



**Province of Newfoundland  
and Labrador**

**Public Accounts  
Volume IV (A - L)**

**Financial Statements of  
Crown Corporations,  
Boards and Authorities**

**For The Year Ended  
31 March 2005**









**Province of Newfoundland and Labrador**

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**For The Year Ended  
31 March 2005**



## INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to L and M to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2005 consists of three other volumes:

**Volume I – Consolidated Summary Financial Statements** 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.

**Volume II – Consolidated Revenue Fund Financial Statements** presents the financial position of the Fund and the results of its activities.

**Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules** presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.



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The financial statements of the following agencies were not received in time for inclusion in this volume.

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**Avalon Health Care Institutions Board**  
**Consolidated Financial Statements**  
March 31, 2005

Grant Thornton 

Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditors' Report

To the Directors of the  
Eastern Regional Integrated Health Authority

We have audited the consolidated statement of financial position of the **Avalon Health Care Institutions Board** as at March 31, 2005, and the consolidated statements of operations, changes in deficiency and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
July 13, 2005

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# Avalon Health Care Institutions Board

## Consolidated Statement of Operations

Year Ended March 31 2005 2004

	2005	2004
<b>Revenue</b>		
Provincial plan - department's approved		
operating budget	\$ 50,272,087	\$ 50,322,340
MCP physician revenue	6,066,358	6,379,769
Resident revenue - long term care	2,553,650	2,762,999
Workers' Compensation recoveries - salaries	676,160	754,169
Department of Health and Community Services		
- direct payments	547,909	906,772
Dietary recoveries	243,133	252,055
Inpatient	232,420	148,027
Outpatient	191,134	240,945
Mortgage interest subsidy	112,296	112,296
Other	<u>384,764</u>	<u>327,351</u>
	<u>61,279,911</u>	<u>62,206,723</u>
<b>Expenditure</b>		
Nursing inpatient services	23,610,220	24,197,019
Support services	13,893,657	15,157,373
Diagnostic and therapeutic services	7,035,489	7,273,407
Medical services	6,945,731	7,218,854
Administration	5,648,560	5,621,918
Ambulatory care services	3,869,709	3,575,457
Education	161,975	160,347
Undistributed	<u>2,309</u>	<u>1,892</u>
	<u>61,167,650</u>	<u>63,206,267</u>
Surplus (deficit) prior to non-shareable items	<u>112,261</u>	<u>(999,544)</u>
<b>Non-shareable items</b>		
Amortization of deferred capital equipment grants	723,363	749,748
Depreciation	(1,190,659)	(1,217,611)
Accrued vacation expense - decrease (increase)	186,102	(290,017)
Accrued severance expense - increase	(153,119)	(484,712)
Board operations (net)	<u>(217,547)</u>	<u>(277,469)</u>
	<u>(651,860)</u>	<u>(1,520,061)</u>
Deficit on operations	<u>\$ (539,599)</u>	<u>\$ (2,519,605)</u>

See accompanying notes to the consolidated financial statements.

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**Avalon Health Care Institutions Board**  
**Consolidated Statement of Changes in Deficiency**  
Year Ended March 31, 2005

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	Operating Fund	Capital Fund	Board Fund	Total 2005	Total 2004
Balance, beginning of year	\$(20,213,000)	\$ 191,727	\$ (663,884)	<b>\$(20,685,157)</b>	\$ (18,165,552)
Deficit on operations	<u>(322,052)</u>	<u>-</u>	<u>(217,547)</u>	<b><u>(539,599)</u></b>	<u>(2,519,605)</u>
Balance, end of year	<b><u>\$(20,535,052)</u></b>	<b><u>\$ 191,727</u></b>	<b><u>\$ (881,431)</u></b>	<b><u>\$(21,224,756)</u></b>	<b><u>\$ (20,685,157)</u></b>

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See accompanying notes to the consolidated financial statements.

# Avalon Health Care Institutions Board

## Consolidated Statement of Financial Position

March 31

2005

2004

**Assets**

Current

Receivables (Note 3)	\$ 1,577,085	\$ 3,027,640
Inventories (Note 4)	1,692,947	1,622,198
Prepays	<u>615,252</u>	<u>638,831</u>
	3,885,284	5,288,669
Capital assets (Note 5)	16,955,948	17,731,326
Restricted use funds (Note 6)	<u>353,451</u>	<u>317,865</u>
	<u>\$ 21,194,683</u>	<u>\$ 23,337,860</u>

**Liabilities**

Current

Bank indebtedness (Note 7)	\$ 10,914,331	\$ 12,440,461
Payables and accruals	3,321,951	2,917,543
Accrued vacation pay	2,782,957	2,969,058
Deferred contributions - operating	607,965	14,454
Deferred contributions - capital	-	302,592
Current portion of accrued severance pay	340,039	344,520
Current portion of loans and mortgages payable	374,664	379,637
Current portion of obligations under capital lease	<u>54,587</u>	<u>80,800</u>

	18,396,494	19,449,065
Restricted use funds (Note 6)	353,451	317,865
Accrued severance pay	7,334,524	7,176,926
Loans and mortgages payable (Note 8)	6,203,886	6,578,930
Obligations under capital lease (Note 9)	<u>62,793</u>	<u>109,938</u>

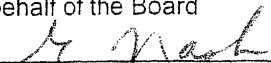
	32,351,148	33,632,724
Deferred contributions - unamortized portion of capital grants (Note 10)	<u>10,068,291</u>	<u>10,390,293</u>
	<u>42,419,439</u>	<u>44,023,017</u>

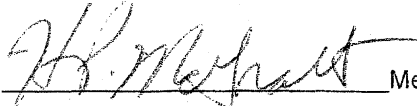
**Net Assets (Deficiency)**

Operating Fund deficit (Note 11)	(20,535,052)	(20,213,000)
Capital Fund net assets	191,727	191,727
Board Fund deficit	<u>(881,431)</u>	<u>(663,884)</u>
	<u>(21,224,756)</u>	<u>(20,685,157)</u>
	<u>\$ 21,194,683</u>	<u>\$ 23,337,860</u>

Contingencies (Note 13)

On behalf of the Board

  
 \_\_\_\_\_ Member
 

  
 \_\_\_\_\_ Member

See accompanying notes to the consolidated financial statements.



# Avalon Health Care Institutions Board

## Consolidated Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Deficit on operations	\$ (539,599)	\$ (2,519,605)
Depreciation	1,190,659	1,217,611
Amortization of deferred capital equipment grants	<u>(723,363)</u>	<u>(749,748)</u>
	(72,303)	(2,051,742)
Change in non-cash operating working capital (Note 12)	<u>2,065,729</u>	<u>(1,978,268)</u>
	<u>1,993,426</u>	<u>(4,030,010)</u>
<b>Financing</b>		
Capital grants - Province of Newfoundland and Labrador	305,766	1,518,641
Capital grants - other organizations	95,595	173,649
Approved borrowing - short term financing	-	21,573
Approved borrowing - capital leasing	13,920	95,153
Repayment of long term debt	(380,018)	(370,844)
Repayment of obligations under capital lease	<u>(87,278)</u>	<u>(97,019)</u>
	<u>(52,015)</u>	<u>1,341,153</u>
<b>Investing</b>		
Purchase of capital assets	<u>(415,281)</u>	<u>(1,809,016)</u>
Net increase (decrease) in cash and cash equivalents	1,526,130	(4,497,873)
Cash and cash equivalents		
Beginning of year	<u>(12,440,461)</u>	<u>(7,942,588)</u>
End of year	<u>\$(10,914,331)</u>	<u>\$(12,440,461)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

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# Avalon Health Care Institutions Board

## Notes to the Consolidated Financial Statements

March 31, 2005

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### 1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These consolidated financial statements reflect on a combined basis, the assets, liabilities, fund balances, revenues and expenditures of the predecessor entities and the Board Fund.

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### 2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant to the Board.

#### Use of estimates

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

#### Capital grants and donations

Capital grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

#### Inventories

Inventory of drugs, medical and surgical supplies, and other supplies are valued as follows:

Drugs, at average cost  
Medical and surgical supplies, at average cost  
Other supplies, at cost

#### Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

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# Avalon Health Care Institutions Board

## Notes to the Consolidated Financial Statements

March 31, 2005

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

#### Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

#### Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

#### Pension costs

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

#### Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with 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.

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3. Receivables	<u>2005</u>	<u>2004</u>
Provincial plan	\$ 860,040	\$ 2,142,961
Services to patients	282,475	312,427
Other	<u>434,570</u>	<u>572,252</u>
	<u>\$ 1,577,085</u>	<u>\$ 3,027,640</u>

## Avalon Health Care Institutions Board

### Notes to the Consolidated Financial Statements

March 31, 2005

4. Inventories	<u>2005</u>	<u>2004</u>
Drugs	\$ 621,452	\$ 624,217
Medical and surgical supplies	534,317	436,442
Linen supplies	179,500	181,517
Laboratory supplies	244,392	243,642
Radiology supplies	45,598	48,955
Food supplies	14,350	20,562
General supplies	<u>53,338</u>	<u>66,863</u>
	<b><u>\$ 1,692,947</u></b>	<b><u>\$ 1,622,198</u></b>

5. Capital assets			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and improvements	\$ 196,036	\$ 3,884	<b>\$ 192,152</b>	\$ 192,199
Buildings	9,185,134	2,493,139	<b>6,691,995</b>	7,066,740
Residences	167,411	162,535	<b>4,876</b>	13,183
Equipment	20,479,963	10,552,585	<b>9,927,378</b>	10,267,877
Vehicles	<u>475,185</u>	<u>335,638</u>	<b><u>139,547</u></b>	<u>191,327</u>
	<b><u>\$ 30,503,729</u></b>	<b><u>\$ 13,547,781</u></b>	<b><u>\$ 16,955,948</u></b>	<b><u>\$ 17,731,326</u></b>

#### 6. Restricted use funds

The Chief Executive Officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

#### 7. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$13,500,000 (2004 - \$13,000,000) at March 31, 2005. The authorized overdraft is based on actual current account balances at March 31, 2005. At March 31, 2005, current account balances were in overdraft in the amount of \$10,144,035 (2004 - \$11,754,595).

# Avalon Health Care Institutions Board

## Notes to the Consolidated Financial Statements

March 31, 2005

8. Loans and mortgages payable	<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured.	\$ 2,901,846	\$ 3,156,245
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	2,681,465	2,779,941
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	990,363	1,000,457
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$171 including interest. The mortgage matures in October 2005 and is secured by land and building.	4,876	13,182
8% Canadian Imperial Bank of Commerce demand loan, repaid during the year.	-	8,742
	<u>6,578,550</u>	<u>6,958,567</u>
Less: current portion	<u>374,664</u>	<u>379,637</u>
	<u>\$ 6,203,886</u>	<u>\$ 6,578,930</u>

Approximate annual principal repayments required in each of the next five years are as follows: 2006 - \$374,664; 2007 - \$377,528; 2008 - \$385,787; 2009 - \$394,617; and 2010 - \$404,058.

### Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$22,177 including interest. The amount of assistance received in 2005 was \$92,224 (2004 - \$92,224) which reduced interest on the mortgage to an effective rate of 2%.

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8%, in order to provide housing to low income individuals. The amount of assistance received in 2005 was \$20,072 (2004 - \$20,072).

## Avalon Health Care Institutions Board

### Notes to the Consolidated Financial Statements

March 31, 2005

9. Obligations under capital leases	<u>2005</u>	<u>2004</u>
7.51% Royal Bank of Canada lease, repayable in monthly instalments of \$2,008, maturing in 2009.	\$ 73,103	\$ 92,513
6.71% Royal Bank of Canada lease, repayable in monthly instalments of \$837, maturing in 2006.	7,705	16,403
6.48% Royal Bank of Canada lease, repayable in monthly instalments of \$528, maturing in 2006.	7,664	12,994
5.5% Royal Bank of Canada lease, repayable in monthly instalments of \$596, maturing in 2005.	3,893	10,283
6.49% Royal Bank of Canada lease, repayable in monthly instalments of \$426, maturing in 2007.	10,317	-
7.68% Royal Bank of Canada lease, repaid during the year.	-	21,834
7.71% Royal Bank of Canada lease, repaid during the year.	-	2,580
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,925	11,491
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$583, maturing in 2005.	4,925	11,327
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	<u>4,848</u>	<u>11,313</u>
	<b>117,380</b>	190,738
Less: current portion	<u>54,587</u>	<u>80,800</u>
	<b><u>\$ 62,793</u></b>	<b><u>\$ 109,938</u></b>

The capital leases are secured by specific equipment.

The payments required during the next four years are as follows:

2006	-		\$ 61,022
2007	-		29,940
2008	-		23,675
2009	-		<u>15,215</u>
			129,852
Less: amount representing interest			<u>12,472</u>
			<b><u>\$ 117,380</u></b>

# Avalon Health Care Institutions Board

## Notes to the Consolidated Financial Statements

March 31, 2005

### 10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$10,390,293	\$ 9,447,751
Capital grants	401,361	1,692,290
Amortization for the year	<u>(723,363)</u>	<u>(749,748)</u>
Balance, end of year	<u>\$10,068,291</u>	<u>\$10,390,293</u>

### 11. Operating Fund deficit

	<u>2005</u>	<u>2004</u>
Accumulated operating deficit	\$(10,077,532)	\$ (9,722,496)
Accrued severance pay	(7,674,563)	(7,521,446)
Accrued vacation pay	<u>(2,782,957)</u>	<u>(2,969,058)</u>
	<u>\$(20,535,052)</u>	<u>\$ (20,213,000)</u>

### 12. Supplemental cash flow information

	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 1,450,555	\$ (1,453,962)
Inventories	(70,749)	(163,956)
Prepays	23,579	(126,509)
Payables and accruals	404,408	(992,641)
Accrued vacation pay	(186,102)	290,017
Accrued severance pay	153,119	484,712
Deferred contributions - operating	593,511	(176,513)
Deferred contributions - capital	<u>(302,592)</u>	<u>160,584</u>
	<u>\$ 2,065,729</u>	<u>\$ (1,978,268)</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 11,675	\$ 11,675
Balances with banks (net of overdrafts)	<u>(10,926,006)</u>	<u>(12,452,136)</u>
	<u>\$(10,914,331)</u>	<u>\$ (12,440,461)</u>
Interest paid	<u>\$ 378,256</u>	<u>\$ 413,294</u>

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## Avalon Health Care Institutions Board

### Notes to the Consolidated Financial Statements

March 31, 2005

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#### 13. Contingencies

- a) The amounts receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- b) As of March 31, 2005 there were a number of claims against the Board 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 Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

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#### 14. Financial instruments

The Board's primary financial instruments recognized in the statement of financial position consist of accounts receivable, current liabilities, accrued severance pay and loans and mortgages payable, and obligations under capital lease. The carrying value of the primary financial instruments of the Board approximate fair value due to the normal trade credit terms and conditions of those instruments.

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#### 15. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.



**Avalon Health Care Institutions Board**  
**Operating Fund**  
**Financial Statements**  
March 31, 2005

Grant Thornton 

Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditors' Report

To the Directors of the  
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Avalon Health Care Institutions Board - Operating Fund** as at March 31, 2005, and the statements of operations, changes in deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board - Operating Fund as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
July 13, 2005

Grant Thornton LLP  
Chartered Accountants

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# Avalon Health Care Institutions Board

## Operating Fund

### Statement of Operations

Year Ended March 31	2005	2004
<b>Revenue</b>		
Provincial plan - department's approved operating budget	\$ 50,272,087	\$ 50,322,340
MCP physician revenue	6,066,358	6,379,769
Resident revenue - long term care	2,553,650	2,762,999
Workers' Compensation recoveries - salaries	676,160	754,169
Department of Health and Community Services - direct payments	547,909	906,772
Dietary recoveries	243,133	252,055
Inpatient	232,420	148,027
Outpatient	191,134	240,945
Mortgage interest subsidy	112,296	112,296
Other	384,764	327,351
	<u>61,279,911</u>	<u>62,206,723</u>
<b>Expenditure</b>		
Nursing inpatient services	23,610,220	24,197,019
Support services	13,893,657	15,157,373
Diagnostic and therapeutic services	7,035,489	7,273,407
Medical services	6,945,731	7,218,854
Administration	5,648,560	5,621,918
Ambulatory care services	3,869,709	3,575,457
Education	161,975	160,347
Undistributed	2,309	1,892
	<u>61,167,650</u>	<u>63,206,267</u>
Surplus (deficit) prior to non-shareable items	<u>112,261</u>	<u>(999,544)</u>
<b>Non-shareable items</b>		
Amortization of deferred capital equipment grants	723,363	749,748
Depreciation	(1,190,659)	(1,217,611)
Accrued vacation expense - decrease (increase)	186,102	(290,017)
Accrued severance expense - increase	(153,119)	(484,712)
	<u>(434,313)</u>	<u>(1,242,592)</u>
Deficit on operations	<u>\$ (322,052)</u>	<u>\$ (2,242,136)</u>

See accompanying notes to the financial statements.

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**Avalon Health Care Institutions Board**  
**Operating Fund**  
**Statement of Changes in Deficiency**

Year Ended March 31	2005	2004
Balance, beginning of year	<u>\$(20,021,273)</u>	<u>\$(17,779,137)</u>
Deficit on operations	<u>(322,052)</u>	<u>(2,242,136)</u>
Balance, end of year	<u><u>\$(20,343,325)</u></u>	<u><u>\$(20,021,273)</u></u>

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See accompanying notes to the financial statements.

**Avalon Health Care Institutions Board  
Operating Fund  
Statement of Financial Position**

March 31

2005

2004

**Assets**

Current

Receivables (Note 3)	\$ 1,541,851	\$ 2,965,301
Inventories (Note 4)	1,692,947	1,622,198
Due from Board Fund	912,924	719,394
Prepays	<u>615,252</u>	<u>638,831</u>
	4,762,974	5,945,724

Capital assets (Note 5)	16,955,948	17,731,326
Restricted use funds (Note 6)	<u>353,451</u>	<u>317,865</u>
	<u>\$ 22,072,373</u>	<u>\$ 23,994,915</u>

**Liabilities**

Current

Bank indebtedness (Note 7)	\$ 10,918,197	\$ 12,441,239
Payables and accruals	3,314,344	2,909,936
Accrued vacation pay	2,782,957	2,969,058
Deferred contributions - operating	607,965	14,454
Deferred contributions - capital	-	302,592
Current portion of accrued severance pay	340,039	344,520
Current portion of loans and mortgages payable	374,664	379,637
Current portion of obligations under capital lease	<u>54,587</u>	<u>80,800</u>
	18,392,753	19,442,236

Restricted use funds (Note 6)	353,451	317,865
Accrued severance pay	7,334,524	7,176,926
Loans and mortgages payable (Note 8)	6,203,886	6,578,930
Obligations under capital lease (Note 9)	<u>62,793</u>	<u>109,938</u>
	32,347,407	33,625,895



Deferred contributions - unamortized portion of capital grants (Note 10)	<u>10,068,291</u>	<u>10,390,293</u>
	<u>42,415,698</u>	<u>44,016,188</u>


**Net Assets (Deficiency)**

Net assets invested in capital assets	191,727	191,727
Deficiency (Note 11)	<u>(20,535,052)</u>	<u>(20,213,000)</u>
	<u>(20,343,325)</u>	<u>(20,021,273)</u>
	<u>\$ 22,072,373</u>	<u>\$ 23,994,915</u>

Contingencies (Note 13)

On behalf of the Board

 Member  Member  
See accompanying notes to the financial statements.

Grant Thornton 

# Avalon Health Care Institutions Board

## Operating Fund

### Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Deficit on operations	\$ (322,052)	\$(2,242,136)
Depreciation	1,190,659	1,217,611
Amortization of deferred capital equipment grants	<u>(723,363)</u>	<u>(749,748)</u>
	145,244	(1,774,273)
Change in non-cash operating working capital (Note 12)	<u>1,845,094</u>	<u>(2,183,337)</u>
	<u>1,990,338</u>	<u>(3,957,610)</u>
<b>Financing</b>		
Capital grants - Province of Newfoundland and Labrador	305,766	1,518,641
Capital grants - other organizations	95,595	173,649
Approved borrowing - short term financing	-	21,573
Approved borrowing - capital leasing	13,920	95,153
Repayment of loans and mortgages payable	(380,018)	(370,844)
Repayment of obligations under capital lease	<u>(87,278)</u>	<u>(97,019)</u>
	<u>(52,015)</u>	<u>1,341,153</u>
<b>Investing</b>		
Purchase of capital assets	<u>(415,281)</u>	<u>(1,809,016)</u>
Net increase (decrease) in cash and cash equivalents	1,523,042	(4,425,473)
Cash and cash equivalents		
Beginning of year	<u>(12,441,239)</u>	<u>(8,015,766)</u>
End of year	<u>\$(10,918,197)</u>	<u>\$(12,441,239)</u>

See accompanying notes to the financial statements.

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# Avalon Health Care Institutions Board

## Operating Fund

### Notes to the Financial Statements

March 31, 2005

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#### 1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These financial statements reflect on a combined basis, the assets, liabilities, net assets, revenues and expenditures of the predecessor entities.

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#### 2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting policies. Outlined below are those policies considered significant to the Board.

##### Use of estimates

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

##### Revenue on operating assets

Revenue earned on operating assets of the Board are reflected in the separate financial statements of the Board Fund.

##### Capital grants and donations

Government grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

##### Inventories

Inventory of drugs, medical and surgical supplies and other supplies are valued as follows:

- Drugs, at average cost
- Medical and surgical supplies, at average cost
- Other supplies, at cost

##### Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

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# Avalon Health Care Institutions Board

## Operating Fund

### Notes to the Financial Statements

March 31, 2005

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

##### Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

##### Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

##### Pension costs

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

##### Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with 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.

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3. Receivables	<u>2005</u>	<u>2004</u>
Provincial plan	\$ 860,040	\$ 2,142,961
Services to patients	282,475	312,427
Other	<u>399,336</u>	<u>509,913</u>
	<u>\$ 1,541,851</u>	<u>\$ 2,965,301</u>



**Avalon Health Care Institutions Board**  
**Operating Fund**  
**Notes to the Financial Statements**

March 31, 2005

4. Inventories	<u>2005</u>	<u>2004</u>
Drugs	\$ 621,452	\$ 624,217
Medical and surgical supplies	534,317	436,442
Linen supplies	179,500	181,517
Laboratory supplies	244,392	243,642
Radiology supplies	45,598	48,955
Food supplies	14,350	20,562
General supplies	<u>53,338</u>	<u>66,863</u>
	<u>\$ 1,692,947</u>	<u>\$ 1,622,198</u>

5. Capital assets			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and land improvements \$	196,036	\$ 3,884	\$ 192,152	\$ 192,199
Buildings	9,185,134	2,493,139	6,691,995	7,066,740
Residences	167,411	162,535	4,876	13,183
Equipment	20,479,963	10,552,585	9,927,378	10,267,877
Vehicles	<u>475,185</u>	<u>335,638</u>	<u>139,547</u>	<u>191,327</u>
	<u>\$ 30,503,729</u>	<u>\$ 13,547,781</u>	<u>\$ 16,955,948</u>	<u>\$ 17,731,326</u>

**6. Restricted use funds**

The Chief Executive Officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

**7. Bank indebtedness**

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$13,500,000 (2004 - \$13,000,000) at March 31, 2005. The authorized overdraft is based on actual current account balances at March 31, 2005. At March 31, 2005, current account balances were in overdraft in the amount of \$10,144,035 (2004 - \$11,754,595).

# Avalon Health Care Institutions Board Operating Fund

## Notes to the Financial Statements

March 31, 2005

8. Loans and mortgages payable	<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured.	\$ 2,901,846	\$ 3,156,245
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	2,681,465	2,779,941
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	990,363	1,000,457
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$171 including interest. The mortgage matures in October 2005 and is secured by land and building.	4,876	13,182
8% Canadian Imperial Bank of Commerce demand loan, repaid during the year.	-	8,742
	<u>6,578,550</u>	<u>6,958,567</u>
Less: current portion	<u>374,664</u>	<u>379,637</u>
	<u>\$ 6,203,886</u>	<u>\$ 6,578,930</u>

Approximate annual principal repayments required in each of the next five years are as follows: 2006 - \$374,664; 2007 - \$377,528; 2008 - \$385,787; 2009 - \$394,617; and 2010 - \$404,059.

### Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$22,177 including interest. The amount of assistance received in 2005 was \$92,224 (2004 - \$92,224) which reduced interest on the mortgage to an effective rate of 2%.

# Avalon Health Care Institutions Board Operating Fund

## Notes to the Financial Statements

March 31, 2005

### 8. Loans and mortgages payable (cont'd.)

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8% in order to provide housing to low income individuals. The amount of assistance received in 2005 was \$20,072 (2004 - \$20,072).

9. Obligations under capital leases	<u>2005</u>	<u>2004</u>
7.51% Royal Bank of Canada lease, repayable in monthly instalments of \$2,008, maturing in 2009.	\$ 73,103	\$ 92,513
6.49% Royal Bank of Canada lease, repayable in monthly instalments of \$426, maturing in 2007.	10,317	-
6.71% Royal Bank of Canada lease, repayable in monthly instalments of \$837, maturing in 2006.	7,705	16,403
6.48% Royal Bank of Canada lease, repayable in monthly instalments of \$528, maturing in 2006.	7,664	12,994
5.5% Royal Bank of Canada lease, repayable in monthly instalments of \$596, maturing in 2005.	3,893	10,283
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,925	11,491
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$583, maturing in 2005.	4,925	11,327
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,848	11,313
7.68% Royal Bank of Canada lease, repaid during the year.	-	21,834
7.71% Royal Bank of Canada lease, repaid during the year.	-	2,580
	<u>117,380</u>	<u>190,738</u>
Less: current portion	<u>54,587</u>	<u>80,800</u>
	<u>\$ 62,793</u>	<u>\$ 109,938</u>

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**Avalon Health Care Institutions Board**  
**Operating Fund**  
**Notes to the Financial Statements**

March 31, 2005

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**9. Obligations under capital lease (cont'd.)**

The capital leases are secured by specific equipment.

The payments required during the next four years are as follows:

2006	-	\$ 61,022
2007	-	29,940
2008	-	23,675
2009	-	<u>15,215</u>
		129,852
Less: amount representing interest		<u>12,472</u>
		<u>\$ 117,380</u>

---

**10. Deferred contributions**

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$10,390,293	\$ 9,447,751
Capital grants	401,361	1,692,290
Amortization for the year	<u>(723,363)</u>	<u>(749,748)</u>
Balance, end of year	<u>\$10,068,291</u>	<u>\$ 10,390,293</u>

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**11. Deficiency**

	<u>2005</u>	<u>2004</u>
Accumulated operating deficit	\$(10,077,532)	\$ (9,722,496)
Accrued severance pay	(7,674,563)	(7,521,446)
Accrued vacation pay	<u>(2,782,957)</u>	<u>(2,969,058)</u>
	<u>\$(20,535,052)</u>	<u>\$(20,213,000)</u>

**Avalon Health Care Institutions Board**  
**Operating Fund**  
**Notes to the Financial Statements**

March 31, 2005

12. Supplemental cash flow information	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 1,423,450	\$ (1,487,001)
Inventories	(70,749)	(163,956)
Due from Board Fund	(193,530)	(175,022)
Prepays	23,579	(126,509)
Payables and accruals	404,408	(989,649)
Accrued vacation pay	(186,102)	290,017
Accrued severance pay	153,119	484,712
Deferred contributions - operating	593,511	(176,513)
Deferred contributions - capital	<u>(302,592)</u>	<u>160,584</u>
	<u>\$ 1,845,094</u>	<u>\$ (2,183,337)</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 11,675	\$ 11,675
Balances with banks (net of overdrafts)	<u>(10,929,872)</u>	<u>(12,452,914)</u>
	<u>\$(10,918,197)</u>	<u>\$(12,441,239)</u>
Interest paid	<u>\$ 378,256</u>	<u>\$ 413,294</u>

**13. Contingencies**

- a) The amounts receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- b) As of March 31, 2005 there were a number of claims against the Board 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 Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**14. Financial instruments**

The Board's primary financial instruments recognized in the statement of financial position consist of accounts receivable, current liabilities, accrued severance pay, loans and mortgages payable and obligations under capital lease. The carrying value of the primary financial instruments of the Board approximate fair value due to normal trade credit terms and conditions of those instruments.

**15. Subsequent event**

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

Grant Thornton 

**AVALON WEST SCHOOL BOARD**

**FINANCIAL STATEMENTS**

**August 31, 2004**



CHARTERED ACCOUNTANT  
MANAGEMENT CONSULTANT

BYRON D. SMITH, B. Comm., C.F.E., C.A.

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AUDITOR'S REPORT

To the Board Members of:  
Avalon West School Board

I have audited the balance sheet of the current and capital funds of the Avalon West School Board as at August 31, 2004 and the related statements of current revenues, expenditures and Board deficiency, cash flows and changes in capital fund for the period then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

The accounting policy with respect to the Board's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. No amount has been provided for amortization. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the Board's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record depreciation as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and changes in its capital financial position for the period then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Spaniard's Bay, Newfoundland  
October 20, 2004

Chartered Accountant

Avalon West School Board Balance Sheet As At	August 31 2004	June 30 2003
<b>Assets</b>		
Current		
Cash (Supp. Info. 1 )	\$ 387,270	\$ 373,231
Short Term Investments (Supp. Info. 2)	74,608	63,279
Accounts Receivable (Note 3)	1,000,530	878,013
Teachers' Summer Pay (Note 2)		6,215,863
Prepaid Expenses (Supp. Info. 3)	<u>136,044</u>	<u>199,169</u>
	1,598,452	7,729,555
Property Plant and Equipment (Schedule 7)	<u>92,149,887</u>	<u>91,149,180</u>
	<u>\$ 93,748,339</u>	<u>\$ 98,878,735</u>
<b>Liabilities</b>		
Current		
Accounts Payable and Accrued Liabilities (Note 5)	\$ 1,717,299	\$ 1,587,454
Teachers' Summer Pay (Note 2)		6,215,863
Current Maturities (Schedule 8B)	<u>138,226</u>	<u>153,750</u>
	1,855,525	7,957,067
Long Term Debt (Schedule 8)	1,051,972	1,221,734
Teachers' Severance Pay Benefits (Note 2)	11,027,334	11,126,455
Other Employee Severance Pay Accrual	<u>929,035</u>	<u>802,730</u>
	<u>11,956,369</u>	<u>11,929,185</u>
	<u>14,863,866</u>	<u>21,107,986</u>
<b>Board Equity</b>		
Investment in Capital Assets (Note 7)	90,959,688	89,773,696
Reserve Account (Note 6)	110,202	109,024
Board Deficiency	<u>(12,185,417)</u>	<u>(12,111,971)</u>
	<u>78,884,473</u>	<u>77,770,749</u>
	<u>\$ 93,748,339</u>	<u>\$ 98,878,735</u>

On Behalf of the Board:

 Director  Director

See accompanying notes to financial statements.





Avalon West School Board Statement of Current Revenue, Expenditures and Board Deficiency		Year Ended June 30, 2003
For the Fourteen Months Ended August 31,	2004	
<b>Current Revenue (Schedule 1)</b>		
Provincial Government Grants	\$ 74,324,674	\$ 64,448,584
Miscellaneous	<u>1,177,043</u>	<u>1,015,692</u>
	<u>75,501,717</u>	<u>65,464,276</u>
<b>Current Expenditures</b>		
Administration (Schedule 2)	1,787,141	1,337,202
Instruction (Schedule 3)	63,140,295	54,454,705
Operations and Maintenance (Schedule 4)	5,748,154	5,289,889
Pupil Transportation (Schedule 5)	4,601,803	4,015,206
Ancillary Services (Schedule 6)	4,995	4,767
Interest Expense (Schedule 8C)	<u>106,367</u>	<u>97,664</u>
	<u>75,388,755</u>	<u>65,199,433</u>
<b>Excess of revenue over expenditures before undernoted items</b>	112,962	264,843
<b>Transfer to capital</b>	<u>186,408</u>	<u>1,122,444</u>
<b>Excess of expenditures over revenue</b>	\$ <u>(73,446)</u>	\$ <u>(857,601)</u>
<hr/>		
<b>Board Deficiency, beginning of the period</b>	\$ (12,111,971)	\$ (11,254,370)
<b>Excess of revenue over expenditures (expenditures over revenue)</b>	<u>(73,446)</u>	<u>(857,601)</u>
<b>Board Deficiency, end of the period</b>	\$ <u>(12,185,417)</u>	\$ <u>(12,111,971)</u>

See accompanying notes to financial statements.



**Avalon West School Board  
Statement of Changes in Capital Fund**

**For the Fourteen Months Ended August 31,**

**2004**

**Year Ended  
June 30,  
2003**

**70 Capital Receipts**

**71 Proceeds from Bank Loans**

- 011 School Construction
- 012 Equipment
- 013 Service Vehicles
- 014 Pupil Transportation
- 015 Other

	\$ 144,126	
	144,126	

**72 DEC Grants**

- 011 School Construction and Equipment
- 012 Other

\$ 999,584	2,000,553	
999,584	2,000,553	

**73 Donations**

- 011 Cash Receipts
- 012 Non-Cash Receipts
- 013 Restricted Use


**74 Sale of Capital Assets - Proceeds**

- 011 Land & 012 Buildings
- 013 Equipment
- 014 Service Vehicles
- 015 Pupil Transportation Vehicles
- 016 Other

		9,500
		9,500

**75 Other Capital Revenues**

- 012 Premiums on Debentures
- 013 Recoveries of Expenditures
- 015 Insurance Proceeds
- 016 Native Peoples Grants
- 017 Miscellaneous

	186,408	1,122,444

**78 Transfer to/from Current Fund**

	\$ 1,185,992	\$ 3,276,623
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See accompanying notes to financial statements.



**Avalon West School Board  
Statement of Changes in Capital Fund (Cont'd)**

**For the Fourteen Months Ended August 31, 2004** **Year Ended  
June 30,  
2003**

**80 Capital Disbursements**

**81 Additions to Property & Equipment**

011 Land and Sites		\$ 50,794
012 Buildings	\$ 982,809	2,642,943
013 Furniture & Equipment - School		323,476
014 Furniture & Equipment - Other	13,972	1,000
015 Service Vehicles	3,926	95,375
016 Pupil Transportation		
017 Other		
	<u>1,000,707</u>	<u>3,113,588</u>

**82 Principal Repayment of Long Term Debt**

011 School Construction		
012 Equipment	185,285	163,035
013 Service Vehicles		
014 Other		
	<u>185,285</u>	<u>163,035</u>

**83 Miscellaneous Disbursements**

013 Other		
	<u>                    </u>	<u>                    </u>

**Total Capital Disbursements** **\$ 1,185,992** **\$ 3,276,623**

See accompanying notes to financial statements.



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**Avalon West School Board  
Notes to the Financial Statements  
(Unaudited - See Notice to Reader)  
For the Fourteen Months Ended August 31, 2004**

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The Avalon West School Board administers the school systems in the Avalon West region. It is a public service body fully funded by the Provincial Department of Education. It is exempt from income taxes under section 149 of the Income Tax Act.

**1. Significant Accounting Policies**

**Fund Accounting**

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

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

- i) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC ( Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.
- ii) Capital accounts disclose the original cost of providing a fully equipped operating property. Subsequent additions are only capitalized if they represent items of a major nature. Replacement items such as furniture and equipment are items of expense.
- iii) The Board does not calculate or record depreciation on any of its fixed assets.
- iv) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.
- v) In accordance with a directive issued by the Department of Education, the annual excess of expenditures over revenue or revenue over expenditures in the capital fund, is to be recovered/transferred, from/to the operating fund.
- vi) The preparation of the Board's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**Revenue**

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

**Teachers' Payroll**

The Government of Newfoundland processes the teachers' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

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**Avalon West School Board  
Notes to the Financial Statements  
(Unaudited - See Notice to Reader)  
For the Fourteen Months Ended August 31, 2004**

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**Student Assistants' Payroll**

The Government of Newfoundland and Labrador processes the student assistants' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

**Pension Costs**

All permanent employees of the Board are covered by the Public Service Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employee and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

**2. Teachers' Liability**

a.) Severance

Pursuant to a directive issued by the Department of Education during fiscal 1998, the Board recorded severance pay for teachers in the Board. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The Department of Education has issued a directive that no receivable shall be recorded by the School Board. The Board received written approval from the Minister of Education for the deficit arising from the Department's requirement to accrue the teachers' severance.

The net change in the liability for the fourteen months ended August 31, 2004 is as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of the period	\$ 11,126,455	\$ 10,574,598
Net (decrease), increase for the period	<u>(99,121)</u>	<u>551,857</u>
Balance, end of the period	\$ <u>11,027,334</u>	\$ <u>11,126,455</u>

b.) Summer Pay

Pursuant to a directive issued by the Department of Education during the current fiscal year, the Board recorded summer pay liability for teachers. The Department of Education has issued a directive that no receivable shall be recorded by the School Board, although the Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. Accordingly, teachers summer pay has been recorded as a receivable as at June 30, 2003. The comparative financial statements have been restated to reflect this receivable. The balance of the summer pay liability for the period ended August 31, 2004 is as follows:

	14 months <u>2004</u>	Year <u>2003</u>
Balance, end of year.	\$ <u>NIL</u>	\$ <u>6,215,863</u>

**Avalon West School Board**  
**Notes to the Financial Statements**  
**(Unaudited - See Notice to Reader)**  
**For the Fourteen Months Ended August 31, 2004**

**3. Accounts Receivable**

Current	<u>2004</u>	<u>2003</u>
11 131 Provincial Government	\$ 529,680	\$ 494,767
132 Transportation	135,746	63,199
133 Federal Government	70,286	75,058
136 Other School Boards		
137 Rent		
138 Interest	133	3,042
139 Travel Advances and Misc.	21,556	38,165
140 Goods and Service Tax Rebate	243,129	203,782
<b>Capital</b>		
11 231 Provincial Govt -Construction Grants		
233 Local Contributions		
234 Other School Boards		
235 Other - Note 10		
	<u>\$ 1,000,530</u>	<u>\$ 878,013</u>

**4. Bank Indebtedness**

	<u>2004</u>	<u>2003</u>
21 131 On Operating Credit	\$	\$
132 On Capital Account		
	<u>\$</u>	<u>\$</u>

**5. Accounts Payable and Accrued Liabilities**

Current	<u>2004</u>	<u>2003</u>
21 111 Trade Payable	\$ 1,141,527	\$ 1,023,666
Accrued		
114 Wages	158,902	146,075
115 Payroll Deductions	8,156	35,763
118 Other - Scholarship Trust Funds	93,139	85,089
<b>Capital</b>		
Accrued		
212 Liabilities	5,000	5,000
213 Interest		
217 Deferred Grants	310,575	291,861
218 Other		
	<u>\$ 1,717,299</u>	<u>\$ 1,587,454</u>

**Avalon West School Board**  
**Notes to the Financial Statements**  
**(Unaudited - See Notice to Reader)**  
**For the Fourteen Months Ended August 31, 2004**

**6. Reserve Account**

	<u>2004</u>	<u>2003</u>
Balance, Beginning of Period	\$ 109,024	\$ 66,526
Less Transfer from Reserve	<u>                    </u>	<u>                    </u>
	109,024	66,526
Add Transfer to Reserve	<u>1,178</u>	<u>42,498</u>
Balance, End of Period	<u>\$ 110,202</u>	<u>\$ 109,024</u>

**7. Investment in Capital Assets**

	<u>2004</u>	<u>2003</u>
Investment in Capital Assets, Beginning of the year	\$ 89,773,696	\$ 86,758,316
Add:		
Transfer of Operating Funds to Capital Fund	186,408	1,122,444
Grants - Contributions for Capital Const.	999,584	2,000,583
Proceeds from Sale of Capital Assets		9,500
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
School contributions		
	<u>90,959,688</u>	<u>89,890,843</u>
Deduct Adjustments:		
Cost of assets disposed		117,147
Other		
Government of Newfoundland and Labrador adjustments		
Adjustment to carrying value of certain fixed assets		
		<u>117,147</u>
23 221 Investment in Capital Assets, End of the year	<u>\$ 90,959,688</u>	<u>\$ 89,773,696</u>

**8. Lease Commitments**

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

2005	\$	138,226
2006	\$	173,456
2007	\$	146,606
2008	\$	731,910

**9. Insurance Subsidy**

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

**10. Economic Dependence**

The organization is dependant solely on the Provincial Department of Education for operating funds.

**11. Bank Indebtedness**

The School Board has a two million dollar overdraft limit. The Government of Newfoundland and Labrador provided a Board of Trustees authorization and written permission to borrow from the Bank of Montreal.

**12 Discontinued Operations**

The Avalon West School Board discontinued operations as at August 31, 2004. Operations of the school district has been assumed by a new regional school board, Eastern School District.



Avalon West School Board			
Schedule 1			
Current Revenues		Year Ended	
For the Fourteen Months Ended August 31,		2004	June 30, 2003
Current Revenues			
32 010 Provincial Government Grants			
011 Regular Operating Grants	\$ 9,730,700	\$ 8,464,598	
016 Special Grants	(100,350)	862,484	
Salaries and Benefits			
017 Superintendent and Asst. Supts.	645,473	338,664	
021 Regular Teachers	55,962,505	47,217,149	
022 Substitute Teachers	2,173,580	2,187,825	
023 Student Assistants	1,298,650	1,364,635	
031 Board Owned			
032 Contracted	4,185,272	3,537,057	
033 Handicapped	428,844	476,172	
	<u>74,324,674</u>	<u>64,448,584</u>	
33 010 Donations			
012 Cash Receipts			
013 Non Cash Receipts			
014 Restricted Use			
34 010 Ancillary Services			
011 Revenues from Rental of Residences			
021 Revenues from Rental of Schools and Facilities (Net)			
031 Cafeterias			
032 Other			
35 010 Miscellaneous			
011 Interest on Investments	14,915	21,462	
012 Bus Charters			
021 Recoveries of Expenditures	131,625	153,584	
031 Revenues from Other School Boards			
051 Insurance Proceeds	4,675	4,757	
071 Operating Rev. from Native Peoples Grant			
081 Miscellaneous Federal Grants:			
- Special Projects	378,728	275,480	
082 Education Foundation			
083 Summer School			
085 Computers for Schools			
091 Textbooks	303,610	160,702	
092 Sundry	343,490	117,614	
Teachers Summer Pay		282,093	
	<u>1,177,043</u>	<u>1,015,692</u>	
Total Current Revenues	\$ <u>75,501,717</u>	\$ <u>65,464,276</u>	

See accompanying notes to financial statements.



Avalon West School Board			
Schedule 2			
Administration Expenditures		Year Ended	
For the Fourteen Months Ended August 31,		2004	June 30,
			2003
<b>51</b>	<b>Salaries and Benefits</b>		
	011 Superintendents and Assistant Superintendents	\$ 597,054	\$ 300,391
	012 Board Office Personnel	803,078	584,696
	013 Office Supplies	13,100	39,680
	014 Replacement Furniture and Equipment	3,346	
	015 Postage		
	016 Telephone	51,450	51,974
	017 Office Equipment Rentals and Repairs		365
	018 Bank Charges		
	019 Electricity	40,417	39,154
	021 Fuel	1,085	3,159
	022 Insurance		1,363
	023 Repairs and Maintenance (Office Building)	4,661	6,665
	024 Travel	100,486	117,701
	025 Board Meeting Expenses	44,475	26,269
	026 Election Expenses		
	027 Professional Fees	35,015	56,302
	028 Advertising	6,526	33,910
	029 Membership Dues	74,584	56,289
	031 Municipal Service Fees	182	3,483
	032 Rental of Office Space		
	033 Relocation Expenses		
	034 Miscellaneous	(96)	4,525
	035 Payroll Tax	11,778	11,276
	Total Administration Expenditures	\$ 1,787,141	\$ 1,337,202

See accompanying notes to financial statements.



Avalon West School Board Schedule 3 Instruction Expenditures For the Fourteen Months Ended August 31,	2004	Year Ended June 30, 2003
<b>52 10 Instructional Salaries (Gross)</b>		
Teachers' Salaries		
11 Regular	\$ 46,444,805	\$ 39,537,759
12 Substitute	1,806,237	1,823,949
13 Board Paid	264,959	87,723
Summer School	34,958	34,863
Student Assistants	1,078,245	1,134,538
Teachers' Severance		551,857
15 Employee Benefits	9,112,390	7,767,372
IT Salaries and Benefits	288,354	193,759
16 School Secretaries - Salaries & Benefits	1,077,765	937,153
17 Payroll Tax	1,015,678	861,834
18 Other - Co-operative Education	<u>255,773</u>	<u>177,012</u>
	<u>61,379,164</u>	<u>53,107,819</u>
<b>52 40 Instructional Materials</b>		
41 General Supplies	41,799	6,676
42 Library Resource Materials	7,103	9,298
43 Teaching Aids	845,797	749,147
44 Textbooks	317,199	165,975
45 Other - Special and Regional Services		
	<u>1,211,898</u>	<u>931,096</u>
<b>52 60 Instructional Furniture and Equipment</b>		
61 Replacement	170,872	173,569
62 Rentals and Repairs	<u>5,228</u>	
	<u>176,100</u>	<u>173,569</u>
<b>52 80 Instructional Staff Travel</b>		
80 IT Travel	21,615	21,242
81 Program Co-ordinators	123,643	66,482
82 Teachers' Travel	8,519	16,175
83 Inservice and Conferences	<u>160,400</u>	<u>138,314</u>
	<u>314,177</u>	<u>242,213</u>
<b>52 90 Other Instructional Costs</b>		
91 Postage and Stationary	<u>58,956</u>	<u>.8</u>
<b>Total Instruction Expenditures</b>	<u>\$ 63,140,295</u>	<u>\$ 54,454,705</u>

See accompanying notes to financial statements.



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**Avalon West School Board**  
**Schedule 4**  
**Operations and Maintenance Expenditures - Schools**  
**For the Fourteen Months Ended August 31,**

**Year Ended**  
**June 30,**  
**2003**

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2004

53

012 Salaries and Benefits	\$ 2,916,067	\$ 2,330,911
013 Payroll Tax	42,426	46,271
014 Electricity	1,232,378	1,272,886
015 Fuel	108,082	129,718
016 Municipal Service Fee	269,430	175,030
017 Telephone	330,325	314,455
018 Vehicle Operating and Travel	53,492	41,608
019 Janitorial Supplies	143,390	128,208
021 Janitorial Equipment	21,872	21,534
022 Repairs and Maintenance - Buildings	456,608	588,543
023 Equipment	2,988	
025 Snow Clearing	166,757	219,984
026 Rentals		15,222
027 Other (Miscellaneous)	<u>4,339</u>	<u>5,519</u>
Total Operations and Maintenance	<u>\$ 5,748,154</u>	<u>\$ 5,289,889</u>

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See accompanying notes to financial statements.



Avalon West School Board			
Schedule 1			
Current Revenues		Year Ended	
For the Fourteen Months Ended August 31,		2004	June 30, 2003
Current Revenues			
<b>32 010 Provincial Government Grants</b>			
011 Regular Operating Grants	\$ 9,730,700	\$ 8,464,598	
016 Special Grants	(100,350)	862,484	
Salaries and Benefits			
017 Superintendent and Asst. Supts.	645,473	338,664	
021 Regular Teachers	55,962,505	47,217,149	
022 Substitute Teachers	2,173,580	2,187,825	
023 Student Assistants	1,298,650	1,364,635	
031 Board Owned			
032 Contracted	4,185,272	3,537,057	
033 Handicapped	428,844	476,172	
	<u>74,324,674</u>	<u>64,448,584</u>	
<b>33 010 Donations</b>			
012 Cash Receipts			
013 Non Cash Receipts			
014 Restricted Use			
	<u>                    </u>	<u>                    </u>	
<b>34 010 Ancillary Services</b>			
011 Revenues from Rental of Residences			
021 Revenues from Rental of Schools and Facilities (Net)			
031 Cafeterias			
032 Other			
	<u>                    </u>	<u>                    </u>	
<b>35 010 Miscellaneous</b>			
011 Interest on Investments	14,915	21,462	
012 Bus Charters			
021 Recoveries of Expenditures	131,625	153,584	
031 Revenues from Other School Boards			
051 Insurance Proceeds	4,675	4,757	
071 Operating Rev. from Native Peoples Grant			
081 Miscellaneous Federal Grants:			
- Special Projects	378,728	275,480	
<hr/>			
082 Education Foundation			
083 Summer School			
085 Computers for Schools			
091 Textbooks	303,610	160,702	
092 Sundry	343,490	117,614	
Teachers Summer Pay		282,093	
	<u>1,177,043</u>	<u>1,015,692</u>	
Total Current Revenues	\$ <u>75,501,717</u>	\$ <u>65,464,276</u>	

See accompanying notes to financial statements.



