 3**	$ 8
Board remuneration (Note 6)	**-**	145
Indemnity claims	**335**	2,415
Professional services (Note 6)	**-**	1,500
Salaries (Note 6)	**6,510**	7,065
Transportation and communication (Note 6)	**700**	-
	$ 7,548	$ 11,133

6. Related party transactions

The Board is administered by employees of the Forestry and Agrifoods Agency. Salary costs of $6,510 (2014 - $7,065), Board remuneration costs of nil (2014 - $145), professional services cost of nil (2014 - $1,500) and transportation and communication costs of $700 (2014 - nil) applicable to the operation of the Board have been paid by the Forestry and Agrifoods Agency and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

7. Budgeted figures

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Board of Directors.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements
For the Year Ended April 30, 2015

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the *Marble Mountain Development Corporation* 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 Directors 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.

BDO Canada LLP as the Organization's appointed external auditors, have audited the Financial Statements. The Auditor's Report is addressed to the General Manager and the Board of Directors 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 Municipality in accordance with Canadian public sector standards.

Chris Beckett
General Manager

Chair of the Board

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BDO Canada LLP
50 Main Street
Suite 300
Corner Brook NL A2H 1C4 Canada

INDEPENDENT AUDITOR'S REPORT

To the General Manager and Board of Directors
MARBLE MOUNTAIN DEVELOPMENT CORPORATION

We have audited the accompanying consolidated financial statements of Marble Mountain Development Corporation, which comprise the consolidated statement of financial position as at April 30, 2015 and the consolidated statements of operations, change in net financial asset (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 controls 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
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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure 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 effectivess 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 consolidated financial statements present fairly, in all material respects, the financial position of Marble Mountain Development Corporation as of April 30, 2015 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Corner Brook, NL
June 24, 2015

BDO Canada LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
As at April 30, 2015

	2015	2014 Restated (Note 6)
FINANCIAL ASSETS		
Cash and bank	$ 3,000	$ 3,000
Inventories	26,139	37,136
Accounts receivable (Note 2)	240,728	44,569
	$ 269,867	$ 84,705
LIABILITIES		
Bank Indebtedness (Note 4)	1,236,761	1,599,715
Accounts payable and accrued liabilities (Note 5)	658,272	190,099
Current Portion of long term debt (Note 9)	300,000	-
Deferred revenue (Note 2)	22,315	21,500
CURRENT LIABILITIES	2,217,348	1,811,314
Long term debt (Note 9)	-	300,000
Obligations under capital lease (Note 8)	170,672	235,786
LONG TERM LIABILITIES	170,672	535,786
	2,388,020	2,347,100
NET FINANCIAL ASSETS (DEBT)	$ (2,118,153)	$ (2,262,395)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	$ 16,395,935	$ 13,435,602
Prepaid expenses (Note 3)	19,911	28,223
	16,415,846	13,463,825
ACCUMULATED SURPLUS	$ 14,297,693	$ 11,201,430

Approved on behalf of Board:

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
Year Ended April 30, 2015

	2015 Actual	2014 Actual Restated (Note 6)
REVENUES		
Lift Operations (Schedule 2)	$ (396,535)	$ (319,219)
Repair Shop (Schedule 3)	30,511	33,499
Rental (Schedule 4)	137,278	136,088
Food and Beverages (Schedule 5)	152,652	133,515
Ski School (Schedule 6)	29,452	13,841
Marketing (Schedule 7)	(54,799)	(47,003)
Marble Villa (Schedule 8)	221,893	148,851
Government Transfers (Note 7)	840,000	840,000
Wage Subsidy Grant	-	1,440
Total revenues	960,452	941,012
EXPENSES		
Administration	24,341	36,396
Bad Debts	931	-
Board and Committee Meetings	-	1,045
Communications	6,350	16,323
Directors Fees	7,325	4,255
Donations	9,401	9,439
Interest and Bank Charges	34,834	51,980
Interest on Capital Leases	11,937	15,511
Labour	208,631	219,304
Miscellaneous	2,047	5,709
Professional Fees	12,906	16,397
Travel and Conference	11,655	9,187
	330,358	385,546
Amortization of Tangible Capital Assets	1,364,368	1,290,652
Total expenses	1,694,726	1,676,198
OPERATING DEFICIT	(734,274)	(735,186)
OTHER INCOME (EXPENSES)		
Insurance Proceeds	1,200,000	-
Government Grants	3,160,872	-
Gain (loss) on Disposal of Assets	(530,335)	4,620
	3,830,537	4,620
ANNUAL SURPLUS	3,096,263	(730,566)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, as restated (Note 6)	11,201,430	11,931,996
ACCUMULATED SURPLUS, END OF YEAR	14,297,693	11,201,430

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year ended April 30, 2015

	2015	2014 Restated (Note 6)
ANNUAL SURPLUS (DEFICIT)	$ 3,096,263	$ (735,186)
Acquisition of tangible capital assets	(4,845,775)	(582,001)
Amortization of tangible capital assets	1,364,368	1,290,650
Gain (loss) on disposal of capital assets	530,335	-
Proceeds on disposal of tangible capital assets	-	17,400
Decrease (Increase) in deferred revenue	-	840,000
Decrease (Increase) in prepaids	(949)	27,739
	(2,952,021)	1,593,788
CHANGE IN NET FINANCIAL ASSETS	144,242	858,602
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(2,262,395)	(3,120,997)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	$ (2,118,153)	$ (2,262,395)

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
Year Ended April 30, 2015

	2015	2014 Restated (Note 6)
OPERATING ACTIVITIES		
Annual surplus	$ 3,096,263	$ (735,186)
Items not affecting cash		
Amortization of tangible assets	1,364,368	1,290,650
Gain (loss) on disposal of capital assets	530,335	-
Changes in non-cash items		
Accounts receivable	(196,159)	32,206
Accounts payable and accrued liabilities	468,173	(168,741)
Deferred revenue	816	(28,165)
Prepaid expenses	(949)	18,769
Inventory	10,998	(1,383)
Deferred charges	-	(27,780)
Cash Flow from Operating Activities	5,273,845	380,370
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(4,845,775)	(582,001)
Proceeds on disposal of tangible capital assets	-	17,400
Cash Flow from Capital Activities	(4,845,775)	(564,601)
FINANCING ACTIVITIES		
Proceeds (repayment) of Bank Indebtedness	(362,954)	204,220
Proceeds from Obligations Under Capital Lease	-	47,939
Repayment of Obligations Under Capital Leases	(65,116)	(67,928)
Cash Flow from (used by) Financing Activities	(428,070)	184,231
INCREASE (DECREASE) IN CASH FLOW	-	-
CASH AND BANK, BEGINNING OF YEAR	3,000	3,000
CASH AND BANK, END OF YEAR	$ 3,000	$ 3,000

The accompanying notes are an integral part of these financial statements

1. Significant Accounting Policies

a) Description of Operations

The Organization is an "Other Government Organization" (OGO) incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Corporation is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

b) Management's Responsibility for the Financial Statements

The financial statements of the Other Government Organization are the responsibility of management.