Avalon West School Board Schedule 2 Administration Expenditures For the Fourteen Months Ended August 31,		2004	Year Ended June 30, 2003
<b>51</b>	Salaries and Benefits		
	011 Superintendents and Assistant Superintendents	\$ 597,054	\$ 300,391
	012 Board Office Personnel	803,078	584,696
	013 Office Supplies	13,100	39,680
	014 Replacement Furniture and Equipment	3,346	
	015 Postage		
	016 Telephone	51,450	51,974
	017 Office Equipment Rentals and Repairs		365
	018 Bank Charges		
	019 Electricity	40,417	39,154
	021 Fuel	1,085	3,159
	022 Insurance		1,363
	023 Repairs and Maintenance (Office Building)	4,661	6,665
	024 Travel	100,486	117,701
	025 Board Meeting Expenses	44,475	26,269
	026 Election Expenses		
	027 Professional Fees	35,015	56,302
	028 Advertising	6,526	33,910
	029 Membership Dues	74,584	56,289
	031 Municipal Service Fees	182	3,483
	032 Rental of Office Space		
	033 Relocation Expenses		
	034 Miscellaneous	(96)	4,525
	035 Payroll Tax	11,778	11,276
	Total Administration Expenditures	\$ <u>1,787,141</u>	\$ <u>1,337,202</u>

See accompanying notes to financial statements.



Avalon West School Board Schedule 3 Instruction Expenditures For the Fourteen Months Ended August 31,		2004	Year Ended June 30, 2003
<b>52 10 Instructional Salaries (Gross)</b>			
Teachers' Salaries			
11 Regular	\$ 46,444,805	\$ 39,537,759	
12 Substitute	1,806,237	1,823,949	
13 Board Paid	264,959	87,723	
Summer School	34,958	34,863	
Student Assistants	1,078,245	1,134,538	
Teachers' Severance		551,857	
15 Employee Benefits	9,112,390	7,767,372	
IT Salaries and Benefits	288,354	193,759	
16 School Secretaries - Salaries & Benefits	1,077,765	937,153	
17 Payroll Tax	1,015,678	861,834	
18 Other - Co-operative Education	255,773	177,012	
	<u>61,379,164</u>	<u>53,107,819</u>	
<b>52 40 Instructional Materials</b>			
41 General Supplies	41,799	6,676	
42 Library Resource Materials	7,103	9,298	
43 Teaching Aids	845,797	749,147	
44 Textbooks	317,199	165,975	
45 Other - Special and Regional Services			
	<u>1,211,898</u>	<u>931,096</u>	
<b>52 60 Instructional Furniture and Equipment</b>			
61 Replacement	170,872	173,569	
62 Rentals and Repairs	5,228		
	<u>176,100</u>	<u>173,569</u>	
<b>52 80 Instructional Staff Travel</b>			
80 IT Travel	21,615	21,242	
81 Program Co-ordinators	123,643	66,482	
82 Teachers' Travel	8,519	16,175	
83 Inservice and Conferences	160,400	138,314	
	<u>314,177</u>	<u>242,213</u>	
<b>52 90 Other Instructional Costs</b>			
91 Postage and Stationary	58,956	8	
<b>Total Instruction Expenditures</b>	<u>\$ 63,140,295</u>	<u>\$ 54,454,705</u>	

See accompanying notes to financial statements.



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**Avalon West School Board**  
**Schedule 4**  
**Operations and Maintenance Expenditures - Schools**  
**For the Fourteen Months Ended August 31,**

2004

Year Ended  
June 30,  
2003

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53

012 Salaries and Benefits	\$ 2,916,067	\$ 2,330,911
013 Payroll Tax	42,426	46,271
014 Electricity	1,232,378	1,272,886
015 Fuel	108,082	129,718
016 Municipal Service Fee	269,430	175,030
017 Telephone	330,325	314,455
018 Vehicle Operating and Travel	53,492	41,608
019 Janitorial Supplies	143,390	128,208
021 Janitorial Equipment	21,872	21,534
022 Repairs and Maintenance - Buildings	456,608	588,543
023 Equipment	2,988	
025 Snow Clearing	166,757	219,984
026 Rentals		15,222
027 Other (Miscellaneous)	<u>4,339</u>	<u>5,519</u>
Total Operations and Maintenance	\$ <u>5,748,154</u>	\$ <u>5,289,889</u>

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See accompanying notes to financial statements.





Avalon West School Board Schedule 5 Pupil Transportation Expenditures For the Fourteen Months Ended August 31,	2004	Year Ended June 30, 2003
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<b>54 010 Operation and Maintenance of Board Owned Fleet</b>		
Salaries and Benefits		
011 Administration		\$ 27,521
012 Drivers and Mechanics		
013 Payroll Tax		
014 Debt Repayment- Interest		
015 Principal		
016 Bank Charges		
017 Gas and Oil		
018 Licenses		
019 Insurance		
021 Repairs and Maintenance - Fleet		
022 Building		
023 Tires and Tubes		
024 Heat and Light		
025 Municipal Service		
026 Snow Clearing		
027 Office Supplies		
028 Rent		
029 Travel	\$ 854	1,681
031 Professional Fees		
032 Miscellaneous		
033 Telephone		
034 Vehicle Leases		
	<u>854</u>	<u>29,202</u>
<b>54 040 Contracted Services</b>		
041 Regular Transportation	4,169,526	3,509,832
042 Handicapped	<u>431,423</u>	<u>476,172</u>
	<u>4,600,949</u>	<u>3,986,004</u>
 Pupil Transportation Expenditures	 <u>\$ 4,601,803</u>	 <u>\$ 4,015,206</u>

See accompanying notes to financial statements.



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**Avalon West School Board**  
**Schedule 6**  
**Ancillary Services and Miscellaneous Expenses**  
**For the Fourteen Months Ended August 31,** **Year Ended**  
**June 30,**  
**2003**  
**2004**

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**Ancillary Services**

The Board owns and operates the following ancillary services:

55 Ancillary Services		
011 Operation of Teachers' Residences		
031 Cafeterias		
032 Other - Vehicle Operating	\$ 4,995	\$ 4,767
	<u>\$ 4,995</u>	<u>\$ 4,767</u>

**Miscellaneous Expenses**

The Board has incurred the following miscellaneous expenses:

57 011 Miscellaneous Expenses	\$ _____	\$ _____
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See accompanying notes to financial statements.



**Avalon West School Board  
Schedule 7  
Details of Property and Equipment  
For the Fourteen Months Ended August 31,**

	Balance June 30, 2003	Additions	Disposals	Accumulated Amortization	Balance August 31, 2004
<b>12 210 Land and Sites</b>					
211 Land and Sites	\$ 1,442,200	\$	\$	\$	\$ 1,442,200
<b>12 220 Buildings</b>					
221 Schools	76,700,727	865,446			77,566,173
222 Administration	883,343	117,363			1,000,706
223 Residential					
224 Recreational					
225 Other					
	<u>77,584,070</u>	<u>982,809</u>			<u>78,566,879</u>
<b>12 230 Furniture and Equip.</b>					
231 Schools	10,480,187				10,480,187
232 Administration	1,547,348	13,972			1,561,320
233 Residential					
234 Recreation					
235 Other					
	<u>12,027,535</u>	<u>13,972</u>			<u>12,041,507</u>
<b>12 240 Vehicles</b>					
241 Service Vehicles	95,375	3,926			99,301
<b>12 250 Pupil Transportation</b>					
251 Land					
252 Building					
Vehicles					
253 Buses					
254 Service					
255 Equipment					
256 Other					
<b>12 260 Misc. Capital Assets</b>					
Other					
261 Energy retrofit					
<b>Total Property and Equipment</b>	<u>\$ 91,149,180</u>	<u>\$ 1,000,707</u>	<u>\$</u>	<u>\$</u>	<u>\$ 92,149,887</u>

See accompanying notes to financial statements.



Avalon West School Board Schedule 8 Details of Long Term Debt For the Fourteen Months Ended August 31,		2004	Year Ended June 30, 2003
Ref. #			
<b>211 Bank Loans</b>			
Repayable \$ <u>16,814</u>	monthly, maturing <u>July, 2007</u>	\$ 1,112,290	\$ 1,252,547
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Total 211		<u>1,112,290</u>	<u>1,252,547</u>
<b>212 Mortgages</b>			
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Repayable \$ _____	monthly, maturing _____		
Total 212			
<b>213 Debentures</b>			
Repayable \$ <u>5,288</u>	monthly, maturing <u>December, 2003</u>		
Repayable \$ <u>3,967</u>	monthly, maturing <u>November, 2005</u>	<u>77,908</u>	<u>122,937</u>
Total 213		<u>77,908</u>	<u>122,937</u>
Subtotal		1,190,198	1,375,484
215 Less Current Maturities		<u>138,226</u>	<u>153,750</u>
Total Loans Other Than Pupil Transportation		\$ <u>1,051,972</u>	\$ <u>1,221,734</u>

The above bank loan represents financing for energy renovations made to various schools by Honeywell.

The above debenture represents capital lease obligations for 39 laptop computers made with IBM Canada, repayable at the rate of \$3,967 including HST, maturing December 2005.

See accompanying notes to financial statements.



**Avalon West School Board  
 Schedule 8A  
 Summary of Long Term Debt  
 For the Fourteen Months Ended August 31,**

Description	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction	6.8%	\$ 1,252,547		\$ 140,257	\$ 1,112,290
B) Equipment		122,937		45,029	77,908
C) Service Vehicles					
D) Other					
E) Pupil Transportation					
Total Loans		\$ 1,375,484	\$	\$ 185,286	\$ 1,190,198

See accompanying notes to financial statements.



**Avalon West School Board**  
**Schedule 8B**  
**Schedule of Current Maturities**  
**For the Fourteen Months Ended August 31,**

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	\$ 107,276	\$ 136,994	\$ 146,606	\$ 731,910	\$
B) Equipment	30,950	36,462			
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans	\$ <u>138,226</u>	\$ <u>173,456</u>	\$ <u>146,606</u>	\$ <u>731,910</u>	\$ <u></u>

See accompanying notes to financial statements.



<b>Avalon West School Board</b> <b>Schedule 8C</b> <b>Schedule of Interest Expense</b> <b>For the Fourteen Months Ended August 31,</b>	<b>2004</b>	<b>Year Ended</b> <b>June 30,</b> <b>2003</b>
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56 010	Description		
	012 Capital		
	School Construction		
	Equipment	\$ 7,625	\$ 5,503
	Service Vehicles		
	Other		
	Energy Management	<u>95,139</u>	<u>88,808</u>
	<b>Total Capital</b>	<u>102,764</u>	<u>94,311</u>
	<b>Current</b>		
	013 Operating Loans		
	014 Supplier Interest		
	Charges	<u>3,603</u>	<u>3,353</u>
	<b>Total Current</b>	<u>3,603</u>	<u>3,353</u>
	<b>Total Interest Expense</b>	<u>\$ 106,367</u>	<u>\$ 97,664</u>

See accompanying notes to financial statements.





**Avalon West School Board  
Supplementary Information**

**For the Fourteen Months Ended August 31,**

**2004**

**Year Ended  
June 30,  
2003**

**1. Cash**

**Current**

11 110 Cash on Hand and in Bank		
111 Cash on Hand	\$ 100	\$ 200
Bank		
112 Current	273,867	282,565
113 Savings		
114 Teachers' Payroll	27,721	28,056
115 Non Teachers' Payroll	451	(15,431)
116 Executive Payroll	(539)	(7,248)
117 Other - Funds	85,670	85,089
	<u>387,270</u>	<u>373,231</u>

**Capital**

11 210 Cash on Hand and in Bank		
211 Cash on Hand		
Bank		
212 Current		
213 Savings		
214 Other		
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
Total Cash on Hand and in Bank	\$ <u>387,270</u>	\$ <u>373,231</u>

**2. Short Term Investments**

**Current**

11 121 Term Deposits	\$ 74,608	\$ 63,279
122 Canada Savings Bonds		
123 Other		

**Capital**

11 221 Term Deposits		
222 Canada Savings Bonds		
223 Other		

Total Short Term Investments	\$ <u>74,608</u>	\$ <u>63,279</u>
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See accompanying notes to financial statements.



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Avalon West School Board  
Supplementary Information

For the Fourteen Months Ended August 31,

2004

Year Ended  
June 30,  
2003

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**3. Prepaid Expenses**

**Current**

11 141 Insurance	\$	5,129	\$	6,077
142 Municipal Service Fees		53,744		81,026
143 Supplies				
144 Other				
Equipment Lease				
Workers' Compensation Commission		72,270		87,903
Garbage Collection				
Vehicle Insurance				
Other		4,901		24,163

**Capital**

11 241 Other				
		<u>                    </u>		<u>                    </u>
	\$	<u>136,044</u>	\$	<u>199,169</u>

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See accompanying notes to financial statements.





***Baie Verte Central Connaigre School District #5***

***Financial Statements  
Auditor's Report***

***August 31, 2004***

**Blair J. Jewer**  
Chartered Accountant

2A Bank Road  
P.O. Box 471

Grand Falls-Windsor, NL  
A2A 2J9  
Tel: (709) 489 - 7755  
Fax: (709) 489 - 8646

### *Auditor's Report*

**To The Members of the Board  
Baie Verte Central Connaigre School District #5**

*I have audited the balance sheet of the current and capital funds of The Baie Verte Central Connaigre School District #5 as at August 31, 2004, and the related statements of current revenues, expenditures and Board deficit, and statement of changes in capital fund position for the fourteen months then ended. These financial statements have been prepared with the financial statement presentation guidelines prescribed by the Department of Education of Newfoundland and Labrador. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.*

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

*In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations for the period then ended in accordance with the basis of accounting described in Note 1 of the financial statements.*

*These financial statements, which have not been and were not intended to be prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board and the Department of Education of Newfoundland and Labrador. The financial statements are not intended to be and should not be used by anyone other than the above users or for any other purposes.*



January 10, 2005



**Baie Verte Central Connaigre School District #5**

**Balance Sheet**

**August 31, 2004**

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Supp. Info. 1)	\$ 40,369	\$ 40,133
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	471,839	425,566
Prepaid Expenses (Supp. Info. 3)	84,318	122,305
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>596,526</b>	<b>588,004</b>
<b>Restricted cash - scholarship contributions</b>	<b>336,435</b>	<b>271,728</b>
<b>Property and Equipment (Sch. 8)</b>	<b>73,989,799</b>	<b>73,167,175</b>
	<hr/>	<hr/>
	<b>\$ 74,922,760</b>	<b>\$ 74,026,907</b>
	<hr/>	<hr/>
<b>Liabilities and Board Equity</b>		
<b>Current Liabilities</b>		
Bank Indebtedness (Note 3)	\$ 135,744	\$ 126,440
Accounts Payable and Accrued (Note 4)	914,864	6,516,170
Current Maturities (Schedule 9B)	207,081	220,140
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>1,257,689</b>	<b>6,862,750</b>
<b>Scholarship contributions</b>	<b>338,889</b>	<b>273,981</b>
	<hr/>	<hr/>
<b>Long-Term Debt (Schedule 9)</b>	<b>1,484,364</b>	<b>1,373,463</b>
	<hr/>	<hr/>
<b>Accrued Support Staff Severance</b>	<b>1,137,754</b>	<b>965,817</b>
	<hr/>	<hr/>
<b>Accrued Teachers Severance</b>	<b>9,570,339</b>	<b>9,823,055</b>
	<hr/>	<hr/>
<b>Board Equity</b>		
Investment in Capital Assets (Note 6)	72,278,528	71,553,746
Reserve Account (Note 5)	5,227,672	-
Board Deficit	(16,372,475)	(16,825,905)
	<hr/>	<hr/>
<b>Total Board Equity</b>	<b>61,133,725</b>	<b>54,727,841</b>
	<hr/>	<hr/>
	<b>\$ 74,922,760</b>	<b>\$ 74,026,907</b>
	<hr/>	<hr/>

*See Accompanying Notes*

Approved:  Chairman  
 Secretary

**Blair J. Jewer**  
Chartered Accountant

**Baie Verte Central Connaigre School District #5**

**Statement of Current Revenues, Expenditures and Board Deficit**

**For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>Current Revenue (Schedule 1)</b>		
<b>Provincial Government Grants</b>	\$ 66,935,199	\$ 56,457,719
<b>Donations</b>	-	-
<b>Ancillary Services</b>	69,575	68,562
<b>Miscellaneous</b>	457,628	475,707
	<u>67,462,402</u>	<u>57,001,988</u>
<b>Current Expenditures</b>		
<b>Administration (Schedule 2)</b>	1,710,898	1,571,028
<b>Instruction (Schedule 3)</b>	49,482,157	47,510,813
<b>Operations and Maintenance (Schedule 4)</b>	6,241,671	5,449,541
<b>Pupil Transportation (Schedule 5)</b>	3,735,919	3,331,145
<b>Ancillary Services (Schedule 6)</b>	58,446	67,651
<b>Interest Expense (Schedule 9C)</b>	831	1,287
<b>Miscellaneous Expense (Schedule 7)</b>	-	-
	<u>61,229,922</u>	<u>57,931,465</u>
<b>23 111 Excess of Revenue over Expenditures</b>	6,232,480	( 929,477 )
<b>Transfer (to) from Capital</b>	( 551,378 )	( 672,952 )
<b>Transfer to reserve</b>	( 5,227,672 )	-
	<u>453,430</u>	<u>( 1,602,429 )</u>
<b>Net Increase (Decrease) in Board Equity</b>		
<b>Prior period adjustments</b>		
<b>Pupil transportation deficit grant 2001 - 02</b>	-	131,832
<b>Summary pay liability - June 20, 2002</b>	-	( 5,146,393 )
<b>Board Deficit, Beginning of Year</b>	( 16,825,905 )	( 10,208,915 )
	<u>( 16,372,475 )</u>	<u>( 16,825,905 )</u>
<b>Board Deficit, End of Year</b>	<u><u>( 16,372,475 )</u></u>	<u><u>( 16,825,905 )</u></u>

See Accompanying Notes





*Baie Verte Central Connaigre School District #5*  
*Statement of Changes in Capital Fund (Cont'd)*  
*For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
<b>80 Capital Disbursements</b>		
<b>81 Additions to Property &amp; Equipment</b>		
011- Land and Sites	\$ -	\$ 51,042
012- Buildings	259,100	324,844
013- Furniture & Equipment - School	240,612	275,441
014- Furniture & Equipment - Other	12,447	7,662
015- Service Vehicles	-	32,969
016- Pupil Transportation	402,200	394,260
017- Other (Specify) - Pupil transportation service vehicle	-	30,686
- Administration building	-	164,272
	<u>914,359</u>	<u>1,281,176</u>
<b>82 Principal Repayment of Long Term Debt</b>		
011- School Construction	-	-
012- Equipment	-	-
013- Service Vehicles	40,553	26,754
014- Other - Residential, etc	-	-
	<u>40,553</u>	<u>26,754</u>
<b>83 Miscellaneous Disbursements</b>		
013- Other (Specify)	-	-
<b>Total Capital Disbursements</b>	<u>\$ 954,912</u>	<u>\$ 1,307,930</u>

See Accompanying Notes

**Blair J. Jewer**  
Chartered Accountant

*Baie Verte Central Connaigre School District #5*

*Notes To Financial Statements*

*For The Fourteen Months Ended August 31, 2004*

***1. Significant Accounting Policies:***

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

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

*(a) Grants received by the Board are recorded in either the current or capital funds depending on their source.*

*(b) Capital asset additions are recorded at full cost in the capital fund.*

*(c) The Board does not calculate or record depreciation on any of its capital assets.*

*(d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.*

*(e) The liability for severance pay of teachers and support staff is accrued in the accounts as the employee earns the right to such benefits in accordance with union agreements.*

***Blair J. Jewer***  
*Chartered Accountant*

*Baie Verte Central Connaigre School District #5*

*Notes To The Financial Statements*

*For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u><i>2004</i></u>	<i>June 30</i> <u><i>2003</i></u>
 <b>2. Accounts Receivable</b>		
<i>Current</i>		
<i>11131 Provincial Government</i>	\$ 123,412	\$ 35,664
<i>132 Transportation</i>	121,147	-
<i>133 Federal Government</i>	215,959	178,812
<i>136 Other School Boards</i>	-	-
<i>137 Rent</i>	-	-
<i>138 Interest</i>	-	-
<i>139 Travel Advances and Misc.</i>	11,321	211,090
 <i>Capital</i>		
<i>11231 Construction Grants</i>	-	-
<i>233 Local Contributions</i>	-	-
<i>234 Other School Boards</i>	-	-
<i>235 Other (Specify)</i>	-	-
	<u>\$ 471,839</u>	<u>\$ 425,566</u>
 <b>3. Bank Indebtedness</b>		
<i>21131 On Operating Credit</i>	\$ 135,744	\$ 126,440
<i>132 On Capital Account</i>	-	-
	<u>\$ 135,744</u>	<u>\$ 126,440</u>

**Baie Verte Central Connaisse School District #5**

**Notes To The Financial Statements**

**For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u>	<u>June 30</u>
	<u>2004</u>	<u>2003</u>
<b>4. Accounts Payable and Accrued</b>		
<b>Current</b>		
21111 Trade Payable	\$ 467,817	\$ 325,524
112 Accrued - Liabilities	186,369	-
113 - Interest	-	-
114 - Wages	-	-
115 Payroll Deductions	60,121	63,643
116 Retail Sales Tax	-	-
117 Deferred Grants	25,820	61,460
118 Other (Specify)		
Accrued Teachers Summer Pay	-	5,499,370
Accrued Support Staff - Vacation Pay	174,737	163,937
<b>Capital</b>		
21211 Trade Payable	-	-
212 Accrued - Liabilities	-	-
213 - Interest	-	-
217 Deferred Grants	-	-
218 Other (Specify) - Deferred transportation loan proceeds	-	402,236
	<u>\$ 914,864</u>	<u>\$ 6,516,170</u>

*Baie Verte Central Connaisse School District #5*

*Notes To The Financial Statements*

*For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
 <b>5. Reserve Account</b>		
<i>Balance, Beginning of Year</i>	\$ -	\$ -
<i>Less: Transfer from Reserve</i>	-	-
	<hr/>	<hr/>
<i>Add: Transfer to Reserve</i>	-	-
<i>Net transactions July and August 2004</i>	5,227,672	-
	<hr/>	<hr/>
<i>Balance, End of Year</i>	<u>\$ 5,227,672</u>	<u>\$ -</u>

*During the period of July and August, 2004 expenses incurred were not typical of a full calendar year's operations. Grants received from the Department of Education were two twelfths of the total annual allocation. Consequently revenues and expenses for the period July and August are not fairly matched. The net surplus for July and August, 2004 has been reserved. The reserve will be used to offset the anticipated June 30, 2005 deficit of the successor Nova Central School District.*

**Baie Verte Central Connaigre School District #5**

**Notes To The Financial Statements**

**For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>6. Investment in Capital Assets,</b>		
<b>beginning of year</b>	\$ 71,553,746	\$ 71,194,459
<b>Add:</b>		
<i>Pupil transportation principal loan payments</i>	263,850	180,994
<i>Transfer of Operating Funds to Capital Fund</i>	551,378	672,952
<i>Donations - (Specify)</i>		
<i>Proceeds from Sale of Capital Assets</i>		
<i>- Land</i>	-	-
<i>- Buildings</i>	-	-
<i>- Equipment</i>	-	-
<i>- Vehicles</i>	1,290	177,677
<i>- Other</i>	-	-
<i>Interest on Capital Fund Investments</i>		-
<i>Recoveries of Expenditures</i>		
<i>Insurance Proceeds - Capital</i>	-	-
<i>Native Peoples Grants - Capital</i>	-	-
<i>Miscellaneous</i>	-	-
<i>Transfer from reserve</i>	-	-
<i>Education Investment Corporation Grant</i>	-	( 3,826 )
	<u>72,370,264</u>	<u>72,222,256</u>
<b>Deduct Adjustments:</b>		
<i>Transfer to reserve</i>	-	-
<i>Cost of assets sold - Land</i>	-	-
<i>- School buildings</i>		
<i>- Equipment</i>	-	-
<i>- Pupil transportation vehicles</i>	91,736	285,151
<i>- Other - Administration buildings</i>	-	383,359
	<u>91,736</u>	<u>668,510</u>
<i>Other - Transfer of Capital Funds to Operating Fund</i>	-	-
<b>23221 Investment in Capital Assets, end of year</b>	<u>\$ 72,278,528</u>	<u>\$ 71,553,746</u>

*Baie Verte Central Connaigre School District #5*

*Notes To The Financial Statements*

*For The Fourteen Months Ended August 31, 2004*

**7. Commitments:**

*At balance sheet date the District had the following commitments:*

*The District has entered into lease agreements for various business equipment located in schools. Estimated future payments under the terms of the leases for the year ended June 30 of each year are as follows:*

*2005 - \$46,441  
2006 - 32,754  
2007 - 26,819  
2008 - 12,388  
2009 - 930*

**8. Other (Please specify)**

- 1. Land and sites of the predecessor Pentecostal, Roman Catholic and Seven Day Adventist Boards on which buildings are erected remain vested in the respective churches of Newfoundland.*
- 2. Land and school buildings constructed by the Education Investment Corporation are conveyed to the District upon completion. The cost of additions are not reflected in the financial statements of the District during construction or upon completion.*
- 3. In accordance with the Auditor General's observations in the Auditor General's Report of March 1996, the School Districts are required to record on their financial statements an accrued liability for severance pay for teachers. It is normal procedure for the Department of Education to fully fund this liability as it comes due. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's severance.*
- 4. Teachers' contracts cover the period from September to June. It is common practice however for teachers to receive their remuneration over a twelve month period from September to August versus September to June. Commencing in 2003 the Department of Education has directed School Districts to accrue the liability for teacher's payroll technically due at June 30 but actually paid during July and August. It is the normal procedure for the Department of Education to fully fund this payroll upon payment to the teachers. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's summer pay. As of the Audit Report date the liability has been fully paid and fully funded by the Department.*
- 5. As of September 1, 2004 all assets, liabilities, equity, revenue and expenses of the District were amalgamated under the newly formed Nova Central School District. The Department of Education has mandated that the audited financial statements be prepared as of August 31, 2004 reflecting fourteen months operations with comparative figures presented for June 30, 2003 and twelve months operations.*

**Baie Verte Central Connaisse School District #5****Current Revenues****For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>Current Revenues</b>		
<b>32010 Provincial Government Grants</b>		
<b>011 Regular Operating Grants</b>	<b>\$ 10,257,900</b>	<b>\$ 8,018,700</b>
<b>016 Special Grants (Details on bottom           of Schedule 1)</b>	<b>511,649</b>	<b>336,619</b>
<b>Salaries and Benefits</b>		
<b>017 - Director and Asst. Director</b>	<b>433,313</b>	<b>283,112</b>
<b>021 - Regular Teachers</b>	<b>49,364,437</b>	<b>41,826,682</b>
<b>022 - Substitute Teachers</b>	<b>1,472,512</b>	<b>1,648,655</b>
<b>023 - Student Assistants</b>	<b>1,081,993</b>	<b>1,160,670</b>
<b>030 Pupil Transportation</b>		
<b>031 - Board Owned</b>	<b>2,898,340</b>	<b>2,287,868</b>
<b>032 - Contracted</b>	<b>820,756</b>	<b>833,579</b>
<b>033 - Handicapped</b>	<b>94,299</b>	<b>61,834</b>
<b>034 - Other - accrual 2003 - 2004 deficit</b>	<b>-</b>	<b>-</b>
	<hr/> <b>66,935,199</b>	<hr/> <b>56,457,719</b>
<b>33010 Donations</b>		
<b>012 Cash receipts</b>	<b>-</b>	<b>-</b>
<b>013 Non Cash Receipts</b>	<b>-</b>	<b>-</b>
<b>014 Restricted Use</b>	<b>-</b>	<b>-</b>
	<hr/> <b>-</b>	<hr/> <b>-</b>



## Baie Verte Central Connaigre School District #5

## Current Revenues

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>34010 Ancillary Services</b>		
011 Revenues from Rental of Residences	\$ -	\$ 4,750
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	69,575	63,812
	<u>69,575</u>	<u>68,562</u>
<b>35010 Miscellaneous</b>		
011 Interest on Investments	12,164	14,120
012 Bus Charters	49,709	34,227
021 Recoveries of Expenditures	146,363	220,727
051 Insurance Proceeds	74,671	38,096
081 Miscellaneous Federal Grants	-	7,661
091 Textbooks	174,721	160,876
	<u>457,628</u>	<u>475,707</u>
<b>Total Current Revenues</b>	<u><u>\$ 67,462,402</u></u>	<u><u>\$ 57,001,988</u></u>
<b>Special Grants</b>		
Other (Specify)		
- Early intervention	\$ 37,398	\$ 5,000
- Bottled water	9,651	24,549
- First steps	16,190	-
- French monitor	5,180	15,520
- French materials	2,700	-
- French immersion	54,380	10,416
- Moving Forward strategic social plan	18,077	-
- 8% Administration	-	15,253
- CDLI Equipment	-	8,147
- Computer tables	-	10,800
- Diverse learners	3,599	6,082
- Salary increases / reclassification costs	65,900	57,369
- School utilities 2002 / 2003 - 2001 / 2002	168,200	108,900
- Human Resources and Employment	23,966	37,470
- Tutoring for tuition	12,833	11,544
- Newfoundland & Labrador School Trustees Association - REDAS Program	-	5,712
- Kinderstart	17,860	7,400
- Memorial University of Newfoundland - Internship Program	12,000	3,000
- Used book administration	-	360
- Strike costs	16,593	-
- Net savings - strike - April 2004	( 107,584 )	-
- Board intensive project	1,833	-
- Strike settlement	29,000	-
- Youth work experience	-	3,600
- Core french	-	5,497
- Baie Verte High gymnasium floor	7,500	-
- Government share of vacation and severance	116,373	-
	<u><u>\$ 511,649</u></u>	<u><u>\$ 336,619</u></u>

**Blair J. Jewer**  
Chartered Accountant

*Baie Verte Central Connaigre School District #5**Administration Expenditures**For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
<b>51000 Administration</b>		
011 Salaries and Benefits - Directors and assistants	\$ 612,686	\$ 480,307
012 - Board office	620,263	567,546
013 Office Supplies	41,762	52,109
014 Replacement Furniture and Equipment	120	4,577
015 Postage	25,018	26,195
016 Telephone	51,989	41,905
017 Office Equipment Rentals and Repairs	9,724	17,074
018 Bank Charges	7,511	4,552
019 Electricity	45,086	49,641
021 Fuel	-	-
022 Insurance	-	5,287
023 Repairs and Maintenance - Office Building	20,557	66,110
024 Travel	71,313	60,882
025 Board Meeting Expenses	63,944	64,339
026 Election Expenses	-	16
027 Professional Fees	15,278	27,478
028 Advertising	29,919	27,645
029 Membership Dues	46,949	41,480
031 Municipal Service Fees	14,436	8,490
032 Rental of Office Space	-	-
033 Relocation Expenses	-	-
034 Miscellaneous	22,611	12,966
035 Payroll Tax	11,732	12,429
	<hr/>	<hr/>
<b>Total Administration Expenditures</b>	<b>\$ 1,710,898</b>	<b>\$ 1,571,028</b>
	<hr/> <hr/>	<hr/> <hr/>

## Baie Verte Central Connaigre School District #5

## Instruction Expenditures

For The Fourteen Months Ended August 31, 2004

	August 31 <u>2004</u>	June 30 <u>2003</u>
<b>52010 Instructional Salaries (Gross)</b>		
011 Teachers' Salaries - Regular	\$ 48,535,560	\$ 41,132,202
012                   - Substitute	1,627,365	1,580,676
013                   - Board Paid and Student Assistants	1,410,452	1,415,346
014 Augmentation	-	-
015 Employee Benefits	-	-
016 School Secretaries - Salaries and Benefits	1,054,817	898,281
017 Payroll Tax	847,742	710,347
018 Other (Specify)		
Increase (decrease) in Teacher's Severance Accrual	( 332,084 )	55,933
Increase (decrease) in Teacher's Summer Pay Accrual	( 5,420,005 )	352,977
	<u>47,723,847</u>	<u>46,145,762</u>
<b>52040 Instructional Materials</b>		
041 General Supplies	538,048	398,849
042 Library Resource Materials	44,662	32,837
043 Teaching Aids	486,935	322,166
044 Textbooks	163,055	145,336
	<u>1,232,700</u>	<u>899,188</u>
<b>52060 Instructional Furniture and Equipment</b>		
061 Replacement	49,512	44,970
062 Rentals and Repair	23,762	30,446
	<u>73,274</u>	<u>75,416</u>
<b>52080 Instructional Staff Travel</b>		
081 Program Co-ordinators	131,854	72,694
082 Teachers' Travel	106,656	197,653
083 In service and Conferences	155,017	63,095
	<u>393,527</u>	<u>333,442</u>
<b>52090 Other Instructional Costs</b>		
091 Postage and Stationery	4,443	5,625
092 Miscellaneous	54,366	51,380
	<u>58,809</u>	<u>57,005</u>
<b>Total Instruction Expenditures</b>	<u><u>\$ 49,482,157</u></u>	<u><u>\$ 47,510,813</u></u>



*Baie Verte Central Connaigre School District #5**Pupil Transportation Expenditure**For The Fourteen Months Ended August 31, 2004*

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>54010 Operation and Maintenance of Board Owned Fleet</b>		
<b>011 Salaries and Benefits</b>		
- Administration	\$ 85,025	\$ 82,221
012 - Drivers and Mechanics	1,647,676	1,453,206
013 Payroll Tax	26,401	28,572
014 Debt Repayment - Interest	100,235	74,244
015 - Principal	263,850	180,994
016 Bank Charges	-	-
017 Gas and Oil	243,179	253,613
018 Licenses	70,358	39,215
019 Insurance	63,828	25,544
021 Repairs and Maintenance - Fleet	209,250	177,608
022 - Building	37,211	20,625
023 Tires and Tubes	38,017	27,740
024 Heat and Light	26,261	22,659
025 Municipal Service	3,515	2,685
026 Snow Clearing	11,325	11,122
027 Office Supplies	2,174	2,838
028 Rent	-	-
029 Travel	3,614	3,151
031 Professional Fees	2,500	2,787
032 Miscellaneous	390	778
033 Telephone	10,842	7,276
034 Vehicle Lease	-	-
	<u>2,845,651</u>	<u>2,416,878</u>
<b>54040 Contracted Services</b>		
041 Regular Transportation	818,073	826,609
042 Handicapped	72,195	87,658
	<u>890,268</u>	<u>914,267</u>
<b>Total Pupil Transportation Expenditures</b>	<u>\$ 3,735,919</u>	<u>\$ 3,331,145</u>

Schedule 6

*Baie Verte Central Connaigre School District #5  
Ancillary Services and Miscellaneous Expenses  
For The Fourteen Months Ended August 31, 2004*

*August 31  
2004*

*June 30  
2003*

Ancillary Services

*The Board owns and operates the following ancillary services:*

<i>55000 Ancillary Services</i>		
<i>011 Operation of Teachers Residences</i>	<i>\$ 461</i>	<i>\$ 2,053</i>
<i>031 Cafeterias</i>	<i>57,985</i>	<i>65,598</i>
<i>032 Other (Specify)</i>	<i>-</i>	<i>-</i>
	<hr/>	<hr/>
	<i>\$ 58,446</i>	<i>\$ 67,651</i>
	<hr/> <hr/>	<hr/> <hr/>

Schedule 7

Miscellaneous Expenses (Specify)

*The Board has incurred the following miscellaneous expenses:*

<i>57011 Miscellaneous Expenses (Specify)</i>	<i>\$ -</i>	<i>\$ -</i>
	<hr/> <hr/>	<hr/> <hr/>

## Baie Verte Central Connaigre School District #5

## Details of Property and Equipment

For The Fourteen Months Ended August 31, 2004

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance</u> <u>Aug. 31, 2004</u>
12210 Land and Sites				
211 Land and Sites	\$ 1,185,483	\$ -	\$ -	\$ 1,185,483
12220 Buildings				
221 Schools	53,661,364	259,100	-	53,920,464
222 Administration	1,818,587	-	-	1,818,587
223 Residential	-	-	-	-
224 Recreational	-	-	-	-
225 Other (Specify)	-	-	-	-
	<u>55,479,951</u>	<u>259,100</u>	<u>-</u>	<u>55,739,051</u>
12230 Furniture and Equipment				
231 Schools	10,951,301	240,613	-	11,191,914
232 Administration	968,480	12,447	-	980,927
233 Residential	-	-	-	-
234 Recreational	-	-	-	-
235 Other (Specify)	-	-	-	-
	<u>11,919,781</u>	<u>253,060</u>	<u>-</u>	<u>12,172,841</u>
12240 Vehicles				
241 Service vehicles	175,614	-	-	175,614
12250 Pupil Transportation				
251 Land	28,006	-	-	28,006
252 Building	294,812	-	-	294,812
253 Vehicles - Buses	3,896,365	402,200	91,736	4,206,829
254       - Service	88,781	-	-	88,781
255 Equipment	-	-	-	-
256 Other (Specify)	-	-	-	-
	<u>4,307,964</u>	<u>402,200</u>	<u>91,736</u>	<u>4,618,428</u>
12260 Misc. Capital Assets				
261 Other - Library books	98,382	-	-	98,382
<b>Total Property and Equipment</b>	<u><u>\$ 73,167,175</u></u>	<u><u>\$ 914,360</u></u>	<u><u>\$ 91,736</u></u>	<u><u>\$ 73,989,799</u></u>

Blair J. Jewer  
Chartered Accountant

## Baie Verte Central Connaigre School District #5

## Details of Long Term Debt

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<i>Bank loans, mortgage and debentures, approved by the Board and the Government of Newfoundland and Labrador</i>		
<b>22210 Loans Other than Pupil Transportation</b>		
<u>Ref. #</u>		
<b>211 Bank Loans</b>		
Repayable \$ <u>536</u> monthly, maturing <u>2003</u>	\$ -	\$ -
Repayable \$ <u>513</u> monthly, maturing <u>2005</u>	-	7,007
Repayable \$ <u>555</u> monthly, maturing <u>2005</u>	5,507	13,070
Repayable \$ <u>555</u> monthly, maturing <u>2005</u>	5,507	13,070
Repayable \$ <u>611</u> monthly, maturing <u>2005</u>	6,058	14,380
Repayable \$ <u>613</u> monthly, maturing <u>2006</u>	-	-
Repayable \$ <u>720</u> monthly, maturing <u>2007</u>	23,774	33,861
Repayable \$ _____ monthly, maturing _____	-	-
<b>Total 211</b>	<b>40,846</b>	<b>81,388</b>
<b>212 Mortgages</b>		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
<b>Total 212</b>	-	-
<b>213 Debentures</b>		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
<b>Total 213</b>	-	-
<b>214 Other (Please Specify) Temporary Loans - School Construction</b>	-	-
<b>Subtotal</b>	<b>40,846</b>	<b>81,388</b>
<b>215 Less Current Maturities</b>	<b>24,276</b>	<b>34,700</b>
<b>Total Loans Other Than Pupil Transportation</b>	<b>\$ 16,570</b>	<b>\$ 46,688</b>



## Baie Verte Central Connaigre School District #5

## Details of Long Term Debt

For The Fourteen Months Ended August 31, 2004

	August 31 <u>2004</u>	June 30 <u>2003</u>
<b>22220 Loans - Pupil Transportation</b>		
<u>Ref. #</u>		
<b>221 Vehicle Bank Loans</b>		
Repayable \$ <u>1,549</u> monthly, maturing <u>2001</u>	\$ 116,141	\$ 137,820
Repayable \$ <u>5,211</u> monthly, maturing <u>2011</u>	427,299	500,253
Repayable \$ <u>2,083</u> monthly, maturing <u>2011</u>	170,833	200,000
Repayable \$ <u>2,090</u> monthly, maturing <u>2012</u>	221,569	250,833
Repayable \$ <u>2,738</u> monthly, maturing <u>2015</u>	325,766	364,091
Repayable \$ <u>2,793</u> monthly, maturing <u>2016</u>	354,750	-
Repayable \$ <u>571</u> monthly, maturing <u>2005</u>	5,608	13,398
Repayable \$ <u>686</u> monthly, maturing <u>2007</u>	15,643	25,033
Repayable \$ <u>613</u> monthly, maturing <u>2006</u>	12,990	20,787
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
<b>Total 221</b>	<u>1,650,599</u>	<u>1,512,215</u>
<b>222 Land, Buildings and Equipment Bank Loans</b>		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
<b>Total 222</b>	<u>-</u>	<u>-</u>
<b>Subtotal</b>	<b>1,650,599</b>	<b>1,512,215</b>
<b>223 Less Current Maturities</b>	<b>182,805</b>	<b>185,440</b>
<b>Total Loans - Pupil Transportation</b>	<u>1,467,794</u>	<u>1,326,775</u>
<b>Total Long Term Debt</b>	<u>\$ 1,484,364</u>	<u>\$ 1,373,463</u>

## Baie Verte Central Connaigre School District #5

## Summary of Long Term Debt

For The Fourteen Months Ended August 31, 2004

<u>Description</u>	<u>Ref.#</u>	<u>Rate</u>	<u>Balance Beginning of Period</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance End of Period</u>
<b>A) School Construction</b>						
<b>B) Equipment</b>						
<b>C) Service</b>						
<b>Vehicles</b>						
Loan 2		3.90%	7,007	-	\$ 7,007	\$ -
Loan 3		1.90%	13,070	-	7,563	5,507
Loan 4		1.90%	13,070	-	7,563	5,507
Loan 5		1.90%	14,380	-	8,322	6,058
Loan 7		0%	33,861	-	10,087	23,774
<b>D) Other</b>						
<b>- Residences</b>						
<b>E) Pupil Transportation</b>						
Loan 1		Prime	137,821	-	21,680	116,141
Loan 2		Prime	200,000	-	29,167	170,833
Loan 3		Prime	500,252	-	72,953	427,299
Loan 4		Prime	250,833	-	29,264	221,569
Loan 5		Prime	364,091	-	38,325	325,766
Loan 6		Prime	-	402,236	47,486	354,750
Loan 7		3.90%	13,398	-	7,790	5,608
Loan 8		0.90%	25,033	-	9,390	15,643
Loan 9		3.90%	20,787	-	7,797	12,990
<b>Total Loans</b>			<b>\$ 1,593,603</b>	<b>\$ 402,236</b>	<b>\$ 304,394</b>	<b>\$ 1,691,445</b>

**Baie Verte Central Connaigre School District #5**

**Schedule of Current Maturities**

**For The Fourteen Months Ended August 31, 2004**

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>A) School Construction</b>					
<b>B) Equipment</b>					
<b>C) Service</b>					
<b>Vehicles</b>					
Loan 2	\$ -	\$ -	\$ -	\$ -	\$ -
Loan 3	5,507	-	-	-	-
Loan 4	5,507	-	-	-	-
Loan 5	6,058	-	-	-	-
Loan 7	7,204	8,645	7,925	-	-
<b>D) Other</b>					
<b>E) Pupil Transportation</b>					
Loan 1	15,485	18,582	18,582	18,582	18,582
Loan 2	20,833	25,000	25,000	25,000	25,000
Loan 3	52,110	62,532	62,532	62,532	62,532
Loan 4	20,903	25,083	25,083	25,083	25,083
Loan 5	27,375	32,850	32,850	32,850	32,850
Loan 6	27,933	33,520	33,520	33,520	33,520
Loan 7	5,608	-	-	-	-
Loan 8	6,768	8,189	686	-	-
Loan 9	5,790	7,200	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 207,081	\$ 221,601	\$ 206,178	\$ 197,567	\$ 197,567
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Current maturities for year 1 are the period September 1, 2004 to June 30, 2005. Year 2 to year 5 are for the period July 1 - June 30**

**Blair J. Jewer**  
Chartered Accountant

*Baie Verte Central Connaigre School District #5**Schedule of Interest Expense**For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
<i>56010 Description</i>		
<i>012 Capital</i>		
<i>School Construction</i>	\$ -	\$ -
<i>Equipment</i>	-	-
<i>Service Vehicles</i>	831	1,287
<i>Other (Specify)</i>	-	-
<i>Total Capital</i>	<u>831</u>	<u>1,287</u>
<i>013 Current - Operating Loans</i>	-	-
<i>014 - Supplier interest charges</i>	-	-
<i>Total Current</i>	<u>-</u>	<u>-</u>
<i>Total Interest Expense</i>	<u>\$ 831</u>	<u>\$ 1,287</u>

**Baie Verte Central Connaigre School District #5**

**Supplementary Information**

**For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
<b>1. <u>Cash</u></b>		
<b><u>Current</u></b>		
11110 <b>Cash on Hand and in Bank</b>		
111 <b>Cash on Hand</b>	\$ 25	\$ 25
112 <b>Bank - Current</b>	-	-
113     - <b>Savings</b>	-	-
114     - <b>Teachers' Payroll</b>	40,344	40,108
115     - <b>Non Teachers' Payroll</b>	-	-
116     - <b>Coupon (Debenture)</b>	-	-
117     - <b>Other (Specify)</b>	-	-
<b><u>Capital</u></b>		
11210 <b>Cash on Hand and in Bank</b>	-	-
211 <b>Cash on Hand</b>	-	-
212 <b>Bank - Current</b>	-	-
213     - <b>Savings</b>	-	-
214     - <b>Other (Specify)</b>	-	-
	<hr/>	<hr/>
<b>Total Cash on Hand and in Bank</b>	<b>\$ 40,369</b>	<b>\$ 40,133</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>2. <u>Short Term Investments</u></b>		
<b><u>Current</u></b>		
11121 <b>Term Deposits</b>		
122 <b>Canada Savings Bonds</b>		
123 <b>Other (Specify) Bankers Acceptance</b>	\$ -	\$ -
<b><u>Capital</u></b>		
11221 <b>Term Deposits</b>		
222 <b>Canada Savings Bonds</b>		
223 <b>Other (Specify)</b>	-	-
	<hr/>	<hr/>
<b>Total Short Term Investments</b>	<b>\$ -</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>

**Blair J. Jewer**  
Chartered Accountant

*Baie Verte Central Connaisse School District #5*

*Supplementary Information*

*For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u>2004</u>	<i>June 30</i> <u>2003</u>
<b>3. <u>Prepaid Expenses</u></b>		
<u>Current</u>		
11141 Insurance	\$ 5,270	\$ 4,316
142 Municipal Service Fees	20,423	27,822
143 Supplies	-	-
144 Other (Specify) - Worker's Compensation	58,625	75,375
- Transportation loan payments	-	14,792
<u>Capital</u>		
11241 Other (Specify)	-	-
	<u>\$ 84,318</u>	<u>\$ 122,305</u>



**BOARD OF COMMISSIONERS  
OF PUBLIC UTILITIES  
FINANCIAL STATEMENTS  
MARCH 31, 2005**





Suite 201, 516 Topsail Rd., St. John's, NL A1E 2C5  
Tel (709) 364-5600 Fax (709) 368-2146 E-mail: info@nkhk.nf.ca

## AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2005 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*NKHK Chartered Accountants*

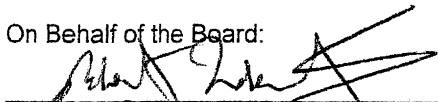
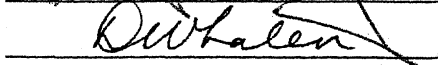
St. John's, Newfoundland & Labrador  
June 16, 2005

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Financial Position March 31, 2005

	2005	(Note 12) 2004
<b>ASSETS</b>		
Current		
Cash and short term investments	\$1,320,994	\$ 257,972
Accounts receivable	226,312	129,270
Hearing costs recoverable (Note 3)	159,540	1,325,349
Prepaid expenses	4,427	397
	1,711,273	1,712,988
Deferred costs – automobile insurance review (Note 4)	772,562	-
Designated pension funds (Note 5)	48,569	142,946
Capital assets (Note 6)	58,410	-
	\$2,590,814	\$1,855,934
<b>LIABILITIES</b>		
Current		
Accounts payable and accruals	\$ 558,211	\$ 255,542
Payroll accruals	449,510	445,327
	1,007,721	700,869
<b>ACCUMULATED SURPLUS</b>		
Invested in capital assets	58,410	-
Invested in designated pension funds	48,569	142,946
Internally restricted (Note 8)	1,384,266	933,059
Unrestricted	91,848	79,060
	1,583,093	1,155,065
	\$2,590,814	\$1,855,934

On Behalf of the Board:

Chairperson and CEO

Vice-Chairperson

## **BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

### **Statement of Operations Year Ended March 31, 2005**

	2005	(Note12) 2004
<hr/>		
Revenues		
Assessments	<b>\$2,313,267</b>	\$1,725,379
Hearings room	<b>7,700</b>	1,100
Interest	<b>30,717</b>	13,516
Pension income (Note 5)	<b>5,868</b>	10,141
	<hr/>	
	<b>2,357,552</b>	1,750,136
<hr/>		
Expenses		
Amortization	<b>13,088</b>	-
Consulting fees	<b>175,090</b>	200,343
Hearing costs	<b>482,399</b>	-
Office equipment, supplies and services	<b>64,174</b>	68,961
Pension obligations estimation adjustment (Note 5)	<b>100,245</b>	52,445
Rent and insurance	<b>171,600</b>	142,200
Salaries and associated costs	<b>1,197,966</b>	994,177
Telecommunications	<b>43,561</b>	26,919
Training and membership	<b>12,547</b>	15,919
Travel	<b>42,891</b>	37,139
	<hr/>	
	<b>2,303,561</b>	1,538,103
<hr/>		
Excess of revenues over expenses	<b>\$ 53,991</b>	\$ 212,033
<hr/>		

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Accumulated Surplus Year Ended March 31, 2005

	2005					(Note 12) 2004
	Internally Restricted (Note 8)	Invested in Capital Assets	Invested in Designated Pension Funds	Unrestricted	Total	Total
Balance as at beginning of year	\$ 933,059	\$ -	\$142,946	\$ 79,060	\$1,155,065	\$ 943,032
Adjustments during the year:						
Net assets of the former Petroleum Products Pricing Commission (Note 12)	-	20,574	-	318,387	338,961	-
Adjustment for capital assets (Note 2 (c))	-	35,076	-	-	35,076	-
Excess of revenues over expenses	-	(13,088)	(94,377)	161,456	53,991	212,033
Invested in capital assets	-	15,848	-	(15,848)	-	-
Restricted during the year	451,207	-	-	(451,207)	-	-
Balance as at end of year	\$1,384,266	\$ 58,410	\$ 48,569	\$ 91,848	\$1,583,093	\$1,155,065

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Cash Flows Year Ended March 31, 2005

	2005	(Note 12) 2004
Operating activities		
Cash receipts from assessments and other revenues	\$ 2,260,507	\$ 1,737,769
Cash receipts from the Petroleum Products Pricing Commission	318,386	-
Cash paid to suppliers and employees	(1,987,647)	(1,659,322)
Cash provided by operating activities	591,246	78,447
Hearing and review activities		
Decrease (increase) in hearing costs recoverable	1,165,809	(193,676)
(Increase) in deferred costs – automobile insurance review	(772,562)	-
Cash provided by (used in) hearing and review activities	393,247	(193,676)
Investing activities		
Purchase of capital assets	(15,848)	-
Decrease in designated pension funds	94,377	55,304
Cash provided by investing activities	78,529	55,304
Increase (decrease) in cash during year	1,063,022	(59,925)
Cash position as at beginning of year	257,972	317,897
Cash position as at end of year	\$ 1,320,994	\$ 257,972

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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## Notes to Financial Statements March 31, 2005

### 1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

### 2. Summary of significant accounting policies

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

a) Operating revenues and expenses

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

b) Hearing costs recoverable

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

c) Capital assets

Commencing with the current year, capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

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

This new accounting policy was applied prospectively with an adjustment to the Statement of Accumulated Surplus to record the opening net book value.

d) Severance pay

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

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2005

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

e) Use of estimates

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

### 3. Hearing costs recoverable

	2005	2004
Hearing costs recoverable, beginning of year	\$1,325,349	\$1,131,673
Add – specific enquiry costs incurred during the year:		
Consulting fees	161,582	1,008,318
Consumer Advocate	33,779	537,802
Salaries and associated costs	70,295	149,871
Transcription and printing	11,398	47,632
Travel and accommodations	19,313	61,993
Advertising and notice	7,865	65,193
Other	1,205	1,847
	305,437	1,872,656
	1,630,786	3,004,329
Less – costs recovered during the year	1,471,246	1,678,980
Hearing costs recoverable, end of year	\$ 159,540	\$1,325,349

### 4. Deferred costs – automobile insurance review

During the year, the Board incurred costs in the amount of \$772,562 relating to an automobile insurance review. These costs and any additional costs will be amortized over a three year period to coincide with the timing of special assessments to be levied to the insurance industry.

### 5. Designated pension funds and pension obligations

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

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

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2005

### 5. Designated pension funds and pension obligations (cont'd)

	2005	2004
Balance on deposit, beginning of year	\$492,446	\$547,750
Add – earnings net of expenses	5,868	10,141
	498,314	557,891
Deduct – benefit payments	(65,445)	(65,445)
Balance on deposit, end of year	432,869	492,446
Related pension obligation	(384,300)	(349,500)
	\$ 48,569	\$142,946

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 13, 2005. A pension obligations estimation adjustment of \$100,245 (2004 - \$52,445) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$56,173 (2004 - \$52,966) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

### 6. Capital assets

	2005		2004	
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$234,512	\$211,252	\$ 23,260	\$ -
Computer hardware	166,275	150,477	15,798	-
Computer software	17,937	14,986	2,951	-
Leasehold improvements	129,491	113,090	16,401	-
	\$548,215	\$489,805	\$ 58,410	\$ -

### 7. Bank indebtedness

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%.



# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2005

### 8. 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, 2005 are as follows:

	2005	2004
Assessment reductions (Note 9)	\$ 300,206	\$ -
Lease commitments	173,625	136,734
Payroll contingency	73,224	48,324
Redundancy pay contingency	470,978	454,287
Working capital	366,233	293,714
	<b>\$1,384,266</b>	<b>\$933,059</b>

### 9. Assessment reductions

During the year, the Board waived its assessment to the petroleum products industry for the period January 1 to March 31, 2005. This reduction of \$204,860 is reflected in the current year's statement of operations.

Subsequent to the year end, the Board further reduced assessments to the petroleum products industry and to the electrical utilities by \$194,925 and \$105,281, respectively. The Board has internally restricted its surplus to reflect the reduction that will occur in the 2006 fiscal year.

### 10. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

### 11. Lease commitments

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

- lease agreement in the amount of \$11,394 per month (\$136,728 per annum) concluding May 31, 2008.
- lease agreement in the amount of \$3,074 per month (\$36,888 per annum) concluding July 31, 2006.

### 12. Comparative figures

- The Board assumed responsibility for the administration of the Petroleum Products Act effective June 8, 2004 and consequently the 2005 Statements of Operation and Cash Flows reflect only those revenue and expense transactions entered into on or after that date. Net assets belonging to the former Petroleum Pricing Commission were assumed by the Board and recorded at their historical cost and accumulated amortization.
- Certain comparative figures have been restated to conform with the financial statement presentation adopted in 2005.

**Breast Screening Program for  
Newfoundland and Labrador  
Financial Statements  
March 31, 2005**

Grant Thornton 

## Auditors' Report

To the Board of Directors of the **Breast Screening Program for Newfoundland and Labrador**

We have audited the statement of financial position of the **Breast Screening Program for Newfoundland and Labrador** at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
July 12, 2005

Grant Thornton LLP  
Chartered Accountants

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**Breast Screening Program for  
Newfoundland and Labrador  
Statements of Operations and Changes in Net Assets**

Year Ended March 31 2005 2004

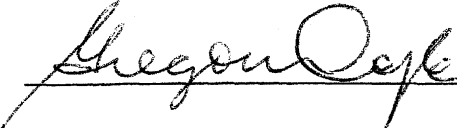
	2005	2004
<b>Revenue</b>		
Grants (Note 4)	\$ 1,111,176	\$ 1,137,837
Amortization of deferred capital contribution	8,301	19,559
Symposium	1,625	2,150
Donations	<u>50</u>	<u>873</u>
	<u>1,121,152</u>	<u>1,160,419</u>
<b>Expenditure</b>		
Conference and symposium	100	1,261
Contract services	41,952	41,952
Depreciation	11,674	21,543
Education and breast examination	3,375	3,209
Mammography Centres		
St. John's	422,453	443,538
Gander	101,554	119,741
Miscellaneous	2,933	5,288
Office supplies and postage	7,683	16,917
Professional fees	7,014	10,266
Rent		
Building	85,845	85,845
Equipment	7,007	9,489
Salaries and benefits	412,048	381,933
Travel	2,868	6,777
Utilities	<u>14,646</u>	<u>12,660</u>
	<u>1,121,152</u>	<u>1,160,419</u>
Excess of revenue over expenditure	<u>\$ -</u>	<u>\$ -</u>
<hr/>		
Net assets, beginning of year	\$ -	\$ -
Excess of revenue over expenditure	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**Breast Screening Program for  
Newfoundland and Labrador  
Statement of Financial Position**

March 31	2005	2004
<b>Assets</b>		
Current		
Receivable from Health and Community Services - St. John's Region	\$ 447,105	\$ 329,210
Property and equipment (Note 3)	<u>7,871</u>	<u>19,545</u>
	<u>\$ 454,976</u>	<u>\$ 348,755</u>
<b>Liabilities</b>		
Current		
Deferred grant revenue (Note 4)	\$ 256,940	\$ 160,719
Deferred capital contributions (Note 5)	<u>179,735</u>	<u>188,036</u>
	436,675	348,755
Severance pay payable	<u>18,301</u>	-
	<u>454,976</u>	<u>348,755</u>
<b>Net Assets</b>		
Net assets	<u>-</u>	<u>-</u>
	<u>\$ 454,976</u>	<u>\$ 348,755</u>

Commitments (Note 6)

On behalf of the ~~Board~~ *Program*  
 Director \_\_\_\_\_ Director

See accompanying notes to the financial statements.

Grant Thornton 

# Breast Screening Program for Newfoundland and Labrador Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Depreciation	\$ 11,674	21,543
Amortization of deferred contribution	(8,301)	(19,559)
Severance pay	<u>18,301</u>	<u>-</u>
	21,674	1,984
Change in non-cash operating working capital		
Receivable from Health and Community Services - St. John's	(117,895)	(80,419)
Deferred grant revenue	<u>96,221</u>	<u>91,663</u>
	<u>-</u>	<u>13,228</u>
<b>Investing</b>		
Purchase of computer equipment	<u>-</u>	<u>(13,228)</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Grant Thornton 

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## Breast Screening Program for Newfoundland and Labrador Notes to the Financial Statements

March 31, 2005

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### 4. Grants 2005      2004

The grants for the organization consist of the following:

Department of Health and Community Services	\$ 1,197,397	\$ 1,219,500
Health and Community Services - St. John's Region	10,000	10,000
Deferred grant revenue from prior year	<u>160,719</u>	<u>69,056</u>
	1,368,116	1,298,556
Less: Deferred grant revenue in current year	<u>256,940</u>	<u>160,719</u>
	<u>\$ 1,111,176</u>	<u>\$ 1,137,837</u>

---

### 5. Deferred capital contributions 2005      2004

Deferred capital contributions, beginning of year	\$ 188,036	\$ 207,595
Amortization of deferred contribution	<u>(8,301)</u>	<u>(19,559)</u>
Deferred capital contributions, end of year	<u>\$ 179,735</u>	<u>\$ 188,036</u>

Deferred capital contributions consist of \$179,735 to be paid to the Health Care Corporation of St. John's when the equipment for which they are designated is purchased.

---

### 6. Commitments


The organization is committed to lease payments for office space of \$38,446 to August 2005.

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### 7. Financial instruments

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

**Burin Peninsula School Board**  
**Financial Statements/**  
**Auditors Report**  
August 31, 2004

Grant Thornton 



## Auditors' Report

To the Members of the  
Eastern School District

We have audited the balance sheet of the current and capital funds of the **Burin Peninsula School Board** as at August 31, 2004 and the related statements of current revenues, expenditures and Board deficiency, and the statement of cash flow in the capital fund for the fourteen months then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and cash flow for the fourteen months then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66 of the Schools Act, we report that bonding insurance is adequate for those employees covered.

*Grant Thornton LLP*

Marystown, Newfoundland  
October 22, 2004

Chartered Accountants

P.O. Box 518  
2 Queen Street  
Marystown  
Newfoundland  
A0E 2M0  
Tel: (709) 279-2300  
Fax: (709) 279-2340

**Burin Peninsula School Board  
Statement of Current Revenues, Expenditures  
and Board Deficiency**

(Note 10)

Fourteen Months Ended August 31

2004

2003

**Board Operations Excluding  
Regular Student Transportation**

**Current Revenues (Schedule 1)**

Provincial Government Grants	\$ 26,836,263	\$ 22,980,750
Donations	6,599	8,413
Ancillary Services	97,036	98,744
Miscellaneous	<u>338,110</u>	<u>275,500</u>
	<u>27,278,008</u>	<u>23,363,407</u>

**Current Expenditures**

Administration (Schedule 2)	1,190,418	821,294
Instruction (Schedule 3)	22,909,100	19,857,060
Operations and Maintenance (Schedule 4)	2,941,185	2,360,190
Pupil Transportation (Schedule 6)	20,179	35,203
Ancillary Services (Schedule 7)	74,841	99,000
Interest Expenses (Schedule 10C)	87,822	70,157
Miscellaneous Expenses (Schedule 8)	<u>131,530</u>	<u>147,831</u>
	<u>27,355,075</u>	<u>23,390,735</u>

23 111 Excess of Expenditure over Revenue	(77,067)	(27,328)
Transfer to Capital	<u>(83,737)</u>	<u>(5,173)</u>
Decrease in Board Equity	(160,804)	(32,501)
Decrease in Board Equity - Page 3	<u>(536)</u>	<u>(40,890)</u>
Decrease in Board Equity Before Accrual for Teacher's Severance and Summer Pay	(161,340)	(73,391)

Accrual for Teacher's Severance and Summer Pay	<u>2,922,207</u>	<u>(206,622)</u>
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Net Increase (Decrease) in Board Equity	\$ <u>2,760,867</u>	\$ <u>(280,013)</u>
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See Accompanying Notes

Grant Thornton 

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**Burin Peninsula School Board**  
**Statement of Current Revenues, Expenditures**  
**and Board Deficiency (Cont'd)**

Fourteen Months Ended August 31

2004

(Note 10)

2003


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**Operation and Maintenance of**  
**Board Owned School Fleet (Schedule 5)**

Revenues	\$	2,682,170	\$	2,340,637
Expenditures		<u>2,682,706</u>		<u>2,381,527</u>
Excess of Expenditures over Revenues		<u>(536)</u>		<u>(40,890)</u>
Net Decrease in Equity	\$	<u>(536)</u>	\$	<u>(40,890)</u>

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See Accompanying Notes

Grant Thornton 

# Burin Peninsula School Board Balance Sheet

August 31

2004

(Note 10)  
2003

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash (Supp. Info. 1)	\$ 174,992		\$ 174,992	\$ 200
Short Term Investments (Supp. Info. 2)				15,213
Accounts Receivable (Note 2 and 8)	363,024	\$ 39,623	402,647	431,393
Prepaid Expenses (Supp. Info. 3)	<u>305,910</u>		<u>305,910</u>	<u>181,879</u>
Total Current Assets	843,926	39,623	883,549	628,685
Other Receivable (Note 3)	41,000	26,510	67,510	
Property and Equipment (Sch. 9)		<u>41,138,978</u>	<u>41,138,978</u>	<u>39,096,484</u>
	<u>\$ 884,926</u>	<u>\$ 41,205,111</u>	<u>\$ 42,090,037</u>	<u>\$ 39,725,169</u>

## Liabilities and Board Equity

### Current Liabilities

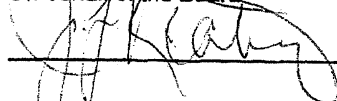
Bank Indebtedness (Note 4)				\$ 300,698
Accounts Payable and Accrued (Note 5)	\$ 7,271,588	\$ 204,976	\$ 7,476,564	9,346,417
Current Maturities (Sch. 10B)	<u>144,132</u>	<u>345,296</u>	<u>489,428</u>	<u>456,468</u>
Total Current Liabilities	7,415,720	550,272	7,965,992	10,103,583
Long Term Debt (Schedule 10)	<u>752,050</u>	<u>3,290,788</u>	<u>4,042,838</u>	<u>2,471,918</u>
	<u>8,167,770</u>	<u>3,841,060</u>	<u>12,008,830</u>	<u>12,575,501</u>

### Board Equity

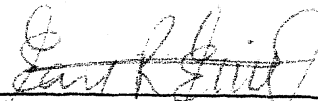
Investment in Capital Assets (Note 7)		37,364,051	37,364,051	37,294,269
Board Deficiency (Note 6)	<u>(7,282,844)</u>		<u>(7,282,844)</u>	<u>(10,144,601)</u>
Total Board Equity	<u>(7,282,844)</u>	<u>37,695,751</u>	<u>30,081,207</u>	<u>27,149,668</u>
	<u>\$ 884,926</u>	<u>\$ 41,205,111</u>	<u>\$ 42,090,037</u>	<u>\$ 39,725,169</u>

Contingent Liabilities (Note 8)

On behalf of the Board



Chairperson  
See Accompanying Notes



Secretary

Grant Thornton

**Burin Peninsula School Board**  
**Statement of Cash Flow in the Capital Fund**

(Note 10)

Fourteen Months Ended August 31

2004

2003

<b>70</b>	<b>Capital Receipts</b>		
<b>71</b>	<b>Proceeds from Bank Loans</b>		
011	- School Improvements	\$ 900,000	
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	1,187,473	\$ 241,811
015	- Board Office	40,000	
		<u>2,127,473</u>	<u>241,811</u>
<b>72</b>	<b>School Construction Grants</b>		
011	- School Construction and Equipment		
	- Other	14,966	
012	- Repayment of Long Term Debt		
014	- Pupil Transportation		
		<u>14,966</u>	
<b>73</b>	<b>Donations</b>		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
<b>74</b>	<b>Sale of Capital Assets - Proceeds</b>		
011	- Land		
012	- Buildings	100,138	330
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
		<u>100,138</u>	<u>330</u>
<b>75</b>	<b>Other Capital Revenues</b>		
011	- Interest on Capital Fund Investments		
	- Pupil Transportation		24,432
	- Debt Retirement		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
014	- Federal Sales Taxes		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
			<u>24,432</u>

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**Burin Peninsula School Board****Statement of Cash Flow in the Capital Fund (Cont'd)** (Note 10)Fourteen Months Ended August 31 2004 2003

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Total Capital Receipts	<u>2,242,577</u>	<u>266,573</u>
77 Transfer from Reserve Account	<u>                    </u>	<u>                    </u>
78 Transfer to/from Current Fund	<u>83,737</u>	<u>5,173</u>
Total	<u>\$ 2,326,314</u>	<u>\$ 271,746</u>

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**80 Capital Disbursements****81 Additions to Property & Equipment**

011 - Land and Sites		
012 - Buildings	\$ 1,120,517	
013 - Furniture & Equipment - Schools		
014 - Furniture & Equipment - Other		
015 - Service Vehicles		\$ 24,432
016 - Pupil Transportation	1,192,542	241,811
017 - Other (Specify)		
	<u>2,313,059</u>	<u>266,243</u>

**82 Principal Repayment of Long Term Debt**

011 - School Construction		
012 - Equipment		
013 - Service Vehicles	6,425	5,503
014 - Other	6,830	
	<u>13,255</u>	<u>5,503</u>

**83 Miscellaneous Disbursements**


011 - Cost of Issuing Term Deposits		
012 - Repayment of Short Term Loans		
013 - Other - Temporary Loan to Operating		

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Total Capital Disbursements	<u>\$ 2,326,314</u>	<u>\$ 271,746</u>
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See Accompanying Notes

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## **Burin Peninsula School Board Notes to the Financial Statements**

August 31, 2004

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

#### **Fund accounting**

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

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

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.
- b) Fixed asset additions are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.

#### **Severance pay**

The Board has in effect a severance pay policy whereby non-teaching staff with nine or more years of continuous service are entitled to a severance payment upon leaving employment with the Board. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is accrued based on amounts provided by the Department of Education.

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**Burin Peninsula School Board  
Notes to the Financial Statements**

(Note 10)

August 31

2004

2003

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<b>2. <u>Accounts Receivable</u></b>				
<u>Current</u>				
11 131 Provincial Government Grants (Note 8) \$	178,574	\$	178,574	\$ 289,576
132 Transportation	27,892		27,892	29,447
133 Federal Government	95,294		95,294	63,380
134 Insurance	6,461		6,461	
136 Other School Boards				
137 Rent				
138 Interest				
139 Miscellaneous	54,803		54,803	45,935
<u>Capital</u>				
11 231 Provincial Government Grants		\$ 6,660	6,660	
232 Federal Government		32,963	32,963	1,055
233 Local Contributions				
234 Other School Boards				
235 Other (Specify)				2,000
	<u>\$ 363,024</u>	<u>\$ 39,623</u>	<u>\$ 402,647</u>	<u>\$ 431,393</u>

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<b>3. <u>Other Receivables</u></b>				
At prime from province in monthly instalments of \$1,000 plus interest (less principal amount receivable within one year).	\$ 41,000		\$ 41,000	
At prime from province in monthly instalments of \$666 plus interest (less principal amount receivable within one year).		\$ 26,510	26,510	
	<u>\$ 41,000</u>	<u>\$ 26,510</u>	<u>\$ 67,510</u>	

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**Burin Peninsula School Board  
Notes to the Financial Statements**

(Note 10)

August 31

2004

2003

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<b>4. <u>Bank Indebtedness</u></b>				
21 131 On Operating Credit				
132 On Current Account \$		\$		\$ 253,413
On Staff Payroll Account				47,285
	\$	\$	\$	\$ 300,698

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<b>5. <u>Accounts Payable and Accrued</u></b>				
<u>Current</u>				
21 111 Trade Payable \$	894,418		894,418	\$ 210,240
112 Accrued - Liabilities	101,720		101,720	52,875
113 - Interest				
114 - Wages				
115 Payroll Deductions	39,708		39,708	88,833
116 Commodity Tax	9,509		9,509	5,194
117 Deferred Grants	216,991		216,991	15,848
118 Other (Specify)				
Severance Pay Accrual	805,087		805,087	759,547
Sick Leave Accrual				
Vacation Pay Accrual	44,067		44,067	125,170
Teacher's Severance	5,144,992		5,144,992	5,350,060
Scholarship Fund	3,604		3,604	3,604
Travel	11,492		11,492	17,907
Teacher's salaries				2,717,139

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
<u>Capital</u>				
21 211 Trade Payable		\$ 204,976	204,976	
212 Accrued - Liabilities				
213 - Interest				
217 Deferred Grants				
218 Other (Specify)				
	\$ 7,271,588	\$ 204,976	\$ 7,476,564	\$ 9,346,417

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**Burin Peninsula School Board**  
**Notes to the Financial Statements**

August 31

2004

(Note 10)

2003

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6. Board Deficiency

Opening Board Deficiency	\$ (10,144,601)	\$ (9,922,760)
Add: Deficit Recovery	100,890	58,172
Net Increase (Decrease) in Board Equity (Page 2)	<u>2,760,867</u>	<u>(280,013)</u>
Board Deficiency, End of Period	\$ <u>(7,282,844)</u>	\$ <u>(10,144,601)</u>

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**Burin Peninsula School Board**  
**Notes to the Financial Statements**

(Note 10)

August 31

2004

2003

7.	Investment in Capital Assets, Beginning of Period	\$ <u>37,294,269</u>	\$ <u>37,570,350</u>
	<b>Add:</b>		
	Transfer to Capital Fund	83,737	5,173
	Grants - Contributions for Capital Construction	48,128	
	- Pupil Transportation Grants		24,432
	- Other (Specify) - Debt retirement		
	Principal repayment - Bus Loans	283,435	181,868
	- Other Loans	6,830	
	Sale of capital assets	<u>100,138</u>	<u>          </u>
		<u>522,268</u>	<u>211,473</u>
	<b>Deduct Adjustments:</b>		
	Cost of assets sold - Building	145,751	76,408
	- Service Vehicles		
	- Pupil Transportation Vehicles	304,735	411,146
	Doubtful accounts	<u>2,000</u>	<u>          </u>
		<u>452,486</u>	<u>487,554</u>
	23 221 Investment in Capital Assets, End of Period	\$ <u>37,364,051</u>	\$ <u>37,294,269</u>

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**Burin Peninsula School Board**  
**Notes to the Financial Statements**

August 31, 2004

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**8. Contingent Liabilities**

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$2,198,628. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

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**9. Subsequent Events**

On August 31, 2004 the Board merged with three other School Boards to become known as the Eastern School District.

Subsequent to August 31, 2004 an amount of \$233,200 was borrowed to complete the financing of the upgrade of school facilities.

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**10. Comparative figures**

Comparative figures are for twelve months ended June 30, 2003.

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**Burin Peninsula School Board**  
**Current Revenues**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 1

Current Revenues

<b>32 010</b>	<b>Provincial Government Grants</b>		
011	Regular Operating Grants	\$ 4,664,692	\$ 3,750,600
016	Special Grants (Details on bottom of Schedule 1)	152,570	198,778
	Salaries and Benefits		
017	- Director and Assistant Directors	426,606	267,772
021	- Regular Teachers	20,379,900	17,495,239
022	- Substitute Teachers	725,500	768,335
023	- Student Assistants	467,575	464,408
030	Pupil Transportation		
031	- Board Owned		
032	- Contracted		
033	- Handicapped	19,420	35,618
		<u>26,836,263</u>	<u>22,980,750</u>
<b>33 010</b>	<b>Donations</b>		
012	Cash Receipts	6,599	8,413
013	Non Cash Receipts		
014	Restricted Use		
		<u>6,599</u>	<u>8,413</u>
<b>34 010</b>	<b>Ancillary Services</b>		
011	Revenues from Rental of Residence		
021	Revenues from Rental of Schools and Facilities	32,000	28,538
031	Cafeterias	65,036	70,206
032	Other (Specify)		
		<u>97,036</u>	<u>98,744</u>
<b>35 010</b>	<b>Miscellaneous</b>		
011	Interest on Investments	6,349	3,573
021	Recoveries of Expenditures	10,343	13,105
031	Disposal of Assets		18,608
051	Insurance Proceeds	6,462	10,328
061	Bilingual Education Revenue	122,953	2,000
081	Miscellaneous Grants	88,154	130,373
091	Textbooks	74,303	64,231
092	Sundry	10,000	10,064
	Technology Support Initiative	19,546	23,218
		<u>338,110</u>	<u>275,500</u>
	<b>Total Current Revenues</b>	<b>\$ 27,278,008</b>	<b>\$ 23,363,407</b>

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**Burin Peninsula School Board****Current Revenues (Cont'd)**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 1Special Grants

Education Investment Corporation			
School Utilities	\$	60,015	\$ 140,551
School Closures		21,153	22,719
Special Incentive		30,000	15,000
Diverse Learners Program			11,508
SORT Program		9,000	
Alternate texts		7,000	
Bottled water		10,600	
Paving		9,000	
Other		5,802	9,000
		<u>152,570</u>	<u>198,778</u>

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**Burin Peninsula School Board  
Administration Expenditures**

Fourteen Months Ended August 31

2004

(Note 10)

2003

		<u>Schedule 2</u>	
51	<b>Salaries and Benefits</b>		
011	- Director & Assistant Directors	\$ 446,804	\$ 272,673
012	- Board Office Personnel	427,027	347,320
013	Office supplies	19,200	22,021
014	Replacement Furniture and Equipment	165	2,131
015	Postage	8,675	6,084
016	Telephone	25,890	20,727
017	Office Equipment Rentals	9,665	5,661
018	Bank Charges	1,017	988
019	Heat and Electricity	35,286	11,398
022	Insurance		3,037
023	Repairs and Maintenance		
024	Travel	51,910	50,702
025	Board Meeting Expense	33,886	21,005
044	Bad Debts	47,000	
026	Election Expense		
027	Professional Fees	18,031	12,583
028	Advertising	9,642	11,975
029	Membership Dues	35,975	20,515
030	Principals' Meetings		
031	Municipal Service Fees		
032	Office Space Rental		
034	Miscellaneous	12,718	5,646
035	Payroll Tax	<u>7,527</u>	<u>6,828</u>
	Total Administration Expenditures	<u>\$ 1,190,418</u>	<u>\$ 821,294</u>

**Burin Peninsula School Board**  
**Instruction Expenditures**

(Note 10)


Fourteen Months Ended August 31

2004

2003

**Schedule 3**

<b>52 010</b>	<b>Instructional Salaries (Gross)</b>		
011	Teachers' Salaries - Regular	\$ 20,379,900	\$ 17,522,808
012	- Substitute	736,750	721,660
013	- Board Paid	38,182	28,566
015	Employee Benefits		
016	School Secretaries - Salaries & Benefits	410,662	376,471
017	Payroll Tax	7,056	7,478
018	Other - HRD Programs		
019	Student Assistants - Salaries & Benefits	<u>484,950</u>	<u>464,408</u>
		<u>22,057,500</u>	<u>19,121,391</u>
<b>52 040</b>	<b>Instructional Materials</b>		
041	General Supplies	43,839	43,002
042	Library Resource Materials	31,756	33,970
043	Teaching Aids	146,028	138,217
044	Textbooks	75,011	65,938
045	Photocopy Expense	44,328	42,100
047	Special Education Materials		9,889
049	Program Support		
		<u>340,962</u>	<u>333,116</u>
<b>52 060</b>	<b>Instructional Furniture and Equipment</b>		
061	Repairs/Replacement	117,462	59,173
062	Rentals/Leases	<u>55,213</u>	<u>53,786</u>
		<u>172,675</u>	<u>112,959</u>
<b>52 080</b>	<b>Instructional Staff Travel</b>		
081	Program Coordinators	59,012	54,774
082	Teachers' Travel	3,135	3,905
083	Inservice and Conferences	<u>55,772</u>	<u>68,595</u>
		<u>117,919</u>	<u>127,274</u>
<b>52 090</b>	<b>Other Instructional Costs</b>		
091	Postage and Stationary	8,132	8,544
092	Miscellaneous (Details on bottom of Schedule 3)	<u>211,912</u>	<u>153,776</u>
		<u>220,044</u>	<u>162,320</u>
	<b>Total Instruction Expenditures</b>	<u>\$ 22,909,100</u>	<u>\$ 19,857,060</u>

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**Burin Peninsula School Board**  
**Instruction Expenditures (Cont'd)**

(Note 10)

Fourteen Months Ended August 31

2004

2003

<u>Miscellaneous</u>		<u>Schedule 3</u>
French Monitor	\$ 20,996	\$ 20,311
French Teacher Aid	16,669	16,360
French Camp	11,158	13,411
Other French Programs	53,515	2,528
Scholarships	4,520	4,025
Student Travel		11,582
Summer School	28,400	7,061
Teacher Interns	6,711	8,332
SORT Program	9,770	9,325
Summer Reading Camp		3,600
Kinderstart Program	8,777	5,696
Elementary Math Assessment		1,356
Special Program Wages – SWASP		200
Special Program Wages – Technology	6,210	20,712
School Breakfast Program		9,764
Library Assistant	3,552	8,140
Eastern Regional Management Team		1,268
Tutoring/Work Experience Program	2,166	5,540
Tutoring for Tuition	5,689	3,612
Leadership Institute		953
International		
Education Travel	4,589	
Other Funded Programs	<u>29,190</u>	
	<u>\$ 211,912</u>	<u>\$ 153,776</u>

**Burin Peninsula School Board**  
**Operations and Maintenance Expenditures –**  
**Schools**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 4

53	011	Salaries & Benefits	\$	1,332,192	\$	1,027,063
	013	Payroll Tax		22,926		20,178
	014	Electricity		688,806		686,452
	015	Fuel		47,157		46,223
	016	Municipal Fees		54,258		42,235
	017	Telephone		109,122		109,440
	018	Board Vehicle		18,600		12,691
	019	Janitorial Supplies		105,450		71,010
	021	Janitorial Equipment				
	022	Repairs - Buildings		358,466		164,623
	023	Repairs - Equipment				
	024	Repairs - Contract		22,363		29,347
	025	Snow Clearing		143,329		126,533
	026	Repairs - Other		29,141		5,502
	027	School Closures				11,768
	096	Rental of School Space		9,375		7,125
	028	Indoor Air Quality				
		Total Operations and Maintenance	\$	<u>2,941,185</u>	\$	<u>2,360,190</u>

**Burin Peninsula School Board**  
**Operation and Maintenance of Board Owned Fleet** (Note 10)  
Fourteen Months Ended August 31 2004 2003

Schedule 5

<b>54</b>	<b>010</b>	<b>Operation and Maintenance of Board Owned Fleet - Expenditures</b>		
	011	Salaries and Wages - Administration	\$ 90,846	\$ 71,534
	012	Salaries and Wages - Drivers and Mechanics	1,176,612	1,172,142
	013	Employee Benefits	207,080	197,225
	014	Debt Repayment - Interest	117,775	83,342
	015	Transfer to Capital	283,435	181,868
	016	Bank Charges		
	017	Gas, Diesel and Oil	255,430	268,628
	018	Licenses	28,423	29,094
	019	Insurance	47,783	20,067
	021	Repairs and Maintenance - Fleet	330,520	214,663
	022	Repairs and Maintenance - Building	12,522	10,900
	023	Tires and Tubes	22,817	35,596
	024	Heat and Light	9,978	12,361
	025	Municipal Fees	786	608
	026	Snowclearing	4,002	772
	027	Office Supplies and Equipment	18,147	16,188
	028	Rent		
	029	Travel	5,716	2,758
	031	Professional Fees	2,808	2,776
	032	Miscellaneous	7,333	5,106
	033	Telephone	34,245	26,904
	034	Payroll Tax	26,448	28,995
			<u>\$ 2,682,706</u>	<u>\$ 2,381,527</u>

**Operation and Maintenance of Board Owned Fleet - Revenues**

	32 031	Province of Newfoundland Grants	\$ 2,641,210	\$ 2,301,300
	35 012	Extra Runs and Fees	37,684	36,809
		Other	3,276	2,528
			<u>\$ 2,682,170</u>	<u>\$ 2,340,637</u>

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**Burin Peninsula School Board**  
**Pupil Transportation Expenditures**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 6

54 010	Contracted Services		
041	Regular Transportation		
042	Handicapped	\$ 20,179	\$ 35,203
		\$ 20,179	\$ 35,203

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**Burin Peninsula School Board**  
**Ancillary Services and Miscellaneous Expenses**

Fourteen Months Ended August 31, 2004

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<u>Ancillary Services</u>		<u>Schedule 7</u>	
		(Note 10)	
55	Ancillary Services	<u>2004</u>	<u>2003</u>
011	Operation of Teacher's Residences		70,431
031	Cafeterias	\$ 66,498	\$ 70,431
032	Cost of school and facility rental	<u>8,343</u>	<u>28,569</u>
		\$ <u>74,841</u>	\$ <u>99,000</u>

<u>Miscellaneous Expenses</u>		<u>Schedule 8</u>	
		(Note 10)	
The Board has incurred the following miscellaneous expenses.		<u>2004</u>	<u>2003</u>
57	Special Incentive Program	\$ 30,000	\$ 15,000
012	Provision for Severance Pay	<u>101,530</u>	<u>132,831</u>
		\$ <u>131,530</u>	\$ <u>147,831</u>

**Burin Peninsula School Board**  
**Details of Property and Equipment**

Fourteen Months Ended August 31, 2004

Schedule 9

	<u>Balance,</u> <u>beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>end of year</u>
12 210 Land and Sites				
211 Land and Sites	\$ 199,550			\$ 199,550
12 220 Buildings				
221 Schools	29,709,550	\$ 1,305,528		31,015,078
222 Administration	145,751		\$ 145,751	
223 Residential	10,000			10,000
224 Recreational				
225 Other	152,886			152,886
	<u>30,018,187</u>	<u>1,305,528</u>	<u>145,751</u>	<u>31,177,964</u>
12 230 Furniture and Equipment				
231 Schools	4,024,598			4,024,598
232 Administration	312,301			312,301
233 Residential	850			850
234 Recreation				
235 Other	27,648			27,648
	<u>4,365,397</u>			<u>4,365,397</u>
12 250 Pupil Transportation				
251 Land				
252 Building	213,356			213,356
253 Vehicles - Buses	3,327,984	1,187,452	304,735	4,210,701
254 - Service	59,383			59,383
255 Equipment				
256 Other (Specify)				
	<u>3,600,723</u>	<u>1,187,452</u>	<u>304,735</u>	<u>4,483,440</u>
12 260 Misc. Capital Assets				
261 Computers	894,464			894,464
Tools	18,163			18,163
	<u>912,627</u>			<u>912,627</u>
Total Property and Equipment	\$ 39,096,484	\$ 2,492,980	\$ 450,486	\$ 41,138,978

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**Burin Peninsula School Board**  
**Details of Property and Equipment (Cont'd)**

Fourteen Months Ended August 31, 2004

**Schedule 9**

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Land, buildings and equipment have been recorded in the accounts at the amount recorded in the predecessor school boards accounts as at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by the Burin Peninsula School Board will be subject to the terms and conditions contained in Section 95 of the 1999 Schools Act.

As of the date of the Auditor's report the values of all of the school buildings and equipment used by the Burin Peninsula School Board have not been obtained from the Department of Education or the former school boards.

**Burin Peninsula School Board  
Details of Long Term Debt**

Fourteen Months Ended August 31, 2004

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation	<u>2004</u>
		<u>Ref #</u>	
	211	<b>Bank Loans</b>	
		_____ Repayable \$ <u>9,443</u> monthly, maturing <u>2014</u>	\$ 900,000
		_____ Repayable \$ <u>9,387</u> monthly, maturing <u>2005</u>	9,387
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>	835,796
		_____ Repayable \$ <u>459</u> monthly, maturing <u>2006</u>	11,910
		_____ Repayable \$ <u>667</u> monthly, maturing <u>2009</u>	33,170
		_____ Repayable \$ <u>1,000</u> monthly, maturing <u>2009</u>	<u>51,000</u>
		Total 211	<u>1,841,263</u>
	212	<b>Mortgages</b>	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		Total 212	
	213	<b>Debentures</b>	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		Total 213	
	214	Province of Newfoundland	
		Subtotal	<u>1,841,263</u>
	215	Less: Current Maturities	<u>249,810</u>
		Total Loans Other Than Pupil Transportation	<u>\$ 1,591,453</u>



**Burin Peninsula School Board**  
**Details of Long Term Debt (Cont'd)**

Fourteen Months Ended August 31, 2004

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

(Note 10)

22	210	Loans Other than Pupil Transportation	2003
			<u>2003</u>
	211	<u>Ref #</u> <b>Bank Loans</b>	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ <u>9,389</u> monthly, maturing <u>2004</u>	\$ 112,665
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>	1,010,452
		_____ Repayable \$ <u>459</u> monthly, maturing <u>2006</u>	<u>18,337</u>
		Total 211	<u>1,141,454</u>
	212	<b>Mortgages</b>	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		Total 212	
	213	<b>Debentures</b>	
		_____ Repayable \$ _____ monthly, maturing _____	
		_____ Repayable \$ _____ monthly, maturing _____	
		Total 213	
	214	Province of Newfoundland	
		Subtotal	<u>1,141,454</u>
	215	Less: Current Maturities	<u>267,876</u>
		Total Loans Other Than Pupil Transportation	<u>\$ 873,578</u>

**Burin Peninsula School Board**  
**Details of Long Term Debt (Cont'd)**  
 Fourteen Months Ended August 31, 2004

Schedule 10

2004

22 220 Loans - Pupil Transportation

	<b>Ref #</b>			
221		<b>Vehicle Bank Loans</b>		
		_____ Repayable \$ <u>430</u> monthly, maturing <u>2011</u>	\$	<u>35,234</u>
		_____ Repayable \$ <u>4,169</u> monthly, maturing <u>2012</u>		<u>387,698</u>
		_____ Repayable \$ <u>2,019</u> monthly, maturing <u>2011</u>		<u>179,650</u>
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ <u>5,744</u> monthly, maturing <u>2013</u>		<u>615,182</u>
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ <u>580</u> monthly, maturing <u>2007</u>		<u>15,088</u>
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ <u>3,910</u> monthly, maturing <u>2016</u>		<u>508,354</u>
		_____ Repayable \$ <u>4,336</u> monthly, maturing <u>2016</u>		<u>615,701</u>
		_____ Repayable \$ <u>1,095</u> monthly, maturing <u>2014</u>		<u>129,230</u>
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ <u>1,679</u> monthly, maturing <u>2014</u>		<u>204,866</u>
		<b>Total 221</b>		<u><u>2,691,003</u></u>

222		<b>Land, Buildings and Equipment Bank Loans</b>		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		_____ Repayable \$ _____ monthly, maturing _____		
		<b>Total 222</b>		_____
		<b>Subtotal</b>		<u><u>2,691,003</u></u>

223 Less: Current Maturities 239,618

Total Loans - Pupil Transportation \$ 2,451,385

Total Long Term Debt \$ 4,042,838

**Burin Peninsula School Board**  
**Details of Long Term Debt (Cont'd)**

Fourteen Months Ended August 31, 2004

Schedule 10

(Note 10)  
2003

22 220 Loans - Pupil Transportation

Ref #

221 **Vehicle Bank Loans**

_____	Repayable \$ <u>430</u> monthly, maturing <u>2011</u>	\$	41,250
_____	Repayable \$ <u>4,169</u> monthly, maturing <u>2012</u>		446,060
_____	Repayable \$ <u>2,019</u> monthly, maturing <u>2011</u>		207,910
_____	Repayable \$ _____ monthly, maturing _____		
_____	Repayable \$ <u>5,744</u> monthly, maturing <u>2013</u>		695,577
_____	Repayable \$ _____ monthly, maturing _____		
_____	Repayable \$ <u>580</u> monthly, maturing <u>2007</u>		23,212
_____	Repayable \$ _____ monthly, maturing _____		
_____	Repayable \$ _____ monthly, maturing _____		
_____	Repayable \$ <u>1,095</u> monthly, maturing <u>2014</u>		144,546
_____	Repayable \$ _____ monthly, maturing _____		
_____	Repayable \$ <u>1,679</u> monthly, maturing <u>2014</u>		228,377

Total 221 1,786,932

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 1,786,932

~~223 Less: Current Maturities 188,592~~

Total Loans - Pupil Transportation \$ 1,598,340

Total Long Term Debt \$ 2,471,918


# Burin Peninsula School Board

## Summary of Long Term Debt

Fourteen Months Ended August 31, 2004

Schedule 10A

Description	Ref. #	Rate	Balance, Beginning of Period	Loans Obtained During Period	Principal Repayments for Period	Balance, End of Period
A) School Construction				\$ 900,000		\$ 900,000
B) Equipment						
C) Service Vehicles	Prime	\$	18,337		\$ 6,427	11,910
D) Other - Deficit Financing	Prime			60,000	9,000	51,000
District Office	Prime			40,000	6,830	33,170
District Restructuring	Prime		112,665		103,278	9,387
Debt Restructuring	Prime		1,010,452		174,656	835,796
E) Pupil Transportation	Prime		41,250		6,016	35,234
Pupil Transportation	Prime		695,577		80,395	615,182
Pupil Transportation	Prime		446,060		58,362	387,697
Pupil Transportation	Prime		207,910		28,260	179,650
Pupil Transportation	Prime		23,212		8,124	15,088

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**Burin Peninsula School Board**  
**Summary of Long Term Debt (Cont'd)**

Fourteen Months Ended August 31, 2004

Schedule 10A

Pupil					
Transportation	Prime	144,546		15,316	129,230
Pupil					
Transportation	Prime	228,377		23,511	204,867
Pupil					
Transportation	Prime		563,100	54,746	508,354
Pupil					
Transportation	Prime		<u>624,373</u>	<u>8,672</u>	<u>615,701</u>
<b>Total Loans</b>		<b>\$ 2,928,386</b>	<b>\$ 2,187,473</b>	<b>\$ 583,593</b>	<b>\$ 4,532,266</b>

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**Burin Peninsula School Board**  
**Current Maturities**

Fourteen Months Ended August 31, 2004

Schedule 10B

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>
A) School Improvements	\$ 94,433	
B) Equipment		
C) Service Vehicles	4,585 \$	5,508
D) Other -		
District Restructuring	16,047	112,665
Debt Restructuring	134,745	149,695
E) Pupil Transportation	239,618	188,600
Total	<u>\$ 489,428</u>	<u>\$ 456,468</u>

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**Burin Peninsula School Board**  
**Interest Expenses**

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 10C

56 010


<u>Description</u>			
012	<b>Capital</b>		
	School Improvements	\$ 13,210	
	Equipment		
	Service Vehicles		
	Other - District Restructuring	2,780	\$ 11,217
	- Debt Restructuring	<u>52,629</u>	<u>51,550</u>
	<b>Total Capital</b>	<u>68,619</u>	<u>62,767</u>
013	<b>Current</b>		
	- Operating Loans	4,787	3,850
	- Supplier Interest Charges	<u>14,416</u>	<u>3,540</u>
	<b>Total Current</b>	<u>19,203</u>	<u>7,390</u>
	<b>Total Interest Expense</b>	\$ <u>87,822</u>	\$ <u>70,157</u>

**Burin Peninsula School Board**  
**Supplementary Information**

(Note 10)  
2004 2003

Fourteen Months Ended August 31

	<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
1. <u>Cash</u>				
<u>Current</u>				
11 110 Cash on Hand and in Bank				
111 Cash on Hand			\$	200
112 Bank - Current	\$ 190,339		\$ 190,339	
113 - Savings	16,046		16,046	
114 - Teachers' Payroll	13,833		13,833	
115 - Non Teachers' Payroll	(45,226)		(45,226)	
116 - Coupon (Debenture)				
117 - Other (Cafeterias)				
<u>Capital</u>				
11 210 Cash on Hand and in Bank				
211 Cash on Hand				
212 Bank - Current				
213 - Savings				
214 - Other (Specify)	_____	_____	_____	_____
Total Cash on Hand & in Bank	\$ 174,992	_____	\$ 174,992	\$ 200
2. <u>Short Term Investments</u>				
<u>Current</u>				
11 121 Term Deposits			\$	15,213
122 Canada Savings Bonds				
123 Other (Specify)				
<u>Capital</u>				
11 221 Term Deposits				
222 Canada Savings Bonds				
223 Other (Specify)	_____	_____	_____	_____
Total Short Term Investments	_____	_____	\$	15,213

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**Burin Peninsula School Board  
Supplementary Information**

(Note 10)  
2004  
2003

Fourteen Months Ended August 31

	<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
3. <u>Prepaid Expenses</u>				
<u>Current</u>				
11 141 Insurance	\$ 3,883		\$ 3,883	\$ 3,402
142 Municipal Service				
Fees	13,972		13,972	17,537
143 Supplies	106,327		106,327	96,390
144 Other	181,728		181,728	60,762
Deferred Costs				3,788
<u>Capital</u>				
11 241 Other (Specify)				
	<u>\$ 305,910</u>		<u>\$ 305,910</u>	<u>\$ 181,879</u>

**BUSINESS INVESTMENT CORPORATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

**AUDITOR'S REPORT**

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

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2005 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
10 June 2005

**BUSINESS INVESTMENT CORPORATION****BALANCE SHEET**

31 March

2005

2004

**ASSETS**

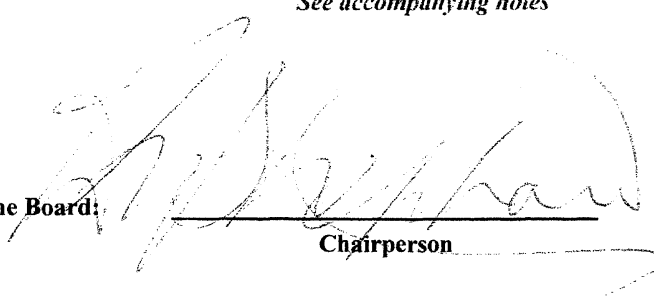
Cash (Note 2)	\$ 2,010,687	\$ 1,513,481
Loans and equity investments (Note 3)	9,372,734	11,336,068
Due from the Province	-	49
Insurance premium receivable	-	20,783
Long-term investments (Note 4)	9,422	9,422
	<b>\$ 11,392,843</b>	<b>\$ 12,879,803</b>

**LIABILITIES AND EQUITY**

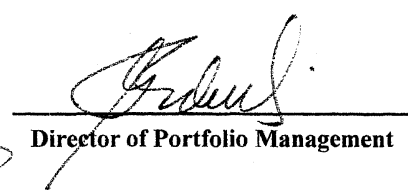
Borrowers' deposits	\$ 68,517	\$ 68,517
<b>Equity</b>	<b>11,324,326</b>	<b>12,811,286</b>
	<b>\$ 11,392,843</b>	<b>\$ 12,879,803</b>

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

Signed on behalf of the Board:



Chairperson



Director of Portfolio Management

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

2005

2004

**Contributed capital (Note 7)**

<b>Balance, beginning of year</b>	<b>\$ 68,178,530</b>	<b>\$ 76,137,561</b>
Aquaculture Working Capital Fund reserve (Note 2)	22,486	20,647
Capital contributions from the Province	3,178,900	1,621,500
Principal paid to the Province	(3,004,669)	(4,143,714)
Contributions disbursed as grants	(319,084)	(407,456)
Principal written off, net of recoveries (Note 3)	(8,291,324)	(5,050,008)
<b>Balance, end of year</b>	<b>59,764,839</b>	<b>68,178,530</b>

**Deficit**

<b>Balance, beginning of year</b>	<b>(55,367,244)</b>	<b>(61,064,521)</b>
Investment income paid to the Province	(489,302)	(863,699)
Excess of revenues over expenses (expenses over revenues)	(875,291)	1,510,968
Principal written off, net of recoveries (Note 3)	8,291,324	5,050,008
<b>Balance, end of year</b>	<b>(48,440,513)</b>	<b>(55,367,244)</b>
<b>Equity, end of year</b>	<b>\$ 11,324,326</b>	<b>\$ 12,811,286</b>

*See accompanying notes*

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

	2005	2004
<b>REVENUES</b>		
Interest on loans	\$ 675,841	\$ 994,861
Other investment income	30,299	47,027
Dividend income	5,662	97,161
Recovery in value of loans receivable and equity investments (Note 3)	-	362,641
Gain from demutualization	-	9,422
	<b>711,802</b>	<b>1,511,112</b>
<b>EXPENSES</b>		
Provision for decline in value of loans receivable and equity investments (Note 3)	1,566,155	-
Miscellaneous expense	20,938	144
	<b>1,587,093</b>	<b>144</b>
<b>Excess of revenues over expenses (expenses over revenues)</b>	<b>\$ (875,291)</b>	<b>\$ 1,510,968</b>

*See accompanying notes*

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

	2005	2004
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses (expenses over revenues)	\$ (875,291)	\$ 1,510,968
Adjustments for non-cash items		
Gain from demutualization	-	(9,422)
Provision for decline in value of loans receivable and equity investments	1,566,155	-
Recovery in value of loans receivable and equity investments	-	(362,641)
	<b>690,864</b>	<b>1,138,905</b>
Changes in non-cash operating items		
Due from the Province	49	1,008,246
Insurance premium receivable	20,783	-
	<b>711,696</b>	<b>2,147,151</b>
<b>Cash flows from investing activities</b>		
Increase in loans and equity investments	(3,172,515)	(3,162,670)
Collection of loans and equity investments	3,569,694	4,886,005
	<b>397,179</b>	<b>1,723,335</b>
<b>Cash flows from financing activities</b>		
Aquaculture Working Capital Fund reserve	22,486	20,647
Capital contributions from the Province	3,178,900	1,621,500
Principal paid to the Province	(3,004,669)	(4,143,714)
Contributions disbursed as grants	(319,084)	(407,456)
Investment income paid to the Province	(489,302)	(863,699)
	<b>(611,669)</b>	<b>(3,772,722)</b>
<b>Net increase in cash</b>	<b>497,206</b>	<b>97,764</b>
<b>Cash, beginning of year</b>	<b>1,513,481</b>	<b>1,415,717</b>
<b>Cash, end of year</b>	<b>\$ 2,010,687</b>	<b>\$ 1,513,481</b>

*See accompanying notes*

# BUSINESS INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

31 March 2005

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### Authority

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

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

### 1. Significant accounting policies

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

#### (a) Loans receivable

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

#### (b) Equity investments

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

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



**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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

**(c) Revenue recognition**

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

Dividends are recorded as income when received.