c) Basis of Accounting

These financial statements have been prepared using Canadian public sector accounting standards.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand.

e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis

f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs

Area Improvements	30 years
Buildings	15-40 years
Computer Equipment	3 years
Equipment under Capital Lease	10 years
Furniture and fixtures	5 years
Lifts	30 years
Rental Equipment	3 years
Signs	5 years
Vehicles	3-20 years

g) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligible criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

h) Revenue Recognition

Revenue from sales is recognized when the significant risks and rewards of ownership have been completed and there are no significant obligations remaining, the sales price is fixed and determinable, persuasive evidence of an arrangement exists and collectability is reasonably assured. This usually occurs at the time the services are provided.

i) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

j) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

k) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All financial instruments are reported at cost and are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

l) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

2. Accounts Receivable

		2015		2014
Trade	$	34,046	$	44,569
HST Receivable		206,682	$	-
		240,728		44,569
Deferred revenue		(22,315)		(21,500)

The deferred revenue account records any deposits on events for the upcoming year

3. Prepaid Expenses

		2015		2014
Lease of Assets	$	1,651	$	1,651
Computer Support		4,848		3,738
Automation		4,150		4,311
Uniforms		9,262		18,523
	$	19,911	$	28,223

4. Bank Indebtedness

The line of credit is authorized in the amount of $2,087,000 and bears interest at the bank's prime rate. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors

5. Accounts Payable and Accrued Liabilities

		2015		2014
Trade	$	635,119	$	183,158
HST Payable		-		(8,287)
Payroll Deductions Payable		23,153		15,228
	$	658,272	$	190,099

6. Prior Period Adjustment

PS 3410 - 'Government Transfers' became applicable to Other Government Organizations for fiscal periods beginning on or after April 1, 2012. As a result, Marble Mountain Development Corporation should have adopted PS 3410 for the April 30, 2013 fiscal year. Consequently, a prior period adjustment has been made to accumulated surplus and comparative amounts have been restated to correct an overstatement of deferred government assistance and deferred grant as all eligibility requirements and stipulations of the government transfers have been met. The financial statement amounts that are presented for comparative purposes have been restated as follows:

	2014 Previously	Decrease	2014 Restated
Deferred government assistance	5,986,287	(5,986,287)	-
Government transfers revenue	390,000	450,000	840,000
Amortization of Tangible Capital Assets	(930,650)	(360,002)	(1,290,652)
Deferred grant	840,000	(840,000)	-
Accumulated Surplus, Beginning of Year	5,195,706	6,736,290	11,931,996

7. Government Transfers

	2015	2014
Provincial Administrative Operating Grant	$ 390,000	$ 390,000
Capital Grants	450,000	450,000
Provincial Marketing Grants	175,000	150,000
	$ 1,015,000	$ 990,000

8. Obligations under Capital Lease

	2015	2014
National Leasing bearing interest at 5.65% per annum, repayable in monthly blended payments of $4,960. The lease matures on November 1, 2016 and is secured by a charge over specific equipment.	145,675	195,426
National Leasing bearing interest at 6.5% per annum, repayable in monthly blended payments of $1461. The lease matures on November 1, 2016 and is secured by a charge over specific equipment.	24,997	40,360
	$ 170,672	$ 235,786
Amounts payable within one year	(69,027)	(65,113)
	$ 101,644	$ 170,673

8. Obligations under Capital Lease (Continued)

Principal payments required over the next two years are as follows:

2016	69,027
2017	101,644

9. Long Term Debt

	2015	2014
Department of Innovation, Rural Development and Trade	$300,000	$300,000
Current portion of long term debt	300,000	-
Long term debt	$ -	300,000

10. Patrol Operating Expenses

	2015	2014
Labour	$ 75,372	$ 74,339
Supplies	15,416	8,162
Telephone	557	714
Radio Rental	2,200	1,240
Sundry	1,920	3,734
	$ 95,465	$ 88,189

Marble Mountain Development Corporation
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended April 30, 2015

(Schedule 1)

	Area Improvements	Buildings	Computer Equipment	Equipment Under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Vehicles	Totals 2015	Totals 2014
Cost											
Opening costs	$ 10,757,200	$ 10,611,966	$ 119,006	$ 657,057	$ 826,662	$ 5,401,572	$ 129,353	$ 96,782	8,072,735	$ 36,672,333	$ 36,133,620
Additions during the year	-	108,981	47,328	-	-	4,371,972	15,747	-	301,747	4,845,775	582,001
Disposals and write downs	-	-	-	-	-	(1,628,817)	-	-	-	(1,628,817)	(43,288)
Closing costs	10,757,200	10,720,947	166,334	657,057	826,662	8,144,727	145,100	96,782	8,374,482	39,889,291	36,672,333
Accumulated Amortization											
Opening accum'd amortization	7,188,198	4,654,028	64,051	340,910	807,693	3,360,773	114,493	96,782	6,609,803	23,236,731	21,985,846
Amortization	358,574	266,661	47,557	75,099	4,215	193,554	8,569	-	400,878	1,355,107	1,281,391
Disposals and write downs	-	-	-	-	-	(1,098,482)		-	-	(1,098,482)	(30,506)
Closing accum'd amortization	7,546,772	4,920,689	111,608	416,009	811,908	2,455,845	123,062	96,782	7,010,681	23,493,356	23,236,731
Net Book Value of Tangible Capital Assets	$ 3,210,428	$ 5,800,258	$ 54,726	$ 241,048	$ 14,754	$ 5,688,882	$ 22,038	$ -	$ 1,363,801	$ 16,395,935	$ 13,435,602

The accompanying notes are an integral part of these financial statements

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Lift Operations *(Schedule 2)*
Year Ended April 30, 2015

	2015	2014
Revenue		
Lift Ticket Revenue	$ 487,615	$ 589,112
Season Pass Revenue	501,418	611,371
Children Center Revenue	8,387	9,319
Miscellaneous Revenue	87,277	62,865
	1,084,697	1,272,667
Expenditures		
Children's centre	14,393	11,523
Communications	16,777	7,684
Management contract	86,800	100,800
Equipment rental	12,582	1,462
Heating and electricity	128,769	160,150
Insurance	92,489	94,769
Interest and bank charges	41,259	52,727
Labour	460,986	450,703
Lift repairs	31,097	98,279
Maintenance		
Building	40,624	47,172
Slopes	69,904	29,148
Miscellaneous	30,417	20,985
Municipal fees	24,000	40,000
Security	540	299
Patrol expenses *(Note 10)*	95,465	88,189
Snowclearing	33,360	29,400
Snowmaking		
Electricity	70,312	97,541
Labour	30,715	30,865
Equipment maintenance	53,339	34,919
Supplies	26,851	32,394
Vehicle operating		
Repairs	62,709	78,609
Fuel	50,505	79,733
Uniforms	7,338	4,535
	1,481,232	1,591,886
Income from operations	$ (396,535)	$ (319,219)

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Repair Shop

Year Ended April 30, 2015.