**2. Aquaculture Working Capital Fund**

During the fiscal years 2000-01 to 2002-03, the Corporation received \$1.5 million from the Government of Canada to fund the Aquaculture Working Capital Fund (the Fund). The Fund assists individuals and companies in the shellfish industry throughout the Province through repayable loans. The Fund is a revolving fund in which loan repayments are not remitted to the Province but held by the Corporation to be paid out as future aquaculture loans.

As at 31 March 2005, the Fund had 19 loans outstanding totaling \$1,518,177 (2004 - 19 loans totalling \$1,479,866). During 2003-04, the Corporation established a separate loan portfolio and bank account to administer the Fund and assist in identifying payments that are received and held for future loans. As at 31 March 2005, the Fund had a balance of \$25,548 (2004 - \$55,250) which is included in these financial statements as part of cash.

**3. Loans and equity investments**

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

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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

Loans and equity investments consist of the following:

	<u>2005</u>	<u>2004</u>
<b>Loans receivable</b>		
Principal due and unpaid	\$ 22,975,201	\$ 25,308,386
Principal not yet due	17,592,047	22,222,734
Interest due and unpaid	3,520,413	4,532,297
	<u>44,087,661</u>	<u>52,063,417</u>
Less: allowance for decline in value	(35,561,456)	(41,744,474)
	<u>8,526,205</u>	<u>10,318,943</u>
<b>Equity investments</b>		
Equity investments, at cost	20,782,964	22,613,551
Less: allowance for decline in value	(19,936,435)	(21,596,426)
	<u>846,529</u>	<u>1,017,125</u>
<b>Loans and equity investments</b>	<u>\$ 9,372,734</u>	<u>\$ 11,336,068</u>

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

	<u>2005</u>	<u>2004</u>
<b>Balance, beginning of year</b>	\$ 63,340,900	\$ 70,122,705
Principal written off, net of recoveries	(8,291,324)	(5,050,008)
Interest written off, net of recoveries	(1,115,197)	(1,007,835)
Interest receivable adjustment	(2,643)	(361,321)
Provision for decline in value of loans receivable and equity investments	1,566,155	-
Recovery in value of loans receivable and equity investments	-	(362,641)
<b>Balance, end of year</b>	<u>\$ 55,497,891</u>	<u>\$ 63,340,900</u>

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

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**4. Long-term investments**

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2005 was \$21,899 (2004 - \$18,676).

**5. Contingent liabilities**

- (a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1,800,000. The Province will not appeal this decision.
- (b) A client of the Corporation has filed a Notice of Intended Action against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation because of an alleged breach of a bounty agreement. The client is seeking an estimated \$143,700 plus interest. The Statement of Claim issued in relation to this matter was acknowledged by both parties to be defective due to non-compliance with the *Proceedings Against the Crown Act*. There has been no further activity in relation to this claim since the summer of 1991.
- (c) There are three counter claims against the Corporation in relation to actions commenced by the Corporation to collect the deficiency balances owing on vessels that have been repossessed and sold. The total of these three counter claims is not expected to exceed \$39,000. In the opinion of the Corporation there is a good defense to these counter claims.
- (d) A client of the Corporation has taken legal action claiming that the marine inspectors of the Corporation were negligent in performing their survey of the client's vessel at the time financing was being considered. The plaintiffs are claiming general damages.
- (e) There is a third party claim against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation by the defendants in an action by a bank to collect the deficiency balance on a loan to the defendants. The defendants are seeking indemnification and contribution for approximately \$400,000 plus interest. A defence will be filed in this action.
- (f) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of \$811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**6. Commitments**

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of \$1,333,318 (2004 - \$1,181,383). In addition to these loan commitments the Corporation has outstanding loan guarantees of \$100,000 (2004 - \$250,000).

**7. Contributed capital**

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

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

**8. Financial instruments**

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

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

**9. Related party transactions**

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses of \$491,318 related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**10. Economic dependence**

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

**11. Income taxes**

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

**C.A. PIPPY PARK COMMISSION**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

**AUDITOR'S REPORT**

To the Board of Commissioners  
C.A. Pippy Park Commission  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Commission as at 31 March 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
14 June 2005

**C.A. PIPPY PARK COMMISSION  
BALANCE SHEET**

31 March

2005

2004

**ASSETS**

**Current**

Cash	\$ 347,528	\$ 260,659
Accounts receivable (Note 2)	113,568	35,319
Merchandise inventory - at the lower of cost and net realizable value	13,527	14,232
Prepaid expenses	40,591	38,218
Prepaid supplies	10,747	9,392

525,961 357,820

**Capital assets (Note 3)** 132,229 92,443

\$ 658,190 \$ 450,263

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 97,227	\$ 90,526
Deferred revenue	15,898	15,188
Obligation under capital lease	-	6,444

113,125 112,158

**Advance from Province of Newfoundland and Labrador (Note 4)** 250,000 250,000

**Accrued severance pay** 143,684 127,720

506,809 489,878

**Equity**

Unexpended capital funds (Note 5)	65,886	69,842
Surplus (Deficit)	85,495	(109,457)

151,381 (39,615)

\$ 658,190 \$ 450,263

**Contingent liabilities (Note 11)**

*See accompanying notes*

Signed on behalf of the Board:

Chairperson

Member



**C.A. PIPPY PARK COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND SURPLUS**  
**For the Year Ended 31 March**

2005

2004

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Province of Newfoundland and Labrador (Note 6)			
Operating grant	\$ 400,000	\$ 400,000	\$ 400,000
Special projects	-	-	2,921
	<b>400,000</b>	<b>400,000</b>	<b>402,921</b>
Property sales	392,222	450,000	281,991
Trailer park	284,373	275,000	275,322
Golf course management fee (Note 7)	250,000	250,000	250,000
Services	168,098	173,000	180,274
Rental	126,578	139,000	138,926
Income from other revenue producing activities (Note 8)	88,181	93,000	97,769
Professional fees	73,788	70,000	56,713
Permit fees	-	-	16,614
Interest	5,998	5,000	7,342
Miscellaneous	2,705	1,000	7,246
	<b>1,791,943</b>	<b>1,856,000</b>	<b>1,715,118</b>
<b>EXPENSES</b>			
Advertising and promotion	11,275	5,500	10,629
Amortization	17,622	-	16,798
Bad debts	250,074	253,000	252,324
Building maintenance	58,508	90,000	77,707
Donation	3,588	2,000	3,250
Equipment maintenance	64,719	74,500	63,115
Heat, light and telephone	84,376	90,000	78,455
Honoraria	6,800	5,000	3,850
Insurance	95,011	100,000	87,777
Interest on capital lease obligation	549	1,500	1,213
Miscellaneous	19,282	68,100	23,489
Office	4,764	17,000	6,450
Professional fees	9,285	40,500	20,573
Real estate commissions	13,277	25,000	15,768
Salaries and employee benefits	929,159	947,000	957,965
Supplies	26,349	37,500	38,455
Training	1,897	1,000	929
Travel	456	4,000	529
	<b>1,596,991</b>	<b>1,761,600</b>	<b>1,659,276</b>
<b>Excess of revenues over expenses</b>	<b>194,952</b>	<b>94,400</b>	<b>55,842</b>
<b>Deficit, beginning of year</b>	<b>(109,457)</b>	<b>(109,457)</b>	<b>(165,299)</b>
<b>Surplus (Deficit), end of year</b>	<b>\$ 85,495</b>	<b>\$ (15,057)</b>	<b>\$ (109,457)</b>

See accompanying notes

**C.A. PIPPY PARK COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

	2005	2004
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 194,952	\$ 55,842
Adjustment for non-cash items		
Amortization	17,622	16,798
	<u>212,574</u>	<u>72,640</u>
<b>Changes in non-cash working capital</b>		
Accounts receivable	(78,249)	22,578
Merchandise inventory	705	(634)
Prepaid expenses	(2,373)	(3,584)
Prepaid supplies	(1,355)	393
Accounts payable and accrued liabilities	6,701	4,725
Deferred revenue	710	(2,317)
	<u>(73,861)</u>	<u>21,161</u>
Increase in accrued severance pay	15,964	13,391
	<u>154,677</u>	<u>107,192</u>
<b>Cash flows from investing activities</b>		
Additions to capital assets - purchased from operating funds	(57,408)	(22,963)
Additions to capital assets - purchased from unexpended capital funds	(3,956)	(112,063)
	<u>(61,364)</u>	<u>(135,026)</u>
<b>Cash flows from financing activities</b>		
Repayment of lease obligation	(6,444)	(14,554)
	<u>(6,444)</u>	<u>(14,554)</u>
<b>Net increase (decrease) in cash</b>	<b>86,869</b>	<b>(42,388)</b>
<b>Cash, beginning of year</b>	<b>260,659</b>	<b>303,047</b>
<b>Cash, end of year</b>	<b>\$ 347,528</b>	<b>\$ 260,659</b>

*See accompanying notes*

**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**Authority**

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under 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.

**1. Significant accounting policies**

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

- (i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park improvements	10%

- (ii) Capital assets are financed primarily through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants is deducted from capital assets on the balance sheet. The unexpended portion is reported in the equity section on the balance sheet.
- (iii) 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.

(b) Severance pay

Severance pay is calculated based on 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 in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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

(c) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

**2. Accounts receivable**

	<u>2005</u>	<u>2004</u>
Management fee	\$ 750,000	\$ 500,000
Trade	114,108	35,296
Accrued interest and other	1,389	1,953
	<u>865,497</u>	<u>537,249</u>
<u>Less: allowance for doubtful accounts</u>	<u>751,929</u>	<u>501,930</u>
<u>Net accounts receivable</u>	<u>\$ 113,568</u>	<u>\$ 35,319</u>

**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

**3. Capital assets**

	2005			2004	
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land (Note 3 (a))					
Park	\$ 6,214,948	\$ 6,185,798	\$ -	\$ 29,150	\$ -
Golf course (Note 7)	1,809,696	1,809,696	-	-	-
	<b>8,024,644</b>	<b>7,995,494</b>	<b>-</b>	<b>29,150</b>	<b>-</b>
Furniture, equipment and vehicles					
Office furniture and equipment	35,524	10,230	21,269	4,025	3,838
Furniture and equipment -					
19 <sup>th</sup> Hole Lounge	60,304	34,662	19,497	6,145	821
North Bank Lodge	14,070	12,708	204	1,158	-
Trailer park	5,291	-	3,740	1,551	2,216
Equipment	193,035	91,660	81,806	19,569	4,814
Vehicles	122,841	122,841	-	-	-
Equipment under capital lease	-	-	-	-	16,960
	<b>431,065</b>	<b>272,101</b>	<b>126,516</b>	<b>32,448</b>	<b>28,649</b>
Recreation centres					
19 <sup>th</sup> Hole Lounge	122,409	76,640	42,104	3,665	4,073
North Bank Lodge	47,709	38,132	8,658	919	1,021
Admiral's Quarters	5,424	5,424	-	-	-
Salon C - Clubhouse	5,301	5,301	-	-	-
	<b>180,843</b>	<b>125,497</b>	<b>50,762</b>	<b>4,584</b>	<b>5,094</b>
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Andrea Gillies					
Equestrian Centre	177,881	98,138	72,263	7,480	8,312
Mechanic shop	51,362	16,970	27,122	7,270	8,078
Greenhouses	56,538	56,538	-	-	-
Registration offices	63,041	59,129	3,435	477	530
	<b>780,997</b>	<b>662,950</b>	<b>102,820</b>	<b>15,227</b>	<b>16,920</b>
Other assets					
Park improvements	1,125,841	1,030,059	46,462	49,320	41,780
Artwork	1,500	-	-	1,500	-
	<b>1,127,341</b>	<b>1,030,059</b>	<b>46,462</b>	<b>50,820</b>	<b>41,780</b>
	<b>\$ 10,544,890</b>	<b>\$ 10,086,101</b>	<b>\$ 326,560</b>	<b>\$ 132,229</b>	<b>\$ 92,443</b>

**C.A. PIPPY PARK COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
31 March 2005**

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**3. Capital assets (cont.)**

**(a) Capital assets not included in financial statements**

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

Capital improvements made by third parties are not recorded in these 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 Finance, for the Crown.

**4. Advance from Province of Newfoundland and Labrador**

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

**5. Unexpended capital funds**

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. Transactions occurring in the unexpended capital funds account during the year were:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 69,842	\$ 181,905
Less: purchases of capital assets	3,956	112,063
<u>Balance, end of year</u>	<u>\$ 65,886</u>	<u>\$ 69,842</u>

**6. Related party transactions**

(a) During the year, the Commission received \$400,000 (2004 - \$402,921) from the Province.

(b) Services and rental revenue include a significant volume of transactions with the Province as a result of ongoing contracts.

**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**7. Golf course**

In August 1989, the Province of Newfoundland and Labrador (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (the Corporation) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and the Corporation agreed to construct an 18 hole golf course along with an access road. The lease had an initial term of ten years and provided for a maximum of three five-year extensions for a total of twenty-five years.

The Corporation surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission which had a term from 20 November 1997 to 31 December 2004. This Agreement has been extended for an additional year. The Agreement is for the management and operation of both the 9 hole and 18 hole golf courses.

Under the terms of the Agreement, the Corporation is required to pay management fees of \$250,000 to the Commission for each of the years 2002 to 2006. Management fees of \$250,000 for 2002 were subsequently waived by the Commission. The management fees for 2003, 2004 and 2005 totalling \$750,000, remain outstanding and are considered doubtful of collection.

**8. Income from other revenue producing activities**

	<u>Actual</u>	2005	<u>Budget</u>	2004 <u>Actual</u>
19 <sup>th</sup> Hole Lounge	\$ 167,984		\$ 185,000	\$ 185,062
North Bank Lodge	6,982		4,000	4,378
Salon C - Clubhouse	6,154		6,000	6,344
	<b>181,120</b>		<b>195,000</b>	<b>195,784</b>
<u>Less: cost of goods sold</u>	<u>92,939</u>		<u>102,000</u>	<u>98,015</u>
	<b>\$ 88,181</b>		<b>\$ 93,000</b>	<b>\$ 97,769</b>

**9. Pensions**

The Commission and its staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2005 was \$42,717 (2004 - \$45,905).

**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**10. Operating lease obligation**

A vehicle has been leased for a four-year term commencing 13 June 2001. Minimum lease payments for the next year is as follows:

2006	\$ 781
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**11. Contingent liabilities**

- (a) A Statement of Claim has been served on the Commission by the Registrar of the Supreme Court of Newfoundland and Labrador. This Statement of Claim results from the failure of the Commission to purchase a parcel of land which is included within the boundaries of the Park or to release this parcel of land for sale to other parties. The land is comprised of 40.2 acres in total, 17.0 acres of which are included within the boundaries of the Park. This issue has now been resolved and development is proceeding on this property. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable. Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by the Minister of Works, Services and Transportation, (now represented by the Minister of Finance) is named as a Second Defendant in the Statement of Claim.
- (b) In July 1999, a Statement of Claim against the operator of the golf course was filed in the Supreme Court of Newfoundland and Labrador. The Statement of Claim results from a personal injury suffered on the golf course. The Commission is named as a Second Defendant in the Statement of Claim and Her Majesty the Queen in Right of Newfoundland and Labrador is named Third Defendant. The Statement of Claim was not served on the parties named until June 2000. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable.
- (c) In April 2002, the Commission received correspondence from legal counsel representing the estate of an individual who owned a parcel of land located within the boundaries of the Park. The letter indicated that if an agreement cannot be made between the Commission and representatives of the estate with respect to the purchase of the parcel of land for fair market value then legal action would be commenced against the Commission on the basis of constructive expropriation of the property without compensation. As legal action has not yet commenced on this matter the likelihood of loss is not determinable and the amount of the loss is not reasonably estimable.

**12. Financial instruments**

The Commission's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.



**C.A. PIPPY PARK COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**13. Economic dependence**

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

**14. Income taxes**

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.

**15. Subsequent events**

In May 2005, the Commission transferred management of the 19<sup>th</sup> Hole Lounge and Salon C to Thomas Development (1989) Corporation. The Commission also removed bar service from the North Bank Lodge.

**CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD**

**AUDITORS' REPORT**

**FINANCIAL STATEMENTS - MARCH 31, 2005**

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Consolidated


### Balance Sheet

**March 31, 2005**

	2005	2004
<b>Assets</b>		
Current assets:		
Receivables (Note 3)	\$ 3,878,232	3,793,475
Inventories (Note 4)	1,074,010	919,894
Prepays (Note 5)	<u>1,467,412</u>	<u>1,790,406</u>
Total current assets	6,419,654	6,503,775
Deposit on purchase of capital assets	-	196,576
Due from NLHC for replacement reserve (Note 12)	134,403	134,403
Residents' trust funds held on deposit	175,259	193,067
Capital assets (Note 6)	<u>17,524,906</u>	<u>16,023,848</u>
	<u>\$ 24,254,222</u>	<u>23,051,669</u>
<b>Liabilities</b>		
Current liabilities:		
Bank indebtedness (Note 7)	\$ 6,627,037	8,140,384
Payables and accruals (Note 8)	8,708,996	7,124,225
Accrued vacation pay	3,671,583	3,392,801
Deferred capital equipment donations	171,138	265,713
Deferred capital grants	1,661,637	1,608,897
Current portion of obligations under capital lease	144,000	45,000
Current portion of long-term debt	241,097	229,052
Current portion of accrued severance pay - estimated	<u>600,000</u>	<u>500,000</u>
Total current liabilities	21,825,488	21,306,072
Long-term debt (Note 9)	4,073,868	4,315,424
Obligations under capital lease (Note 10)	419,804	87,193
Trust funds payable	175,259	193,067
Accrued severance pay, less current portion of \$600,000	7,860,402	8,196,869
Unamortized deferred contributions related to capital assets (Note 11)	12,502,765	11,514,002
Replacement reserve (Note 12)	134,403	134,403
J.M. Olds scholarship and library funds	<u>91,360</u>	<u>88,532</u>
	<u>47,083,349</u>	<u>45,835,562</u>
<b>Net assets, per accompanying statement</b>		
Net assets invested in capital assets	171,904	23,484
Unrestricted net assets	<u>(23,001,031)</u>	<u>(22,807,377)</u>
	<u>(22,829,127)</u>	<u>(22,783,893)</u>
	<u>\$ 24,254,222</u>	<u>23,051,669</u>

See accompanying notes

Approved:

 Chairman  
 Secretary-Treasurer

**CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD**

**Consolidated**

**Statement of Changes in Net Assets**

**Year ended March 31, 2005**

	<u>2005</u>		<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, beginning	\$ 23,484	(22,807,377)	(22,783,893)
Excess (deficiency) of revenue over expenditure	(180,903)	135,669	( 45,234)
Investment in capital assets (Note 13)	<u>329,323</u>	<u>( 329,323)</u>	<u>-</u>
Balance, ending	<u>\$ 171,904</u>	<u>(23,001,031)</u>	<u>(22,829,127)</u>

See accompanying notes

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Consolidated

### Statement of Cash Flow

#### Year ended March 31, 2005

	2005	2004
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	\$( 45,234)	(1,609,664)
Amortization	2,299,882	5,209,601
Loss (gain) on disposal of equipment	1,845	( 37,530)
Amortization of deferred capital grants	<u>(2,118,979)</u>	<u>(4,574,338)</u>
	137,514	(1,011,931)
Changes in:		
Receivables	( 84,757)	(1,150,322)
Inventories	( 154,116)	( 103,801)
Prepays	322,994	( 128,686)
Payables and accruals	1,584,771	737,567
Accrued vacation pay	278,782	296,910
Deferred capital equipment donations	( 94,575)	( 12,788)
Deferred capital grants	52,740	437,067
Accrued severance pay	<u>( 236,467)</u>	<u>731,714</u>
	<u>1,806,886</u>	<u>( 204,270)</u>
Investing:		
Deposit on purchase of capital assets	196,576	( 146,239)
Additions to capital assets	(3,317,122)	(3,230,134)
Additions to leased capital assets	( 531,422)	-
Proceeds from disposal of capital assets	45,760	46,998
Sponsorships and advances - net	-	626
	<u>(3,606,208)</u>	<u>(3,328,749)</u>
Financing:		
Repayment of long-term debt	( 229,511)	( 195,021)
Repayment of capital leases	( 99,812)	( 65,981)
Net changes in J. M. Olds funds	2,828	2,997
Grants received for the purchase of capital assets	2,463,374	2,429,953
Donations received for the purchase of capital assets	657,327	387,268
Unamortized grants on capital asset disposals	( 12,959)	-
Equipment loan forgiven	-	2,346
New loan proceeds for Bell Building	-	550,000
Proceeds from capital leases	<u>531,422</u>	<u>-</u>
	<u>3,312,669</u>	<u>3,111,562</u>
Net increase (decrease) in cash	1,513,347	( 421,457)
Cash, net of bank indebtedness:		
Beginning	<u>(8,140,384)</u>	<u>(7,718,927)</u>
Ending (Note 7)	<u>\$ (6,627,037)</u>	<u>(8,140,384)</u>

See accompanying notes

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## OPERATING FUND

### Balance Sheet

<b>March 31, 2005</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Current assets:		
Receivables (Note 3)	\$ 3,754,432	3,789,118
Inventories (Note 4)	1,074,010	919,894
Prepays (Note 5)	<u>1,467,412</u>	<u>1,790,406</u>
Total current assets	6,295,854	6,499,418
Deposit on purchase of capital assets	-	196,576
Due from Board Fund	1,447,279	1,074,741
Residents' trust funds held on deposit	175,259	193,067
Capital assets (Note 6)	<u>16,255,460</u>	<u>14,677,242</u>
	<u>\$ 24,173,852</u>	<u>22,641,044</u>
<b>Liabilities</b>		
Current liabilities:		
Bank indebtedness (Note 7)	\$ 6,664,248	8,177,595
Payables and accruals (Note 8)	8,691,665	7,109,795
Accrued vacation pay	3,671,226	3,393,292
Deferred capital grants	1,661,637	1,608,897
Current portion of obligations under capital lease	144,000	45,000
Current portion of long-term debt	214,982	204,310
Current portion of accrued severance pay	<u>600,000</u>	<u>500,000</u>
Total current liabilities	21,647,758	21,038,889
Long-term debt (Note 9)	3,255,398	3,470,764
Obligations under capital lease (Note 10)	419,804	87,194
Trust funds payable	175,259	193,067
Accrued severance pay, less current portion of \$600,000	7,860,402	8,196,869
Unamortized deferred contributions related to capital assets (Note 11)	<u>12,502,765</u>	<u>11,514,002</u>
	<u>45,861,386</u>	<u>44,500,785</u>
<b>Net assets, per accompanying statement:</b>		
Net assets invested in capital assets	( 323,035)	( 489,153)
Unrestricted net assets	<u>(21,364,499)</u>	<u>(21,370,588)</u>
	<u>(21,687,534)</u>	<u>(21,859,741)</u>
	<u>\$ 24,173,852</u>	<u>22,641,044</u>

See accompanying notes

**CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD**

**OPERATING FUND**

**Statement of Changes in Net Assets**

**Year ended March 31, 2005**

	<u>2005</u>		<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, beginning	<b>\$(489,153)</b>	<b>(21,370,588)</b>	<b>(21,859,741)</b>
Excess (deficiency) of revenue over expenditure	<b>(138,388)</b>	<b>310,595</b>	<b>( 1,317,799)</b>
Investment in capital assets (Note 13)	<b><u>304,506</u></b>	<b><u>( 304,506)</u></b>	<b><u>-</u></b>
Balance, ending	<b><u>\$(323,035)</u></b>	<b><u>(21,364,499)</u></b>	<b><u>(21,687,534)</u></b>

See accompanying notes

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## OPERATING FUND

### Statement of Cash Flow Year ended March 31, 2005

	2005	2004
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$ 172,207	(1,317,799)
Amortization	2,257,367	5,165,754
Loss on disposal of equipment	12,959	6,624
Amortization of deferred capital grants	<u>(2,118,979)</u>	<u>(4,574,338)</u>
	323,554	( 719,759)
Changes in:		
Receivables	34,686	(1,162,176)
Inventories	( 154,116)	( 103,801)
Prepays	322,994	( 128,686)
Due from Board Fund	( 372,538)	( 270,705)
Payables and accruals	1,581,870	736,624
Accrued vacation pay	277,934	297,081
Deferred capital grants	52,740	437,067
Accrued severance pay	<u>( 236,467)</u>	<u>731,714</u>
	<u>1,830,657</u>	<u>( 182,641)</u>
Investing:		
Deposit on purchase of capital assets	196,576	( 146,239)
Additions to capital assets	(3,317,122)	(3,230,134)
Additions to leased capital assets	( 531,422)	-
Proceeds from disposal of capital assets	<u>-</u>	<u>2,844</u>
	<u>(3,651,968)</u>	<u>(3,373,529)</u>
Financing:		
Repayment of long-term debt	( 204,694)	( 171,666)
Repayment of capital leases	( 99,812)	( 65,981)
Grants received for the purchase of capital assets	2,463,374	2,429,953
Donations received for the purchase of capital assets	657,327	387,268
Unamortized grants on capital asset disposals	( 12,959)	-
Equipment loan forgiven	-	2,346
New loan proceeds	-	550,000
Proceeds from capital leases	<u>531,422</u>	<u>-</u>
	<u>3,334,658</u>	<u>3,131,920</u>
Net increase (decrease) in cash	1,513,347	( 424,250)
Cash, net of bank indebtedness:		
Beginning	<u>(8,177,595)</u>	<u>(7,753,345)</u>
Ending (Note 7)	<u><u>\$(6,664,248)</u></u>	<u><u>(8,177,595)</u></u>

See accompanying notes



# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## BOARD FUND

### Balance Sheet

<b>March 31, 2005</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 37,211	37,211
Receivables (Note 3)	<u>123,800</u>	<u>4,357</u>
Total current assets	<b>161,011</b>	<b>41,568</b>
Due from NLHC for replacement reserve (Note 12)	<b>134,403</b>	134,403
Capital assets (Note 6)	<u>1,269,446</u>	<u>1,346,606</u>
	<b><u>\$ 1,564,860</u></b>	<b><u>1,522,577</u></b>
<b>Liabilities</b>		
Current liabilities:		
Payables and accruals (Note 8)	\$ 17,331	14,430
Accrued vacation pay	357	( 492)
Deferred capital equipment donations	171,138	265,713
Current portion of long-term debt	<u>26,115</u>	<u>24,742</u>
Total current liabilities	<b>214,941</b>	<b>304,393</b>
Long-term debt (Note 9)	<b>818,470</b>	844,660
Due to Operating Fund	<b>1,447,279</b>	1,074,741
Replacement reserve (Note 12)	<b>134,403</b>	134,403
J.M. Olds scholarship and library funds	<u>91,360</u>	<u>88,532</u>
	<b><u>2,706,453</u></b>	<b><u>2,446,729</u></b>
<b>Net assets, per accompanying statement:</b>		
Net assets invested in capital assets	<b>494,939</b>	435,312
Unrestricted net assets	<u>(1,636,532)</u>	<u>(1,359,464)</u>
	<b><u>(1,141,593)</u></b>	<b><u>( 924,152)</u></b>
	<b><u>\$ 1,564,860</u></b>	<b><u>1,522,577</u></b>

See accompanying notes

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## BOARD FUND

### Statement of Cash Flow

<u>Year ended March 31, 2005</u>	<u>2005</u>	<u>2004</u>
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	<b>\$(217,441)</b>	(291,865)
Amortization	<b>42,515</b>	43,847
Gain on disposal of property	<b>( 11,114)</b>	( 44,154)
	<b>(186,040)</b>	(292,172)
Changes in:		
Receivables	<b>(119,443)</b>	11,854
Payables and accruals	<b>2,901</b>	943
Accrued vacation pay	<b>849</b>	( 171)
Deferred capital equipment donations	<b>( 94,575)</b>	( 12,788)
	<b>(396,308)</b>	(292,334)
Investing:		
Sponsorships and advances - net	-	626
Proceeds on disposal of property	<b>45,760</b>	44,154
Additions to capital assets	-	-
	<b>45,760</b>	44,780
Financing:		
Repayment of long-term debt	<b>( 24,817)</b>	( 23,355)
New loan proceeds	-	-
Interest earned by J.M. Olds funds	<b>3,578</b>	3,747
Payments from J. M. Olds scholarship fund	<b>( 750)</b>	( 750)
Increase in due to operating fund	<b>372,537</b>	270,705
	<b>350,548</b>	250,347
Net increase in cash	-	2,793
Cash:		
Beginning	<b>37,211</b>	34,418
Ending (Note 7)	<b>\$ 37,211</b>	37,211

See accompanying notes

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Notes to the Financial Statements

March 31, 2005

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### 1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central East Health Care Institutions Board.

#### *Facilities*

James Paton Memorial Hospital  
Fogo Island Hospital  
Notre Dame Bay Memorial Health Care  
Brookfield Bonnews Health Care Centre

Lakeside Homes  
Bonnews Lodge Apartment Complex  
Central Northeast Health Foundation

#### *Clinics*

Carmanville  
Centreville  
Eastport  
Gambo  
Gander Bay

Glovertown  
Hare Bay  
Musgrave Harbour  
New World Island  
St. Brendan's

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

### 2. Summary of significant accounting policies:

#### *Inventories*

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

General stores, at average cost  
Drugs, at cost

#### *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight line basis over their useful lives, at the following rates:

Buildings and service equipment	2.5%
Equipment	12.5%
Information systems	33.3%
Motor vehicles	20.0%

(Continued . . .)

**CENTRAL EAST HEALTH CARE INSTITUTIONS BOA RD**

**Notes to the Financial Statements**

**March 31, 2005**

**3. Receivables:**

	2005		2004	
	Operating Fund	Board Fund	Consolidated	Consolidated
Provincial plan grants - operating	\$ 282,486	-	282,486	225,410
Capital grants	1,219,323	-	1,219,323	1,288,500
Patients, capital donations, rents and other	1,448,108	500	1,448,608	1,081,062
MCP	792,211	-	792,211	1,188,671
HST	189,912	-	189,912	196,102
Receivables - Dialysis Campaign	-	123,300	123,300	-
Due from Newfoundland and Labrador Housing Corporation	-	-	-	4,357
	3,932,040	123,800	4,055,840	3,984,102
Allowance for doubtful	177,608	-	177,608	190,627
	<b>\$ 3,754,432</b>	<b>123,800</b>	<b>3,878,232</b>	<b>3,793,475</b>

**4. Inventories:**

	2005	2004
General stores	\$ 419,434	424,147
Drugs	654,576	495,747
	<b>\$ 1,074,010</b>	<b>919,894</b>

**5. Prepaids:**

	2005	2004
Deposit on equipment leases	\$ 6,190	7,415
Equipment maintenance	127,968	158,525
Malpractice and membership fees	112,033	133,028
General insurance	26,658	69,653
Workers' Compensation	1,112,243	1,306,356
Other	82,320	115,429
	<b>\$ 1,467,412</b>	<b>1,790,406</b>

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Notes to the Financial Statements

March 31, 2005

### 8. Payables and accruals:

	2005		Consolidated Totals	2004
	Operating Fund	Board Fund		Total
Trade	\$ 4,697,030	-	4,697,030	3,923,955
Provincial Plan revenue grants - current year	18,739	-	18,739	150,160
Due to Newfoundland and Labrador Housing Corporation	-	5,081	5,081	-
Employee portion of EI premiums reduction	13,064	-	13,064	14,847
Payroll deductions	929,439	-	929,439	971,609
Unused donations - education	55,328	-	55,328	42,900
Residents comfort fund	22,959	-	22,959	22,722
Deferred Primary Health Funding	212,845	-	212,845	
Accrued - wages	2,699,215	-	2,699,216	1,936,707
- interest	16,809	12,250	29,059	32,198
- other	26,236	-	26,236	29,127
	<u>\$ 8,691,665</u>	<u>17,331</u>	<u>8,708,996</u>	<u>7,124,225</u>

### 9. Long-term debt:

	2005	2004
Operating Fund:		
5.9% CMHC 1 <sup>st</sup> mortgage on Bonnews Lodge; repayable in equal monthly installments of \$10,547, interest included; maturing April, 2011	\$ 646,923	733,097
6.45% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$15,251, interest included; maturing April, 2020	1,771,610	1,839,716
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023	550,743	564,485
Prime plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing November, 2018	<u>501,104</u>	<u>537,776</u>
	<u>3,470,380</u>	<u>3,675,074</u>
Less current portion	<u>214,982</u>	<u>204,310</u>
	<u>3,255,398</u>	<u>3,470,764</u>

(Continued)

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Notes to the Financial Statements

**March 31, 2005**

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

#### *Interest subsidy:*

The Board 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 2005 was \$111,988 for the Operating Fund facilities and \$60,636 for the Bonnews Lodge Apartment Complex.

### 10. Obligations under capital lease:

The Board has entered into a number of agreements whereby it leases certain equipment for terms ranging from three to six years. These leases are accounted for as capital leases with the Board treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 6.3% to 16.37%.

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

	<u>2005</u>	<u>2004</u>
Year ending March 31		
2005	\$ -	67,160
2006	171,346	56,864
2007	136,299	22,404
2008	113,895	-
2009	113,895	-
2010	<u>110,088</u>	<u>-</u>
Total minimum lease payments	645,523	146,428
Less amount representing interest	<u>81,719</u>	<u>14,234</u>
Balance of obligation	563,804	132,194
Less current portion	<u>144,000</u>	<u>45,000</u>
	<u>\$ 419,804</u>	<u>87,194</u>

**CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD**

**Notes to the Financial Statements**

**March 31, 2005**

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**11. Unamortized deferred contribution related to capital assets:**

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning	\$ 11,514,002	13,268,773
Add:		
Capital equipment grants	2,463,374	2,429,953
Donated equipment	657,327	387,268
Equipment loans forgiven	<u>-</u>	<u>2,346</u>
	14,634,703	16,088,340
Deduct:		
Unamortized grants on disposals	12,959	-
Amortization	<u>2,118,979</u>	<u>4,574,338</u>
	<u>2,131,938</u>	<u>4,574,338</u>
Balance, ending	<u>\$ 12,502,765</u>	<u>11,514,002</u>

**12. Replacement reserve:**

	<u>2005</u>			<u>2004</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$109,252	25,151	134,403	134,403
Interest earned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$109,252</u>	<u>25,151</u>	<u>134,403</u>	<u>134,403</u>

# CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

## Notes to the Financial Statements

**March 31, 2005**

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### **15. Contingency**

As of March 31, 2005 there were a number of legal claims against the Board 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 Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

### **16. Subsequent event:**

On April 1, 2005 the Central East Health Care Institutions Board was amalgamated with Central Regional Health and Community Services Board and Central West Health Corporation to form Central Regional Integrated Health Authority.





**CENTRAL REGIONAL HEALTH AND COMMUNITY  
SERVICES BOARD**

**AUDITORS' REPORT**

**FINANCIAL STATEMENTS - MARCH 31, 2005**

**AUDITORS' REPORT**

To the directors of **Central Regional Health and Community Services Board**

We have audited the statement of financial position of **Central Regional Health and Community Services Board** as at March 31, 2005 and the statements of changes in net assets, operations, cash flow and operations and fund balance - Board Fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

June 29, 2005

**CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD**

**Statement of Financial Position**

**March 31, 2005**

**2005**

**2004**

**Assets**

Current assets:

Receivables (Note 3)	\$ 496,089	466,746
Prepaid expenses	<u>355,734</u>	<u>410,051</u>
Total current assets	<b>851,823</b>	<b>876,797</b>

Capital assets (Note 4)

<u>459,685</u>	<u>530,731</u>
<b><u>\$ 1,311,508</u></b>	<b><u>1,407,528</u></b>

**Liabilities and Equity**

Current liabilities:

Due to bank - on current account (Note 5)	\$ 448,642	268,047
- on demand loan (Note 5)	<b>1,070,000</b>	1,695,000
Payables and accruals	<b>1,900,890</b>	1,444,867
Accrued vacation pay	<b>999,544</b>	1,027,700
Deferred grants (Note 6)	<b>1,559,126</b>	1,388,974
Current portion of accrued severance pay (Note 2(d))	<u>100,000</u>	<u>100,000</u>

Total current liabilities **6,078,202** 5,924,588

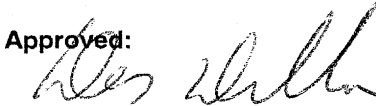
Due to Board Fund(Schedule 1) **133,831** 548,891  
 Accrued severance pay (Note 2(d)) **2,225,300** 2,211,600

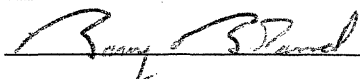
Equity (deficit), per accompanying statement **(7,125,825)** **(7,277,551)**

**\$ 1,311,508** **1,407,528**

See accompanying notes

Approved:

 Chairman

 Administrator (ACTIVE)

**CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD**

**Statement of Changes in Net Assets**

**Year ended March 31, 2005**

	2005			2004
	<u>Operating</u>	<u>Unfunded Severance and Vacation Pay</u>	<u>Capital Assets</u>	<u>Total</u>
Balance (deficit), beginning	<u>\$(3,953,251)</u>	<u>(3,339,300)</u>	<u>15,000</u>	<u>(7,277,551)</u> (5,984,324)
Current year's surplus (deficit), per accompanying statement	<u>137,270</u>	<u>14,456</u>	<u>-</u>	<u>151,726</u> (1,293,227)
Balance (deficit), ending	<u>\$(3,815,981)</u>	<u>(3,324,844)</u>	<u>15,000</u>	<u>(7,125,825)</u> (7,277,551)

See accompanying notes

# CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

## Statement of Operations

Year ended March 31, 2005

2005

2004

Revenue:		
Provincial government operating grant	\$ 42,506,296	41,801,245
National child benefit	992,005	1,263,186
Early childhood development	755,229	842,473
Early learning and child care initiatives	262,450	-
Board fund grant (Note 10)	300,516	26,172
MCP revenue	167,016	152,279
Other revenue (Note 7)	<u>743,811</u>	<u>731,668</u>
Total revenue	<u>45,727,323</u>	<u>44,817,023</u>
Shareable expenditures:		
Administrative and support services	<u>4,129,952</u>	<u>3,874,801</u>
Community and social services:		
Addiction	335,097	359,359
Continuing care	12,852,603	13,193,515
Health promotion	3,212,096	3,231,077
Health protection	194,261	187,850
Mental health	784,820	889,849
Child youth FS	7,076,715	7,493,798
Family rehab	16,169,295	15,778,236
Community corrections	<u>835,214</u>	<u>863,965</u>
Total shareable expenditures	<u>41,460,101</u>	<u>41,997,649</u>
Total shareable expenditures	<u>45,590,053</u>	<u>45,872,450</u>
Excess (deficiency) of revenue over expenditures from operations	137,270	( 1,055,427)
Non-shareable expenditures (income):		
Amortization of deferred capital grants	( 135,369)	( 154,353)
Amortization of capital assets	135,369	154,353
Accrued - severance pay	13,700	129,600
- vacation pay	<u>( 28,156)</u>	<u>108,200</u>
	<u>( 14,456)</u>	<u>237,800</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 151,726</u>	<u>( 1,293,227)</u>

See accompanying notes

## CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

### Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 151,726	(1,293,227)
Amortization of capital assets	135,369	154,353
Amortization of deferred capital grants	<u>( 135,369)</u>	<u>( 154,353)</u>
	151,726	(1,293,227)
Changes in:		
Receivables	( 29,343)	1,919,494
Prepaid expenses	54,317	38,264
Payables and accruals	456,023	( 112,496)
Accrued vacation pay	( 28,156)	108,200
Deferred operating grant	226,860	( 552,972)
Due to Board Fund	( 415,060)	18,458
Accrued severance pay	<u>13,700</u>	<u>129,600</u>
	<u>430,067</u>	<u>255,321</u>
Investing:		
Purchase of capital assets	<u>( 64,323)</u>	<u>( 84,516)</u>
Financing:		
Contributions from Board Fund re capital assets	45,692	4,548
Capital grants	<u>32,969</u>	<u>18,919</u>
	<u>78,661</u>	<u>23,467</u>
Net increase in cash and cash equivalents	444,405	194,272
Cash and cash equivalents:		
Beginning	<u>(1,963,047)</u>	<u>(2,157,319)</u>
Ending	<u><u>\$ (1,518,642)</u></u>	<u><u>(1,963,047)</u></u>
Cash and cash equivalents:		
Due to bank - on current account	\$( 448,642)	( 268,047)
- on demand loan	<u>(1,070,000)</u>	<u>(1,695,000)</u>
	<u><u>\$ (1,518,642)</u></u>	<u><u>(1,963,047)</u></u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD**

Schedule 1.

**Statement of Operations and Fund Balance  
Board Fund**

**Year ended March 31, 2005**

**2005**

**2004**

Revenue:		
Interest and donations	<u>\$ 67,317</u>	<u>126,868</u>
Expenditures:		
Legal fees	8,210	4,703
Board meetings, conferences and insurance	6,601	6,308
Volunteer manual	-	50,000
Central West hospital project	50,000	-
Bussing pilot project	10,000	-
Your-Strength-Is-Our-Strength Club	5,000	-
Donations and miscellaneous	8,944	6,753
Fees and dues	7,198	8,822
Interest expense	<u>4,448</u>	<u>1,104</u>
	<u>100,401</u>	<u>77,690</u>
Excess (deficiency) of revenue over expenditures	<u><u>\$( 33,084)</u></u>	<u><u>49,178</u></u>
Fund balance:		
Balance, beginning	\$ 548,891	530,433
Transferred to operating revenue (Note 10)	(336,284)	( 26,172)
Transferred to capital expenditures	( 45,692)	( 4,548)
Excess (deficiency) of revenue over expenditures (above)	<u>( 33,084)</u>	<u>49,178</u>
Balance, ending	<u><u>\$ 133,831</u></u>	<u><u>548,891</u></u>

See accompanying notes



# CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

## Notes to the Financial Statements

March 31, 2005

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### 1. Nature of organization:

The Central Regional Health and Community Services Board is responsible for ensuring that residents of Central Newfoundland have access to quality services and programs enabling them to achieve an optimum level of health, consistent with government policy and within available resources.