(Schedule 3)

	2015	2014
Revenue	**$ 50,593**	$ 54,015
Expenditures		
Labour	**19,312**	19,104
Supplies	770	1,412
	20,082	20,516
Income from operations	**$ 30,511**	$ 33,499

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Rental
Year Ended April 30, 2015

(Schedule 4)

	2015	2014
Revenue	$ 187,350	$ 187,039
Expenditures		
Communications	235	231
Labour	48,607	49,162
Supplies	1,230	1,558
	50,072	50,951
Income from operations	$ 137,278	$ 136,088

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Food and Beverages *(Schedule 5)*
Year Ended April 30, 2015

	2015	2014
Revenue	$ 782,454	$ 678,114
Cost of sales	314,681	262,807
Gross profit	467,773	415,307
Expenditures		
Communications	1,353	1,343
Entertainment	6,741	4,475
Interest and bank charges	3,633	-
Labour	243,196	227,151
Licenses and fees	920	800
Miscellaneous	18,140	8,644
Repairs and maintenance	14,122	13,849
Security	4,985	3,082
Supplies	21,078	20,021
Utilities	953	2,427
	315,121	281,792
Income from operations	$ 152,652	$ 133,515

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Ski School
Year Ended April 30, 2015

(Schedule 6)

	2015	2014
Revenue	$ 138,203	$ 137,510
Expenditures		
Communications	566	1,004
Krunchers Club	4,831	3,007
Labour	99,316	113,011
Miscellaneous	1,030	3,056
Supplies	1,862	897
Training	1,004	2,694
Uniforms	142	-
	108,751	123,669
Income from operations	$ 29,452	$ 13,841

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Marketing
Year Ended April 30, 2015

(Schedule 7)

	2015	2014
Revenue		
Sponsorships	$ 39,400	$ 38,477
Marketing Revenue - Advertising	22,619	$ 25,558
Marketing Grant (Note 7)	175,000	150,000
	237,019	214,035
Expenditures		
Advertising		
Internet	-	-
Partnership Contributions	1,297	2,049
Print	3,717	3,374
Digital Media	-	211
Communications	3,381	3,457
Labour	92,058	78,009
Marketing agency	169,733	155,000
Membership fees	3,142	4,173
Office and postage	4,138	-
Ski shows and familiarization tours	5,021	-
Supplies	7,369	10,176
Travel and meetings	894	2,876
Uniforms	1,068	1,713
	291,818	261,038
Income from operations	$ (54,799)	$ (47,003)

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Marble Villa
Year Ended April 30, 2015

(Schedule 8)

	2015	2014
Revenue	$ 409,132	$ 326,445
Expenditures		
Cable television	5,769	5,540
Communications	8,487	6,159
Heat and light	38,835	41,209
Labour	77,164	62,936
Insurance	5,606	5,097
Interest and bank charges	10,530	10,902
Laundry	-	510
Marketing	3,035	3,550
Miscellaneous	1,470	742
Repairs and maintenance	20,670	24,203
Supplies	15,673	16,746
	187,239	177,594
Income from operations	$ 221,893	$ 148,851

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

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

Consolidated Financial Statements with Supplementary Schedules

March 31, 2015

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, 2015 and the consolidated statements of operations, remeasurement gains, 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 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, 2015 and the results of its operations 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 9, 2015

Chartered Professional Accountants

Memorial University of Newfoundland **Statement 1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[thousands of dollars]

	2015	2014
ASSETS		
Current		
Cash and cash equivalents	**12,613**	19,511
Restricted cash *[note 4]*	**3,678**	7,426
Short-term investments	**133,978**	132,171
Accounts receivable	**64,684**	64,871
Other current assets	**6,889**	7,400
Total current assets	**221,842**	231,379
Portfolio investments *[note 6]*	**118,522**	107,684
Assets under construction *[note 8]*	**55,487**	141,954
Tangible capital assets *[note 7]*	**340,512**	241,375
Total assets	**736,363**	722,392
LIABILITIES		
Current		
Bank indebtedness *[note 5]*	**11,341**	12,533
Accounts payable and accrued liabilities *[note 4]*	**51,371**	63,235
Deferred revenue	**35,882**	37,347
Deferred contributions - external grants and donations *[note 10]*	**96,085**	97,498
Current portion of long term debt *[note 11]*	**249**	517
Total current liabilities	**194,928**	211,130
Long term debt *[note 11]*	**206**	312
Derivative liability *[note 5]*	**1,725**	1,643
Post-employment benefits *[note 12]*	**185,959**	171,817
Deferred capital contributions *[note 9]*	**376,198**	362,473
Total liabilities	**759,016**	747,375
NET DEFICIENCY		
Net assets restricted for endowment purposes	**84,756**	74,018
Net assets related to remeasurement gains	**6,083**	7,255
Unrestricted net deficiency	**(113,492)**	(106,256)
Total net deficiency	**(22,653)**	(24,983)
Total liabilities and net deficiency	**736,363**	722,392

See accompanying notes
Contingencies [note 13]

On behalf of the Board:

Chair of the Board of Regents

Chair of the Finance Committee

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2015	2014
REVENUE		
Government grants	**440,879**	444,274
Other income	**67,912**	61,489
Student fees	**63,558**	62,469
Amortization of deferred capital contributions *[note 9]*	**36,427**	25,561
Sales and services	**13,953**	13,612
Investment income	**8,867**	7,701
	631,596	615,106
EXPENSES		
Salaries and employee benefits	**422,323**	412,558
Amortization of tangible capital assets	**34,163**	25,789
Materials and supplies	**33,164**	37,061
Repairs and maintenance	**28,359**	32,486
Scholarships, bursaries and awards	**28,353**	26,567
Utilities	**27,369**	28,218
Externally contracted service	**18,734**	16,720
Travel and hosting	**16,969**	16,733
Professional fees	**14,516**	11,786
Post-employment benefits *[note 12]*	**14,142**	13,475
Other operating expenses	**12,835**	17,243
Equipment rentals	**3,937**	4,096
Interest expense	**532**	587
External cost recoveries	**(20,788)**	(19,132)
	634,608	624,187
Excess of expenses over revenue	**(3,012)**	(9,081)

See accompanying notes

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS

Year ended March 31
[thousands of dollars]

	2015	2014
Accumulated remeasurement gains at beginning of year	**7,255**	1,916
Unrealized gains (losses) attributable to:		
Portfolio investments	**1,172**	6,427
Derivative liability *[note 5]*	**(82)**	534
Realized losses reclassified to consolidated statement of operations:		
Portfolio investments	**(2,262)**	(1,622)
Accumulated remeasurement gains at end of year	**6,083**	7,255

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET DEFICIENCY

As at March 31
[thousands of dollars]

	Net Assets Restricted for Endowment Purposes	Net Assets Related to Remeasurement Gains	Unrestricted Net Deficiency	2015	2014
Balance, beginning of year	**74,018**	**7,255**	**(106,256)**	**(24,983)**	(22,758)
Change in remeasurement gains for the current year		**(1,172)**		**(1,172)**	5,339
Excess of revenue over expense (expense over revenue)	**4,224**		**(7,236)**	**(3,012)**	(9,081)
Endowment contributions	**6,514**			**6,514**	1,517
Balance, end of year	**84,756**	**6,083**	**(113,492)**	**(22,653)**	(24,983)

See accompanying notes

Memorial University of Newfoundland **Statement 5**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2015	2014
OPERATING ACTIVITIES		
Excess of expenses over revenue	**(3,012)**	(9,081)
Items not affecting cash:		
Amortization of tangible capital assets	**34,163**	25,789
Amortization of deferred capital contributions	**(36,427)**	(25,561)
Loss on disposal of tangible capital assets	**2,223**	48
Increase in post-employment benefits, net	**14,142**	13,475
Change in non-cash working capital	**(14,046)**	22,795
Cash (used in) provided by operating activities	**(2,957)**	27,465
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(135,523)**	(76,194)
Net change in assets under construction (purchases less transfers)	**86,467**	18,096
Contributions received for capital purposes	**50,152**	60,386
Cash provided by capital activities	**1,096**	2,288
INVESTING ACTIVITIES		
Increase in short-term investments, net	**(1,807)**	(21,742)
Decrease (increase) in restricted cash, net	**3,748**	(670)
Increase in portfolio investments, net	**(11,926)**	(1,146)
Cash used in investing activities	**(9,985)**	(23,558)
FINANCING ACTIVITIES		
Decrease in bank indebtedness, net	**(1,192)**	(1,215)
Endowment contributions	**6,514**	1,517
Decrease in long-term debt, net	**(374)**	(514)
Cash provided by (used in) financing activities	**4,948**	(212)
Net change in cash and cash equivalents during the year	**(6,898)**	5,983
Cash and cash equivalents, beginning of year	**19,511**	13,528
Cash and cash equivalents, end of year	**12,613**	19,511

See accompanying notes

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland [the "University"] is a corporation operating under the authority of the *Memorial University Act*. The University is an inclusive community dedicated to innovation and excellence in teaching and learning, research, scholarship, creative activity, service and public engagement. 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 whom 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.
The Canadian Centre for Fisheries Innovation
Genesis Group Inc.
Memorial University Recreation Complex
Western Sports and Entertainment Inc. (ceased operations August 31, 2014)

All intercompany assets and liabilities, revenues and expenses have been eliminated.

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 and other ancillary services [parking, residence, sundry sales, etc.] are recognized when the goods or services are provided and collection is reasonably assured.

Student fees are recognized as revenue when courses or seminars are held.

Investment income (loss) recorded in the statement of operations consists of interest, dividends, income distributions from pooled funds and realized gains and losses, net of related fees. Unrealized gains and losses are recorded in the statement of remeasurement gains, except to the extent they relate to deferred contributions and to endowments, in which case they are added to the respective balance.

The University follows the deferral method of accounting for contributions, which include donations and government grants, as follows:

Contributions are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when initially recorded in the accounts.

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.

Endowments

Endowments consist of internally and externally restricted donations received by the University. The endowment principal is required to be maintained intact, with the investment income generated used for the purposes established by the donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. The University has established a policy with the objective of protecting the real value of the endowments. The amount of income made available for spending is prescribed annually and an amount is added to endowment net assets for capital preservation every three years.

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.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, investments in money-market funds and short-term investments with original terms to maturity of 90 days or less. Cash and cash equivalents held by external investment managers for investing rather than liquidity purposes are classified as investments.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to operations as incurred. 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 financial statements.

The University's library collection is capitalized and recorded at cost.

Assets under construction are recorded as such in the consolidated statement of financial position until the asset is ready for productive use, at which time it is transferred to tangible capital assets and amortized.

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.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at year end. Operating revenue and expenses are translated at exchange rates prevailing on the transaction dates. Realized gains or losses arising from these translations are included in the statement of operations. Unrealized gains or losses are included in the statement of remeasurement gains, except to the extent they relate to deferred contributions, in which case they are added to the balance.

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 $20.3 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 December 31, 2012 valuation of the Plan. Subsequent to March 31, 2015, the balance of the special payment required for 2014/15, $2.3 million, was paid.

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 is exempt from the solvency funding requirements of the PBA until December 31, 2015. 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. Annual accounting valuations have also been performed as at December 31, 2013 and 2014 and the results have been extrapolated to March 31, 2014 and 2015 for financial statement reporting.

The extrapolation revealed that the going concern unfunded liability is $202.6 million at March 31, 2015 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, 2015, approximately 29.25 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 $292.7 million. The portion of the going concern unfunded liability (after accounting for the indexing liability) to be amortized was $220.0 million and the required amortization payment for fiscal 2015/2016 is $23.5 million (or 7.2% of pensionable payroll) (2014/2015 - $22.6 million). University special payments will continue at this level (i.e., 7.2% 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). Subsequent to March 31, 2015, the University requested a regulatory exemption under the PBA that would allow a one-year deferral of the 2015/2016 special payment.

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. Liabilities are measured using a discount rate determined by reference to the University's cost of borrowing. Actuarial gains and losses will be amortized over the average remaining service life of employees.

The post-employment benefits are:

Supplemental Retirement Income Plan
Voluntary Early Retirement Income Plan
Other benefits [severance, group life insurance and health care benefits]

Financial instruments

The University classifies its financial instruments as either fair value or amortized cost. The University determines the classification of its financial instruments at initial recognition. 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 as well as investments in pooled funds 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.

Transaction costs related to these financial instruments are expensed as incurred.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and are reclassified to the consolidated statement of operations upon disposal or settlement.

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 recognized in the consolidated statement of operations. If the loss subsequently reverses, the writedown to the consolidated statement of operations is not reversed until the investment is sold.

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 capitalized and amortized over the term 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. 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.

4. 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.

5. 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 2015/16 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 14*.

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 $2.0 million. The fair value of this interest rate swap is $0.15 million [2014 - $0.19 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 $9.4 million. The fair value of this interest rate swap is $1.57 million [2014 - $1.45 million].

6. FINANCIAL INSTRUMENT CLASSIFICATION

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

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]	**2015**				2014
	Level 1	**Level 2**	**Level 3**	**Total**	Total
Cash and cash equivalents	**12,613**	**-**	**-**	**12,613**	19,511
Restricted cash	**3,678**	**-**	**-**	**3,678**	7,426
Investments					
Publicly traded equity - CDN	**32,784**	**-**	**-**	**32,784**	26,193
Publicly traded equity – USD	**13,771**	**-**	**-**	**13,771**	8,463
Publicly traded equity – Global	**2,536**	**-**	**-**	**2,536**	5,580
Fixed income	**-**	**69,431**	**-**	**69,431**	67,448
Bank indebtedness	**-**	**11,341**	**-**	**11,341**	12,533
Derivative liability	**-**	**-**	**1,725**	**1,725**	1,643
Total	**65,382**	**80,772**	**1,725**	**147,879**	148,797

7. TANGIBLE CAPITAL ASSETS

[thousands of dollars]	**2015**			2014
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Buildings	**419,913**	**174,683**	**245,230**	152,078
Furniture and equipment	**148,135**	**89,857**	**58,278**	52,217
Computers	**29,521**	**21,839**	**7,682**	7,410
Software	**4,787**	**2,771**	**2,016**	2,563
Vehicles and vessels	**5,927**	**4,921**	**1,006**	273
Library collection	**155,763**	**129,463**	**26,300**	26,834
Total	**764,046**	**423,534**	**340,512**	241,375

Amortization expense for the year is $34.2 million (2014 - $25.8 million).