The Board operates under the Health and Community Services Act with funding provided by the Government of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

### 2. Significant accounting policies:

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

#### (a) Capital assets:

Major equipment purchases are recorded at full cost except for assets transferred under restructuring program in 1994 and 1999, which are recorded at estimated fair market value.

The Board provides for amortization on its capital assets on the diminishing balance basis at the following rates:

Building	5%
Equipment	20%
Computer equipment	30%

#### (b) Deferred contributions:

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized to income on the same basis as the related capital asset is amortized. During the year, capital grants in the amount of \$32,969 (2004 - \$18,919) was received from the Department of Health and Community Services. In addition, \$45,692 (2004 - \$4,548) was transferred from the Board Fund.

#### (c) Supplies:

Supplies are charged to the applicable program cost when purchased.

#### (d) Severance pay:

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

#### (e) Revenue recognition:

The Board follows the deferred method of accounting for contributions which include donations and government grants.

**CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD**

**Notes to the Financial Statements**

**March 31, 2005**

**3. Receivables:**

	<u>2005</u>	<u>2004</u>
Grants - operating and other	\$ 347,697	328,469
HST rebate	86,461	86,111
Other	<u>61,931</u>	<u>52,166</u>
	<u>\$ 496,089</u>	<u>466,746</u>

**4. Capital assets:**

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 15,000	-	15,000	15,000
Building	79,318	25,246	54,072	56,920
Equipment - office	499,761	416,545	83,216	104,020
- medical	280,187	236,057	44,130	48,112
Computer equipment - hardware	858,736	608,436	250,300	288,156
- software	<u>108,313</u>	<u>95,346</u>	<u>12,967</u>	<u>18,523</u>
	<u>\$ 1,841,315</u>	<u>1,381,630</u>	<u>459,685</u>	<u>530,731</u>

**5. Bank indebtedness:**

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$3,000,000 at March 31, 2005. This authority to borrow and related overdraft expired April 1, 2005.

**6. Deferred grants:**

	<u>2005</u>	<u>2004</u>
Operating	\$ 482,799	321,577
Early Learning & Child Care Initiatives	319,155	-
National Child Benefit Program	142,006	245,561
Early Childhood Development Program	77,604	214,785
Child Youth and Family Services Act	-	12,781
Capital	<u>537,562</u>	<u>594,270</u>
	<u>\$ 1,559,126</u>	<u>1,388,974</u>

# CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

## Notes to the Financial Statements

March 31, 2005

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### 7. Other revenue:

	<u>2005</u>	<u>2004</u>
Children's federal allowance	\$ 164,909	136,019
Cervical screening program	126,545	111,885
WCC recoveries	1,458	24,458
Travel recoveries	17,109	7,642
Bridge funding - youth profiling project	81,692	78,232
Recoveries - Home Support	119,552	121,204
Conne River Services contract	76,500	86,549
Vaccine Program	28,250	23,583
Salary recoveries	94,604	92,900
Other	<u>33,192</u>	<u>49,196</u>
	<u>\$ 743,811</u>	<u>731,668</u>

### 8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits were not to be credited/charged to the Board fund until the three years expired. The three years expired at March 31, 1999 and government is reviewing the results of operations to decide on the appropriate treatment of these operating surpluses/deficits.

### 9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of \$50,000 monthly. Some of these leases expire at various times over the next year. Many of the facilities are being rented on a month to month basis.

### 10. Transfer to operating revenue:

During the year the Board transferred \$336,284 to operating fund revenue to cover expenditures relating to the following special projects:

IT support position	\$ 58,573
Research assistant	6,403
Deficit reduction	183,000
IT purchases	84,308
Staff function	<u>4,000</u>
	336,284
Less deferred at March 31, 2005	<u>35,768</u>
	<u>\$ 300,516</u>

These expenditures have been reflected as operating fund expenditures on the statement of operations.

# CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

## Notes to the Financial Statements

March 31, 2005

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### 11. Subsequent event:

On April 1, 2005 the Central Regional Health and Community Services Board was amalgamated with Central East Health Care Institutions Board and Central West Health Corporation to form Central Regional Integrated Health Authority.



**CENTRAL WEST HEALTH CORPORATION**

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS**

**AS AT MARCH 31, 2004**

**LORI K. MERCER**

**CHARTERED ACCOUNTANT**

P.O. Box 673, 10 Pinsent Dr.  
Grand Falls-Windsor, NL  
A2A 2K2  
Tel: (709)489-5555  
Fax: (709)489-5556

**AUDITORS' REPORT**

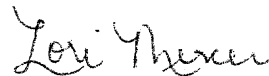
To The Board of Directors  
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2004 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL  
August 27, 2004

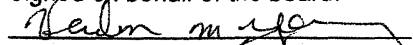



Lori K. Mercer  
Chartered Accountant

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2004**

	2004	2003
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 825,716	\$ 189,750
Accounts receivable (Note 3)	3,713,956	4,035,250
Inventory, at cost	941,258	865,916
Prepaid expenses	<u>423,587</u>	<u>1,871,956</u>
	<u>5,904,517</u>	<u>6,962,872</u>
TRUST FUNDS HELD ON DEPOSIT	<u>392,084</u>	<u>360,314</u>
CAPITAL ASSETS (NOTE 4)	<u>45,186,021</u>	<u>45,797,715</u>
DEFERRED CHARGES	<u>38,307</u>	<u>87,360</u>
	<u>\$ 51,520,929</u>	<u>\$ 53,208,261</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ -	\$ 1,100,575
Accounts, payable and accrued	5,433,668	4,503,484
Vacation pay accrual	4,255,245	4,156,910
Current maturities on long-term debt	755,950	720,890
Current maturities on capital lease obligations	-	49,603
Deferred contributions - operating	21,991	256,612
Deferred contributions - capital	<u>946,611</u>	<u>1,156,528</u>
	<u>11,413,465</u>	<u>11,944,602</u>
ACCRUED SEVERANCE PAY	<u>10,458,326</u>	<u>9,972,413</u>
TRUST FUNDS PAYABLE	<u>392,084</u>	<u>360,314</u>
LONG-TERM DEBT (NOTE 5)	<u>18,706,377</u>	<u>18,837,268</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 7)	<u>11,921,085</u>	<u>10,373,093</u>
<b>EQUITY</b>		
UNRESTRICTED NET ASSETS (NOTE 8)	(36,335,655)	(33,244,676)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(1,370,408)</u>	<u>1,720,571</u>
	<u>\$ 51,520,929</u>	<u>\$ 53,208,261</u>

Signed on behalf of the board:

 Director  
 Director

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

Lori K. Mercer, Chartered Accountant



**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>REVENUE</b>		
Provincial plan	\$ 74,140,561	\$ 72,261,694
Inpatient	402,708	425,292
MCP Physician revenue	5,706,214	5,244,459
Mortgage interest subsidy	233,472	37,520
Other income	1,926,199	2,398,908
Outpatient	829,122	750,784
Resident's rent	5,166,562	5,171,115
Primary health care	<u>68,785</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u><b>88,473,623</b></u>	<u><b>86,289,772</b></u>
 <b>EXPENSES</b>		
Administration	8,648,626	8,330,543
Ambulatory care services	8,684,694	7,442,234
Diagnostic and therapeutic services	13,903,260	12,742,762
Education	1,191,711	950,095
Medical services	6,734,808	7,042,769
Nursing inpatient services	31,666,607	31,294,067
Support services	<u>18,497,764</u>	<u>17,802,118</u>
	<u><b>89,327,470</b></u>	<u><b>85,604,588</b></u>
Excess of revenue over expenditure, before other operations	(853,847)	685,184
Outreach programs	<u>92,052</u>	<u>65,598</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(945,899)</u>	<u>619,586</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,162,211	1,011,038
Amortization of capital assets	(2,469,673)	(2,847,976)
Increase in provision for severance pay	(485,913)	(1,667,597)
Increase in provision for vacation pay	<u>(98,335)</u>	<u>(370,122)</u>
	<u>(1,891,710)</u>	<u>(3,874,657)</u>
Excess of expenditure over revenue	<u><b>\$ (2,837,609)</b></u>	<u><b>\$ (3,255,071)</b></u>

Lori K. Mercer, Chartered Accountant

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (2,837,609)	\$ (3,255,071)
Adjustments for: - amortization of deferred charges	49,053	2,122
- amortization of deferred capital asset contributions	(1,162,211)	(1,011,038)
- amortization and depreciation	<u>3,478,355</u>	<u>3,489,967</u>
	(472,412)	(774,020)
Changes in non-cash working capital		
Receivables	321,295	2,008,643
Inventory	(75,342)	(80,439)
Prepaid expenses	1,448,369	409,592
Payables and accruals	930,184	(4,034,740)
Vacation pay accrual	98,335	370,122
Severance pay accrual	485,913	1,667,597
Deferred charges	-	(89,481)
Deferred severance accrual	<u>-</u>	<u>(90,961)</u>
Cash flows from (used in) operating activities	<u>2,736,342</u>	<u>(613,687)</u>
Cash flows from financing activities		
Increase in long-term debt	863,248	4,647,241
Decrease in long-term debt	(1,008,682)	(641,991)
Capital contributions	2,149,633	3,685,491
Deferred contributions - operating	(234,621)	90,638
Deferred contributions - capital	<u>97,282</u>	<u>(1,740,973)</u>
Cash flows from (used in) financing activities	<u>1,866,860</u>	<u>6,040,406</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(2,866,661)</u>	<u>(8,421,301)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,736,541	(2,994,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(910,825)</u>	<u>2,083,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>825,716</u>	\$ <u>(910,825)</u>
COMPRISED OF:		
Cash	\$ 825,716	\$ 189,750
Demand loan	<u>-</u>	<u>(1,100,575)</u>
	\$ <u>825,716</u>	\$ <u>(910,825)</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**1. NATURE OF OPERATIONS**

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

**Facilities:**

A.M. Guy Memorial Health Centre	Dr. Hugh Twomey Health Care Centre
Baie Verte Peninsula Health Centre	Connaigre Peninsula Health Centre
Carmelite House Senior Citizens Home	North Haven Manor Senior Citizens Home
Green Bay Community Health Centre	Valley Vista Senior Citizens Home

**Clinics:**

Hermitage  
La Scie  
Lewisporte  
Mose Ambrose  
St. Alban's

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

**Basis of presentation**

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

The Board Fund contains special purpose assets and those which may be expended at the discretion of the Corporation. Revenue consists of mainly of investment income and revenue directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditure not shared by government and those approved by the Corporation.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventory is recorded cost, determined on the first in first out basis.

**Capital Assets**

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

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

Minor equipment purchases are charged to operations on the year of acquisition.

**Capital and Operating Costs**

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

**Capital Contributions**

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciation assets are recorded as direct increases in net assets.

**Revenue Recognition**

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2004**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Incentive**

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

**Accrued Severance Pay**

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when he employee ceases employment with the Corporation.

**Pension Costs**

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

**Deferred Charges**

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

**Vacation Pay**

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

**Contributed Services**

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**3. ACCOUNTS RECEIVABLE**

	<u>2004</u>	<u>2003</u>
Cancer foundation	\$ 108,006	\$ 109,427
Capital grants	68,785	25,533
Central Community Health Care Board	20,712	5,251
Cottages	212,805	195,271
Doctors	463,400	14,100
Employees	95,650	120,725
Harmonized sales tax	479,513	846,852
Long term care	300,401	457,473
Nurse practitioners	47,059	78,672
Other	310,351	68,179
Provincial plan	-	358,517
Services to Patient	699,624	365,581
South and Central Health Foundation	<u>1,030,737</u>	<u>1,516,238</u>
	3,837,043	4,161,819
Allowance for doubtful accounts	<u>123,087</u>	<u>126,569</u>
	<u>\$ 3,713,956</u>	<u>\$ 4,035,250</u>

**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
			<u>2004</u>	<u>2003</u>
Equipment and vehicles	\$ 39,501,733	\$ 21,317,022	\$ 18,184,711	\$ 17,834,962
Buildings	41,198,192	14,608,771	26,589,421	27,661,839
Land	97,112	-	97,112	97,112
Land improvements	<u>619,395</u>	<u>304,618</u>	<u>314,777</u>	<u>203,802</u>
	<u>\$ 81,416,432</u>	<u>\$ 36,230,411</u>	<u>\$ 45,186,021</u>	<u>\$ 45,797,715</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**5. LONG-TERM DEBT**

		<u>2004</u>	<u>2003</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,327,185	\$ 10,527,071
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	11,366	18,566
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	69,563	70,599
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	62,973	63,911
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,043,489	1,058,914
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,312,967	1,328,731
Bank of Montreal, loan repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	-	2,000
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,556,870	4,140,458
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	15,822	19,777
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>15,994</u>	<u>21,325</u>
Balance Forward		<u>16,416,229</u>	<u>17,251,352</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**5. LONG-TERM DEBT (CONTINUED)**

		<u>2004</u>	<u>2003</u>
	Balance Forward	<u>16,416,229</u>	<u>17,251,352</u>
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	1,005,410	1,040,566
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,148,883	1,193,679
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	73,110	20,175
Bank of Nova Scotia loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Baie Verte	10,758	25,759
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	18,827	26,627
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>789,110</u>	<u>-</u>
		19,462,327	19,558,158
	Current maturities	<u>(755,950)</u>	<u>(720,890)</u>
		<u>\$ 18,706,377</u>	<u>\$ 18,837,268</u>

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2005	\$ 755,950
2006	786,015
2007	823,849
2008	859,707
2009	908,278



**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**6. OBLIGATIONS UNDER CAPITAL LEASE**

	<u>2004</u>	<u>2003</u>
Datex - Ohmeda (Canada) Inc. Leasing, repayable in equal quarterly installments of \$ 13,061 including interest calculated at 8%, repaid during year	\$ -	\$ 49,603
Current maturities	-	49,603
	\$ -	\$ -

**7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 10,373,093	\$ 7,655,428
Capital contributions during the year	2,710,203	3,728,703
Less amortization	(1,162,211)	(1,011,038)
Balance, end of year	\$ 11,921,085	\$ 10,373,093

**8. UNRESTRICTED NET ASSETS**

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ (33,244,676)	\$ (29,946,394)
Contributed assets	(253,370)	(43,211)
Excess of expenditure over revenue	(2,837,609)	(3,255,071)
Balance, end of year	\$ (36,335,655)	\$ (33,244,676)

**9. CONTINGENCIES**

As of March 31, 2004, there were a number of claims outstanding against the Corporation 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 Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**10. FINANCIAL INSTRUMENTS**

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

**CENTRAL WEST HEALTH CORPORATION**

**AUDITED OPERATING FUND  
FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2004**

**LORI K. MERCER**

**CHARTERED ACCOUNTANT**

P.O. Box 673, 10 Pinsent Dr.  
Grand Falls-Windsor, NL  
A2A 2K2  
Tel: (709)489-5555  
Fax: (709)489-5556

**AUDITORS' REPORT**

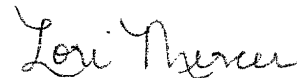
To The Board of Directors  
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2004 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL  
August 27, 2004

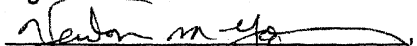



Lori K. Mercer  
Chartered Accountant

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED OPERATING BALANCE SHEET AS AT MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 825,716	\$ 189,750
Accounts receivable (note 3)	3,713,954	3,474,678
Inventory, at cost	941,258	865,916
Prepaid expenses	<u>423,587</u>	<u>1,871,956</u>
	<u>5,904,515</u>	<u>6,402,300</u>
TRUST FUNDS HELD ON DEPOSIT	<u>392,084</u>	<u>360,314</u>
CAPITAL ASSETS (NOTE 4)	<u>45,186,021</u>	<u>45,797,715</u>
DEFERRED CHARGES	<u>38,307</u>	<u>87,360</u>
	<u>\$ 51,520,927</u>	<u>\$ 52,647,689</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ -	\$ 1,100,575
Accounts, payable and accrued	5,433,668	4,503,484
Vacation pay accrual	4,255,245	4,156,910
Current maturities on long-term debt	755,950	720,890
Current maturities on capital lease obligations	-	49,603
Deferred contributions - operating	21,991	256,612
Deferred contributions - capital	<u>1,253,810</u>	<u>1,156,528</u>
	<u>11,720,664</u>	<u>11,944,602</u>
ACCRUED SEVERANCE PAY	<u>10,458,326</u>	<u>9,972,413</u>
TRUST FUNDS PAYABLE	<u>392,084</u>	<u>360,314</u>
LONG-TERM DEBT (NOTE 5)	<u>18,706,377</u>	<u>18,837,268</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 7)	<u>11,921,085</u>	<u>10,373,093</u>
<b>EQUITY</b>		
UNRESTRICTED NET ASSETS (NOTE 8)	(36,642,856)	(33,805,248)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(1,677,609)</u>	<u>1,159,999</u>
	<u>\$ 51,520,927</u>	<u>\$ 52,647,689</u>

Signed on behalf of the board:

 Director  
 Director

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

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED OPERATING STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>REVENUE</b>		
Provincial plan	\$ 74,140,561	\$ 72,261,694
Inpatient	402,708	425,292
MCP Physician revenue	5,706,214	5,244,459
Mortgage interest subsidy	233,472	37,520
Other income	1,665,287	1,768,231
Outpatient	829,122	750,784
Resident's rent	5,166,562	5,171,115
Primary health care	68,785	-
Contribution from board	<u>159,568</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u><b>88,372,279</b></u>	<u><b>85,659,095</b></u>
 <b>EXPENSES</b>		
Administration	8,648,626	8,330,543
Ambulatory care services	8,684,694	7,442,234
Diagnostic and therapeutic services	13,903,260	12,742,762
Education	1,191,711	950,095
Medical services	6,637,082	7,018,575
Nursing inpatient services	31,666,607	31,294,067
Support services	<u>18,494,145</u>	<u>17,797,433</u>
	<u>89,226,125</u>	<u>85,575,709</u>
Excess of revenue over expenditure, before other operations	(853,846)	83,386
Outreach programs	<u>92,052</u>	<u>65,598</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(945,898)</u>	<u>17,788</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,162,211	1,011,038
Amortization of capital assets	(2,469,673)	(2,847,976)
Increase in provision for severance pay	(485,913)	(1,667,597)
Increase in provision for vacation pay	<u>(98,335)</u>	<u>(370,122)</u>
	<u>(1,891,710)</u>	<u>(3,874,657)</u>
Excess of expenditure over revenue	<u><b>\$ (2,837,608)</b></u>	<u><b>\$ (3,856,869)</b></u>

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED OPERATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$(2,837,608)	\$(3,856,869)
Adjustments for: - amortization of deferred charges	49,053	2,122
- amortization of deferred capital asset contributions	(1,162,211)	(1,011,038)
- amortization and depreciation	<u>3,478,355</u>	<u>3,489,967</u>
	(472,411)	(1,375,818)
 Changes in non-cash working capital		
Receivables	(239,275)	2,567,230
Inventory	(75,342)	(80,439)
Prepaid expenses	1,448,369	409,592
Payables and accruals	930,184	(4,034,740)
Vacation pay accrual	98,335	370,122
Severance pay accrual	485,913	1,667,597
Deferred charges	-	(89,481)
Deferred severance accrual	<u>-</u>	<u>(90,961)</u>
Cash flows from (used in) operating activities	<u>2,175,773</u>	<u>(656,898)</u>
 Cash flows from financing activities		
Increase in long-term debt	863,248	4,647,241
Decrease in long-term debt	(1,008,682)	(641,991)
Capital contributions	2,710,203	3,728,702
Deferred contributions - operating	(234,621)	90,638
Deferred contributions - capital	<u>97,282</u>	<u>(1,740,973)</u>
Cash flows from (used in) financing activities	<u>2,427,430</u>	<u>6,083,617</u>
 Cash flows from investing activities		
Purchase of capital assets	<u>(2,866,662)</u>	<u>(8,421,301)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,736,541	(2,994,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(910,825)</u>	<u>2,083,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 825,716</u>	<u>\$ (910,825)</u>
 COMPRISED OF:		
Cash	\$ 825,716	\$ 189,750
Demand loan	<u>-</u>	<u>(1,100,575)</u>
	<u>\$ 825,716</u>	<u>\$ (910,825)</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**1. NATURE OF OPERATIONS**

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

**Facilities:**

A.M. Guy Memorial Health Centre  
Baie Verte Peninsula Health Centre  
Carmelite House Senior Citizens Home  
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre  
Connaigre Peninsula Health Centre  
North Haven Manor Senior Citizens Home  
Valley Vista Senior Citizens Home

**Clinics:**

Hermitage  
La Scie  
Lewisporte  
Mose Ambrose  
St. Alban's

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

**Basis of presentation**

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.



**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventory is recorded cost, determined on the first in first out basis.

**Capital Assets**

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

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

Minor equipment purchases are charged to operations on the year of acquisition.

**Capital and Operating Costs**

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

**Capital Contributions**

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciation assets are recorded as direct increases in net assets.

**Revenue Recognition**

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Incentive**

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

**Accrued Severance Pay**

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when the employee ceases employment with the Corporation.

**Pension Costs**

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

**Deferred Charges**

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

**Vacation Pay**

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

**Contributed Services**

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**3. ACCOUNTS RECEIVABLE**

	<u>2004</u>	<u>2003</u>
Cancer foundation	\$ 108,006	\$ 109,427
Capital grants	68,785	25,533
Central Community Health Care Board	20,712	5,251
Cottages	212,804	195,271
Employees	95,650	120,725
Harmonized sales tax	479,513	846,852
Long term care	300,401	457,473
Due from Board Fund	510,458	(467,800)
Other	310,351	68,179
Provincial plan	-	358,517
Services to Patient	699,624	517,953
South and Central Health Foundation	<u>1,030,737</u>	<u>1,363,866</u>
	3,837,041	3,601,247
Allowance for doubtful accounts	<u>123,087</u>	<u>126,569</u>
	<u>\$ 3,713,954</u>	<u>\$ 3,474,678</u>

**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
			<u>2004</u>	<u>2003</u>
Equipment and vehicles	\$ 39,501,733	\$ 21,317,022	\$ 18,184,711	\$ 17,834,962
Buildings	\$ 41,198,192	\$ 14,608,771	\$ 26,589,421	\$ 27,661,839
Land	97,112	-	97,112	97,112
Land improvements	<u>619,395</u>	<u>304,618</u>	<u>314,777</u>	<u>203,802</u>
	<u>\$ 81,416,432</u>	<u>\$ 36,230,411</u>	<u>\$ 45,186,021</u>	<u>\$ 45,797,715</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**5. LONG-TERM DEBT**

		<u>2004</u>	<u>2003</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,327,185	\$ 10,527,071
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	11,366	18,566
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	69,563	70,599
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	62,973	63,911
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,043,489	1,058,914
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,312,967	1,328,731
Bank of Montreal, loan repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	-	2,000
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,556,870	4,140,458
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	15,822	19,777
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>15,994</u>	<u>21,325</u>
	Balance Forward	<u>16,416,229</u>	<u>17,251,352</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**5. LONG-TERM DEBT (CONTINUED)**

		<u>2004</u>	<u>2003</u>
Balance Forward		<u>16,416,229</u>	<u>17,251,352</u>
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	1,005,410	1,040,566
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,148,883	1,193,679
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	73,110	20,175
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Baie Verte	10,758	25,759
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	18,827	26,627
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>789,110</u>	<u>-</u>
		19,462,327	19,558,158
Current maturities		<u>(755,950)</u>	<u>(720,890)</u>
		<u>\$ 18,706,377</u>	<u>\$ 18,837,268</u>

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2005	\$	755,950
2006		786,015
2007		823,849
2008		859,707
2009		908,278

To reduce the cost of borrowing, the Federal government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

The Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2004**

**6. OBLIGATIONS UNDER CAPITAL LEASE**

	<u>2004</u>	<u>2003</u>
Datex - Ohmeda (Canada) Inc. Leasing, repayable in equal quarterly installments of \$ 13,061 including interest calculated at 8%, repaid during year	\$ -	\$ 49,603
Current maturities	<u>-</u>	<u>49,603</u>
	<u>\$ -</u>	<u>\$ -</u>

**7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 10,373,093	\$ 7,655,428
Capital contributions during the year	2,710,203	3,728,703
Less amortization	<u>(1,162,211)</u>	<u>(1,011,038)</u>
Balance, end of year	<u>\$ 11,921,085</u>	<u>\$ 10,373,093</u>

**8. UNRESTRICTED NET ASSETS**

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ (33,805,248)	\$ (29,948,379)
Excess of expenditure over revenue	<u>(2,837,608)</u>	<u>(3,856,869)</u>
Balance, end of year	<u>\$ (36,642,856)</u>	<u>\$ (33,805,248)</u>

**9. CONTINGENCIES**

As of March 31, 2004, there were a number of claims outstanding against the Corporation 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 Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS  
AS AT MARCH 31, 2004**

**10. FINANCIAL INSTRUMENTS**

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

CENTRAL WEST HEALTH CORPORATION

AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS

AS AT MARCH 31, 2005



**LORI K. MERCER**

**CHARTERED ACCOUNTANT**

P.O. Box 673, 10 Pinsent Dr.  
Grand Falls-Windsor, NL  
A2A 2K2  
Tel: (709)489-5555  
Fax: (709)489-5556

**AUDITORS' REPORT**

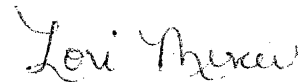
To The Board of Directors  
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2005 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Grand Falls-Windsor, NL  
August 12, 2005



Lori K. Mercer  
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION  
AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,911,318	\$ 825,716
Accounts receivable (note 3)	2,667,293	3,713,956
Inventory, at cost	1,064,858	941,258
Prepaid expenses	<u>230,191</u>	<u>423,587</u>
	<u>5,873,660</u>	<u>5,904,517</u>
TRUST FUNDS HELD ON DEPOSIT	<u>393,776</u>	<u>392,084</u>
CAPITAL ASSETS (NOTE 4)	<u>43,390,723</u>	<u>45,186,021</u>
DEFERRED CHARGES	<u>41,894</u>	<u>38,307</u>
	<u>\$ 49,700,053</u>	<u>\$ 51,520,929</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts, payable and accrued	\$ 6,820,620	\$ 5,433,668
Vacation pay accrual	4,297,386	4,255,245
Current maturities on long-term debt	786,015	755,950
Deferred contributions - operating	525,167	21,991
Deferred contributions - capital	<u>2,084,293</u>	<u>946,611</u>
	<u>14,513,481</u>	<u>11,413,465</u>
ACCRUED SEVERANCE PAY	<u>10,562,562</u>	<u>10,458,326</u>
TRUST FUNDS PAYABLE	<u>393,776</u>	<u>392,084</u>
LONG-TERM DEBT (NOTE 5)	<u>18,303,242</u>	<u>18,706,377</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 6)	<u>12,176,395</u>	<u>11,921,085</u>
<b>EQUITY</b>		
UNRESTRICTED NET ASSETS (NOTE 7)	(41,214,650)	(36,335,655)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(6,249,403)</u>	<u>(1,370,408)</u>
	<u>\$ 49,700,053</u>	<u>\$ 51,520,929</u>

Signed on behalf of the board:  
  
 \_\_\_\_\_, Director  
  
 \_\_\_\_\_, Director

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

CENTRAL WEST HEALTH CORPORATION  
 AUDITED CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE  
 FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
<b>REVENUE</b>		
Provincial plan	\$ 75,975,350	\$ 74,140,561
Inpatient	465,563	402,708
MCP Physician revenue	5,150,718	5,706,214
Mortgage interest subsidy	26,711	233,472
Other income	1,632,797	1,926,199
Outpatient	900,699	829,122
Resident's rent	5,017,448	5,166,562
Primary health care	42,231	68,785
Transition costs recoverable	<u>36,795</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u><b>89,248,312</b></u>	<u><b>88,473,623</b></u>
 <b>EXPENSES</b>		
Administration	8,621,402	8,648,626
Ambulatory care services	9,257,883	8,684,694
Diagnostic and therapeutic services	13,925,323	13,903,260
Education	1,188,560	1,191,711
Medical services	7,295,277	6,734,808
Nursing inpatient services	31,710,968	31,666,607
Support services	<u>20,341,657</u>	<u>18,497,764</u>
	<u><b>92,341,070</b></u>	<u><b>89,327,470</b></u>
Excess of revenue over expenditure, before other operations	(3,092,758)	(853,847)
Outreach programs	<u>92,260</u>	<u>92,052</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(3,185,018)</u>	<u>(945,899)</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,172,626	1,162,211
Amortization of capital assets	(2,528,270)	(2,469,673)
Increase in provision for severance pay	(31,462)	(485,913)
Increase in provision for vacation pay	<u>331</u>	<u>(98,335)</u>
	<u>(1,386,775)</u>	<u>(1,891,710)</u>
Excess of expenditure over revenue	<u><b>\$ (4,571,793)</b></u>	<u><b>\$ (2,837,609)</b></u>

**CENTRAL WEST HEALTH CORPORATION**  
**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (4,571,793)	\$ (2,837,609)
Adjustments for: - amortization of deferred charges	(3,587)	49,053
- amortization of deferred capital asset contributions	(1,172,626)	(1,162,211)
- amortization and depreciation	<u>3,324,766</u>	<u>3,478,355</u>
	(2,423,240)	(472,412)
Changes in non-cash working capital		
Receivables	1,046,658	321,295
Inventory	(123,600)	(75,342)
Prepaid expenses	193,396	1,448,369
Payables and accruals	1,386,952	930,184
Vacation pay accrual	42,143	98,335
Severance pay accrual	<u>104,236</u>	<u>485,913</u>
Cash flows from (used in) operating activities	<u>226,545</u>	<u>2,736,342</u>
Cash flows from financing activities		
Increase in long-term debt	151,054	863,248
Decrease in long-term debt	(524,124)	(1,008,682)
Capital contributions	1,427,935	2,149,633
Deferred contributions - operating	503,176	(234,621)
Deferred contributions - capital	<u>830,483</u>	<u>97,282</u>
Cash flows from (used in) financing activities	<u>2,388,524</u>	<u>1,866,860</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(1,529,467)</u>	<u>(2,866,661)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,085,602	1,736,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>825,716</u>	<u>(910,825)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>
COMPRISED OF:		
Cash	\$ 1,911,318	\$ 825,716
Demand loan	<u>-</u>	<u>-</u>
	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**1. NATURE OF OPERATIONS**

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

**Facilities:**

A.M. Guy Memorial Health Centre  
Baie Verte Peninsula Health Centre  
Carmelite House Senior Citizens Home  
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre  
Connaigre Peninsula Health Centre  
North Haven Manor Senior Citizens Home  
Valley Vista Senior Citizens Home

**Clinics:**

Hermitage  
La Scie  
Lewisporte  
Mose Ambrose  
St. Alban's

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

**Basis of presentation**

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

The Board Fund contains special purpose assets and those which may be expended at the discretion of the Corporation. Revenue consists of mainly of investment income and revenue directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditure not shared by government and those approved by the Corporation.

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventory is recorded cost, determined on the first in first out basis.

**Capital Assets**

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

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

Minor equipment purchases are charged to operations on the year of acquisition.

**Capital and Operating Costs**

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

**Capital Contributions**

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciation assets are recorded as direct increases in net assets.

**Revenue Recognition**

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Incentive**

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

**Accrued Severance Pay**

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when he employee ceases employment with the Corporation.

**Pension Costs**

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

**Deferred Charges**

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

**Vacation Pay**

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

**Contributed Services**

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

3. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
Cancer foundation	\$ 153,730	\$ 108,006
Capital grants	106,763	68,785
Central Community Health Care Board	13,685	20,712
Cottages	335,210	212,805
Doctors	-	463,400
Employees	78,982	95,650
Harmonized sales tax	269,548	479,513
Long term care	362,355	300,401
Nurse practitioners	31,777	47,059
Other	87,684	310,351
Provincial plan	93,785	-
Services to Patient	431,848	699,624
South and Central Health Foundation	<u>818,665</u>	<u>1,030,737</u>
	2,784,032	3,837,043
Allowance for doubtful accounts	<u>116,739</u>	<u>123,087</u>
	<u>\$ 2,667,293</u>	<u>\$ 3,713,956</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
			<u>2005</u>	<u>2004</u>
Equipment and vehicles	\$ 40,426,277	\$ 23,093,781	\$ 17,332,496	\$ 18,184,711
Buildings	\$ 41,638,885	\$ 15,963,527	\$ 25,675,358	\$ 26,589,421
Land	97,112	-	97,112	97,112
Land improvements	<u>622,125</u>	<u>336,368</u>	<u>285,757</u>	<u>314,777</u>
	<u>\$ 82,784,399</u>	<u>\$ 39,393,676</u>	<u>\$ 43,390,723</u>	<u>\$ 45,186,021</u>



**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**5. LONG-TERM DEBT**

		<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,114,865	\$ 10,327,185
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 9,228 including interest at 7.378%, repaid during year		13,898	-
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	4,166	11,366
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	68,448	69,563
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	61,964	62,973
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,026,793	1,043,489
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,295,571	1,312,967
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	58,800	-
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,470,621	3,556,870
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	11,866	15,822
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>10,663</u>	<u>15,994</u>
	Balance Forward	<u>16,137,655</u>	<u>16,416,229</u>

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

		<u>2005</u>	<u>2004</u>
	Balance Forward	16,137,655	16,416,229
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	983,130	1,005,410
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,101,443	1,148,883
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March, 2008	Vehicle	49,734	-
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	10,086	15,131
Bank of Nova Scotia loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Baie Verte	-	10,758
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	11,027	18,827
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March 2008		28,622	-
General Motor Acceptance Corporation, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008		45,328	57,979
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>722,232</u>	<u>789,110</u>
		19,089,257	19,462,327
	Current maturities	<u>(786,015)</u>	<u>(755,950)</u>
		<u>\$ 18,303,242</u>	<u>\$ 18,706,377</u>

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

9. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

CENTRAL WEST HEALTH CORPORATION

AUDITED OPERATING FUND  
FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

**LORI K. MERCER**

**CHARTERED ACCOUNTANT**

P.O. Box 673, 10 Pinsent Dr.  
Grand Falls-Windsor, NL  
A2A 2K2  
Tel: (709)489-5555  
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**AUDITORS' REPORT**

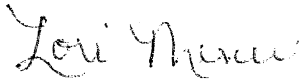
To The Board of Directors  
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2005 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

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



In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL  
August 12, 2005

  
Lori K. Mercer  
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION  
AUDITED OPERATING BALANCE SHEET AS AT MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,911,318	\$ 825,716
Accounts receivable (note 3)	2,797,958	3,713,954
Inventory, at cost	1,064,858	941,258
Prepaid expenses	<u>230,191</u>	<u>423,587</u>
	<u>6,004,325</u>	<u>5,904,515</u>
TRUST FUNDS HELD ON DEPOSIT	<u>393,776</u>	<u>392,084</u>
CAPITAL ASSETS (NOTE 4)	<u>43,390,724</u>	<u>45,186,021</u>
DEFERRED CHARGES	<u>41,894</u>	<u>38,307</u>
	<u>\$ 49,830,719</u>	<u>\$ 51,520,927</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts, payable and accrued	\$ 6,820,620	\$ 5,433,668
Vacation pay accrual	4,297,385	4,255,245
Current maturities on long-term debt	786,015	755,950
Deferred contributions - operating	525,167	21,991
Deferred contributions - capital	<u>2,084,293</u>	<u>1,253,810</u>
	<u>14,513,480</u>	<u>11,720,664</u>
ACCRUED SEVERANCE PAY	<u>10,562,562</u>	<u>10,458,326</u>
TRUST FUNDS PAYABLE	<u>393,776</u>	<u>392,084</u>
LONG-TERM DEBT (NOTE 5)	<u>18,303,243</u>	<u>18,706,377</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 6)	<u>12,176,395</u>	<u>11,921,085</u>
EQUITY		
UNRESTRICTED NET ASSETS (NOTE 7)	(41,083,984)	(36,642,856)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(6,118,737)</u>	<u>(1,677,609)</u>
	<u>\$ 49,830,719</u>	<u>\$ 51,520,927</u>

Signed on behalf of the board:  
  
 \_\_\_\_\_, Director  
  
 \_\_\_\_\_, Director

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

CENTRAL WEST HEALTH CORPORATION  
 AUDITED OPERATING STATEMENT OF REVENUE AND EXPENDITURE  
 FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
<b>REVENUE</b>		
Provincial plan	\$ 75,975,350	\$ 74,140,561
Transition cost recoverable	36,795	-
Inpatient	465,563	402,708
MCP Physician revenue	5,150,718	5,706,214
Mortgage interest subsidy	26,711	233,472
Other income	1,497,228	1,665,287
Outpatient	900,699	829,122
Resident's rent	5,017,448	5,166,562
Primary health care	42,230	68,785
Contribution from board	<u>-</u>	<u>159,568</u>
<b>TOTAL REVENUE</b>	<u>89,112,742</u>	<u>88,372,279</u>
 <b>EXPENSES</b>		
Administration	8,621,402	8,648,626
Ambulatory care services	9,257,883	8,684,694
Diagnostic and therapeutic services	13,925,323	13,903,260
Education	1,188,560	1,191,711
Medical services	7,202,770	6,637,082
Nursing inpatient services	31,710,968	31,666,607
Support services	<u>20,167,929</u>	<u>18,494,145</u>
	<u>92,074,835</u>	<u>89,226,125</u>
Excess of revenue over expenditure, before other operations	(2,962,093)	(853,846)
Outreach programs	<u>92,260</u>	<u>92,052</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(3,054,353)</u>	<u>(945,898)</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,172,626	1,162,211
Amortization of capital assets	(2,528,270)	(2,469,673)
Increase in provision for severance pay	(31,462)	(485,913)
Increase in provision for vacation pay	<u>331</u>	<u>(98,335)</u>
	<u>(1,386,775)</u>	<u>(1,891,710)</u>
Excess of expenditure over revenue	<u>\$ (4,441,128)</u>	<u>\$ (2,837,608)</u>

CENTRAL WEST HEALTH CORPORATION  
AUDITED OPERATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (4,441,128)	\$ (2,837,608)
Adjustments for: - amortization of deferred charges	(3,587)	49,053
- amortization of deferred capital asset contributions	(1,172,626)	(1,162,211)
- amortization and depreciation	<u>3,324,766</u>	<u>3,478,355</u>
	(2,292,575)	(472,411)
 Changes in non-cash working capital		
Receivables	915,995	(239,275)
Inventory	(123,600)	(75,342)
Prepaid expenses	193,396	1,448,369
Payables and accruals	1,386,952	930,184
Vacation pay accrual	42,140	98,335
Severance pay accrual	<u>104,236</u>	<u>485,913</u>
Cash flows from (used in) operating activities	<u>226,544</u>	<u>2,175,773</u>
 Cash flows from financing activities		
Increase in long-term debt	151,054	863,248
Decrease in long-term debt	(524,124)	(1,008,682)
Capital contributions	1,427,935	2,710,203
Deferred contributions - operating	503,176	(234,621)
Deferred contributions - capital	<u>830,483</u>	<u>97,282</u>
Cash flows from (used in) financing activities	<u>2,388,524</u>	<u>2,427,430</u>
 Cash flows from investing activities		
Purchase of capital assets	<u>(1,529,466)</u>	<u>(2,866,662)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,085,602	1,736,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>825,716</u>	<u>(910,825)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>
 COMPRISED OF:		
Cash	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>



**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**1. NATURE OF OPERATIONS**

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

**Facilities:**

A.M. Guy Memorial Health Centre	Dr. Hugh Twomey Health Care Centre
Baie Verte Peninsula Health Centre	Connaigre Peninsula Health Centre
Carmelite House Senior Citizens Home	North Haven Manor Senior Citizens Home
Green Bay Community Health Centre	Valley Vista Senior Citizens Home

**Clinics:**

Hermitage  
La Scie  
Lewisporte  
Mose Ambrose  
St. Alban's

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

**Basis of presentation**

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Incentive**

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

**Accrued Severance Pay**

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when the employee ceases employment with the Corporation.

**Pension Costs**

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

**Deferred Charges**

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

**Vacation Pay**

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

**Contributed Services**

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

**CENTRAL WEST HEALTH CORPORATION**  
**NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2005**

**5. LONG-TERM DEBT**

		<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,114,865	\$ 10,327,185
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 9,228 including interest at 7.378%, repaid during year		13,898	-
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	4,166	11,366
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	68,448	69,563
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	61,964	62,973
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,026,793	1,043,489
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,295,571	1,312,967
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installment of \$ 500 plus interest at 1%,	House Lewisporte	58,800	-
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,470,621	3,556,870
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	11,866	15,822
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>10,663</u>	<u>15,994</u>
	Balance Forward	<u>16,137,655</u>	<u>16,416,229</u>

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

		<u>2005</u>	<u>2004</u>
	Balance Forward	16,137,655	16,416,229
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	983,130	1,005,410
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,101,443	1,148,883
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March, 2008	House	49,734	-
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	10,087	15,131
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Baie Verte	-	10,758
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	11,027	18,827
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	28,622	-
General Motor Acceptance Corporation, loan repayable in monthly installments of \$ 650 maturing		45,328	57,979
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>722,232</u>	<u>789,110</u>
		19,089,258	19,462,327
	Current maturities	<u>(786,015)</u>	<u>(755,950)</u>
		<u>\$ 18,303,243</u>	<u>\$ 18,706,377</u>

CENTRAL WEST HEALTH CORPORATION  
 NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS  
 AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2006	\$ 786,015
2007	786,015
2008	823,849
2009	859,707
2010	908,278

To reduce the cost of borrowing, the Federal government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

The Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 11,921,085	\$ 10,474,625
Capital contributions during the year	1,427,936	2,608,671
Less amortization	<u>(1,172,626)</u>	<u>(1,162,211)</u>
Balance, end of year	<u>\$ 12,176,395</u>	<u>\$ 11,921,085</u>

7. UNRESTRICTED NET ASSETS

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$(36,642,856)	\$(33,805,248)
Excess of expenditure over revenue	<u>(4,441,128)</u>	<u>(2,837,608)</u>
Balance, end of year	<u>\$(41,083,984)</u>	<u>\$(36,642,856)</u>

CENTRAL WEST HEALTH CORPORATION  
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS  
AS AT MARCH 31, 2005

8. CONTINGENCIES

As of March 31, 2005, there were a number of claims outstanding against the Corporation 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 Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

9. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.



**COLLEGE OF THE NORTH ATLANTIC**  
**AUDITORS' REPORT**  
**FINANCIAL STATEMENTS - MARCH 31, 2005**



**AUDITORS' REPORT**

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

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2005 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2005, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland  
June 17, 2005

**College of the North Atlantic**  
**Statement of Financial Position**

March 31, 2005

	2005	2004
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 9,048,959	\$ 6,140,475
Receivables - Note 2	7,703,281	5,942,559
Inventory	752,698	737,749
Prepaid expenses	810,662	777,835
Total current assets	18,315,600	13,598,618
Capital assets - Note 3	8,404,782	7,062,547
Trust accounts - Note 4	366,337	380,789
	\$ 27,086,719	\$ 21,041,954
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Payables and accruals - Note 10	\$ 10,012,223	\$ 5,329,857
Deferred revenue	5,077,914	3,915,956
Due to Qatar Campus	880,391	901,857
Accrued leave - management	1,500,175	1,376,993
Accrued vacation - other	3,693,956	3,966,105
Current portion of severance	1,000,000	1,000,000
Total current liabilities	22,164,659	16,490,768
Trust and scholarship accounts - Note 4	404,914	387,251
Deferred capital contributions - Note 5	3,420,011	3,915,869
Accrued severance pay	10,624,873	10,518,017
	36,614,457	31,311,905
Surplus (deficit), per accompanying statement	(9,527,738)	(10,269,951)
	\$ 27,086,719	\$ 21,041,954

Approved:

Director \_\_\_\_\_

Director \_\_\_\_\_

See accompanying notes.

**College of the North Atlantic**  
**Statement of Operations**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Revenue - Schedule 1		
Grant-in-aid	\$ 47,915,150	\$ 49,093,152
Facilities	12,633	14,979
Administration	301,297	538,551
Instructional	24,657,617	24,261,927
Student services	570,201	624,934
Information technology	101,340	123,171
Resale	3,822,225	4,304,705
Apprenticeship	2,520,125	2,601,751
Continuing education	487,471	752,740
Contracts	7,510,938	7,658,698
International	556,923	1,742,893
Special projects	4,192,553	4,246,882
	<u>92,648,473</u>	<u>95,964,383</u>
Total revenue		
 Expenditure - Schedules 2 to 13		
Facilities	4,939,575	4,879,173
Administration	13,032,589	12,932,909
Instructional	45,092,674	46,227,280
Student services	7,526,462	7,672,987
Information technology	4,292,359	3,937,356
Resale	4,292,299	4,476,250
Apprenticeship	2,126,399	2,118,129
Continuing education	442,470	599,434
Contracts	6,823,991	8,058,564
International	482,013	1,135,279
Special projects	3,085,556	3,484,807
	<u>92,136,387</u>	<u>95,522,168</u>
Total expenditure		
Surplus (deficit) before unfunded adjustments	512,087	442,215
 Unfunded adjustments:		
Severance	(42,023)	(626,962)
Vacation pay	272,149	(72,632)
	<u>230,126</u>	<u>(699,594)</u>
Total unfunded adjustments		
Surplus (deficit) of revenue over expenditures	<u>\$ 742,213</u>	<u>\$ (257,379)</u>

See accompanying notes.

**College of the North Atlantic**  
**Statement of Changes in Net Assets**  
Year Ended March 31, 2005

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>2005 Total</u>	<u>2004 Total</u>
Balance, beginning	\$ 1,993,349	\$ 3,203,237	\$ (15,466,537)	\$ (10,269,951)	\$ (10,012,572)
Capital purchases during year	(4,505,381)	4,505,381			
Amortization of capital assets	3,160,263	(3,160,263)			
Capital grants received during the year	1,032,787	(1,032,787)			
Amortization of deferred capital contributions	(1,472,087)	1,472,087			
Net book value of assets disposed during the year	2,883	(2,883)			
Surplus (deficit) of revenue over expenditure per accompanying statement	<u>512,087</u>		<u>230,126</u>	<u>742,213</u>	<u>(257,379)</u>
Balance, ending	<u>\$ 723,901</u>	<u>\$ 4,984,772</u>	<u>\$ (15,236,411)</u>	<u>\$ (9,527,738)</u>	<u>\$ (10,269,951)</u>

See accompanying notes.

**College of the North Atlantic**  
**Statement of Cash Flow**  
Year Ended March 31, 2005

	2005	2004
Cash flows:		
Surplus (deficit) of revenue over expenditure	\$ 742,213	\$ (257,379)
Add items of a non - cash nature:		
Loss (gain) of assets	(638)	2,375
Loss (gain) on disposal of capital assets	(4,411)	11,847
Amortization	3,160,263	3,922,361
	3,897,427	3,679,204
Changes in:		
Current assets	(1,808,498)	3,756,125
Trust accounts	32,113	(9,946)
Current liabilities	5,673,892	(2,215,553)
Accrued severance	106,856	644,547
	7,901,790	5,854,377
Financing:		
Change in deferred capital contributions	(495,858)	(574,032)
Investing:		
Proceeds from sale of assets	7,933	14,754
Additions to capital assets	(4,505,381)	(1,421,543)
	(4,497,448)	(1,406,789)
Net increase in cash	2,908,484	3,873,556
Cash, beginning	6,140,475	2,266,919
Cash, ending	\$ 9,048,959	\$ 6,140,475

See accompanying notes.