8. ASSETS UNDER CONSTRUCTION

Assets under construction represent costs incurred to date on the construction of new facilities. Assets under construction are as follows:

[thousands of dollars]	**2015**	2014
Project Description		
Ocean Sciences Center Deep Water Supply	**25,049**	24,127
100 Signal Hill Road Property	**12,412**	11,229
Core Science Facility	**8,318**	1,054
Grenfell Campus Environmental Labs	**3,791**	3,731
Offshore Operations Simulator	**3,691**	1,244
HMDC Offshore Operations Facility	**1,799**	51
MV Shamook Vessel Renovation	**323**	-
Mount Scio Road Warehouse	**82**	-
Engineering High Bay Labs	**13**	-
Animal Care Unit Expansion	**9**	-
Medical School Extension	**-**	54,085
MUN Residences	**-**	32,388
Engineering Expansion	**-**	6,464
C-CORE Expansion	**-**	6,239
GC Environmental Lab Equipment	**-**	1,015
GC Emergency Generator	**-**	301
Training Boat and Launching System	**-**	26
Total	**55,487**	141,954

9. 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]	**2015**	2014
Balance, beginning of year	**362,473**	327,648
Additional contributions received	**50,152**	60,386
Less amounts amortized to revenue	**(36,427)**	(25,561)
Balance, end of year	**376,198**	362,473

10. 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]	**2015**	2014
Balance, beginning of year	**97,498**	89,179
Grants and donations received during the year	**56,945**	73,136
Less expenses incurred during the year	**(58,358)**	(64,817)
Balance, end of year	**96,085**	97,498

11. LONG-TERM DEBT

[thousands of dollars]	**2015**	2014
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2018, secured	**182**	227
Capital leases negotiated through the RBC Royal Bank, varying interest rates, payable in equal annual installments, secured by assets under lease	**273**	602
	455	829
Less: current portion	**249**	517
	206	312

Annual repayments of long-term debt over the next five years are as follows:

2016	$249
2017	$124
2018	$54
2019	$28
2020	-

12. 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). The last valuation was performed on December 31, 2012 and extrapolated in each subsequent year for accounting purposes.

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:

	2015	2014
Discount rate:		
Liability	**3.40%**	4.40%
Expense	**4.40%**	4.10%
Average rate of compensation increase	**4.00%**	4.00%

The health care inflation rate is 7% in year 1 following the valuation date, reducing 0.5% per year to 4% in year 7 and later (2015 – 6%, 2014 – 6.5%). There is no explicit inflation rate assumption.

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:

	2015	2014
Discount rate		
Liability	**2.60%**	3.70%
Expense	**3.70%**	3.25%

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:

	2015	2014
Discount rate		
Liability	**3.40%**	4.40%
Expense	**4.40%**	4.00%

The accrued liability and expense of these post-employment benefits are outlined in the tables below:

[thousands of dollars]	2015			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	218,745	6,290	27,281	252,316
Unamortized actuarial loss	(57,490)	-	(8,867)	(66,357)
Total liability	161,255	6,290	18,414	185,959

[thousands of dollars]	2014			
	Employee Future Benefits	VERIP	SRIP	Total Liability
Post-employment benefits	170,908	6,080	21,601	198,589
Unamortized actuarial loss	(21,631)	-	(5,141)	(26,772)
Total liability	149,277	6,080	16,460	171,817

[thousands of dollars]	2015			
	Employee Future Benefits	VERIP	SRIP	Total Expense
Current year benefit costs	6,334	-	1,005	7,339
Interest on accrued benefit obligations	7,701	216	984	8,901
Benefit payments	(4,257)	(499)	(488)	(5,244)
Amortized actuarial losses	2,200	493	453	3,146
Total expense	11,978	210	1,954	14,142

[thousands of dollars]	2014			
	Employee Future Benefits	VERIP	SRIP	Total Expense
Current year benefit costs	6,296	-	1,058	7,354
Interest on accrued benefit obligations	6,725	200	853	7,778
Benefit payments	(3,764)	(514)	(436)	(4,714)
Amortized actuarial losses	2,579	-	478	3,057
Total expense	11,836	(314)	1,953	13,475

13. CONTINGENCIES

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, 2014, CURIE had a surplus of $7.6 million and a cumulative subscribers' equity of $74.2 million. The University's pro-rata share is approximately 3% on an ongoing basis.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

(a) 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.

[thousands of dollars]

2015 Foreign Currency Denominated Assets	Fair Values (CAD)	Impact of 1% Absolute Change in Exchange Rates on Net Assets
US Equity	13,771	137.71
Global Equity	2,536	25.36

(b) Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates. The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's and exposes the University to cash flow risk. 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.

Credit risk

Credit risk is the risk of loss due to the failure of a counterparty to satisfy its obligations. The University is exposed to credit risk with respect to accounts receivable from students, governments and other clients as well as through its investments in fixed income and equity securities. 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. The University limits its exposure to credit loss on fixed income by investing in securities with high credit quality. To maximize the credit quality of its investments, the University performs ongoing credit evaluations based upon factors surrounding the credit risk of issuers, historical trends and other information. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. All transactions executed by the University in listed equities are settled upon delivery using approved brokers. The risk of default is considered minimal, as the delivery of those securities sold is made only when the broker has received payment. Payment is made on purchases only when the security is received by the broker. The trade will fail to consummate if either party fails to meet its obligation. The maximum risk of loss at March 31, 2015 is limited to the amounts as shown on the consolidated statement of financial position.

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.

15. COMPARATIVE FIGURES

Certain figures from the prior period have been reclassified to conform to the presentation adopted for the current period.

Grant Thornton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2015

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

Grant Thornton

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, 2015, 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.

Grant Thornton

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, 2015 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 13 to the financial statements which explains that certain comparative information for the year ended March 31, 2014 has been restated.