**College of the North Atlantic**  
**Revenue**

Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Grant-in-aid	\$ 47,915,150	\$ 49,093,152
Facilities		
Amortization of deferred capital contribution	7,447	4,636
Classroom/video rental		4,500
Parking	5,186	5,843
	<u>12,633</u>	<u>14,979</u>
Administration		
Interest	137,448	156,780
Amortization of deferred capital contribution	109,279	124,923
Gain on disposal of capital assets	5,049	
Other	49,521	256,848
	<u>301,297</u>	<u>538,551</u>
Instructional		
Tuition	8,706,457	8,550,619
Equipment and materials	1,264,192	1,100,783
Subsidy	12,378,064	12,298,412
Amortization of deferred capital contribution	1,254,151	1,503,985
Daycare	312,848	324,698
Other	741,905	808,128
	<u>24,657,617</u>	<u>24,586,625</u>
Student services		
Application fee	178,888	210,744
Registration fee	281,067	352,635
Amortization of deferred capital contribution	11,541	10,219
Other	98,705	51,336
	<u>570,201</u>	<u>624,934</u>
Information technology		
Amortization of deferred capital contribution	79,325	31,254
Other	22,015	91,917
	<u>101,340</u>	<u>123,171</u>
Continuing education		
Tuition	484,833	751,300
Other	2,638	1,440
	<u>487,471</u>	<u>752,740</u>
Contracts		
Contract/tuition	7,507,411	7,654,429
Subsidy		2,769
Other	3,527	1,500
	<u>7,510,938</u>	<u>7,658,698</u>

See accompanying notes.

**College of the North Atlantic**  
**Revenue**

Year Ended March 31, 2005

Resale		
Bookstore	2,566,061	2,610,453
Food services	857,064	1,037,504
Residence	371,696	319,435
Amortization of deferred capital contribution	2,350	1,944
Other	25,054	10,671
	<u>3,822,225</u>	<u>3,980,007</u>
Apprenticeship		
Apprenticeship	2,512,791	2,594,127
Amortization of deferred capital contribution	7,334	7,624
	<u>2,520,125</u>	<u>2,601,751</u>
International		
International	556,261	1,742,893
Amortization of deferred capital contribution	662	
	<u>556,923</u>	<u>1,742,893</u>
Special projects		
Qatar (net)	764,127	478,123
Other projects	3,428,426	3,768,759
	<u>4,192,553</u>	<u>4,246,882</u>
	<u>\$ 92,648,473</u>	<u>\$ 95,964,383</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Facilities Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 1,088,098	\$ 1,184,246
Professional development	708	2,031
Professional fees	12,721	12,186
Travel	4,132	8,095
Insurance	292,588	232,549
Interest charges	105,670	86,325
Photocopying/printing	391	1,188
Office related supplies	1,563	467
Freight and customs	5,741	385
Telephone	5,669	4,624
Utilities	1,188,877	1,114,210
Repairs and maintenance	791,518	1,027,389
Vehicle operations	105,578	111,410
Equipment rentals	1,290	
Facilities rentals	1,010,729	996,047
Protective clothing	8,108	9,710
Amortization	31,352	29,004
Computer supplies	786	1,348
Minor equipment and tools	18,020	2,971
Minor computer equipment	14,209	298
Materials and supplies	63,327	54,690
Contributions to projects	188,500	
	<u>\$ 4,939,575</u>	<u>\$ 4,879,173</u>

See accompanying notes.



**College of the North Atlantic**  
**Summary of Administration Expenditures**  
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 8,392,076	\$ 8,600,333
Professional development	106,823	145,292
Employee recognition and wellness	23,250	11,505
Professional fees	236,157	237,538
Travel	317,058	394,193
Recruitment and relocation	88,889	39,800
Insurance	1,278	11,210
Interest charges	637	936
Bank charges	103,490	96,187
Photocopying/printing	322,181	356,812
Office related supplies	370,797	404,378
Membership fees	95,647	61,379
General advertising	178,297	222,133
Doubtful receivables	271,665	187,144
Freight and customs	118,818	98,492
Telephone	864,731	833,894
Utilities	6,958	1,546
Repairs and maintenance	33,137	68,416
Vehicle operations	1,828	942
Equipment rentals	21,156	41,550
Protective clothing	6,765	6,847
Amortization	406,399	388,811
Loss of assets		2,375
Loss on disposal of capital assets		11,847
Laundry and drycleaning	1,014	965
Computer supplies	56,679	84,250
Contracted services		11,188
Educational materials	17,996	21,602
Student related	2,414	8,427
Minor equipment and tools	58,801	36,956
Minor computer equipment	79,495	39,120
Materials and supplies	239,086	234,222
Contributions to projects	609,066	272,619
	<u>\$ 13,032,589</u>	<u>\$ 12,932,909</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Instructional Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 39,146,066	\$ 39,531,668
Professional development	131,769	153,306
Professional fees	78,364	22,909
Travel	211,315	273,078
Recruitment and relocation	61,312	29,068
Photocopying/printing	142,790	100,740
Office related supplies	40,330	15,906
Membership fees	20,802	20,644
General advertising	9,399	9,014
Freight and customs	26,650	34,278
Telephone	92,910	82,507
Utilities	2,277	2,345
Repairs and maintenance	63,358	90,899
Vehicle operations	410,772	319,383
Equipment rentals	15,434	10,516
Facilities rentals	96,721	106,480
Protective clothing	19,023	19,478
Amortization	2,425,860	3,061,360
Food cost	61,358	43,852
Laundry and drycleaning	2,559	3,476
Computer supplies	124,099	182,768
Contracted services	29,189	34,758
Educational materials	81,354	60,496
Daycare operations	125,933	98,360
Student related	74,572	85,396
Minor equipment and tools	180,886	159,799
Minor computer equipment	179,580	354,511
Materials and supplies	1,212,400	1,247,159
Contributions to projects	25,592	73,126
	<u>\$ 45,092,674</u>	<u>\$ 46,227,280</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Student Services Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 6,239,071	\$ 6,333,052
Professional development	28,647	29,563
Employee recognition and wellness	375	450
Professional fees	1,183	16,425
Travel	77,470	88,902
Insurance	18,886	1,649
Bank charges		1,355
Photocopying/printing	121,523	88,276
Office related supplies	48,027	53,854
Membership fees	2,859	4,938
General advertising	401,661	436,503
Freight and customs	6,394	10,022
Telephone	28,841	36,503
Repairs and maintenance	3,208	5,865
Equipment rentals		99
Facilities rentals	3,006	3,060
Protective clothing	134	120
Amortization	35,395	86,920
Computer supplies	46,686	12,307
Contracted services	114,075	114,296
Educational materials	146,126	159,514
Student related	48,532	50,225
Minor equipment and tools	36,464	24,632
Minor computer equipment	32,035	20,398
Materials and supplies	82,519	90,871
Contribution to projects	3,345	3,188
	<u>\$ 7,526,462</u>	<u>\$ 7,672,987</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Information Technology Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 2,212,815	\$ 2,383,982
Professional development	7,198	38,046
Travel	28,871	29,015
Photocopying/printing	2,014	2,041
Office related supplies	6,525	10,624
Freight and customs	1,205	1,439
Telephone	23,386	21,756
Repairs and maintenance	9,538	6,803
Protective clothing	13	346
Amortization	193,639	274,975
Computer supplies	1,123,476	1,068,621
Educational materials	128	851
Minor equipment and tools	8,816	2,604
Minor computer equipment	649,781	76,706
Materials and supplies	24,954	19,547
	<u>\$ 4,292,359</u>	<u>\$ 3,937,356</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Resale Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 1,283,567	\$ 1,418,955
Professional development	2,754	389
Travel	2,231	1,452
Photocopying/printing	3,257	3,787
Office related supplies	10,877	10,185
General advertising	205	170
Freight and customs	95,747	122,609
Telephone	2,235	1,696
Utilities	8,508	7,527
Repairs and maintenance	12,291	20,763
Protective clothing	12,503	15,563
Amortization	16,475	23,815
Food cost	610,086	741,913
Laundry and drycleaning	14,100	14,789
Textbooks and supplies	2,040,974	2,015,686
Computer supplies	605	1,050
Contracted services		200
Educational materials	59	258
Minor equipment and tools	29,643	13,231
Minor computer equipment	3,899	3,570
Materials and supplies	142,283	58,642
	<u>\$ 4,292,299</u>	<u>\$ 4,476,250</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Apprenticeship Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 1,674,146	\$ 1,577,239
Professional fees		200
Travel	2,737	4,341
Photocopying/printing	992	4,178
General advertising	290	573
Freight and customs	9,854	2,813
Repairs and maintenance	11,231	15,603
Equipment rentals		485
Facilities rentals		875
Protective clothing	1,200	1,997
Amortization	32,049	41,049
Food cost	46,132	56,823
Laundry and drycleaning	4,573	4,574
Computer supplies	1,057	2,392
Contracted services		300
Educational materials	3,907	12,748
Student related	148,785	205,988
Minor equipment and tools	29,658	26,517
Minor computer equipment	1,851	
Materials and supplies	157,937	159,434
	<u>\$ 2,126,399</u>	<u>\$ 2,118,129</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Continuing Education Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 340,110	\$ 442,408
Professional development	75	584
Professional fees		856
Travel	15,686	18,751
Photocopying/printing	1,170	4,129
Office related supplies	93	121
General advertising	3,811	4,637
Freight and customs	552	906
Telephone	37	23
Vehicle operations	3,309	
Facilities rentals	3,058	6,191
Laundry and drycleaning		88
Computer supplies		19,952
Contracted services	14,137	30,129
Educational materials	1,018	9,670
Student related	6,397	21,548
Minor computer equipment		4,938
Materials and supplies	<u>53,017</u>	<u>34,503</u>
	<u>\$ 442,470</u>	<u>\$ 599,434</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Contract Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 5,574,547	\$ 6,051,808
Professional development	10,295	23,310
Professional fees	47,215	61,262
Travel	121,488	203,166
Insurance	832	644
Photocopying/printing	33,666	35,924
Office related supplies	5,295	13,623
Membership fees	2,438	3,162
General advertising	80,998	94,213
Doubtful receivables	(166,757)	224,246
Freight and customs	4,224	11,594
Telephone	16,360	23,195
Repairs and maintenance	5,413	20,718
Vehicle operations	5,463	15,557
Equipment rentals	41,464	47,602
Facilities rentals	31,965	83,632
Protective clothing	5,697	6,866
Food cost	10,801	11,918
Laundry and drycleaning	791	234
Textbooks and supplies	15,069	
Computer supplies	18,064	19,571
Contracted services	397,633	363,507
Educational materials	21,355	36,818
Student related	156,202	170,595
Minor equipment and tools	27,890	66,813
Minor computer equipment	45,144	81,804
Materials and supplies	310,439	386,082
Contribution to projects		700
	<u>\$ 6,823,991</u>	<u>\$ 8,058,564</u>

See accompanying notes.



**College of the North Atlantic**  
**Summary of International Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 261,595	\$ 520,581
Professional development	813	1,093
Professional fees	46,619	102,150
Travel	88,630	168,084
Photocopying/printing	194	2,114
Office related supplies	260	1,378
Membership fees	13,839	8,600
General advertising	15,869	33,812
Freight and customs	3,983	3,918
Telephone	289	1,344
Repairs and maintenance		13,691
Vehicle operations		110
Facilities rentals		407
Amortization	19,095	16,427
Computer supplies	1,288	7,162
Contracted services	10,651	34,455
Education materials	1,246	5,341
Student related	5,631	114,396
Minor equipment and tools		30,340
Minor computer equipment	2,173	32,163
Materials and supplies	9,838	37,713
	<u>\$ 482,013</u>	<u>\$ 1,135,279</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Special Projects Expenditures**  
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 1,672,162	\$ 1,502,393
Professional development	15,495	49,482
Professional fees	288,296	481,349
Travel	165,077	325,126
Recruitment and relocation	21,668	10,590
Insurance	145	213
Photocopying/printing	10,863	21,171
Office related supplies	9,850	3,148
Membership fees	3,375	1,664
General advertising	23,840	36,770
Freight and customs	3,815	2,341
Telephone	13,988	20,020
Repairs and maintenance	104,352	16,405
Vehicle operations	226	3,017
Equipment rentals	747	24,843
Facilities rentals	1,669	408
Food costs		6,081
Computer supplies	36,913	207,088
Contracted services	182,715	178,401
Educational materials	23,540	8,775
Daycare operations	168	3,465
Student related	81,607	91,536
Minor equipment and tools	18,588	19,381
Minor computer equipment	53,355	119,008
Materials and supplies	330,739	337,632
Contribution to projects	22,363	14,500
	<u>\$ 3,085,556</u>	<u>\$ 3,484,807</u>

See accompanying notes.

**College of the North Atlantic**  
**Summary of Expenditures**  
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 67,884,253	\$ 69,546,665
Professional development	304,577	443,096
Employee recognition and wellness	23,625	11,955
Professional fees	710,555	934,875
Travel	1,034,695	1,514,203
Recruitment and relocation	171,869	79,458
Insurance	313,729	246,265
Interest charges	106,307	87,261
Bank charges	103,490	97,542
Photocopying/printing	639,041	620,360
Office related supplies	493,617	513,684
Membership fees	138,960	100,387
General advertising	714,370	837,825
Doubtful receivables	104,908	411,390
Freight and customs	276,983	288,797
Telephone	1,048,446	1,025,562
Utilities	1,206,620	1,125,628
Repairs and maintenance	1,034,046	1,286,552
Vehicle operations	527,176	450,419
Equipment rentals	80,091	125,095
Facilities rentals	1,147,148	1,197,100
Protective clothing	53,443	60,927
Amortization	3,160,264	3,922,361
Loss of assets		2,375
Loss on disposal of capital assets		11,847
Food cost	728,377	860,587
Laundry and drycleaning	23,037	24,126
Textbooks and supplies	2,056,043	2,015,686
Computer supplies	1,409,653	1,606,509
Contracted services	748,400	767,234
Educational materials	296,729	316,073
Daycare operations	126,101	101,825
Student related	524,140	748,111
Minor equipment and tools	408,766	383,244
Minor computer equipment	1,061,522	732,516
Materials and supplies	2,626,539	2,660,495
Contributions to projects	848,866	364,133
	<u>\$ 92,136,386</u>	<u>\$ 95,522,168</u>

See accompanying notes.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the Twelve Months Ended March 31, 2005

**Authority and Purpose**

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

**1 Significant accounting policies:**

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

(a) *Revenue recognition*

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

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

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

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

**College of the North Atlantic**  
**Notes to Financial Statements**  
**For the Twelve Months Ended March 31, 2005**

(d) *Capital Assets*

Capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. 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 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

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

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements. An accurate valuation of donated artwork has not been obtained at March 31, 2005.

Minor equipment purchases are charged to operations in the year of acquisition.

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

(e) *Severance and vacation pay*

Severance and vacation pay are recorded on an accrual basis.

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

(f) *Foreign Currencies*

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

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the Twelve Months Ended March 31, 2005

**2 Receivables**

	<u>2005</u>	<u>2004</u>
Government of Newfoundland	\$ 704,185	\$ 1,111,137
HRD Subsidy	2,934,689	1,150,000
Students	502,044	988,496
Other	<u>4,361,036</u>	<u>3,411,123</u>
	8,501,954	6,660,756
Less allowance for doubtful accounts	<u>798,673</u>	<u>718,197</u>
	<u>\$ 7,703,281</u>	<u>\$ 5,942,559</u>

**3 Capital assets**

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Artwork	\$ 5,500	\$	\$ 5,500	\$ 5,500
Capital improvements	4,530,093	3,658,529	871,564	853,031
Computer and peripherals	13,557,681	12,834,871	722,810	1,129,517
Furnishings	774,194	705,069	69,125	78,913
Instructional equipment	26,285,385	23,676,918	2,608,467	3,678,632
Other electronic equipment	358,415	273,289	85,126	91,234
Software	437,029	337,444	99,585	59,759
ERP - Peoplesoft	3,724,969	186,248	3,538,721	
Vehicles	3,295,022	2,891,138	403,884	643,593
Asset under development				522,368
	<u>\$ 52,968,288</u>	<u>\$ 44,563,506</u>	<u>\$ 8,404,782</u>	<u>\$ 7,062,547</u>

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

**4 Trust accounts**

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

	<u>2005</u>	<u>2004</u>
Opening balance	\$ 380,789	\$ 374,294
Deposits	4,041	18,706
Payments	-26,400	-27,150
Interest	<u>7,907</u>	<u>14,939</u>
Closing balance	<u>\$ 366,337</u>	<u>\$ 380,789</u>

At year end, the trust accounts were invested as follows:

RB Securities	\$ 366,337	\$ 380,789
Miscellaneous scholarships in general account	<u>38,577</u>	<u>6,462</u>
	<u>\$ 404,914</u>	<u>\$ 387,251</u>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the Twelve Months Ended March 31, 2005

**5 Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of capital assets. Changes in the deferred capital contributions balances are as follows:

	2005	2004
Balance, beginning of year	\$ 3,915,869	\$ 4,489,901
Contributions received for capital purposes		
- Provincial grants	500,000	446,327
- Special projects	476,229	607,667
- Provincial grant uncommitted		56,559
Amortization of deferred capital contributions	(1,472,087)	(1,684,585)
	\$ 3,420,011	\$ 3,915,869

**6 Pensions**

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

**7 Commitments**

**Deloitte Inc. Commitment**

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

2005-2006	1,244,185
2006-2007	1,084,041
2007-2008	1,171,789
2008-2009	1,315,430
2009-2010	1,476,310
2010-2011	379,172

**Lease Commitment**

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

2005-2006	967,524
2006-2007	655,765
2007-2008	312,710
2008-2009	141,356
2009-2010	85,681

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the Twelve Months Ended March 31, 2005

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

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

**9 Financial instruments**

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

**10 Rental accrual**

Included in accounts payable is an accrual totalling \$1,668,696 for unpaid lease payments and related interest for rental of Labrador West campus. The monthly lease amount was raised from \$50,000 to \$80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

**11 Comparative figures**

Certain of the 2004 comparative figures have been reclassified to conform to the financial presentation adopted in 2005.





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

FINANCIAL STATEMENTS / AUDITOR'S REPORT

June 30, 2004



Suite 201, 516 Topsail Rd., St. John's, Nfld. A1E 2C5  
Tel (709) 364-5600 Fax (709) 368-2146 E-mail: info@nkhk.nf.ca

## AUDITORS' REPORT

To the Trustees of  
Conseil scolaire francophone provincial de Terre-Neuve-  
et-Labrador

We have audited the balance sheet of the current and capital funds of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2004 and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

*NKHK Chartered Accountants*  
St. John's, Newfoundland & Labrador  
August 27, 2004

## Conseil scolaire francophone provincial

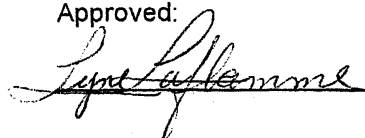
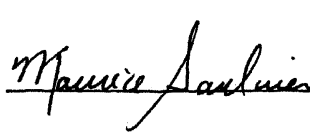
### STATEMENT OF FINANCIAL POSITION

June 30, 2004

	<u>2004</u>	<u>2003</u>
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash (Supp. Info. 1)	\$ (24 638)	\$ (9 503)
Short Term Investments (Supp. Info. 2)	275 000	100 000
Accounts Receivable (Note 2)	325 619	352 882
HST Receivable	16 060	23 823
Prepaid Expenses (Supp. Info. 3)	35 944	16 361
<b>Total Current Assets</b>	<b>627 984</b>	<b>483 563</b>
Property and Equipment (Sch. 8)	6 407 848	4 657 089
	<b>\$ 7 035 832</b>	<b>\$ 5 140 652</b>
 <b><u>Liabilities and Board Equity</u></b>		
<b>Current Liabilities</b>		
Due to the Government of Newfoundland & Labrador	146 539	\$ 139 170
Accounts Payable and Accrued (Note 3)	67 996	73 166
Current Maturities	-	-
<b>Total Current Liabilities</b>	<b>214 535</b>	<b>212 336</b>
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	114 587	101 594
Severance Pay Benefits - Non-teaching staff (Note 5)	35 256	34 828
Other Employee Benefits - Vacation pay	41 665	34 519
Summer Pay Liability	262 895	253 792
Deferred Revenue	111 367	4 798
	<b>565 770</b>	<b>429 531</b>
<b>Board Equity</b>		
Deferred revenue relating to capital assets (Note 4)	6 407 849	4 657 089
Board Equity (Deficit)	(152 321)	(158 304)
<b>Total Board Equity</b>	<b>6 255 528</b>	<b>4 498 785</b>
	<b>7 035 832</b>	<b>\$ 5 140 652</b>

See Accompanying Notes

Approved:

 Chairperson
  Director of Education

## Conseil scolaire francophone provincial

### Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
<b>Current Revenue (Schedule 1)</b>		
Federal Government Grants	\$ 600 000	\$ 975 250
Provincial Government Grants	3 872 125	3 341 275
Donations	-	-
Ancillary Services	25 000	25 000
Miscellaneous	28 163	57 987
	<u>4 525 288</u>	<u>4 399 512</u>
<b>Current Expenditures</b>		
Pupil Services - federal grant	468 452	499 154
Administration - (Schedule 2)	634 718	597 190
Programs - federal grant	142 000	142 000
Instruction (Schedule 3)	2 399 338	2 327 849
Operations and Maintenance (Schedule 4)	461 918	445 009
Pupil Transportation (Schedule 5)	209 637	201 093
Amortization of capital assets	166 355	163 301
Ancillary Services (Schedule 6)	-	-
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	4 847	-
	<u>4 487 265</u>	<u>4 375 595</u>
23 111 Excess of Revenue over Expenditure before undernoted item	38 023	23 916
Transfer to Capital Fund	<u>19 047</u>	<u>73 065</u>
Excess of Expenditure over Revenue for the Period	18 976	(49 149)
Teacher severance pay accrual (Note 5)	<u>(12 993)</u>	<u>(20 870)</u>
Adjusted excess of Expenditure over Revenue	5 983	(70 019)
Board Equity (Deficiency), Beginning of Year	(158 304)	(88 285)
Fund Balance (Deficiency), End of the Year	<u>\$ (152 321)</u>	<u>\$ (158 304)</u>

See Accompanying Notes

## Conseil scolaire francophone provincial

### Statement of Cash Flows Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
<b>60 Operating Activities</b>		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	5 983	(70 019)
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	(175 000)	-
014 - Accounts Receivable	35 028	(159 135)
015 - Prepaid Expenses	(19 583)	29 398
- Deferred Charges	-	-
014 - Accounts Payable & Accrued Expenses	2 199	(58 074)
- Summer Pay Liability	9 103	253 792
015 - Amortization of deferred expenses	-	-
016 Other - Severance pay accrual	13 421	24 823
Other - Other employee benefits	7 146	8 771
Other - Deferred revenue	106 569	(52 602)
	<u>(15 134)</u>	<u>(23 046)</u>
<b>61 Financing Activities</b>		
011 Proceeds from Bank Loans	-	-
012 Grants - Capital	1 917 115	1 539 106
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other	-	-
	<u>1 917 115</u>	<u>1 539 106</u>
<b>62 Investing Activities</b>		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Property and Equipment	(1 917 115)	(1 539 106)
013 Other	-	-
	<u>(1 917 115)</u>	<u>(1 539 106)</u>
<b>63 Increase (decrease) in Cash</b>	(15 134)	(23 046)
<b>64 Cash, Beginning of the Year</b>	(9 504)	13 542
<b>65 Cash, End of the Year</b>	\$ (24 638)	\$ (9 504)

See Accompanying Notes

## Conseil scolaire francophone provincial

### Statement of Changes in Capital Fund Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
<b>70 Capital Receipts</b>		
<b>71 Proceeds from Bank Loans</b>		
011 - School Construction	\$ -	\$ -
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Pupil Transportation	-	-
	<hr/>	<hr/>
	-	-
<b>72 Federal Grants</b>		
011 School Construction and Equipment	-	-
012 Other	-	-
	<hr/>	<hr/>
	-	-
<b>73 Donations</b>		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
	<hr/>	<hr/>
	-	-
<b>74 Sale of Capital Assets - Proceeds</b>		
011 - Land & 012 Buildings	-	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
	<hr/>	<hr/>
	-	-
<b>75 Other Capital Revenues</b>		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous		
- Department of Education Capital Grants	1 898 068	1 466 041
- Department of Education Info Technology Grants	-	-
- Cost sharing for Info Technology Grants	-	-
	<hr/>	<hr/>
<b>Total Capital Receipts</b>	<u>1 898 068</u>	<u>1 466 041</u>
<b>77 Transfer from Reserve Account</b>	<hr/> -	<hr/> -
<b>78 Transfer to/from Current Fund</b>	<hr/> 19 047	<hr/> 73 065
<b>Total</b>	<u><u>\$ 1 917 115</u></u>	<u><u>\$ 1 539 106</u></u>

See Accompanying Notes





## Conseil scolaire francophone provincial

### Notes to the Financial Statements Year Ended June 30, 2004

#### 1. Significant Accounting Policies:

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

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

1. Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues.
2. Fixed asset additions are recorded at full cost in the capital fund.
3. Effective July 1, 2003, the District commenced the amortization of its capital assets. A retroactive calculation was performed based on the straight-line method based on the following number of years.
  - School buildings - 40 years
  - Furniture - 10 years
  - Equipment - 10 years
  - Computers - 4 years
4. Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which its relates.
5. The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.

## Conseil scolaire francophone provincial

### Notes to the Financial Statements Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
<b>2.</b>	<b><u>Accounts Receivable</u></b>		
	<u>Current</u>		
11	131 Provincial Government	\$ 262 895	\$ 280 677
	132 Transportation		
	133 Federal Government	30 663	32 002
	136 Other School Districts	-	-
	137 Rent	-	-
	138 Interest	584	1 212
	139 Travel Advances and Misc.	31 477	6 849
	<u>Capital</u>		
11	231 EIC - Construction Grants	-	32 142
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		325 619	352 882
		325 619	352 882

## Conseil scolaire francophone provincial

### Notes to the Financial Statements Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
<b>3.</b>	<b><u>Accounts Payable and Accrued</u></b>		
	<u>Current</u>		
21	111 Trade Payable	\$ 18 012	\$ 15 992
	112 Accrued - Liabilities	23 494	25 850
	113 - Interest	-	-
	114 - Wages	26 490	31 324
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants	-	-
	118 Other	-	-
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other		
		67 996	73 166
		67 996	73 166

## Conseil scolaire francophone provincial

### Notes to the Financial Statements Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
4. Deferred revenue related to fixed assets -		
beginning of year	\$ 4 657 089	\$ 3 281 284
Add:		
Transfer of Operating Funds to Capital Fund	19 047	40 924
Grants		
- EIC - Contribution for Capital Construction	-	32 141
- Other -		
Capital Projects funded by EIC but paid directly to other sources on behalf of the District	1 898 068	1 466 041
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Miscellaneous		
	<u>1 917 115</u>	<u>1 539 106</u>
Deduct Adjustments		
Amortization of Investment in Capital Assets	166 355	163 301
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other	-	-
	<u>166 355</u>	<u>163 301</u>
Other	-	-
23 221 Deferred revenue relating to capital assets	<u>\$ 6 407 849</u>	<u>\$ 4 657 089</u>
-end of year	<u><u>\$ 6 407 849</u></u>	<u><u>\$ 4 657 089</u></u>

## Conseil scolaire francophone provincial

### Notes to the Financial Statements Year Ended June 30, 2004

#### 5. Accrued Severance Leave

The amount of \$12,993 for teachers' severance costs and the amount of \$428 for non-teaching staff severance costs are included in expenses. The amount of \$114,587 for teachers' severance costs and the amount of \$35,256 for non-teaching staff severance costs for a total of \$149,843 are included in the liabilities.

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

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

## Conseil scolaire francophone provincial

Current Revenues  
Year Ended June 30, 2004

<u>Current Revenues</u>	<u>2004</u>	<u>2003</u>
<b>Federal Government Grants</b>		
Regular Operating Grants	\$ 600 000	\$ 975 250
<b>32 010 Provincial Government Grants</b>		
011 Regular Operating Grants	\$ 1 260 493	\$ 799 088
Amort. of deferred rev for capital assets	\$ 166 355	\$ 163 301
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	47 463	50 002
- French Language recuperation	-	-
- Textbook credit allocation	588	334
- Communication Tech	-	-
- Other	34 496	49 853
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	-	-
021 - Regular Teachers	2 057 794	1 954 524
022 - Substitute Teachers	63 597	93 625
- Student Assistants	34 362	30 634
030 Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	206 977	199 913
033 - Handicapped	-	-
	<hr/>	<hr/>
	3 872 125	3 341 275
<b>33 010 Donations</b>		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<hr/>	<hr/>
	-	-
<b>34 010 Ancillary Services</b>		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	-	-
032 Other	25 000	25 000
	<hr/>	<hr/>
	25 000	25 000
	<hr/>	<hr/>

Schedule 1 (Cont'd)

Conseil scolaire francophone provincial

Current Revenues  
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
<b>35 010 Miscellaneous</b>		
011 Interest on Investments	\$ 1 971	\$ 2 979
012 Bus Charters	-	-
021 Recoveries of Expenditures	8 363	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	32 681
091 Textbooks	-	-
092 Other		
- Mining Company Grants	17 529	22 027
- Tutoring for tuition	300	300
- Sundry	-	-
	<hr/>	<hr/>
	28 163	57 987
	<hr/>	<hr/>
<b>Total Current Revenues</b>	<b>\$ 4 525 288</b>	<b>\$ 4 399 512</b>

## Schedule 2

## Conseil scolaire francophone provincial

Administration Expenditures  
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
51 <b>Salaries and Benefits</b>		
011 - Superintendents and Assistant Superintendents	197 205	181 676
012 - Board Office Personnel	265 103	211 810
013 Office Supplies	6 026	7 036
014 Replacement Furniture and Equipment	603	2 137
015 Postage	4 190	6 189
016 Telephone	15 845	16 902
017 Office Equipment Rentals and Repairs	7 535	3 815
018 Bank Charges	2 954	2 364
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	-
023 Repairs and Maintenance - Office Building	-	-
024 Travel	26 801	34 007
025 Board Meeting Expenses	36 107	33 394
026 Election Expenses	-	-
027 Professional Fees	13 498	27 019
028 Advertising - Recrutement	13 314	26 299
029 Membership Dues	11 813	10 639
031 Municipal Service Fees	-	-
032 Rental of Office Space	31 185	33 438
033 Relocation Expenses	-	-
034 Miscellaneous	1 639	354
Forums	-	-
035 Payroll Tax	-	-
Training	\$ 902	\$ 110
Total Administration Expenditures	<u>\$ 634 718</u>	<u>\$ 597 190</u>



**Conseil scolaire francophone provincial**

**Instruction Expenditures  
Year Ended June 30, 2004**

	<u>2004</u>	<u>2003</u>
<b># 10 Instructional Salaries (Gross)</b>		
11 Teachers' Salaries - Regular	\$ 1 743 261	\$ 1 632 183
12                           - Substitute	43 330	62 261
13                           - Board Paid	12 075	27 496
14 Augmentation	-	-
15 Employee Benefits	290 763	292 966
16 School Secretaries - Salaries & Benefits	92 006	59 634
17 Payroll Tax	36 143	34 109
18 Other - Salaries & Benefits - program asst	-	-
Other - Salaries & Benefits - student asst	26 573	24 750
Other - Salaries & Benefits - Labrador	6 438	16 391
	<u>2 250 590</u>	<u>2 149 790</u>
<b># 40 Instructional Materials</b>		
41 General Supplies	11 689	11 387
42 Library Resource Materials	-	-
43 Teaching Aids	18 142	9 868
44 Textbooks	379	3 552
	<u>30 210</u>	<u>24 807</u>
<b># 60 Instructional Furniture and Equipment</b>		
61 Replacement	-	343
62 Rentals and Repairs	6 850	6 566
	<u>6 850</u>	<u>6 909</u>
<b># 80 Instructional Staff Travel</b>		
81 Program Co-ordinators	22 527	27 778
82 Teachers' Travel	14 740	15 062
83 Inservice and Conferences	5 053	6 271
	<u>42 320</u>	<u>49 112</u>
<b># 90 Other Instructional Costs</b>		
91 French Monitor Program	52 406	54 872
92 Miscellaneous	3 355	-
Special Needs assessments	6 530	8 262
Kinderstart	7 078	16 410
Tuition - Blanc-Sablon	-	17 688
	<u>69 369</u>	<u>97 232</u>
<b>Total Instruction Expenditures</b>	<u><u>\$ 2 399 338</u></u>	<u><u>\$ 2 327 849</u></u>

## Conseil scolaire francophone provincial

### Operations and Maintenance Expenditures - Schools Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
53 011 Salaries - Janitorial	\$ 145 720	\$ 127 083
012 - Maintenance - Summer	9 942	9 256
013 Payroll Tax	-	-
014 Electricity	92 028	95 991
015 Fuel	-	-
016 Municipal Service Fee	8 283	7 454
017 Telephone	21 315	20 277
Communications - Distance education	1 571	1 301
018 Vehicle Operating and Travel	178	248
019 Janitorial Supplies	11 932	7 980
021 Janitorial Equipment	2 284	2 288
022 Repairs and Maintenance - Buildings	30 769	36 906
023 - Equipment	12 640	14 438
024 Contracted Services - Janitorial	500	-
025 Snow Clearing	25 428	23 350
026 Rentals	95 938	95 977
027 Other (Miscellaneous)	3 389	2 460
	<u>3 389</u>	<u>2 460</u>
Total Operations and Maintenance	<u>\$ 461 918</u>	<u>\$ 445 009</u>

## Conseil scolaire francophone provincial

Pupil Transportation Expenditure  
Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012                                   - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015                                   - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022                                   - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
54	040 Contracted Services		
	041 Regular Transportation	209 637	201 093
	042 Handicapped	-	-
		<hr/>	<hr/>
		209 637	201 093
		<hr/>	<hr/>
	Pupil Transportation Expenditures	<u>\$ 209 637</u>	<u>\$ 201 093</u>

## Conseil scolaire francophone provincial

### Ancillary Services and Miscellaneous Expenses Year Ended June 30, 2004

#### Schedule 6

#### Ancillary Services

The Board owns and operates the following ancillary services:

	<u>2004</u>	<u>2003</u>
<b>55 Ancillary Services</b>		
011 Operation of Teachers' Residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	-	-
	<hr/>	<hr/>
	\$ -	\$ -
	<hr/>	<hr/>

#### Schedule 7

#### Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

Other	4 847	-
	<hr/>	<hr/>
57 011 Miscellaneous Expenses	\$ 4 847	\$ -
	<hr/>	<hr/>

## Conseil scolaire francophone provincial

Details of Property and Equipment  
Year Ended June 30, 2004

	Cost 2003	Additions 2004	Cost 2004	Accumulated Amortization 2004	Net book value 2004	Net book value 2003
<b>12 210 Land and Sites</b>						
211 Land and Sites	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>12 220 Buildings</b>						
221 Schools	7 157 383	1 898 068	9 055 451	2 763 499	6 291 952	4 522 256
222 Administration	-	-	-	-	-	-
223 Residential	-	-	-	-	-	-
224 Recreational	-	-	-	-	-	-
225 Other	-	-	-	-	-	-
	<u>7 157 383</u>	<u>1 898 068</u>	<u>9 055 451</u>	<u>2 763 499</u>	<u>6 291 952</u>	<u>4 522 256</u>
<b>12 230 Furniture and Equip.</b>						
231 Schools	231 234	18 154	249 388	163 974	85 414	92 998
232 Administration	154 763	893	155 656	125 174	30 482	41 835
233 Residential	-	-	-	-	-	-
234 Recreation	-	-	-	-	-	-
235 Other	-	-	-	-	-	-
	<u>385 997</u>	<u>19 047</u>	<u>405 044</u>	<u>289 148</u>	<u>115 896</u>	<u>134 833</u>
<b>12 240 Vehicles</b>						
241 Service Vehicles	-	-	-	-	-	-
<b>12 250 Pupil Transportation</b>						
251 Land	-	-	-	-	-	-
252 Building	-	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-	-
254 - Service	-	-	-	-	-	-
255 Equipment	-	-	-	-	-	-
256 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>12 260 Misc. Capital Assets</b>						
261 Other	-	-	-	-	-	-
<b>Total Property and Equipment</b>	<u>\$ 7 543 380</u>	<u>\$ 1 917 115</u>	<u>\$ 9 460 495</u>	<u>\$ 3 052 647</u>	<u>\$ 6 407 848</u>	<u>\$ 4 657 089</u>

Schedule 9

Conseil scolaire francophone provincial

Details of Long Term Debt  
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
22 210 Loans Other than Pupil Transportation	\$	\$
Ref. #		
<b>211 Bank Loans</b>		
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 211	-	-
<b>212 Mortgages</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 212	-	-
<b>213 Debentures</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 213	-	-
Subtotal	-	-
215 Less Current Maturities	-	-
Total Loans Other Than Pupil Transportation	-	-



Schedule 9A

Conseil scolaire francophone provincial

Summary of Long Term Debt  
Year Ended June 30, 2004

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



Schedule 9B

Conseil scolaire francophone provincial

Schedule of Current Maturities  
Year Ended June 30, 2004

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

Schedule 9C

Conseil scolaire francophone provincial

Schedule of Interest Expense  
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
56 010		
<u>Description</u>		
<b>012 Capital</b>		
School Construction	\$ -	\$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
<b>Total Capital</b>	<u>-</u>	<u>-</u>
<b>013 Current - Operating Loans</b>	-	-
014       - Supplier Interest	-	-
- Charges	-	-
<b>Total Current</b>	<u>-</u>	<u>-</u>
<b>Total Interest Expense</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## Conseil scolaire francophone provincial

### Supplementary Information Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
<b>1.</b>	<b><u>Cash</u></b>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	(24 638)	(9 503)
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	-	-
		<u>(24 638)</u>	<u>(9 503)</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
	<b>Total Cash on Hand and in Bank</b>	<u><u>(24 638)</u></u>	<u><u>(9 503)</u></u>
<b>2.</b>	<b><u>Short Term Investments</u></b>		
	<u>Current</u>		
11	121 Term Deposits	275 000	100 000
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	<b>Total Short Term Investments</b>	<u><u>\$ 275 000</u></u>	<u><u>\$ 100 000</u></u>

## Conseil scolaire francophone provincial

Supplementary Information  
Year Ended June 30, 2004

			<u>2004</u>	<u>2003</u>
3.	<b><u>Prepaid Expenses</u></b>			
	<u>Current</u>			
11	141 Insurance			
	142 Municipal Service Fees	\$	-	\$ -
	143 Supplies		-	-
	144 Other			
	- Building Leases - July month		9 932	9 932
	- Workers' Compensation Commission		13 616	4 787
	- Salaries		3 631	-
	- Teachers in-service - advance		876	-
	- Airplane Tickets		1 520	715
	- Board meetings - advance		1 804	-
	- Moving expenses - advance		1 868	-
	- Other		2 698	927
			-	-
	<u>Capital</u>			
11	241 Other		-	-
			<u>\$ 35 944</u>	<u>\$ 16 361</u>



**CONSUMER PROTECTION FUND FOR  
PREPAID FUNERAL SERVICES**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

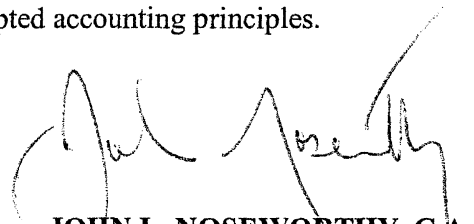
**AUDITOR'S REPORT**

To the Minister of Government Services  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
6 June 2005

# CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

## BALANCE SHEET

31 March

2005

2004

### ASSETS

#### Current

Cash	\$ -	\$ 5,614
Accounts receivable	1,276	1,051
	<u>\$ 1,276</u>	<u>\$ 6,665</u>

### LIABILITIES AND DEFICIT

#### Current

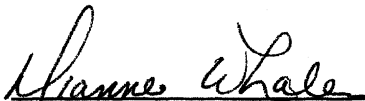
Bank indebtedness (Note 2)	\$ 159,912	\$ 143,802
Accounts payable and accrued liabilities	3,125	1,720
	<u>163,037</u>	<u>145,522</u>

Liability for claims arising from prepaid funeral services contracts (Note 3)	<u>229,324</u>	<u>280,176</u>
	<u>392,361</u>	<u>425,698</u>

Deficit	<u>(391,085)</u>	<u>(419,033)</u>
	<u>\$ 1,276</u>	<u>\$ 6,665</u>

See accompanying notes

Signed on behalf of the Fund:

  
Minister of Government Services

  
Deputy Minister of Government Services



**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**STATEMENT OF REVENUES, EXPENSES AND DEFICIT**  
**For the Year Ended 31 March**

**2005**

**2004**

**REVENUES**

Assessments (Note 4) \$ 37,956 \$ 32,218

**EXPENSES**

Claims arising from prepaid funeral services contracts (Note 3) 1,161 405  
 Interest and bank charges 5,681 6,427  
 Professional services 3,166 2,100  
10,008 8,932

**Excess of revenues over expenses 27,948 23,286**

**Deficit, beginning of year (419,033) (442,319)**

**Deficit, end of year \$ (391,085) \$ (419,033)**

*See accompanying notes*

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES  
STATEMENT OF CASH FLOWS**

**For the Year Ended 31 March**

**2005**

**2004**

**Cash flows from operating activities**

Excess of revenues over expenses	\$ 27,948	\$ 23,286
Change in non-cash working capital	1,180	115
	<u>29,128</u>	<u>23,401</u>

**Cash flows from financing activities**

Liability for claims arising from prepaid funeral services contracts (Note 3)	1,161	405
Payment of claims arising from prepaid funeral services contracts (Note 3)	(52,013)	(29,159)
	<u>(50,852)</u>	<u>(28,754)</u>

**Net decrease in cash and cash equivalents** (21,724) (5,353)

**Cash and cash equivalents, beginning of year** (138,188) (132,835)

**Cash and cash equivalents, end of year** \$ (159,912) \$ (138,188)

**Cash and cash equivalents include:**

Cash	\$ -	\$ 5,614
Bank indebtedness	(159,912)	(143,802)
	<u>\$ (159,912)</u>	<u>\$ (138,188)</u>

*See accompanying notes*

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**Authority**

The Consumer Protection Fund for Prepaid Funeral Services (the Assurance Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

**1. Significant accounting policies**

These financial statements have been prepared by the Assurance Fund's management in accordance with Canadian generally accepted accounting principles.

**2. Bank indebtedness**

The Assurance Fund has a \$200,000 revolving demand credit facility guaranteed by the Province. Interest is charged at the bank's prime rate. As at 31 March 2005, \$159,912 (2004 - \$143,802) had been drawn down on this line of credit.

**3. Liability for claims arising from prepaid funeral services contracts**

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling \$492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 10 claims (2004 - 5) relating to these prepaid funeral services contracts were paid by the Assurance Fund. Details of the change in the liability are as follows:

	<u>2005</u>	<u>2004</u>
<b>Liability, beginning of year</b>	<b>\$ 280,176</b>	<b>\$ 308,930</b>
Additional claims arising during the year	1,161	405
<u>Payment of claims during the year</u>	<u>(52,013)</u>	<u>(29,159)</u>
<b><u>Liability, end of year</u></b>	<b><u>\$ 229,324</u></b>	<b><u>\$ 280,176</u></b>

All payments made to funeral homes which subsequently performed the contracted services are net of Harmonized Sales Tax (HST), pending a ruling from the Canada Revenue Agency (CRA). The Province is in the process of determining whether the closed funeral home in Port aux Basques had submitted HST to the CRA.

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**4. Assessments**

A seller of prepaid funeral services is required to pay into the Assurance Fund between 1% and 5% of the cost of each prepaid funeral contract depending on the amount held in trust. During the year, \$37,956 (2004 - \$32,218) was paid to the Assurance Fund.