Grant Thornton LLP

St. John's, Canada

June 26, 2015

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Financial Position

March 31	2015	(Note 13) 2014
Financial assets		
Cash and cash equivalents (Note 4)	**$ 14,181,436**	$ 13,305,992
Receivables (Note 5)	**3,252,128**	3,274,545
Notes receivable at amortized cost of non-interest bearing notes, repayable over the next five years, utilizing an interest rate of prime plus 1%	**49,029**	40,958
Inventories for sale (Note 6)	**68,466**	75,053
Long term investments	**377,410**	630,772
	17,928,469	17,327,320
Liabilities		
Payables and accruals	**1,559,053**	1,475,811
Grants payable	**685,066**	696,250
Accrued stockpile costs (Note 7)	**879,130**	1,126,834
Unearned revenue	**3,163,965**	3,597,326
Performance bonds payable	**422,544**	633,994
Accrued severance pay	**99,754**	85,763
	6,809,512	7,615,978
Net financial assets	**$ 11,118,957**	$ 9,711,342
Non-financial assets		
Prepaids	**$ 78,705**	$ 65,922
Tangible capital assets (Page 19)	**1,034,959**	1,007,715
	1,113,664	1,073,637
Accumulated surplus	**$ 12,232,621**	$ 10,784,979

Commitments (Note 9)

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 2015	Budget 2015	(Note 13) Actual 2014
Revenue			
Gross revenue from deposits	**$ 25,223,479**	$ 24,507,308	$ 24,364,719
By-product revenue	**2,573,049**	2,132,006	2,191,590
Other revenue (Note 10)	**591,700**	-	221,604
Income from Organics program	**-**	-	22
Income from Household Hazardous Waste Program	**-**	12,445	-
	28,388,228	26,651,759	26,777,935
Cost of sales			
Deposits refunded	**8,774,749**	8,631,150	8,436,039
Green School Program	**709,093**	814,189	751,596
Handling fees	**7,302,157**	7,054,672	7,151,961
Regional processing	**1,321,901**	1,405,541	1,509,452
Freight and transportation	**4,169,634**	3,963,082	3,946,078
Depot fees	**372,541**	378,000	381,206
Quality assurance facilities	**31,375**	13,500	69,968
	22,681,450	22,280,134	22,246,300
Annual surplus before expenses and other activities	**5,706,778**	4,371,625	4,531,635
Expenses			
Administrative expenses (Page 20)	**3,647,243**	3,566,047	2,906,304
Grant disbursements	**767,708**	881,000	1,100,807
	4,414,951	4,447,047	4,007,111
Annual surplus (deficit) before other activities	**1,291,827**	(75,422)	524,524
Other activities			
Realized gain (loss) attributed to foreign exchanges	**21,206**	-	(21,108)
Interest and sundry income	**137,795**	100,000	127,869
Note receivable grant expense	**(3,186)**	-	(1,050)
	155,815	100,000	105,711
Annual surplus	**$ 1,447,642**	$ 24,578	$ 630,235

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Remeasurement Gains and Losses

Year Ended March 31		2015		2014
Accumulated remeasurement gains, beginning of year	$	-	$	77,218
Reversal of unrealized gains attributed to foreign exchanges		-		(77,218)
Accumulated remeasurement gains, end of year	$	-	$	-

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31	**Actual 2015**	Budget 2015	(Note 13) Actual 2014
Accumulated surplus, beginning of year, as previously reported	**$ 10,644,323**	$ 10,644,323	$ 9,424,153
Prior period adjustment (Note 13)	**140,656**	-	730,591
Accumulated surplus, beginning of year, as restated	**10,784,979**	10,644,323	10,154,744
Annual surplus	**1,447,642**	24,578	630,235
Accumulated surplus, end of year	**$ 12,232,621**	$ 10,668,901	$ 10,784,979

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 2015	Budget 2015	(Note 13) Actual 2014
Annual surplus	**$ 1,447,642**	$ 24,578	$ 630,235
Acquisition of tangible capital assets	**(249,535)**	(497,000)	(398,663)
Amortization of tangible capital assets	**222,291**	182,088	125,909
(Increase) decrease in prepaids	**(12,765)**	-	18,171
Increase (decrease) in net assets	**1,407,633**	(290,334)	375,652
Net financial assets, beginning of year	**9,711,342**	9,711,342	9,335,690
Net financial assets, end of year	**$ 11,118,975**	$ 9,421,008	$ 9,711,342

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board
Consolidated Statement of Cash Flows

Year Ended March 31	2015	(Note 13) 2014
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus	**$ 1,447,642**	$ 630,235
Amortization	**222,291**	125,909
	1,669,933	756,144
Change in non-cash items (Note 8)	**(592,786)**	639,866
Cash provided by operating transactions	**1,077,147**	1,396,010
Capital		
Cash used to acquire tangible capital assets	**(249,535)**	(398,663)
Investing		
(Increase) decrease in notes receivable	**(8,071)**	14,413
Decrease in long term investments	**253,362**	25,011
Cash provided by investing transactions	**245,291**	39,424
Financing		
(Decrease) increase in performance bonds payable	**(211,450)**	16,805
Increase (decrease) in accrued severance pay	**13,991**	(1,984)
Cash (applied to) provided by financing transactions	**(197,459)**	14,821
Increase in cash and cash equivalents	**875,444**	1,051,592
Cash and cash equivalents, beginning of year	**13,305,992**	12,254,400
Cash and cash equivalents, end of year	**$ 14,181,436**	$ 13,305,992

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 26, 2015.

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 CPA Canada Public Sector Accounting Board (PSAB) 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 $45,066 and $697,922 (2014 - $3,154 and $1,006,389) 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, 2015, $377,410 (2014 - $630,772) 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	30%, declining balance
MIS software	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance

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

Tangible capital assets (cont'd.)

Included in the cost of computer hardware for 2014 is $298,702 and included in the cost of MIDAS and MIS software for 2014 is $68,720 of assets not being amortized because they were not available for use. At March 31, 2015, all tangible capital assets are available for use.

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 63% (2014 - 63%).

Unearned revenue also includes funds received in relation to the Provincial Waste Management Strategy related to expenditures for strategic communications development, the Green Depot Management Information System (MIS) related to customization, installation, training, licences and support for the system, and restricted grant contributions. The funding is recognized as revenue as the expenditures are incurred and repayable if not fully spent on the projects.

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.

Other income is recognized as earned.

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

Expenses

The Board recognizes expenses on an accrual basis. The cost of all goods consumed and services received during the period is expensed. Grant disbursements to third parties are accounted for as government transfers. Grant disbursements that are financing arrangements are recorded as expenses when they are approved by the Minister. Grant disbursements that are reimbursement arrangements are recorded as expenses when the expenditures have been incurred by the recipient and all eligibility criteria have been met.

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 bonds 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.

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

Financial instruments (cont'd.)

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**	**2015**	2014
Cash and cash equivalents	**$ 13,438,448**	$ 12,296,449
Restricted cash deposits	**742,988**	1,009,543
	$ 14,181,436	$ 13,305,992

5. **Receivables**	**2015**	2014
Deposits	**$ 2,438,170**	$ 1,937,853
Trade and other	**813,958**	1,336,692
	$ 3,252,128	$ 3,274,545

6. **Inventories for sale**	**2015**	2014
Aluminium beverage containers	**$ 48,539**	$ 51,168
PET beverage containers	**19,927**	23,885
	$ 68,466	$ 75,053

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, 2015, management has estimated future stockpile removal costs to be $879,130 (2014 - $1,126,834), which has been accrued in the stockpile costs.

8. Supplemental cash flow information

		2015		2014
Change in non-cash items				
Receivables	$	**22,417**	$	470,610
Inventories		**6,587**		(21,062)
Prepaids		**(12,765)**		18,171
Payables and accruals		**83,224**		(56,668)
Grants payable		**11,184**		(82,396)
Accrued stockpile costs		**(247,704)**		(425,330)
Unearned revenue		**(433,361)**		736,541
	$	**(592,786)**	$	639,866

9. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next five years as follows: 2016 - $237,351; 2017 - $213,508; 2018 - $41,496; 2019 - $39,541; and 2020 - $13,180.

The Board is also committed to grant disbursements to The Harris Centre for the next three years as follows: 2016 - $115,000; 2017 - $115,000; and 2018 - $115,000.

The Board has entered into the following agreements:

(i) processing and transportation of beverage containers up to July, 2019;
(ii) collection of used tires in Labrador West area to April, 2020;
(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, 2020;
(v) transportation of used tires collected in Labrador to May, 2020;
(vi) transportation and disposal of processed glass to September, 2015; and
(vii) loading and transportation of stockpile tires to date of completion.

10. Other revenue

		2015		2014
Provincial Waste Management Strategy	$	**362,288**	$	28,500
MIS fees from depots		**211,410**		191,104
Waste audit		**10,471**		2,000
Paint program		**7,531**		-
	$	**591,700**	$	221,604

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, 2015.

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 performance 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:

	2015	2014
0-30 days	**$ 1,237,522**	$ 1,333,152
31-60 days	**183,161**	190,503
61-90 days	**8,218**	16,395
Over 91 days	**1,552,720**	1,689,327
1-5 years	**141,610**	69,518
> 5 years	**99,754**	85,763
Total	**$ 3,222,985**	$ 3,384,658

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.

11. Financial instruments (cont'd.)

The aging of receivables is as follows:

	2015	2014
0-30 days	**$ 2,650,601**	$ 2,354,950
31-60 days	**290,351**	459,865
61-90 days	**33,210**	24,562
Over 91 days	**318,347**	451,682
Total	**$ 3,292,509**	$ 3,291,059
Allowance for doubtful accounts	**(40,381)**	(16,514)
Net receivables	**$ 3,252,128**	$ 3,274,545

The aging of notes receivable is as follows:

	2015	2014
< 1 year	**$ 18,085**	$ 26,471
1 > 2 years	**11,507**	8,359
2 > 3 years	**7,044**	2,571
> 3 years	**7,906**	2,106
> 4 years	**4,487**	1,451
Total	**$ 49,029**	$ 40,958

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.

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:

	2015		2014	
	Aluminium	PET	Aluminium	PET
-0.10%	**$ 1,544,473**	**$ 654,295**	$ 1,267,122	$ 686,288
-0.05%	**1,630,277**	**690,645**	1,337,518	724,415
Market Price at March 31st	**1,716,081**	**726,994**	1,407,914	762,542
+0.05%	**1,801,885**	**763,344**	1,478,309	800,669
+0.10%	**1,887,689**	**799,694**	1,548,705	838,796

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 $56,540 (2014 - $53,569).

13. Prior period adjustment

During the year the Board undertook a review of its accounting policies for grant disbursements. In prior years, the Board recorded grant disbursements upon Ministerial approval. However, in accordance with Section 3410 *Government Transfers* of the CPA Canada Public Sector Accounting Handbook, a number of these projects met the definition of reimbursements arrangements and should only be recorded as an expense when the expenditure has been incurred by the recipient and all eligibility criteria met. As a result, the following financial statement items for the year ended March 31, 2014 have been increased (decreased) as follows:

Opening accumulated surplus	$ 730,591
Grant disbursements	589,935
Grants payable	(140,656)
Closing accumulated surplus	140,656

Multi-Materials Stewardship Board
Consolidated Schedule of Tangible Capital Assets
Year Ended March 31, 2015

	Used Beverage Equipment	Office Furniture & Equipment	Leasehold Improvements	Computer Hardware	Computer Software	MIDAS and MIS Software	Bags and Tubs	**2015**	2014
Cost									
Cost, beginning of year	$ 170,733	$ 150,080	$ 8,913	$ 455,008	$ 325,570	$ 514,208	$ 478,497	**$ 2,103,049**	$ 1,704,386
Additions during the year	-	-	-	144,075	-	105,460	-	**249,535**	398,663
Disposals during the year	-	-	-	-	-	-	-	**-**	-
Cost, end of year	$ 170,773	$ 150,080	$ 8,913	$ 599,083	$ 325,570	$ 619,668	$ 478,497	**$ 2,352,584**	$ 2,103,049
Accumulated Amortization									
Accumulated amortization, beginning of year	$ 138,258	$ 107,095	$ 6,714	$ 103,492	$ 256,911	$ 80,375	$ 402,489	**$ 1,095,334**	$ 969,425
Amortization	8,595	8,308	402	106,929	18,035	60,108	19,914	**222,291**	125,909
Reversal of accumulated amortization relating to disposals	-	-	-	-	-	-	-	**-**	-
Accumulated amortization, end of year	146,853	115,403	7,116	210,421	274,946	140,483	422,403	**1,317,625**	1,095,334
Net book value of tangible capital assets	$ 23,920	$ 34,677	$ 1,797	$ 388,662	$ 50,624	$ 479,185	$ 56,094	**$ 1,034,959**	$ 1,007,715

Multi-Materials Stewardship Board
Consolidated Schedule of Administrative Expenses

Year Ended March 31	2015	2014
Advertising	$ 1,180	$ 408
Amortization	222,291	125,909
Business development	20,478	12,954
Directors' remuneration	9,955	17,631
Dues, licences and education	82,763	2,514
Equipment rental and support	63,283	73,703
Insurance	8,358	7,323
Interest and bank charges	5,431	6,729
Marketing and communications	673,660	520,758
Meetings and entertainment	15,261	11,783
Miscellaneous	15,218	13,379
Professional fees	96,034	134,493
Rent	150,154	140,074
Software support	100,684	12,239
Stationery and office supplies	33,242	26,211
Strategic communications development	362,287	28,500
Supplies	35,394	23,797
Telecommunications	40,844	33,475
Travel - Board and staff	86,233	88,583
Vehicle operating	19,089	25,639
Wages and benefits	1,605,404	1,600,202
	$ 3,647,243	$ 2,906,304

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2015

JOHN F. MORGAN

Chartered Professional 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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

CHARTERED PROFESSIONAL ACCOUNTANT

St. John's, Newfoundland
May 26, 2015

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2015

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash	$1,367,237	$1,412,776
Accounts receivable (note 2)	203,558	136,288
Current portion of long term receivables	-	14,349
Prepaid expenses	140,902	108,742
	1,711,697	1,672,155
Severance reserve fund (note 3)	789,271	871,403
Capital assets (note 4)	1,341,821	1,439,205
	$3,842,789	$3,982,763