**5. Financial instruments**

The Assurance Fund's financial instruments recognized on the balance sheet consist of cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

**6. Related party transactions**

The Assurance Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

**7. Income taxes**

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



**CORMACK TRAIL SCHOOL BOARD  
STEPHENVILLE, NEWFOUNDLAND**

**FINANCIAL STATEMENTS/AUDITOR'S REPORT**

**August 31, 2004**

## Auditors' Report

To The Members of The Cormack Trail School Board

We have audited the balance sheet of the current and capital funds of the Cormack Trail School Board as at August 31, 2004, and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the 14 month period then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and changes in its capital financial position for the 14 month period then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Stephenville, Newfoundland  
City

November 4, 2004  
Date

  
\_\_\_\_\_  
Chartered Accountants

**Cormack Trail School Board**

**BALANCE SHEET**

**August 31, 2004**

**Assets**

	<b>(August 31)</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Current Assets</b>		
Cash (Supp. Info. 1)	\$ 1,070,722	\$ 613,940
Short Term Investments (Supp. Info. 2)	--	--
Accounts Receivable (Note 2)	312,042	3,958,948
Prepaid Expenses (Supp. Info. 3)	<u>35,671</u>	<u>49,117</u>
Total Current Assets	<u>1,418,435</u>	<u>4,622,005</u>
Property and Equipment (Sch. 8)	<u>69,502,625</u>	<u>69,109,624</u>
	<u>\$ 70,921,060</u>	<u>\$ 73,731,629</u>

**Liabilities and Board Equity**

<b>Current Liabilities</b>		
Bank Indebtedness (Note 3)	\$ --	\$ --
Accounts Payable and Accrued (Note 4)	548,955	4,340,804
Current Maturities (Schedule 9A)	<u>                    </u>	<u>40,000</u>
Total Current Liabilities	<u>548,955</u>	<u>4,380,804</u>
Long-Term Debt (Schedule 9)	<u>                    </u>	<u>                    </u>
Severance Pay Accrual	<u>7,547,466</u>	<u>7,698,938</u>
<b>Board Equity</b>		
Investment in Capital Assets (Note 6)	69,555,101	69,162,100
Reserve Account (Note 5)	200,987	200,987
Board Equity	<u>(6,931,449)</u>	<u>(7,711,200)</u>
<b>Total Board Equity</b>	<u>62,824,639</u>	<u>61,651,887</u>
	<u>\$ 70,921,060</u>	<u>\$ 73,731,629</u>

See Accompanying Notes

Approved:                      Chairman  
                     Secretary



**Cormack Trail School Board**

**Statement of Current Revenues, Expenditures and Board Equity  
Fourteen Month Ended August 31, 2004**

	(August 31) <u>2004</u>	<u>2003</u>
<b>Current Revenue (Schedule 1)</b>		
Provincial Government Grants	\$ 46,323,900	\$ 41,707,422
Donations	--	--
Ancillary Services	12,250	12,250
Miscellaneous	<u>611,032</u>	<u>680,839</u>
	<u>46,947,182</u>	<u>42,400,511</u>
 <b>Current Expenditures</b>		
Administration (Schedule 2)	1,392,773	1,134,024
Instruction (Schedule 3)	38,035,765	35,590,854
Operations and Maintenance (Schedule 4)	4,648,089	4,155,541
Pupil Transportation (Schedule 5)	2,108,084	2,062,211
Ancillary Services (Schedule 6)	27,930	8,167
Interest Expense (Schedule 9C)	290	1,129
Miscellaneous (Schedule 7)	<u>24,513</u>	<u>20,151</u>
	<u>46,237,444</u>	<u>42,972,077</u>
 23 111 Excess of Revenue over Expenditures	709,738	(570,566)
Transfer to/from Capital	<u>70,013</u>	<u>167,965</u>
Net Increase/Decrease in Board Equity	779,751	(403,601)
Board Equity, Beginning of Year	<u>(7,711,200)</u>	<u>(7,307,599)</u>
	(6,931,449)	(7,711,200)
Less Transferred to Reserve Account	<u>--</u>	<u>--</u>
Board Equity, End of Year	<u>\$ (6,931,449)</u>	<u>\$ (7,711,200)</u>

See Accompanying Notes

**Cormack Trail School Board**

**Statement of Changes in Financial Position**

**Fourteen Month Ended August 31, 2004**

		(August 31) <u>2004</u>	<u>2003</u>
<b>60</b>	<b><u>Operating Activities</u></b>		
011	Excess of Revenue over Expenditures	\$ 709,738	\$ (570,566)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	--	4,300
014	- Accounts Receivable	3,646,906	313,177
015	- Prepaid Expenses	13,446	(16,124)
014	- Accounts Payable & Accrued Expenses	(3,791,849)	(209,017)
015	- Current Maturities	(40,000)	40,000
016	Other (Specify)		
	- Increase (Decrease) in Severance Pay Accrual	(151,472)	414,059
	- Increase in reserve account	--	200,987
		<u>386,769</u>	<u>175,816</u>
<b>61</b>	<b><u>Financing Activities</u></b>		
011	Proceeds from Bank Loans	--	90,000
012	Grants - Capital	358,900	495,252
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	--	(40,000)
015	Other (Specify)		
	- Recovery of Expenditures	4,314	8,585
	- Transfer from reserve	100,000	--
		<u>463,014</u>	<u>553,837</u>
<b>62</b>	<b><u>Investing Activities</u></b>		
011	Proceeds on Sale of Capital Assets	--	13,076
012	Additions to Property and Equipment	(393,001)	(774,876)
013	Other (Specify)	--	--
		<u>(393,001)</u>	<u>(761,800)</u>
<b>63</b>	<b>Increase (Decrease) in Cash</b>	<u>456,782</u>	<u>(32,147)</u>
<b>64</b>	<b>Cash, Beginning of The Year</b>	<u>613,940</u>	<u>646,087</u>
<b>65</b>	<b>Cash, End of The Year</b>	<u>\$ 1,070,722</u>	<u>\$ 613,940</u>

See Accompanying Notes

**Cormack Trail School Board**

**Statement of Changes in Capital Fund**

**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
70	<b>Capital Receipts</b>		
71	<b>Proceeds from Bank Loans</b>		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	--	90,000
014	- Pupil Transportation	--	--
015	- Other (Specify)	--	--
		<hr/>	<hr/>
		--	90,000
		<hr/>	<hr/>
72	<b>EIC Grants</b>		
011	School Construction and Equipment	--	--
012	Other	--	--
		<hr/>	<hr/>
		--	--
		<hr/>	<hr/>
73	<b>Donations</b>		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		<hr/>	<hr/>
		--	--
		<hr/>	<hr/>
74	<b>Sale of Capital Assets - Proceeds</b>		
011	- Land	--	12,076
012	- Buildings	--	--
013	- Equipment	--	--
014	- Service Vehicles	--	1,000
015	- Pupil Transportation Vehicles	--	--
016	- Other (Specify)	--	--
		<hr/>	<hr/>
		--	13,076
		<hr/>	<hr/>
75	<b>Other Capital Revenues</b>		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	4,314	8,585
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Special Incentives	358,700	495,252
		<hr/>	<hr/>
		363,014	503,837
		<hr/>	<hr/>
	<b>Total Capital Receipts</b>	<u>363,014</u>	<u>606,913</u>
77	<b>Transfer from Reserve Account</b>	<u>100,000</u>	--
78	<b>Transfer to/from Current Fund</b>	<u>(70,013)</u>	<u>167,965</u>
Total		<u>\$ 393,001</u>	<u>\$ 774,878</u>

See Accompanying Notes

**Cormack Trail School Board**

**Statement of Changes in Capital Fund (Cont'd)**

**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
<b>80</b>	<b><u>Capital Disbursements</u></b>		
<b>81</b>	<b>Additions to Property &amp; Equipment</b>		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	--	427,183
013	- Furniture & Equipment - School	377,517	264,788
014	- Furniture & Equipment - Other	15,484	--
015	- Service Vehicles	--	82,907
016	- Pupil Transportation	--	--
017	- Other (Specify)	--	--
		<u>393,001</u>	<u>774,878</u>
<b>82</b>	<b>Principal Repayment of Long-Term Debt</b>		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Other (Specify)	--	--
		<u>--</u>	<u>--</u>
<b>83</b>	<b>Miscellaneous Disbursements</b>		
013	- Other (Specify)- Accounts payable	--	--
	<b>Total Capital Disbursements</b>	<u>\$ 393,001</u>	<u>\$ 774,878</u>

See Accompanying Notes

Cormack Trail School Board

Notes to The Financial Statements

Fourteen Month Ended August 31, 2004

1. Significant Accounting Policies:

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

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

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.
- (b) Capital asset additions are recorded at full cost in the capital fund.
- (c) The Board does not calculate or record amortization on any of its capital assets.

Cormack Trail School Board

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

2.		<u>Accounts Receivable</u>	(August 31)	
		<u>Current</u>	<u>2004</u>	<u>2003</u>
11	131	Provincial Government	\$ --	\$ 3,786,621
	132	Transportation	--	--
	133	Federal Government	178,908	154,692
	136	Other School Boards	--	--
	137	Rent	--	--
	138	Interest	--	--
	139	Travel Advances and Miscellaneous	<u>133,134</u>	<u>17,635</u>
			312,042	3,958,948
		<u>Capital</u>		
11	231	EIC - Construction Grants	--	--
	233	Local Contributions	--	--
	234	Other School Boards	--	--
	235	Other (Specify) - Province	<u>--</u>	<u>--</u>
			<u>\$ 312,042</u>	<u>\$ 3,958,948</u>
3.		<u>Bank Indebtedness</u>		
21	131	On Operating Credit	\$ --	\$ --
	132	On Capital Account	<u>--</u>	<u>--</u>
			<u>\$ --</u>	<u>\$ --</u>

Cormack Trail School Board

Notes to the Financial Statements

Fourteen Month Ended August 31, 2004

4. <u>Accounts Payable and Accrued</u>		(August 31)	
<u>Current</u>		<u>2004</u>	<u>2003</u>
21	111 Trade Payable	\$ --	\$ 82,530
	112 Accrued - Liabilities	340,368	159,004
	113 - Interest	--	--
	114 - Wages	--	3,864,234
	115 Payroll Deductions	9,725	5,231
	116 Retail Sales Tax	--	--
	117 Deferred Grants	26,413	110,866
	118 Other - Playground donation	--	--
	- Vacation Payable	<u>172,449</u>	<u>113,180</u>
		548,955	4,335,045
 <u>Capital</u>			
21	211 Trade Payable	--	--
	212 Accrued - Liabilities	--	5,759
	213 - Interest	--	--
	217 Deferred Grants	--	--
	218 Other (Specify)	--	--
		<u>\$ 548,955</u>	<u>\$ 4,340,804</u>

**Cormack Trail School Board**  
**Notes to the Financial Statements**  
**Fourteen Month Ended August 31, 2004**

5. **Reserve Account**

Description:

	<u>(August 31)</u> <u>2004</u>	<u>2003</u>
Balance, Beginning of Year	\$ 200,987	\$ --
Less Transfer from Reserve	<u>    --</u>	<u>    --</u>
	200,987	--
Add Transfer to Reserve	<u>    --</u>	<u>200,987</u>
Balance, End of Year	<u>\$ 200,987</u>	<u>\$ 200,987</u>



**Cormack Trail School Board**

**Notes to The Financial Statements**

**Fourteen Month Ended August 31, 2004**

	<b>(August 31)</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>
6. Investment in Capital Assets, beginning of year	\$ 69,162,100	\$ 69,605,139
Add:		
Transfer of Operating funds to Capital Fund	(70,013)	167,965
Grants		
- EIC - Contribution for Capital Const.	--	--
- Other - Special Incentives	358,700	384,513
Capital projects funded by EIC but paid directly to other sources on behalf of Board.	--	--
Donations - Playground equipment	--	--
Proceeds from Sale of Capital Assets		
- Land	--	12,076
- Buildings	--	--
- Equipment	--	--
- Vehicles	--	1,000
- Other-Bank loan principle	--	90,000
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	4,314	8,585
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Miscellaneous (Specify) - Reserve Account	<u>100,000</u>	<u>110,739</u>
	<u>69,555,101</u>	<u>70,380,017</u>
Deduct Adjustments:		
Cost of assets sold		
- Land		(14,076)
- Buildings		(1,106,385)
- Equipment		--
- Vehicles		(97,456)
- Other	--	--
	--	<u>(1,217,917)</u>
Other	--	--
23 221 Investment in Capital Assets, End of Year	<u>\$ 69,555,101</u>	<u>\$ 69,162,100</u>

Cormack Trail School Board

Notes to The Financial Statements

Fourteen Month Period Ended August 31, 2004

7. Commitments

At balance sheet date the Board had the following commitments:

Cormack Trail School Board

## Current Revenues

Fourteen Month Ended August 31, 2004

<u>Current Revenues</u>	(August 31) <u>2004</u>	<u>2003</u>
32 010 <b>Provincial Government Grants</b>		
011 Regular	\$ 8,160,628	\$ 5,879,572
016 Special Grants (Details on bottom of Schedule 1)	81,417	67,672
Salaries and Benefits		
017 - Directors and Asst. Directors	349,552	266,706
021 - Regular Teachers	33,943,184	31,877,220
022 - Substitute Teachers	902,317	728,928
023 - Student Assistants	809,521	826,740
030 Pupil Transportation		
031 - Board Owned	--	--
032 - Contracted	1,707,406	1,742,464
033 - Handicapped	<u>369,875</u>	<u>318,120</u>
	<u>46,323,900</u>	<u>41,707,422</u>
33 010 <b>Donations</b>		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

Cormack Trail School Board

## Current Revenues

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
34	<b>Ancillary Services</b>		
011	Revenues from Rental of Residences	\$ 12,250	\$ 12,250
021	Revenues from Rental of Schools and Facilities (Net)	--	--
031	Cafeterias	--	--
032	Other - (Specify)	--	--
		<u>12,250</u>	<u>12,250</u>
35	<b>Miscellaneous</b>		
011	Interest on Investments	31,676	30,787
012	Bus Charters	--	--
021	Recoveries of Expenditures	102,867	102,850
031	Revenues from Other School Boards	--	--
051	Insurance Proceeds	42,771	134,304
061	Miscellaneous Provincial Grant	45,416	110,726
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	280,522	210,584
091	Textbooks	91,402	84,088
092	Sundry	16,378	7,500
		<u>611,032</u>	<u>680,839</u>
Total Current Revenues		<u>\$ 46,947,182</u>	<u>\$ 42,400,511</u>
<b><u>Special Grants</u></b>			
	French Monitor	\$ 17,147	\$ 12,530
	French Immersion	15,574	11,194
	Kinderstart	--	--
	School Board Election Grant	--	--
	Textbook Credit Allocation	10,944	11,740
	English Preschool	--	--
	Other (Specify)	37,752	32,208
		<u>\$ 81,417</u>	<u>\$ 67,672</u>

**Cormack Trail School Board**  
**Administration Expenditures**  
**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
51	Salaries and Benefits		
	011 - Directors and Assistant Directors	\$ 349,552	\$ 247,125
	012 - Board Office Personnel	672,431	525,089
	013 Office Supplies	31,693	24,093
	014 Replacement Furniture and Equipment	3,078	995
	015 Postage	21,731	18,759
	016 Telephone	25,239	35,606
	017 Office Equipment Rentals and Repairs	17,095	19,307
	018 Bank Charges	65	--
	019 Electricity	--	6,586
	021 Fuel	2,446	12,379
	022 Insurance	--	4,573
	023 Repairs and Maintenance (Office Building)	--	--
	024 Travel	147,359	130,653
	025 Board Meeting Expenses	8,634	8,158
	026 Election Expenses	--	--
	027 Professional Fees	46,935	42,485
	028 Advertising	38,742	31,334
	029 Membership Dues	27,749	25,994
	031 Municipal Service Fees	--	648
	032 Rental of Office Space	--	--
	033 Janitorial	--	--
	034 Miscellaneous	24	240
	035 Payroll Tax	--	--
	Total Administration Expenditures	<u>\$ 1,392,773</u>	<u>\$ 1,134,024</u>

Cormack Trail School Board

## Instruction Expenditures

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
52 010	<b>Instructional Salaries (Gross)</b>		
011	Teachers' Salaries - Regular	\$ 28,958,228	\$ 27,669,587
012	- Substitute	902,317	800,851
013	- Board Paid	110,870	86,730
014	Augmentation	--	--
015	Employee Benefits	5,414,939	4,530,828
016	School Secretaries - Salaries & Benefits	642,291	519,299
017	Payroll Tax	--	--
018	Other - Student Assistants	<u>809,521</u>	<u>806,370</u>
		<u>36,838,166</u>	<u>34,413,665</u>
52 040	<b>Instructional Materials</b>		
041	General Supplies	385,787	158,999
042	Library Resource Materials	2,671	24,596
043	Teaching Aids	120,492	170,045
044	Textbooks	<u>95,487</u>	<u>82,951</u>
		<u>604,437</u>	<u>436,591</u>
52 060	<b>Instructional Furniture and Equipment</b>		
061	Replacement	865	1,475
062	Rentals and Repairs	13,726	66,967
063	Copier Costs	<u>365</u>	<u>127,538</u>
		<u>14,956</u>	<u>195,980</u>
52 080	<b>Instructional Staff Travel</b>		
081	Program Co-ordinators	93,703	68,618
082	Teachers' Travel	123,280	118,053
083	Inservice and Conferences	10,328	15,192
084	Student Travel	<u>16,701</u>	<u>17,741</u>
		<u>244,012</u>	<u>219,604</u>
52 090	<b>Other Instructional Costs</b>		
091	Postage and Stationery	--	--
092	Miscellaneous	1,517	3,705
093	HRD	<u>332,677</u>	<u>321,309</u>
		<u>334,194</u>	<u>325,014</u>
	<b>Total Instruction Expenditures</b>	<u>\$ 38,035,765</u>	<u>\$ 35,590,854</u>

Cormack Trail School Board

## Operations and Maintenance Expenditures - Schools

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
53	011 Salaries & Benefits - Janitorial	\$ 1,770,291	\$ 1,459,788
	012 Salaries & Benefits - Maintenance	581,515	526,243
	013 Payroll Tax	--	--
	014 Electricity	1,110,374	1,063,219
	015 Fuel	77,271	98,007
	016 Municipal Service Fee	112,593	--
	017 Telephone	222,466	194,620
	018 Vehicle Operating and Travel	55,378	37,393
	019 Janitorial Supplies	146,661	102,276
	021 Janitorial Equipment	2,156	1,912
	022 Repairs and Maintenance - Buildings	447,683	417,439
	023 - Equipment	2,689	5,125
	024 Contracted Services - Janitorial	--	--
	025 Snow Clearing	119,012	166,646
	026 Rentals	--	--
	027 Other (Specify)	--	--
Total Operations and Maintenance		<u>\$ 4,648,089</u>	<u>\$ 4,155,541</u>

**Cormack Trail School Board**  
**Pupil Transportation Expenditure**  
**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
54	010	<b>Operation and Maintenance of Board</b>	
		<b>Owned Fleet</b>	
	011	Salaries - Administration	\$ --
	012	- Drivers and Mechanics	\$ --
	013	Payroll Tax	--
	014	Debt Repayment - Interest	--
	016	Bank Charges	--
	017	Gas and Oil	--
	018	Licenses	--
	021	Repairs and Maintenance - Fleet	--
	022	- Building	--
	023	Tires and Tubes	--
	024	Heat and Light	--
	025	Municipal Service	--
	026	Snow Clearing	--
	027	Office Supplies	--
	028	Rent	--
	029	Travel	--
	031	Professional Fees	--
	032	Miscellaneous	--
	033	Telephone	--
	034	Vehicle leases	--
			<hr/>
			<hr/>
54	040	<b>Contracted Services</b>	
	041	Regular Transportation	1,679,906
	042	Handicapped	399,079
		Salaries and benefits	27,500
		Miscellaneous	1,599
			<hr/>
			<hr/>
			2,108,084
			<hr/>
			<hr/>
		Pupil Transportation Expenditures	<u>\$ 2,108,084</u>
			<u>\$ 2,062,211</u>



**Cormack Trail School Board**  
**Ancillary Services and Miscellaneous Expenses**  
**Fourteen Month Ended August 31, 2004**

**Ancillary Services**

The Board owns and operates the following ancillary services:

		(August 31)	
		<u>2004</u>	<u>2003</u>
55	<b>Ancillary Services</b>		
	011 Operation of Teachers' Residences	\$ 27,930	\$ 8,167
	031 Cafeterias	--	--
	032 Other (Specify)	<u>    --</u>	<u>    --</u>
		<u>\$ 27,930</u>	<u>\$ 8,167</u>

## Schedule 7

**Miscellaneous Expenses (Specify)**

The Board has incurred the following miscellaneous expenses:

57	011 Miscellaneous Expenses (Specify)		
	- Employee Assistance Program	<u>\$ 24,513</u>	<u>\$ 20,151</u>

**Cormack Trail School Board**  
**Details of Property and Equipment**  
**Fourteen Month Ended August 31, 2004**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2003</b>	<b>Additions</b>	<b>Disposals</b>	<b>August 31, 2004</b>
<b>12 210 Land and Sites</b>				
211 Land and Sites	\$ 309,956	\$ --	\$ --	\$ 309,956
<b>12 220 Buildings</b>				
221 Schools	63,095,949	--	--	63,095,949
222 Administration	187,581	--	--	187,581
223 Residential	135,993	--	--	135,993
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>63,419,523</u>	<u>--</u>	<u>--</u>	<u>63,419,523</u>
<b>12 230 Furniture and Equip.</b>				
231 Schools	5,010,166	377,517	--	5,387,683
232 Administration	188,219	5,685	--	193,904
233 Residential	1,534	--	--	1,534
234 Recreation	77,206	9,799	--	87,005
235 Other (Specify)	5,450	--	--	5,450
	<u>5,282,575</u>	<u>393,001</u>	<u>--</u>	<u>5,675,576</u>
<b>12 240 Vehicles</b>				
241 Service Vehicles	97,570	--	--	97,570
<b>12 250 Pupil Transportation</b>				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	--	--	--	--
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>12 260 Misc. Capital Assets -</b>				
261 Other (Specify)	--	--	--	--
<b>Total Property and Equipment</b>	<u>\$ 69,109,624</u>	<u>\$ 393,001</u>	<u>\$ --</u>	<u>\$69,502,625</u>

**Cormack Trail School Board**  
**Details of Long-term Debt**  
**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
22	210 Loans Other than Pupil Transportation		
	<u>Ref. #</u>		
211	<b>Bank Loans</b>		
	_____ Repayable \$ _____ monthly, maturing _____	\$ --	\$ --
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 211	--	--
212	<b>Mortgages</b>		
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 212	--	--
213	<b>Debentures</b>		
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 213	--	--
214	Other (Please Specify)-Service Vehicle	--	40,000
	Subtotal	--	--
215	Less Current Maturities	--	40,000
	Total Loans Other Than Pupil Transportation	--	--



**Cormack Trail School Board**  
**Summary of Long-term Debt**  
**Fourteen Month Ended August 31, 2004**

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance</u>	<u>Loans</u>	<u>Principal</u>	<u>Balance End of Year Aug.31</u>
			<u>Beginning of Year</u>	<u>Obtained During Year</u>	<u>Repayment for Year</u>	
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			40,000	--	40,000	--
D) Other			--	--	--	--
E) Pupil Transportation			--	--	--	--
			--	--	--	--
Total Loans			\$ 40,000	\$ --	\$ 40,000	\$ --

**Cormack Trail School Board**  
**Schedule of Current Maturities**  
**Fourteen Month Ended August 31, 2004**

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

Cormack Trail School Board

56 010

## Schedule of Interest Expense

Fourteen Month Ended August 31, 2004

	<u>Description</u>	(August 31) <u>2004</u>	<u>2003</u>
012	Capital		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	290	759
	Other - Office	--	370
		<u>          --</u>	<u>          --</u>
	Total Capital	<u>          290</u>	<u>          1,129</u>
013	Current - Operating Loans		
014	- Supplier Interest Charges	<u>          --</u>	<u>          --</u>
	Total Current	<u>          --</u>	<u>          --</u>
	Total Interest Expense	<u>\$      290</u>	<u>\$   1,129</u>

Cormack Trail School Board

Supplementary Information

Fourteen Month Ended August 31, 2004

1.	<u>Cash</u>	(August 31)	
		<u>2004</u>	<u>2003</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	1,052,729	613,734
113	- Savings	--	--
114	- Teachers' Payroll	17,993	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify) - Schools	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank	--	--
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	<b>Total Cash on Hand &amp; in Bank</b>	<u><u>\$ 1,070,722</u></u>	<u><u>\$ 613,940</u></u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits	\$ --	\$ --
122	Canada Savings Bonds	--	--
123	Other (Specify)	--	--
	<u>Capita</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	<b>Total Short Term Investments</b>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>



**Cormack Trail School Board**

**Supplementary Information**

**Fourteen Month Ended August 31, 2004**

<b>3. <u>Prepaid Expenses</u></b>		<b>(August 31)</b>	
		<b><u>2004</u></b>	<b><u>2003</u></b>
<b><u>Current</u></b>			
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	--
144	Other (Specify) - Workers Compensation	35,671	49,117
	- Other	--	--
<b><u>Capital</u></b>			
11 241	Other (Specify)	--	--
		<u>\$ 35,671</u>	<u>\$ 49,117</u>

SCHOOL DISTRICT # 3  
CORNER BROOK - DEER LAKE - ST. BARBE

FINANCIAL STATEMENTS/AUDITOR'S REPORT

August 31, 2004

**Auditors' Report**

To The Members of School District #3 Corner Brook - Deer Lake - St. Barbe

We have audited the balance sheet of the current and capital funds of School District #3 Corner Brook - Deer Lake - St. Barbe as at August 31, 2004, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the fourteen month then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at August 31, 2004 and the results of its operations and changes in its capital financial position for the fourteen month then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

  
Chartered Accountants

Stephenville, Newfoundland  
City

November 29, 2004  
Date

School District #3 Corner Brook - Deer Lake - St. Barbe

BALANCE SHEET

August 31, 2004

Assets

	(August 31)	
	2004	2003
Current Assets		
Cash	\$ --	\$ --
Short Term Investments	83,755	65,973
Accounts Receivable	574,438	5,623,244
Prepaid Expenses	--	14,671
	<u>658,193</u>	<u>5,703,888</u>
Total Current Assets		
Property and Equipment	58,479,624	58,766,201
	<u>\$ 59,137,817</u>	<u>\$ 64,470,089</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness	872,579	1,493,607
Accounts Payable and Accrued	209,386	5,292,165
Current Maturities	228,039	186,998
	<u>1,310,003</u>	<u>6,972,770</u>
Total Current Liabilities		
Severance pay accrual	9,545,932	9,813,742
Long-Term Debt	1,837,363	1,698,313
District Equity		
Investment in Capital Assets	56,414,223	56,880,890
District Equity	(9,969,704)	(10,895,626)
	<u>46,444,519</u>	<u>45,985,264</u>
Total District Equity		
	<u>\$59,137,817</u>	<u>\$ 64,470,089</u>

Approved: \_\_\_\_\_

*M. Borden*  
*B. Staley*

Chairman

Secretary

**School District #3 Corner Brook - Deer Lake - St. Barbe**  
**STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY**  
**Fourteen Month Ended August 31, 2004**

	(August 31)	
	<u>2004</u>	<u>2003</u>
<b>Current Revenue (Schedule 1)</b>		
Provincial Government Grants	\$ 54,929,194	\$ 48,835,877
Donations	77,278	--
Ancillary Services	70,000	60,000
Miscellaneous	<u>527,365</u>	<u>591,855</u>
	<u>55,603,837</u>	<u>49,487,732</u>
 <b>Current Expenditures</b>		
Administration (Schedule 2)	2,162,563	1,726,415
Instruction (Schedule 3)	44,091,201	40,464,683
Operations and Maintenance (Schedule 4)	5,739,001	5,236,550
Pupil Transportation (Schedule 5)	2,812,369	2,795,710
Ancillary Services (Schedule 6)	--	--
Interest Expense (Schedule 9c)	100,829	52,930
Miscellaneous (Schedule 7)	<u>--</u>	<u>--</u>
	<u>54,905,963</u>	<u>50,276,288</u>
 23 111 Excess of Revenue over Expenditures	697,874	(788,556)
Transfer to/from Capital	<u>228,048</u>	<u>(22,848)</u>
Net Increase/Decrease in District Equity	925,922	(811,404)
District Equity, Beginning of Year	<u>(10,895,626)</u>	<u>(10,084,222)</u>
District Equity, End of Year	<u>\$ (9,969,704)</u>	<u>\$ (10,895,626)</u>

**See Accompanying Notes**

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**STATEMENT OF CHANGES IN CAPITAL FUND**

**Fourteen Month Ended August 31, 2004**

		<b>(August 31)</b>	
		<b>2004</b>	<b>2003</b>
<b>60</b>	<b><u>Operating Activities</u></b>		
011	Excess of Revenue over Expenditures	\$ 697,874	\$ (788,556)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	(17,782)	1,777
014	- Accounts Receivable	5,048,806	(541,609)
015	- Prepaid Expenses	14,671	(9,752)
014	- Accounts Payable & Accrued Expenses	(5,082,779)	439,381
015	- Current Maturities	--	--
016	Other (Specify)		
	- Principal payments	252,566	156,424
	- Increase(Decrease)in severance pay accrual	<u>(267,810)</u>	<u>563,754</u>
		<u>645,546</u>	<u>(178,581)</u>
<b>61</b>	<b><u>Financing Activities</u></b>		
011	Proceeds from Bank Loans	432,655	157,704
012	Grants - Deficit Retirement	--	--
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	(252,566)	(186,578)
015	Other (Specify)	<u>--</u>	<u>--</u>
		<u>180,090</u>	<u>(28,874)</u>
<b>62</b>	<b><u>Investing Activities</u></b>		
011	Proceeds on Sale of Capital Assets	318,400	15,586
012	Additions to Property and Equipment	(523,053)	(165,982)
013	Other (Specify)	<u>45</u>	<u>--</u>
		<u>(204,608)</u>	<u>(150,396)</u>
<b>63</b>	<b>Increase (Decrease) in Cash</b>	<u>621,028</u>	<u>(357,851)</u>
<b>64</b>	<b>Cash, Beginning of The Year</b>	<u>(1,493,607)</u>	<u>(1,135,756)</u>
<b>65</b>	<b>Cash, End of The Year</b>	<u>\$ (872,579)</u>	<u>\$ (1,493,607)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND  
(Unaudited)  
Fourteen Month Ended August 31, 2004

		(August 31)	
		2004	2003
70	<u>Capital Receipts</u>		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	30,694	--
014	- Pupil Transportation	401,962	157,704
015	- Other (Specify)	--	--
		<u>432,656</u>	<u>157,704</u>
72	EIC Grants		
011	School Construction and Equipment	--	--
012	Other - Transportation - Government	--	--
		<u>--</u>	<u>--</u>
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		<u>--</u>	<u>--</u>
74	Sale of Capital Assets - Proceeds		
011	- Land	--	--
012	- Buildings	317,600	13,129
013	- Equipment	--	--
014	- Service Vehicles	300	--
015	- Pupil Transportation Vehicles	500	2,455
016	- Other (Specify)	--	--
	- Accounts Receivable - Capital	--	--
		<u>318,400</u>	<u>15,584</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	--	--
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Funds for Debt servicing	252,611	--
		<u>252,611</u>	<u>--</u>
	Total Capital Receipts	<u>1,003,667</u>	<u>173,288</u>
77	Transfer from Reserve Account	--	--
78	Transfer to/from Current Fund	(228,048)	22,848
Total		<u>\$ 775,619</u>	<u>\$ 196,136</u>

See Accompanying Notes

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)  
(Unaudited)**

**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
80	<b><u>Capital Disbursements</u></b>		
81	<b>Additions to Property &amp; Equipment</b>		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	--	--
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	42,995	--
016	- Pupil Transportation	480,058	165,982
017	- Other (Specify)	--	--
		<u>523,053</u>	<u>165,982</u>
82	<b>Principal Repayment of Long-Term Debt</b>		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	16,884	12,277
014	- Other (Specify)		
	- Office	24,049	17,877
	- Pupil transportation	<u>211,633</u>	<u>--</u>
		<u>252,566</u>	<u>30,154</u>
83	<b>Miscellaneous Disbursements</b>		
013	- Other (Specify)		
	- Accounts payable	<u>--</u>	<u>--</u>
		<u>--</u>	<u>--</u>
	Total Capital Disbursements	<u>\$ 775,619</u>	<u>\$ 196,136</u>



School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

1. Significant Accounting Policies:

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

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

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**NOTES TO THE FINANCIAL STATEMENTS**

**Fourteen Month Ended August 31, 2004**

<b>2. <u>Accounts Receivable</u></b>		<b>(August 31)</b>	
		<b><u>2004</u></b>	<b><u>2003</u></b>
<b><u>Current</u></b>			
11	131 Provincial Government	\$ 231,430	\$ 5,243,118
	132 Transportation	5,812	5,341
	133 Federal Government	4,670	166,122
	136 Other School Districts	--	--
	137 Rent	--	--
	138 Interest	--	--
	139 Travel Advances and Miscellaneous	332,526	208,663
<b><u>Capital</u></b>			
11	231 EIC - Construction Grants	--	--
	233 Local Contributions	--	--
	234 Other School Districts	--	--
	235 Other (Specify) - City of Corner Brook	--	--
		<u>\$ 574,438</u>	<u>\$ 5,623,244</u>
<b>3. <u>Bank Indebtedness</u></b>			
21	131 On Operating Credit	\$ 872,579	\$ 1,493,607
	132 On Capital Account	--	--
		<u>\$ 872,579</u>	<u>\$ 1,493,607</u>

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**NOTES TO THE FINANCIAL STATEMENTS**

**Fourteen Month Ended August 31, 2004**

<b>4. <u>Accounts Payable and Accrued</u></b>		<b>(August 31)</b>	
		<b><u>2004</u></b>	<b><u>2003</u></b>
<b><u>Current</u></b>			
21	111 Trade Payable	\$ 19,892	\$ 259,757
	112 Accrued - Liabilities	--	--
	113 - Interest	--	--
	114 - Wages	--	4,856,380
	115 Payroll Deductions	--	17,771
	116 Scholarships	83,755	65,973
	117 Deferred Grants	105,739	92,284
	118 Other - Severance Pay	9,545,932	9,813,742
 <b><u>Capital</u></b>			
21	211 Trade Payable	--	--
	212 Accrued - Liabilities	--	--
	213 - Interest	--	--
	217 Deferred Grants	--	--
	218 Other (Specify)	--	--
		<u>\$ 9,755,318</u>	<u>\$ 15,105,907</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

5. Reserve Account

Description:

	(August 31) <u>2004</u>	<u>2003</u>
Balance, Beginning of Year	\$ --	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	--	--
Add Transfer to Reserve	<u>--</u>	<u>--</u>
Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**NOTES TO THE FINANCIAL STATEMENTS**

**Fourteen Month Ended August 31, 2004**

	(August 31)	
	<u>2004</u>	<u>2003</u>
6. Investment in Capital Assets,		
Beginning of Year	\$ 56,880,890	\$ 52,257,745
Add:		
Transfer of Operating funds to Capital Fund	(228,048)	22,848
Grants - EIC - Contribution for Capital Const.	--	--
- Other (Specify)	--	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)	--	--
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	317,600	13,131
- Equipment	--	--
- Vehicles	800	2,455
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures - Prior	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures		
- Capital Fund	--	--
Principal - Bussing loan	211,686	156,424
- Other	40,925	--
Capital asset valuation adjustment	--	5,752,979
	<u>57,223,853</u>	<u>58,205,582</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	53,105	25,163
- Buildings	726,690	986,503
- Equipment	--	124,616
- Vehicles	29,835	188,410
- Other	--	--
	<u>809,630</u>	<u>1,324,692</u>
Other	--	--
23 221 Investment in Capital Assets, End of Year	<u>\$ 56,414,223</u>	<u>\$ 56,880,890</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, the following material contingencies are pending:

- a) A former vendor of the School Board has a claim of approximately \$ 30,000 plus HST. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.
- b) A former Director of the School Board is claiming approximately \$ 31,000 in unpaid salary. The issue is currently under discussion by both parties. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.

9. District Equity (Deficit)

School District #3 has an accumulated operating deficit of # 9,969,704. A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual \$8,503,366 and \$1,042,566 respectively, as required by the Provincial Government.

Accumulated operating deficit per financial statement	\$ 9,969,704
Less: teacher's severance pay accrual	(8,503,366)
: non-teacher's severance pay accrual	<u>(1,042,566)</u>
Accumulated operating deficit less severance pay accrued	<u>\$ 423,772</u>

School District #3 Corner Brook - Deer Lake - St. Barbe**CURRENT REVENUES**

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
32	<b>010 Provincial Government Grants</b>		
	011 Regular	\$ 8,860,112	\$ 7,458,666
	016 Special Grants (Details on bottom of Schedule 1)	1,979,147	1,774,806
	Salaries and Benefits		
	017 - Directors and Asst. Directors	818,525	719,715
	021 - Regular Teachers	39,083,569	35,075,452
	022 - Substitute Teachers	1,166,417	1,065,776
	023 - French Monitor	18,088	--
	030 Pupil Transportation		
	031 - Board Owned	2,318,992	1,994,094
	032 - Contracted	562,688	631,106
	033 - Handicapped	<u>121,656</u>	<u>116,262</u>
		<u>54,929,194</u>	<u>48,835,877</u>
33	<b>010 Donations</b>		
	012 Cash Receipts	54,498	--
	011 Heritage fair	1,620	--
	013 Non-Cash Receipts	21,160	--
	014 Restricted Use	<u>--</u>	<u>--</u>
		<u>77,278</u>	<u>--</u>

Schedule 1 (Cont'd)

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Fourteen Month Ended August 31, 2004

		(August 31)	
		2004	2003
34	<b>010 Ancillary Services</b>		
	011 Revenues from Rental of Residences	\$ --	\$ --
	021 Revenues from Rental of Schools and Facilities (Net)	70,000	60,000
	031 Cafeterias		--
	032 Other - (Specify)		--
		<hr/>	<hr/>
		70,000	60,000
35	<b>010 Miscellaneous</b>		
	011 Interest on Investments	1,608	1,776
	012 Bus Charters	42,657	44,813
	021 Recoveries of Expenditures	--	--
	031 Revenues from Other School Districts	--	--
	041 Federal Rebates	200,027	203,573
	051 Insurance Proceeds	15,046	56,981
	061 Bilingual Education Revenue	9,941	36,106
	071 Operating Rev. from Native Peoples Grant	--	--
	081 Miscellaneous Federal Grants	13,878	--
	091 Textbooks	154,997	129,932
	092 Sundry	83,188	118,674
	094 Scholarship funds	6,023	--
		<hr/>	<hr/>
		527,365	591,855
Total Current Revenues		<u>\$55,603,837</u>	<u>\$49,487,732</u>
<b><u>Special Grants</u></b>			
	Social Worker	\$ 9,021	\$ --
	Learning Disabilities	26,000	--
	Debt Servicing	52,642	45,264
	Student Assistant Salaries	881,592	908,836
	Textbook Credit Allocation	--	--
	Pay equity	--	--
	Administration - Textbook	15,311	13,211
	Payroll tax	779,981	658,250
	Utilities	--	--
	Maintenance	19,623	--
	French materials	9,000	5,000
	Peer Tutoring	12,700	11,252
	Bottled water	3,900	--
	Administrative pay adjustment	--	--
	Computers	--	--
	Surplus - substitutes	--	--
	Kinder - start	8,768	6,500
	Tutoring work experience	6,000	--
	Other (Specify)		
	- Distance education	2,632	18,963
	- Redundancy grant	81,661	62,637
	- Maintenance reclassification	--	44,893
	- Drama Festival	7,900	--
	- Furniture	40,789	--
	- Summer Project	21,627	--
		<hr/>	<hr/>
		<u>\$ 1,979,147</u>	<u>\$ 1,774,806</u>



School District #3 Corner Brook - Deer Lake - St. Barbe

## ADMINISTRATION EXPENDITURES

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
51	Salaries and Benefits		
011	- Directors and Asst. Directors	\$ 992,558	\$ 802,520
012	- District Office Personnel	652,981	500,088
013	Office Supplies	21,046	21,528
014	Replacement Furniture and Equipment	3,093	5,270
015	Postage	11,673	14,301
016	Telephone	44,558	37,983
017	Office Equipment Rentals and Repairs	22,533	19,865
018	Bank Charges	580	750
019	Electricity	--	--
021	Fuel	--	--
022	Insurance	--	5,067
023	Repairs and Maintenance (Office Building)	2,272	4,113
024	Travel	114,320	101,474
025	Board Meeting Expenses	17,632	17,422
026	Election Expenses	--	--
027	Professional Fees	102,891	28,610
028	Advertising	46,925	49,210
029	Membership Dues	36,793	35,825
031	Municipal Service Fees	6,900	6,955
032	Rental of Office Space	--	--
033	Relocation Expenses	--	--
034	Miscellaneous	15,392	15,675
035	Payroll Tax	70,416	59,759
	Total Administration Expenditures	<u>\$ 2,162,563</u>	<u>\$ 1,726,415</u>

School District #3 Corner Brook - Deer Lake - St. Barbe**INSTRUCTION EXPENDITURES**

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
52 010	<b>Instructional Salaries (Gross)</b>		
011	Teachers' Salaries - Regular	\$ 39,037,978	\$ 35,075,452
012	- Substitute	1,166,417	1,065,776
013	- District Paid	--	--
014	Student Assistants	881,838	908,836
015	Employee Benefits	--	--
016	School Secretaries - Salaries & Benefits	647,047	744,750
017	Employee Benefits	624,583	1,184,778
018	Other - French Monitor	<u>18,933</u>	<u>37,941</u>
		<u>42,376,796</u>	<u>39,017,533</u>
52 040	<b>Instructional Materials</b>		
041	General Supplies	147,924	140,173
042	Library Resource Materials	114,712	127,439
043	Teaching Aids	612,160	537,837
044	Textbooks	<u>165,208</u>	<u>138,289</u>
		<u>1,040,004</u>	<u>943,738</u>
52 060	<b>Instructional Furniture and Equipment</b>		
061	Replacement	136,772	34,554
062	Rentals and Repairs	<u>31,218</u>	<u>42,809</u>
		<u>167,990</u>	<u>77,363</u>
52 080	<b>Instructional Staff Travel</b>		
081	Program Co-ordinators	23,251	38,777
082	Teachers' Travel	27,672	44,002
083	Inservice and Conferences	<u>105,966</u>	<u>50,216</u>
		<u>156,889</u>	<u>132,995</u>
52 090	<b>Other Instructional Costs</b>		
091	Postage and Stationery	4,323	2,209
092	Miscellaneous	<u>345,199</u>	<u>290,845</u>
		<u>349,522</u>	<u>293,054</u>
	<b>Total Instruction Expenditures</b>	<u>\$ 44,091,201</u>	<u>\$ 40,464,683</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

## OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
53	011 Salaries & Benefits - Janitorial	\$ 1,767,370	\$ 1,625,602
	012 - Maintenance	308,121	259,545
	013 Employee Benefits	428,857	422,694
	014 Electricity	1,276,916	1,233,850
	015 Fuel	393,906	453,617
	016 Municipal Service Fee	95,879	87,227
	017 Telephone	183,531	205,853
	018 Vehicle Operating and Travel	59,820	53,771
	019 Janitorial Supplies	193,627	202,101
	021 Janitorial Equipment	4,319	2,119
	022 Repairs and Maintenance - Buildings	827,840	461,233
	023 - Equipment	3,946	10,107
	024 Contracted Services - Janitorial	--	--
	025 Snow Clearing	179,242	216,911
	026 Rentals	--	--
	027 Other (Specify) - Repairs Covered By Insurance	<u>15,627</u>	<u>1,920</u>
Total Operations and Maintenance		<u>\$ 5,739,001</u>	<u>\$ 5,236,550</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

## PUPIL TRANSPORTATION EXPENDITURE

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
54	010 <b>Operation and Maintenance of Board</b>		
	<b>Owned Fleet</b>		
	011 Salaries - Administration	\$ 120,780	\$ 92,461
	012       - Drivers and Mechanics	940,560	986,062
	013 Payroll Tax and Benefits	241,706	235,028
	014 Debt Repayment - Interest	82,913	70,138
	015       - Principal	211,633	156,424
	016 Bank Charges	--	--
	017 Gas and Oil	179,883	205,843
	018 Licenses	49,542	23,917
	019 Insurance	41,052	20,815
	021 Repairs and Maintenance - Fleet	116,929	116,674
	022       - Building	2,453	1,517
	023 Tires and Tubes	31,074	20,708
	024 Heat and Light	16,265	22,928
	025 Municipal Service	4,293	3,853
	026 Snow Clearing	10,848	10,531
	027 Office Supplies	10,454	5,104
	028 Rent	--	--
	029 Travel	4,848	2,952
	031 Professional Fees	--	1,713
	032 Miscellaneous	5,868	13,972
	033 Telephone	15,414	10,983
	034 Vehicle Leases	1,885	5,728
	035 Service Vehicles	1,585	897
		<u>2,089,985</u>	<u>2,008,248</u>
54	040 <b>Contracted Services</b>		
	041 Regular Transportation	594,680	660,518
	042 Handicapped	127,704	126,944
		<u>722,384</u>	<u>787,462</u>
	Pupil Transportation Expenditures	<u>\$ 2,812,369</u>	<u>\$ 2,795,710</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

**ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES**

Fourteen Month Ended August 31, 2004

Ancillary Services

The District owns and operates the following ancillary services:

		(August 31)	
		<u>2004</u>	<u>2003</u>
55	<b>Ancillary Services</b>		
	011 Operation of Teachers' Residences	\$ --	\$ --
	031 Cafeterias	--	--
	032 Other (Specify)	--	--
		<u>          </u>	<u>          </u>
		<u>\$ --</u>	<u>\$ --</u>

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57	011 Miscellaneous Expenses (Specify)	<u>          </u>	<u>          </u>
----	--------------------------------------	-------------------	-------------------

**School District #3 Corner Brook - Deer Lake - St. Barbe****DETAILS OF PROPERTY AND EQUIPMENT****Fourteen Month Ended August 31, 2004**

		<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>August 31, 2004</u>
12 210	<b>Land and Sites</b>				
211	Land and Sites	\$ 1,074,618	\$ --	\$ 53,105	\$ 1,021,513
12 220	<b>Buildings</b>				
221	Schools	48,186,741	--	726,690	47,460,051
222	Administration	1,596,325	--	--	1,596,325
223	Residential	--	--	--	--
224	Recreational	--	--	--	--
225	Other (Specify)	--	--	--	--
		<u>49,783,066</u>	<u>--</u>	<u>726,690</u>	<u>49,056,376</u>
12 230	<b>Furniture and Equip.</b>				
231	Schools	4,024,834	--	--	4,024,834
232	Administration	665,951	--	--	665,951
233	Residential	--	--	--	--
234	Recreation	--	--	--	--
235	Other (Specify)	--	--	--	--
		<u>4,690,785</u>	<u>--</u>	<u>--</u>	<u>4,690,785</u>
12 240	<b>Vehicles</b>				
241	Service Vehicles	88,427	42,995	21,210	110,212
12 250	<b>Pupil Transportation</b>				
251	Land	--	--	--	--
252	Building	--	--	--	--
253	Vehicles - Buses	3,129,305	480,058	8,625	3,600,738
254	- Service	--	--	--	--
255	Equipment	--	--	--	--
256	Other (Specify)	--	--	--	--
		<u>3,129,305</u>	<u>480,058</u>	<u>8,625</u>	<u>3,600,738</u>
12 260	<b>Misc. Capital Assets -</b>				
261	Other (Specify)	--	--	--	--
Total Property and Equipment		<u>\$ 58,766,201</u>	<u>\$ 523,053</u>	<u>\$ 809,630</u>	<u>\$ 58,479,624</u>



School District #3 Corner Brook - Deer Lake - St. Barbe

## SUMMARY OF LONG-TERM DEBT

Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of August</u>
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			59,347	30,694	16,884	73,157
D) Other - Office			371,432	--	24,049	347,383
E) Pupil Transportation			1,454,532	401,962	211,633	1,644,861
Total Loans			<u>\$ 1,885,311</u>	<u>\$ 432,656</u>	<u>\$ 252,566</u>	<u>\$ 2,065,401</u>



School District #3 Corner Brook - Deer Lake - St. Barbe

## SCHEDULE OF CURRENT MATURITIES

Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	18,423	18,423	18,423	14,329	3,560
D) Other - Office	18,600	20,200	22,000	24,200	27,000
E) Pupil Transportation	191,015	191,015	191,015	191,015	191,041
Total	<u>\$ 228,038</u>	<u>\$ 229,638</u>	<u>\$ 231,438</u>	<u>\$ 229,544</u>	<u>\$ 221,601</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

56 010

## SCHEDULE OF INTEREST EXPENSE

Fourteen Month Ended August 31, 2004

<u>Description</u>		<u>(August 31)</u>	
		<u>2004</u>	<u>2003</u>
012	<b>Capital</b>		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	--	--
	Other - Office	69,525	30,162
		<u>--</u>	<u>--</u>
	<b>Total Capital</b>	<u>69,525</u>	<u>30,162</u>
013	<b>Current - Operating Loans</b>	31,304	22,768
014	- Supplier Interest Charges	<u>--</u>	<u>--</u>
	<b>Total Current</b>	<u>31,304</u>	<u>22,768</u>
	<b>Total Interest Expense</b>	<u>\$ 100,829</u>	<u>\$ 52,930</u>

**School District #3 Corner Brook - Deer Lake - St. Barbe**

**SUPPLEMENTARY INFORMATION**

**Fourteen Month Ended August 31, 2004**

<b>1. <u>Cash</u></b>		<b>(August 31)</b>	
		<b><u>2004</u></b>	<b><u>2003</u></b>
<b><u>Current</u></b>			
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	--	--
113	- Savings	--	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify)	--	--
<b><u>Capital</u></b>			
11 210	Cash on Hand and in Bank		
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
		<hr/>	<hr/>
Total Cash on Hand & in Bank		<u>\$ --</u>	<u>\$ --</u>
<b>2. <u>Short Term Investments</u></b>			
<b><u>Current</u></b>			
11 121	Term Deposits	\$ 82,859	\$ 65,077
122	Canada Savings Bonds	--	--
123	Other (Specify) - Shares	896	896
<b><u>Capital</u></b>			
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
		<hr/>	<hr/>
Total Short Term Investments		<u>\$ 83,755</u>	<u>\$ 65,973</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

**SUPPLEMENTARY INFORMATION**

**Fourteen Month Ended August 31, 2004**

		(August 31)	
		<u>2004</u>	<u>2003</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	13,371
144	Other (Specify) - Registration Fees	--	1,300
	<u>Capital</u>		
11 241	Other (Specify)	<u>--</u>	<u>--</u>
		<u>\$ --</u>	<u>\$ 14,671</u>





*Financial Statements of*

**CREDIT UNION DEPOSIT  
GUARANTEE CORPORATION**

*December 31, 2004*

## Auditors' Report

To the Board of Directors of  
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2004 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
March 11, 2005

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Statement of Earnings and Fund Balance

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUE		
Assessments on credit unions	714,315	673,929
Interest	118,665	146,706
Bonding insurance	234,889	202,938
Other	7,900	6,173
	<u>1,075,769</u>	<u>1,029,746</u>
EXPENSES		
Salaries and benefits	339,092	316,886
Bonding insurance	161,662	136,394
Legal	102,903	156,455
Travel	56,920	66,126
Rent	29,918	29,517
Training	29,421	17,900
Office and administration	29,001	33,292
Meetings	19,725	24,186
Vehicle	17,627	16,108
Amortization	15,369	19,268
Advertising and promotion	9,942	19,868
Directors' fees	5,845	6,210
Membership fees	1,305	-
Insurance	1,029	899
	<u>819,759</u>	<u>843,109</u>
NET EARNINGS	256,010	186,637
DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR	<u>5,358,274</u>	<u>5,171,637</u>
DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR	<u>5,614,284</u>	<u>5,358,274</u>



# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Balance Sheet

December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
<b>ASSETS</b>		
Cash	37,157	27,163
Investments (Note 3)	5,689,353	5,325,677
Receivables (Note 4)	50,512	81,161
Prepaid expenses	5,134	4,074
Capital assets (Note 5)	39,222	51,928
	<u>5,821,378</u>	<u>5,490,003</u>

### LIABILITIES

Accounts payable and accrued liabilities	207,094	131,729
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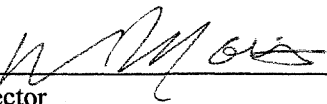
### FUND BALANCE

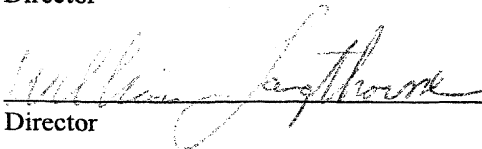
Deposit guarantee fund balance	5,614,284	5,358,274
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	<u>5,821,378</u>	<u>5,490,003</u>
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Commitments (Note 7)

### APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings	256,010	186,637
Adjustment for:		
Amortization	15,369	19,268
Decrease (increase) in receivables	30,649	(17,790)
Increase in prepaids	(1,060)	(63)
Increase in accounts payable and accrued liabilities	75,365	54,314
	<u>376,333</u>	<u>242,366</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(2,663)	(8,867)
Purchase of investments	(55,479,782)	(38,000,580)
Redemption of investments	55,116,106	37,744,885
	<u>(366,339)</u>	<u>(264,562)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>9,994</b>	<b>(22,196)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>27,163</b>	<b>49,359</b>
<b>CASH, END OF YEAR</b>	<b>37,157</b>	<b>27,163</b>

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2004

---

### 1. DESCRIPTION OF BUSINESS

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) *Revenue recognition*

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

(b) *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 have assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

(c) *Cash*

Cash consists of balances with banks.