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 196,967	$ 248,236
Accrued vacation pay (note 5)	284,758	300,082
Deferred revenue	11,242	-
	492,967	548,318
Accrued severance pay (note 5)	789,271	871,403
	1,282,238	1,419,721

SHAREHOLDER'S EQUITY

CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	2,560,550	2,563,041
	2,560,551	2,563,042
	$3,842,789	$3,982,763

Commitments and contingencies (note 6)

On behalf of the board:

Elizabeth A Moore

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUES:		
Assessment services	$5,555,463	$5,516,921
Valuation revenue	65,945	32,869
Interest revenue	23,292	23,902
Municipal training	1,880	3,360
	5,646,580	5,577,052
EXPENSES:		
Salaries	3,434,612	3,521,445
Benefits	649,852	655,389
Travel	341,620	334,102
Information technology	251,080	250,487
Postage and courier	160,614	153,304
Professional fees	141,319	159,802
Premises and equipment lease	92,676	90,355
Printing	57,956	60,374
Telephone	60,419	57,672
Repairs and maintenance	48,655	55,423
Office supplies	49,901	55,247
Utilities	35,670	28,740
Advertising and public relations	29,105	22,512
Insurance	21,729	20,153
Exchange gain/loss	29,834	11,915
Payroll processing	5,259	5,094
Bank charges	2,914	1,746
Meetings and events	3,387	-
	5,416,602	5,483,760
Excess of revenues over expenses before the following:	229,978	93,292
Provision for severance and vacation pay (note 5)	67,620	16,862
Amortization of capital assets	168,441	197,835
Bad debt expense (recovery)	(3,592)	(3,108)
Excess of expenses over revenues	(2,491)	(118,297)
Equity from operations, beginning of year	2,563,041	2,681,338
EQUITY FROM OPERATIONS, END OF YEAR	$2,560,550	$2,563,041

Commitments and contingencies (note 6)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ (2,491)	$ (118,297)
Items not affecting cash:		
Amortization of capital assets	168,441	197,835
Decrease (increase) in long-term receivable	14,349	3,800
Decrease in severance pay accrual	(82,132)	(54,346)
Decrease in vacation pay accrual	(15,324)	(10,189)
Net change in non-cash working capital balance	(139,457)	(95,110)
CASH PROVIDED BY OPERATING ACTIVITIES	(56,614)	(76,307)
INVESTING ACTIVITIES:		
Purchase of capital assets	(71,057)	(75,535)
CASH USED IN INVESTING ACTIVITIES	(71,057)	(73,535)
Increase (decrease) in cash position	(127,671)	(149,842)
Cash position, beginning of year	2,284,179	2,434,021
CASH POSITION, END OF YEAR	$2,156,508	$2,284,179

	2015	2014
Cash is represented by:		
Operating cash	$1,367,237	$1,412,776
Severance reserve fund	789,271	871,403
	$2,156,508	$2,284,179

Commitments and contingencies (note 6)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

General:

The Municipal Assessment Agency Inc. (the "Agency") 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 Intergovernmental Affairs, Government of Newfoundland and Labrador (the "Department").

The Agency has one common share with a par value of $1.00 issued to the Minister of Municipal and Intergovernmental Affairs, Government of Newfoundland and Labrador.

The Agency 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 Agency 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 Agency are as follows:

(a) Capital assets

Capital assets purchased by the Agency 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%

(b) Revenue recognition

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. Summary of significant accounting policies (continued):

(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 Agency. 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 Agency 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.

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

- Cash and cash equivalents
- Trade and other receivables
- Due from (to) companies under common control
- Bank indebtedness
- Payables and accruals
- Long-term debt

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

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Fair Value of Financial Instruments (Continued)

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial instrument	*Subsequent measurement*
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Due from (to) companies under common control	Amortized cost
Bank indebtedness	Amortized cost
Payables and accruals	Amortized cost
Long-term debt	Amortized cost

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

(f) Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some assets are exposed to foreign exchange fluctuations. As at March 31, 2015, cash balances of $159,141 ($144,771 in 2014) are shown in US dollars in the company's account and converted into Canadian dollars as at that date for financial statement purposes.

2. Accounts receivable:

	2015	2014
Trade receivables	$ 83,127	$ 81,845
HST recoverable	118,865	49,130
Employee receivable	1,566	5,313
	$ 203,558	$ 136,288

3. 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

4. Capital assets:

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 413,506	$ 392,654	$ 20,852	$ 25,942
Furniture and equipment	230,763	192,207	38,556	39,594
Integrated assessment system	1,819,697	1,510,443	309,254	368,638
Buildings	1,028,654	263,716	764,938	796,810
Land	208,221	-	208,221	208,221
	$3,700,841	$2,359,020	$1,341,821	$1,439,205

5. Severance and vacation pay:

The provision for severance and vacation pay consists of the following:

Severance pay	**2015**	**2014**
Opening balance	$ 871,403	$ 925,749
Severance paid out	(118,064)	(67,883)
Current year expense	35,932	13,537
Closing balance	$ 789,271	$ 871,403

Vacation pay	**2015**	**2014**
Opening balance	$ 300,082	$ 310,271
Current year expense	31,688	3,325
Vacation paid out	(47,012)	(13,514)
Closing balance	$ 284,758	$ 300,082

6. Commitments and Contingencies:

The Agency has a lease for office space in Corner Brook, Newfoundland and Labrador. 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 $125,220 and include the following payments over the next 3 years: 2015 - $37,566, 2016 - $50,088, 2017 – 37,566.

The Agency has a lease for office space in Clarenville, Newfoundland and Labrador. The term of the lease is 5 years, starting May 1, 2013 and ending on April 30, 2018. The monthly rental fee is $450. Future minimum lease payments total $16,650 and include the following payments over the next 4 years: 2015 - $4,050, 2016 – $5,400, 2017 - $5,400, 2018 - $1,800.

The Agency has a lease for office space in Grand Falls-Windsor, Newfoundland and Labrador. The term of the lease is 3 years, starting February 1, 2014 and ending on January 31, 2017. The monthly rental fee is $764. Future minimum lease payments total $16,808 and include the following payments over the next 3 years: 2015 - $6,876, 2016 - $9,168, 2017 - $764.

The Agency has a lease for office space in Deer Lake, Newfoundland and Labrador. The term of the lease is 3 years, starting July 1, 2012 and ending on June 30, 2015. The monthly rental fee is $425. Future minimum lease payments total $1,275 and include the following payments over the next year: 2015 - $1,275.

The Agency has a lease for office space in Stephenville, Newfoundland and Labrador. The term of the lease is 3 years, starting September 1, 2013 and ending on August 31, 2016. The monthly rental fee is $398. Future minimum lease payments total $6,766 and include the following payments over the next 2 years: 2015 - $3,582, 2016 - $3,184.

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.