(d) *Investments*

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

(e) *Capital assets*

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

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2004

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) *Severance pay*

Severance pay is accrued for all employees for whom the right to such compensation is vested.

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

(g) *Use of estimates*

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

### 3. INVESTMENTS

<u>Issuer</u>	<u>Type</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u> \$	<u>Cost</u> \$
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				<hr/>	<hr/>
				1,100	1,100
Bank of Montreal	Bankers Acceptance	2.50%	1/10/2005	2,000,000	1,995,620
Bank of Montreal	Bankers Acceptance	2.51%	1/20/2005	2,000,000	1,995,880
Bank of Montreal	Bankers Acceptance	2.49%	1/28/2005	1,700,000	1,696,753
				<hr/>	<hr/>
				5,701,100	5,689,353
				<hr/>	<hr/>

### 4. RECEIVABLES

	<u>2004</u> \$	<u>2003</u> \$
Accrued interest	4,881	21,065
Other	45,631	60,096
<hr/>		<hr/>
		50,512
		<hr/>
		81,161
		<hr/>

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to the Financial Statements

December 31, 2004

### 5. CAPITAL ASSETS

	Rate	2004		2003	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
		\$	\$	\$	\$
Vehicles	30%	55,998	37,752	18,246	26,068
Furniture and equipment	20%	24,643	19,775	4,868	6,085
Computer equipment	30%	61,536	45,428	16,108	19,775
		142,177	102,955	39,222	51,928

### 6. INCOME TAXES

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

<u>Year of Expiry</u>	<u>Amount</u>
	\$
2005	104,685
2006	163,796
2007	81,018
2008	73,257
2009	319,521
2010	463,065
2011	438,667
	<u>1,644,009</u>

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

### 7. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$29,517.

### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

**DIRECTOR OF SUPPORT ENFORCEMENT**

**FINANCIAL STATEMENTS**

**31 MARCH 2004**



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

**AUDITOR'S REPORT**

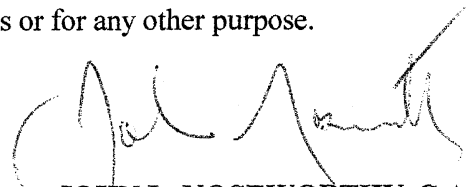
To the Director of Support Enforcement  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2004 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2004 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

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



**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
24 November 2004

**DIRECTOR OF SUPPORT ENFORCEMENT**

**BALANCE SHEET**

31 March

2004

2003

**ASSETS**

Cash	\$ 336,879	\$ 225,713
Accounts receivable (Note 2)	21,579,209	21,153,151
Other receivables (Note 3)	11,349	12,204
	<hr/>	<hr/>
	\$ 21,927,437	\$ 21,391,068

**LIABILITIES**

Accounts payable (Note 4)	\$ 21,917,666	\$ 21,384,624
Other payables (Note 5)	9,771	6,444
	<hr/>	<hr/>
	\$ 21,927,437	\$ 21,391,068

*See accompanying notes*

Signed:

  
\_\_\_\_\_  
Director



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

**2004**

**2003**

**RECEIPTS**

Regular support	\$ 21,127,537	\$ 19,510,388
Out-of-system support	544,503	349,382
	<b>21,672,040</b>	<b>19,859,770</b>

**DISBURSEMENTS**

Regular support	20,771,084	19,240,409
Out-of-system support	544,503	349,382
Other payments	245,287	233,353
	<b>21,560,874</b>	<b>19,823,144</b>

<b>Excess of receipts over disbursements</b>	<b>111,166</b>	<b>36,626</b>
<b>Cash, beginning of year</b>	<b>225,713</b>	<b>189,087</b>
<b>Cash, end of year</b>	<b>\$ 336,879</b>	<b>\$ 225,713</b>

*See accompanying notes*

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2004**

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**Authority**

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

**1. Basis of accounting**

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

**Significant accounting policies**

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

(a) Administrative expenditures

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

(b) Assets and liabilities

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

(c) Receipts and disbursements

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

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2004**

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**2. Accounts receivable**

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

	2004	2003
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 9,491,306	\$ 8,932,997
Debtor in receipt of social assistance	3,395,033	3,503,895
Stay of enforcement in place	1,754,181	2,147,311
	<b>14,640,520</b>	<b>14,584,203</b>
Enforceable support orders	<b>6,938,689</b>	<b>6,568,948</b>
	<b>\$ 21,579,209</b>	<b>\$ 21,153,151</b>

**3. Other receivables**

Other receivables \$11,349 (2003 - \$12,204) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

**4. Accounts payable**

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

	2004	2003
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 9,491,306	\$ 8,932,997
Debtor in receipt of social assistance	3,395,033	3,503,895
Stay of enforcement in place	1,754,181	2,147,311
	<b>14,640,520</b>	<b>14,584,203</b>
Enforceable support orders	<b>7,277,146</b>	<b>6,800,421</b>
	<b>\$ 21,917,666</b>	<b>\$ 21,384,624</b>

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2004**

---

**5. Other payables**

Other payables of \$9,771 (2003 - \$6,444) 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**

During the year the Director paid approximately \$2.8 million (2003 - \$2.4 million) to the Department of Human Resources and Employment related to support payments collected on behalf of individuals receiving social assistance.

**7. Financial instruments**

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

**8. Income taxes**

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



**DIRECTOR OF SUPPORT ENFORCEMENT**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

**AUDITOR'S REPORT**

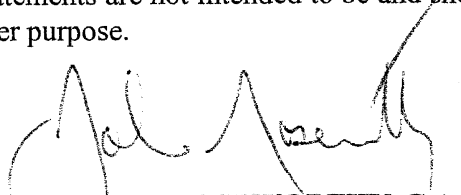
To the Director of Support Enforcement  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2005 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2005 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

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



**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
29 June 2005

**DIRECTOR OF SUPPORT ENFORCEMENT  
BALANCE SHEET**

31 March

2005

2004

**ASSETS**

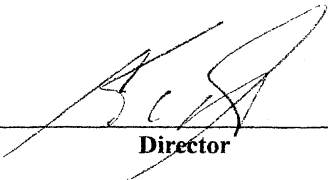
Cash	\$ 344,892	\$ 336,879
Accounts receivable (Note 2)	21,177,318	21,579,209
Other receivables (Note 3)	9,828	11,349
	<u>\$ 21,532,038</u>	<u>\$ 21,927,437</u>

**LIABILITIES**

Accounts payable (Note 4)	\$ 21,512,686	\$ 21,917,666
Other payables (Note 5)	19,352	9,771
	<u>\$ 21,532,038</u>	<u>\$ 21,927,437</u>

*See accompanying notes*

Signed:

  
\_\_\_\_\_  
Director



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

**2005**

**2004**

**RECEIPTS**

Regular support	\$ 21,478,650	\$ 21,127,537
Out-of-system support	553,520	544,503
	<u>22,032,170</u>	<u>21,672,040</u>

**DISBURSEMENTS**

Regular support	21,184,412	20,771,084
Out-of-system support	553,520	544,503
Other payments	286,225	245,287
	<u>22,024,157</u>	<u>21,560,874</u>

**Excess of receipts over disbursements** 8,013 111,166

**Cash, beginning of year** 336,879 225,713

**Cash, end of year** \$ 344,892 \$ 336,879

*See accompanying notes*

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**Authority**

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

**1. Basis of accounting**

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

**Significant accounting policies**

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

(a) Administrative expenditures

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

(b) Assets and liabilities

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

(c) Receipts and disbursements

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

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

---

**2. Accounts receivable**

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

	<b>2005</b>	<b>2004</b>
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,564,432	\$ 9,491,306
Debtor in receipt of social assistance	3,712,460	3,395,033
Stay of enforcement in place	<u>1,868,060</u>	<u>1,754,181</u>
	<b>14,144,952</b>	<b>14,640,520</b>
<u>Enforceable support orders</u>	<u>7,032,366</u>	<u>6,938,689</u>
	<b>\$ 21,177,318</b>	<b>\$ 21,579,209</b>

**3. Other receivables**

Other receivables \$9,828 (2004 - \$11,349) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

**4. Accounts payable**

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

	<b>2005</b>	<b>2004</b>
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,564,432	\$ 9,491,306
Debtor in receipt of social assistance	3,712,460	3,395,033
Stay of enforcement in place	<u>1,868,060</u>	<u>1,754,181</u>
	<b>14,144,952</b>	<b>14,640,520</b>
<u>Enforceable support orders</u>	<u>7,367,734</u>	<u>7,277,146</u>
	<b>\$ 21,512,686</b>	<b>\$ 21,917,666</b>

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

---

**5. Other payables**

Other payables of \$19,352 (2004 - \$9,771) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

**6. Related party transactions**

The Director of Support Enforcement operates as a division of the Department of Justice. During the year the Director paid approximately \$2.8 million (2004 - \$2.8 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

**7. Financial instruments**

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

**8. Income taxes**

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



**Eastern Health and Community Services  
Board  
Consolidated Financial Statements  
March 31, 2005**

**Grant Thornton **

## Auditors' Report

To the Chairman and Members of the  
Eastern Regional Integrated Health Authority

We have audited the consolidated statement of financial position of the **Eastern Health and Community Services Board** at March 31, 2005 and the consolidated statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Eastern Health and Community Services Board as at March 31, 2005, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
May 24, 2005

Grant Thornton LLP  
Chartered Accountants

187 Kenmount Road  
St. John's  
Newfoundland and Labrador  
A1B 3P9  
T (709) 722-5960  
F (709) 722-7892  
E [StJohns@GrantThornton.ca](mailto:StJohns@GrantThornton.ca)  
/ [www.GrantThornton.ca](http://www.GrantThornton.ca)

Canadian Member of Grant Thornton International

## Eastern Health and Community Services Board Consolidated Statement of Operations

Year Ended March 31	2005	2004
<b>Revenue</b>		
Provincial plan	\$ 45,794,863	\$ 45,149,810
Early Childhood Development Program	710,014	572,838
National Child Benefit Program	475,546	484,339
MCP revenue	332,101	338,959
Federal Children's Allowance	266,670	177,745
Other income	<u>26,337</u>	<u>22,484</u>
	<u>47,605,531</u>	<u>46,746,175</u>
<b>Expenditure</b>		
Operating		
Salaries	14,409,326	14,310,656
Benefits	2,713,536	2,811,260
Rent	990,969	974,970
Travel	645,608	686,652
Telephone	412,322	414,336
Medical supplies	362,584	392,396
Miscellaneous	<u>750,733</u>	<u>791,936</u>
	<u>20,285,078</u>	<u>20,382,206</u>
Program		
Family Rehabilitative Program	13,552,525	13,335,993
Home Support Program	5,147,331	5,563,805
Child Welfare Program	3,363,906	3,395,843
Personal Care Homes Program	2,758,189	2,669,759
Special Assistance Program	1,081,203	983,576
Early Childhood Development Program	338,961	244,874
National Child Benefit Program	131,020	144,948
Community Corrections Program	<u>34,017</u>	<u>48,201</u>
	<u>26,407,152</u>	<u>26,386,999</u>
	<u>46,692,230</u>	<u>46,769,205</u>
Surplus (deficit) prior to non-shareable items	<u>913,301</u>	<u>(23,030)</u>
<b>Non-shareable items</b>		
Amortization of deferred capital grants	(215,262)	(243,369)
Depreciation	215,262	243,369
Accrued severance expense increase	68,019	702,475
Accrued vacation expense increase	40,788	171,431
Interest, donations and bequests	(58,172)	(72,298)
Board expenses	<u>32,506</u>	<u>140,091</u>
	<u>83,141</u>	<u>941,699</u>
Surplus (deficit) on operations	<u>\$ 830,160</u>	<u>\$ (964,729)</u>

See accompanying notes to the consolidated financial statements.



**Eastern Health and Community Services Board  
Consolidated Statement of Financial Position**

March 31 2005 2004

**Assets**

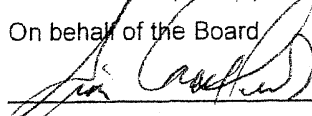
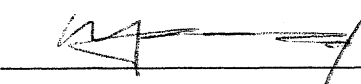
Current		
Receivables (Note 3)	\$ 626,322	\$ 845,897
Prepays	<u>326,219</u>	<u>362,431</u>
	952,541	1,208,328
Resident trust fund	29,416	38,765
Property and equipment (Note 4)	388,590	524,976
Equipment under capital lease (Note 4)	<u>39,403</u>	<u>68,364</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,840,433</u>

**Liabilities**

Current		
Bank indebtedness (Note 5)	\$ 2,216,785	\$ 3,247,842
Payables and accruals	1,282,346	1,403,445
Current portion of obligation under capital lease	32,321	32,321
Accrued vacation pay	1,418,206	1,377,418
Deferred contributions		
Operating	567,321	499,706
Early Childhood Development	26,853	480,192
ELCC	242,602	-
National Child Benefit	<u>202,930</u>	<u>107,729</u>
	5,989,364	7,148,653
Resident trust liability	29,416	38,765
Accrued severance pay	2,886,884	2,818,865
Obligation under capital lease (Note 6)	7,082	36,044
Deferred contributions - capital (Note 7)	<u>466,877</u>	<u>597,939</u>
	9,379,623	10,640,266
<b>Net Deficiency</b>		
Deficiency	<u>(7,969,673)</u>	<u>(8,799,833)</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,840,433</u>

Commitments (Note 9)

On behalf of the Board


Member

Member

See accompanying notes to the consolidated financial statements.

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**Eastern Health and Community Services Board**  
**Consolidated Statement of Changes in Net Deficiency**

Year Ended March 31

2005

2004

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	<u>Operating Fund</u>	<u>Board Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$(8,886,226)	\$ 86,393	\$(8,799,833)	\$(7,835,104)
Surplus (deficit) on operations	<u>863,874</u>	<u>(33,714)</u>	<u>830,160</u>	<u>(964,729)</u>
Balance, end of year	<u>\$(8,022,352)</u>	<u>\$ 52,679</u>	<u>\$(7,969,673)</u>	<u>\$(8,799,833)</u>


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Deficiency comprised of:

Balance prior to accrual for unfunded items		\$(3,664,583)	\$(4,603,550)
Accrued vacation pay		(1,418,206)	(1,377,418)
Accrued severance pay		<u>(2,886,884)</u>	<u>(2,818,865)</u>
		<u>\$(7,969,673)</u>	<u>\$(8,799,833)</u>

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See accompanying notes to the consolidated financial statements.

Grant Thornton 

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## Eastern Health and Community Services Board Consolidated Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Surplus (deficit) on operations	\$ 830,160	\$ (964,729)
Depreciation	215,262	243,369
Amortization of deferred capital grants	(215,262)	(243,369)
Increase in accrued severance pay	<u>68,019</u>	<u>702,475</u>
	898,179	(262,254)
Change in non-cash operating working capital (Note 8)	<u>127,555</u>	<u>2,851,805</u>
	<u>1,025,734</u>	<u>2,589,551</u>
<b>Financing</b>		
Decrease in bank borrowings	(1,115,789)	(1,814,747)
Transfer from Board Fund – capital	-	120,000
Capital grants - Province of Newfoundland and Labrador	<u>84,200</u>	<u>25,000</u>
	<u>(1,031,589)</u>	<u>(1,669,747)</u>
<b>Investing</b>		
Purchase of equipment and leasehold improvements	<u>(78,877)</u>	<u>(200,167)</u>
Net (decrease) increase in cash and cash equivalents	(84,732)	719,637
Cash and cash equivalents		
Beginning of year	<u>137,411</u>	<u>(582,226)</u>
End of year	<u>\$ 52,679</u>	<u>\$ 137,411</u>

See accompanying notes to the consolidated financial statements.

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# Eastern Health and Community Services Board

## Notes to the Consolidated Financial Statements

March 31, 2005

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### 1. Nature of operations

The Eastern Health and Community Services Board provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Homes Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare, Community Corrections Program, Early Childhood Development Program and National Child Benefit Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

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### 2. Summary of significant accounting policies

#### Operating Fund

The Operating Fund is used to account for the operating activities of the Board.

#### Board Fund

The Board Fund reflects assets held for special purposes which may be used at the discretion of the Board. Revenues consists mainly of donations, bequests and interest; and expenditures are contributions for the purchase of capital assets and certain operating expenditures not funded by Government.

#### Use of estimates

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

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

#### Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

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# Eastern Health and Community Services Board

## Notes to the Consolidated Financial Statements

March 31, 2005

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

#### Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

#### Depreciation

Depreciation is recorded using the following bases and rates:

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicles	30%, declining balance
Leasehold improvements	20%, straight line
Equipment under capital lease	20%, straight line

#### Severance pay

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

#### Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year a grant of \$84,200 (2004 - \$25,000) was received from the Department of Health and Community Services.

#### Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

#### Medical supplies

Medical supplies are charged to cost of services when purchased.

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<b>3. Receivables</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Province of Newfoundland and Labrador	\$ 258,107	\$ 526,820
Other	<u>368,215</u>	<u>319,077</u>
	<b><u>\$ 626,322</u></b>	<b><u>\$ 845,897</u></b>

Grant Thornton 

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## Eastern Health and Community Services Board

### Notes to the Consolidated Financial Statements

March 31, 2005

4. Property and equipment			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furnishings	\$ 15,838	\$ 6,208	\$ 9,630	\$ 10,318
Computer software	92,888	51,412	41,476	51,845
Equipment	991,416	748,922	242,494	292,233
Vehicles	58,443	46,988	11,455	16,364
Leasehold improvements	<u>390,331</u>	<u>306,796</u>	<u>83,535</u>	<u>154,216</u>
	<u>\$ 1,548,916</u>	<u>\$ 1,160,326</u>	<u>\$ 388,590</u>	<u>\$ 524,976</u>

The cost of the equipment under the capital lease is \$146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is \$28,962 (2004 - \$28,599).

#### 5. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$4,600,000 at March 31, 2005 (and expires on March 31, 2006).

Bank indebtedness consists of:	<u>2005</u>	<u>2004</u>
Operating line of credit	\$(2,269,464)	\$(3,385,253)
Cash and cash equivalents	<u>52,679</u>	<u>137,411</u>
	<u>\$(2,216,785)</u>	<u>\$(3,247,842)</u>

#### 6. Obligation under capital lease

The obligation under capital lease is repayable at a rate of \$15.10 per bloodline. Repayments in each of the next two years are estimated to be as follows: 2006 - \$32,321; and 2007 - \$7,082.

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## Eastern Health and Community Services Board

### Notes to the Consolidated Financial Statements

March 31, 2005

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#### 7. Deferred contributions - capital

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 597,939	\$ 696,307
Capital contributions from Province of Newfoundland and Labrador	84,200	25,000
Capital contributions from the Board Fund	-	120,000
Amortization for the year	<u>(215,262)</u>	<u>(243,368)</u>
Balance, end of year	<u>\$ 466,877</u>	<u>\$ 597,939</u>

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#### 8. Supplemental cash flow information

Change in non-cash operating working capital

	<u>2005</u>	<u>2004</u>
Receivables	\$ 219,575	\$ 2,669,963
Prepays	36,212	85,066
Payables and accruals	(121,099)	(31,690)
Accrued vacation pay	40,788	171,431
Deferred contributions	<u>(47,921)</u>	<u>(42,965)</u>
	<u>\$ 127,555</u>	<u>\$ 2,851,805</u>

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#### 9. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment, and vehicles in the next four years as follows:

2006	\$	761,998
2007	\$	461,590
2008	\$	252,712
2009	\$	237,511

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## Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2005

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### 10. Financial instruments

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

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### 11. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.



**Eastern Health and Community Services  
Board  
Operating Fund  
Financial Statements  
March 31, 2005**

**Grant Thornton **

## Auditors' Report

To the Chairman and Members of the  
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Eastern Health and Community Services Board - Operating Fund** as at March 31, 2005, and the statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Health and Community Services Board - Operating Fund as at March 31, 2005, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
May 24, 2005

Grant Thornton LLP  
Chartered Accountants

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**Eastern Health and Community Services Board**  
**Operating Fund**  
**Statement of Operations**

Year Ended March 31	2005	2004
<b>Revenue</b>		
Provincial plan	\$ 45,794,863	\$ 45,149,810
Early Childhood Development Program	710,014	572,838
National Child Benefit Program	475,546	484,339
MCP revenue	332,101	338,959
Federal Children's Allowance	266,670	177,745
Board Fund Grant	59,380	35,458
Other income	<u>26,337</u>	<u>22,484</u>
	<u>47,664,911</u>	<u>46,781,633</u>
<b>Expenditure</b>		
<b>Operating</b>		
Salaries	14,409,326	14,310,656
Benefits	2,713,536	2,811,260
Rent	990,969	974,970
Travel	645,608	686,652
Telephone	412,322	414,336
Medical supplies	362,584	392,396
Miscellaneous	<u>750,733</u>	<u>791,936</u>
	<u>20,285,078</u>	<u>20,382,206</u>
<b>Program</b>		
Family Rehabilitative Program	13,552,525	13,335,993
Home Support Program	5,147,331	5,563,805
Child Welfare Program	3,363,906	3,395,843
Personal Care Homes Program	2,758,189	2,669,759
Special Assistance Program	1,081,203	983,576
Early Childhood Development Program	338,961	244,874
National Child Benefit Program	131,020	144,948
Community Corrections Program	<u>34,017</u>	<u>48,201</u>
	<u>26,407,152</u>	<u>26,386,999</u>
	<u>46,692,230</u>	<u>46,769,205</u>
Surplus prior to non-shareable items	<u>972,681</u>	<u>12,428</u>
<b>Non-shareable items</b>		
Amortization of deferred capital grants	(215,262)	(243,369)
Depreciation	215,262	243,369
Accrued severance expense increase	68,019	702,475
Accrued vacation expense increase	<u>40,788</u>	<u>171,431</u>
	<u>108,807</u>	<u>873,906</u>
Surplus (deficit) on operations	<u>\$ 863,874</u>	<u>\$ (861,478)</u>

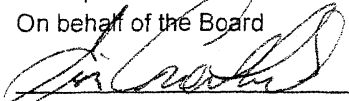
See accompanying notes to the financial statements.

**Eastern Health and Community Services Board  
Operating Fund  
Statement of Financial Position**

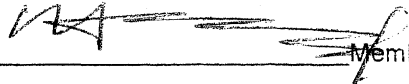
March 31	2005	2004
<b>Assets</b>		
Current		
Receivables (Note 3)	\$ 626,322	\$ 845,897
Due from Board Fund	-	51,018
Prepays	326,219	362,431
	952,541	1,259,346
Resident trust fund	29,416	38,765
Property and equipment (Note 4)	388,590	524,976
Equipment under capital lease (Note 4)	39,403	68,364
	\$ 1,409,950	\$ 1,891,451
<b>Liabilities</b>		
Current		
Bank indebtedness (Note 5)	\$ 2,269,464	\$ 3,385,253
Payables and accruals	1,282,346	1,403,445
Current portion of obligation under capital lease	32,321	32,321
Accrued vacation pay	1,418,206	1,377,418
Deferred contributions		
Operating	567,321	499,706
Deferred contributions - Early Learning Child Care	26,853	-
Early Childhood Development	242,602	480,192
National Child Benefit	202,930	107,729
	6,042,043	7,286,064
Resident trust liability	29,416	38,765
Accrued severance pay	2,886,884	2,818,865
Obligation under capital lease (Note 6)	7,082	36,044
Deferred contributions – capital (Note 7)	466,877	597,939
	9,432,302	10,777,677
<b>Net Deficiency</b>		
Deficiency	(8,022,352)	(8,886,226)
	\$ 1,409,950	\$ 1,891,451

Commitments (Note 9)

On behalf of the Board




Member



Member

See accompanying notes to the financial statements.

Grant Thornton 

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**Eastern Health and Community Services Board**  
**Operating Fund**  
**Statement of Changes in Net Deficiency**

Year Ended March 31	2005	2004
Balance, beginning of year	\$(8,886,226)	\$(8,024,748)
Surplus (deficit) on operations	<u>863,874</u>	<u>(861,478)</u>
Balance, end of year	<u><b>\$(8,022,352)</b></u>	<u><b>\$(8,886,226)</b></u>
Deficiency comprised of:		
Balance prior to accrual for unfunded items	\$(3,717,262)	(4,689,943)
Vacation pay accrual	(1,418,206)	(1,377,418)
Severance pay accrual	<u>(2,886,884)</u>	<u>(2,818,865)</u>
	<u><b>\$(8,022,352)</b></u>	<u><b>\$(8,886,226)</b></u>

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See accompanying notes to the financial statements.

**Eastern Health and Community Services Board**  
**Operating Fund**  
**Statement of Cash Flows**

Year Ended March 31 2005 2004

Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Surplus (deficit) on operations	\$ 863,874	\$ (861,478)
Depreciation	215,262	243,369
Amortization of deferred capital grants	(215,262)	(243,369)
Increase in accrued severance pay	<u>68,019</u>	<u>702,475</u>
	931,893	(159,003)
Change in non-cash operating working capital (Note 8)	<u>178,573</u>	<u>2,843,235</u>
	<u>1,110,466</u>	<u>2,684,232</u>
<b>Financing</b>		
Decrease in bank borrowings	(1,115,789)	(1,814,747)
Transfer from Board Fund - capital	-	120,000
Capital grants - Province of Newfoundland and Labrador	<u>84,200</u>	<u>25,000</u>
	<u>(1,031,589)</u>	<u>(1,669,747)</u>
<b>Investing</b>		
Purchase of equipment and leasehold improvements	<u>(78,877)</u>	<u>(200,167)</u>
Net increase in cash and cash equivalents	-	814,318
Cash and cash equivalents		
Beginning of year	<u>-</u>	<u>(814,318)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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# Eastern Health and Community Services Board

## Operating Fund

### Notes to the Financial Statements

March 31, 2005

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#### 1. Nature of operations

The Eastern Health and Community Services Board - Operating Fund provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Homes Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare Program, Community Corrections Program, National Child Benefit Program and Early Childhood Development Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

The results of the Board Fund are presented in separate financial statements.

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#### 2. Summary of significant accounting policies

##### Use of estimates

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

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

##### Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

##### Depreciation

Depreciation is recorded using the following bases and rates:

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicle	30%, declining balance
Leasehold improvements	20%, straight line
Equipment under capital lease	20%, straight line

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# Eastern Health and Community Services Board

## Operating Fund

### Notes to the Financial Statements

March 31, 2005

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

##### Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

##### Severance pay

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

##### Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year grants of \$84,200 (2003 - \$25,000) was received from the Department of Health and Community Services and \$Nil (2003 - \$120,000) was received from the Board Fund.

##### Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

##### Medical supplies

Medical supplies are charged to cost of services when purchased.

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3. Receivables	<u>2005</u>	<u>2004</u>
Province of Newfoundland and Labrador	\$ 258,107	\$ 526,820
Other	<u>368,215</u>	<u>319,077</u>
	<u>\$ 626,322</u>	<u>\$ 845,897</u>



**Eastern Health and Community Services Board**  
**Operating Fund**  
**Notes to the Financial Statements**

March 31, 2005

4. Property and equipment			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furnishings	\$ 15,838	\$ 6,208	\$ 9,630	\$ 10,318
Computer software	92,888	51,412	41,476	51,845
Equipment	991,416	748,922	242,494	292,233
Vehicle	58,443	46,988	11,455	16,364
Leasehold improvements	<u>390,331</u>	<u>306,796</u>	<u>83,535</u>	<u>154,216</u>
	<u>\$ 1,548,916</u>	<u>\$ 1,160,326</u>	<u>\$ 388,590</u>	<u>\$ 524,976</u>

The cost of the equipment under the capital lease is \$146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is \$28,962 (2004 - \$28,599).

**5. Bank indebtedness**

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$4,600,000 at March 31, 2005 (and expires on March 31, 2006).

	<u>2005</u>	<u>2004</u>
Bank indebtedness consists of:		
Operating line of credit	<u>\$(2,269,464)</u>	<u>\$(3,385,253)</u>

**6. Obligation under capital lease**

The obligation under capital lease is repayable at a rate of \$15.10 per bloodline. Repayments in each of the next two years are estimated to be as follows:  
2006 - \$32,231 and 2007 - \$7,082.

**7. Deferred contributions - capital**

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 597,939	\$ 696,307
Capital contributions from Province of Newfoundland and Labrador	84,200	25,000
Capital contributions from the Board Fund	-	120,000
Amortization for the year	<u>(215,262)</u>	<u>(243,368)</u>
Balance, end of year	<u>\$ 466,877</u>	<u>\$ 597,939</u>

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# Eastern Health and Community Services Board Operating Fund

## Notes to the Financial Statements

March 31, 2005

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8. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables	\$ 219,575	\$ 2,669,963
Due from Board Fund	51,018	(8,570)
Prepays	36,212	85,066
Payables and accruals	(121,099)	(31,690)
Accrued vacation pay	40,788	171,431
Deferred contributions	<u>(47,921)</u>	<u>(42,965)</u>
	<u>\$ 178,573</u>	<u>\$ 2,843,235</u>

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### 9. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment and vehicles in the next four years as follows:

2006	\$ 761,998
2007	\$ 461,590
2008	\$ 252,712
2009	\$ 237,511

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### 10. Financial instruments

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

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### 11. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.



**Deloitte**

**General Hospital Hostel  
Association  
Financial Statements  
March 31, 2004**

## Auditors' Report

To the Members of the Board of  
General Hospital Hostel Association

We have audited the statement of financial position of General Hospital Hostel Association as at March 31, 2004 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 20, 2003.

*Deloitte + Touche LLP*

Chartered Accountants  
July 12, 2004

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## General Hospital Hostel Association

### Statement of Operations and Changes in Net Assets

Year Ended March 31	2004	2003
<b>Revenue</b>		
Rentals	\$ 1,422,920	\$ 1,284,823
Rental assistance subsidy (Note 10)	56,810	57,371
Interest	18,255	11,522
Other	<u>28,602</u>	<u>19,648</u>
	<u>1,526,587</u>	<u>1,373,364</u>
<b>Expenditures</b>		
Wages and benefits	314,531	320,698
Housekeeping services	225,227	198,178
Interest on long term debt	223,137	175,971
Laundry and linens	142,039	134,121
Maintenance	120,724	113,385
Utilities	84,370	81,492
Other supplies	28,844	14,781
Administration fees	14,323	14,323
Professional fees	3,713	1,885
Computer services	2,454	2,454
Insurance	<u>1,715</u>	<u>1,715</u>
	<u>1,161,077</u>	<u>1,059,003</u>
Excess of revenue over expenditures before the following	<u>365,510</u>	<u>314,361</u>
Depreciation	296,140	141,420
Amortization of deferred capital contributions	(90,000)	(45,000)
Increase in severance pay accrual	<u>3,774</u>	<u>2,305</u>
	<u>209,914</u>	<u>98,725</u>
Excess of revenue over expenditures	155,596	215,636
Net assets, beginning of year	318,115	106,988
<b>Transfer to</b>		
Capital replacement reserve (Note 8)	(4,993)	(4,509)
Subsidy surplus fund (Note 9)	<u>(772)</u>	<u>-</u>
Net assets, end of year	<u>\$ 467,946</u>	<u>\$ 318,115</u>

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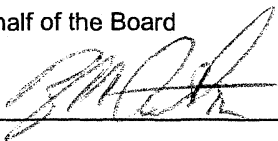
See accompanying notes to the financial statements.

# General Hospital Hostel Association

## Statement of Financial Position

March 31	2004	2003
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 213,282	\$ 565,000
Receivables	<u>26,856</u>	<u>32,050</u>
	240,138	597,050
Restricted funds (Note 3)	268,376	262,611
Building and equipment (Note 4)	<u>7,235,218</u>	<u>7,526,485</u>
	<u>\$ 7,743,732</u>	<u>\$ 8,386,146</u>
<b>Liabilities</b>		
Current		
Payables and accruals (Note 5)	\$ 54,285	\$ 46,796
Due to Health Care Corporation of St. John's	60,021	574,130
Current portion of long term debt (Note 6)	<u>213,543</u>	<u>205,165</u>
	327,849	826,091
Long term debt (Note 6)	4,960,413	5,173,955
Deferred capital contributions (Note 7)	1,665,000	1,755,000
Accrued severance pay	54,148	50,374
Capital replacement reserve (Note 8)	231,663	226,670
Subsidy surplus fund (Note 9)	<u>36,713</u>	<u>35,941</u>
	7,275,786	8,068,031
<b>Net Assets</b>		
Net assets	<u>467,946</u>	<u>318,115</u>
	<u>\$ 7,743,732</u>	<u>\$ 8,386,146</u>

On behalf of the Board



Chairman



Director

See accompanying notes to the financial statements.

# General Hospital Hostel Association

## Statement of Cash Flows

Year Ended March 31 2004 2003

Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 155,596	\$ 215,636
Items not requiring a cash outlay		
Depreciation	296,140	141,420
Amortization of deferred capital contributions	(90,000)	(45,000)
Accrued severance pay	<u>3,774</u>	<u>2,305</u>
	365,510	314,361
Change in non-cash operating working capital (Note 11)	<u>(501,426)</u>	<u>361,891</u>
Cash provided by (used in) operating activities	<u>(135,916)</u>	<u>676,252</u>
<b>Financing</b>		
Proceeds from long term debt	-	2,500,000
Repayment of long term debt	(205,164)	(96,420)
Decrease in contractual obligations	<u>-</u>	<u>(1,980,143)</u>
Cash provided by (used in) financing activities	<u>(205,164)</u>	<u>423,437</u>
<b>Investing</b>		
Construction in progress	-	(713,645)
Capital purchases	<u>(4,873)</u>	<u>-</u>
Cash used in investing activities	<u>(4,873)</u>	<u>(713,645)</u>
Net increase (decrease) in cash and cash equivalents	(345,953)	386,044
<b>Cash and cash equivalents</b>		
Beginning of year	<u>827,611</u>	<u>441,567</u>
End of year	<u>\$ 481,658</u>	<u>\$ 827,611</u>
<hr/>		
<b>Represented by:</b>		
Cash	\$ 213,282	\$ 565,000
Restricted funds	<u>268,376</u>	<u>262,611</u>
	<u>\$ 481,658</u>	<u>\$ 827,611</u>

See accompanying notes to the financial statements.



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# **General Hospital Hostel Association**

## **Notes to the Financial Statements**

March 31, 2004

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### **1. Nature of operations**

The General Hospital Hostel Association ("the Hostel" or "the Association") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

On June 28, 2002 the extension to the Agnes Cowan Hostel was completed. At this time the Hostel assumed the services of the Northwest Rotary – Janeway Hostel Corporation.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

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

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

#### **Revenue recognition**

Revenues are recognized as earned and when collection is reasonably assured.

#### **Use of estimates**

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

#### **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**

Capital assets are recorded at cost. Depreciation is recorded on the buildings in an amount equal to the principal repayment on long-term debt. Depreciation is recorded on equipment on a declining balance basis using a rate of 20%.

#### **Capital contributions**

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased.

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## General Hospital Hostel Association

### Notes to the Financial Statements

March 31, 2004

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#### 2. Summary of significant accounting policies (Continued)

##### Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Association.

##### Pension costs

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

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#### 3. Restricted funds

These funds have been set aside to fund the balance of reserves required under an agreement with the Canada Mortgage and Housing Corporation. The balance represents:

	<u>2004</u>	<u>2003</u>
Capital replacement reserve	\$ 231,663	\$ 226,670
Subsidy surplus fund	<u>36,713</u>	<u>35,941</u>
	<u>\$ 268,376</u>	<u>\$ 262,611</u>
Restricted funds consist of the following:		
Cash (overdraft)	\$ 45,463	\$ (22,152)
Bank of Montreal Mortgage Corporation, term investment bearing variable interest, maturing April 20, 2004	222,913	-
Bank of Montreal Mortgage Corporation, term investment bearing interest at 1.75%, matured December 29, 2003.	-	221,712
Bank of Montreal Mortgage Corporation, term investment, bearing interest at 1.50%, matured March 25, 2004.	<u>-</u>	<u>63,051</u>
	<u>\$ 268,376</u>	<u>\$ 262,611</u>

## General Hospital Hostel Association

### Notes to the Financial Statements

March 31, 2004

4. Building and equipment			<u>2004</u>	<u>2003</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 8,720,694	\$1,489,374	\$7,231,320	\$7,526,485
Equipment	<u>4,873</u>	<u>975</u>	<u>3,898</u>	<u>-</u>
	<u>\$ 8,725,567</u>	<u>\$1,490,349</u>	<u>\$7,235,218</u>	<u>\$7,526,485</u>

5. Payables and accruals			<u>2004</u>	<u>2003</u>
Trade and sundry			\$ 29,568	\$ 23,440
Accrued vacation pay			<u>24,717</u>	<u>23,356</u>
			<u>\$ 54,285</u>	<u>\$ 46,796</u>

6. Long-term debt			<u>2004</u>	<u>2003</u>
Newfoundland and Labrador Housing Corporation 5.79% first mortgage, maturing March 1, 2007, amortized to 2019, payable in monthly principal and interest instalments of \$14,566.			\$ 1,764,921	\$ 1,835,238
Royal Bank of Canada 6.50% first mortgage, maturing May 24, 2006, amortized to 2021, payable in monthly principal and interest instalments of \$8,188.			1,011,738	1,043,882
Health Care Corporation of St. John's, prime minus 1.75%, maturing April 1, 2023, amortized to 2023, payable in monthly principal and interest instalments of \$12,647.			<u>2,397,297</u>	<u>2,500,000</u>
			5,173,956	5,379,120
Less: current portion			<u>213,543</u>	<u>205,165</u>
			<u>\$ 4,960,413</u>	<u>\$ 5,173,955</u>

Principal repayments in each of the next five years are as follows:

2004 - \$213,543; 2005 - \$222,349; 2006 - \$231,614; 2007 - \$240,703; and 2008 - \$250,052.

As collateral for the mortgage and loan the Association has provided:

- a) a first mortgage on the hostel building;
- b) assignment of fire insurance on the hostel building;
- c) chattel mortgage over equipment;
- d) registered general assignment of rentals; and,
- e) corporate guarantee of the Health Care Corporation of St. John's.

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## General Hospital Hostel Association

### Notes to the Financial Statements

March 31, 2004

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#### 7. Deferred capital contributions

The Association has received the following capital contributions towards the cost of the construction of the extension to the existing Agnes Cowan Hostel.

	<u>2004</u>	<u>2003</u>
Opening balance	\$ 1,755,000	\$ 1,800,000
Amortization	<u>90,000</u>	<u>45,000</u>
Ending balance	<u>\$ 1,665,000</u>	<u>\$ 1,755,000</u>

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#### 8. Capital replacement reserve

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 226,670	\$ 222,161
Interest earned	<u>4,993</u>	<u>4,509</u>
Balance, end of year	<u>\$ 231,663</u>	<u>\$ 226,670</u>

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation ("the Corporation"), the Association is required to allocate an amount of the annual rental assistance received to a capital replacement reserve. The use of these funds is restricted to the purchase of approved capital items. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the capital replacement reserve until the cash flow position of the Association improved.

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#### 9. Subsidy surplus fund

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 35,941	\$ 35,941
Interest earned	<u>772</u>	<u>-</u>
Balance, end of year	<u>\$ 36,713</u>	<u>\$ 35,941</u>

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Association is permitted to allocate an amount of the annual rental assistance received to a subsidy surplus fund in the year this assistance results in an operating surplus. These funds are to be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. During the 2003 fiscal year, the Corporation has authorized the Association to suspend allocations to the subsidy surplus fund until the cash flow position of the Association improved and the payable to the Health Care Corporation of St. John's is eliminated.

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# General Hospital Hostel Association

## Notes to the Financial Statements

March 31, 2004

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### 10. Rental assistance subsidy

The Association is receiving a rental subsidy from Canada Mortgage and Housing Corporation under the non-profit housing program. The maximum subsidy available is the amount required to effectively reduce the mortgage interest to 2%. The subsidy has two components:

- a) the amount of assistance required to bring the per unit actual rentals to the economic rental rate required to sustain the project; and,
- b) assistance to subsidize rent reductions to income tested occupants.

---

### 11. Supplemental cash flow information

	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ 5,194	\$ (27,692)
Payables and accruals	<u>(506,620)</u>	<u>389,583</u>
	<u>\$ (501,426)</u>	<u>\$ 361,891</u>
Interest paid	<u>\$ 219,652</u>	<u>\$ 175,971</u>

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### 12. Related party transactions

The Association had the following transactions with related parties during fiscal 2004:

- a) Rental revenue includes \$113,880 (2003 - \$113,880) charged to the Health Care Corporation of St. John's.
- b) Expenditure includes \$361,407 (2003 - \$328,340) charged by the Health Care Corporation of St. John's for administration fees, computer services, housekeeping services, maintenance and security services.

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### 13. Financial instruments

The carrying value of the Association's financial instruments included in current assets and current liabilities as well as the restricted fund balance included in long term assets approximates fair value due to the relatively short term to maturity of these instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Association.

# Deloitte

*Financial Statements of*

## **GENERAL HOSPITAL HOSTEL ASSOCIATION**

*March 31, 2005*



Deloitte & Touche LLP  
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Fort William Building  
St. John's NL A1C 6H5  
Canada  
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www.deloitte.ca

## Auditors' Report

To the Members of the Board of  
General Hospital Hostel Association

We have audited the statement of financial position of General Hospital Hostel Association as at March 31, 2005 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
June 30, 2005

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Statement of Operations and Net Assets

Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Rentals	1,334,721	1,422,920
Rental assistance subsidy (Note 10)	56,251	56,810
Interest	9,587	18,255
Other	23,046	28,602
	<hr/> 1,423,605	<hr/> 1,526,587
EXPENDITURES		
Wages and benefits	326,122	314,531
Housekeeping services	225,227	225,227
Interest on long-term debt	210,557	223,137
Laundry and linens	153,107	142,039
Maintenance	119,402	120,724
Utilities	94,686	84,370
Other supplies	32,409	28,844
Administration fees	14,323	14,323
Professional fees	2,795	3,713
Computer services	2,454	2,454
Insurance	1,715	1,715
	<hr/> 1,182,797	<hr/> 1,161,077
EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	240,808	365,510
Amortization of capital assets	304,517	296,140
Amortization of deferred capital contributions	(90,000)	(90,000)
Increase in severance pay accrual	11,067	3,774
EXCESS OF REVENUE OVER EXPENDITURES	<hr/> 15,224	<hr/> 155,596



**GENERAL HOSPITAL HOSTEL ASSOCIATION**  
**Statement of Changes in Fund Balances**  
Year Ended March 31, 2005

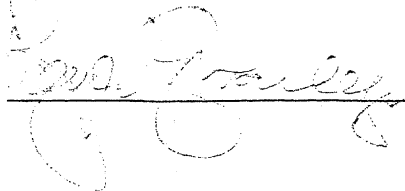
	2005			2004	
	Unrestricted Net Assets	Net Investment in Capital Assets	Capital Replacement Reserve	Subsidy Surplus Fund	Total
					Total
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	71,684	396,262	231,663	36,713	580,726
Excess of expenditures over revenue	229,741	(214,517)	-	-	15,224
Transfer to capital replacement reserve (Note 8)	(3,832)		3,832	-	-
Transfer to subsidy surplus fund (Note 9)	(616)		-	616	-
Repayment of long-term debt	(213,543)	213,543	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>83,434</b>	<b>395,288</b>	<b>235,495</b>	<b>37,329</b>	<b>736,322</b>

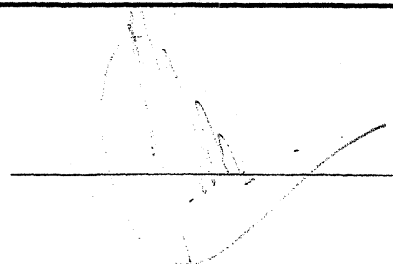
**GENERAL HOSPITAL HOSTEL ASSOCIATION**  
**Statement of Financial Position**

March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	198,117	213,282
Receivables	22,562	26,856
	<b>220,679</b>	<b>240,138</b>
Restricted funds (Note 3)	272,824	268,376
Building and equipment (Note 4)	6,930,701	7,235,218
	<b>7,424,204</b>	<b>7,743,732</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Payables and accruals (Note 5)	61,816	54,285
Due to Health Care Corporation of St. John's	10,214	60,021
Current portion of long-term debt (Note 6)	222,351	213,543
	<b>294,381</b>	<b>327,849</b>
Long-term debt (Note 6)	4,738,062	4,960,413
Deferred capital contributions (Note 7)	1,575,000	1,665,000
Accrued severance pay	65,215	54,148
	<b>6,672,658</b>	<b>7,007,410</b>
<b>FUND BALANCES</b>		
Unrestricted	83,434	71,684
Investment in capital assets	395,288	396,262
Capital replacement reserve (Note 8)	235,495	231,663
Subsidy surplus fund (Note 9)	37,329	36,713
	<b>751,546</b>	<b>736,322</b>
	<b>7,424,204</b>	<b>7,743,732</b>

ON BEHALF OF THE BOARD:

 Chairman

 Director

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	15,224	155,596
Adjustments for:		
Amortization of capital assets	304,517	296,140
Amortization of deferred capital contributions	(90,000)	(90,000)
Accrued severance pay	11,067	3,774
Change in non-cash operating working capital (Note 11)	(37,982)	(501,426)
	<u>202,826</u>	<u>(135,916)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long-term debt	(213,543)	(205,164)
<b>INVESTING ACTIVITY</b>		
Capital purchases	-	(4,873)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,717)</b>	<b>(345,953)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>481,658</b>	<b>827,611</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>470,941</b>	<b>481,658</b>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	198,117	213,282
Restricted funds	272,824	268,376
	<u>470,941</u>	<u>481,658</u>

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Notes to Financial Statements

March 31, 2005

---

### 1. NATURE OF OPERATIONS

The General Hospital Hostel Association ("the Hostel" or "the Association") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

On June 28, 2002 the extension to the Agnes Cowan Hostel was completed. At this time the Hostel assumed the services of the Northwest Rotary – Janeway Hostel Corporation.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *Revenue recognition*

Revenues are recognized as earned and when collection is reasonably assured.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with maturities of one year or less. Bank borrowings are considered to be financing activities.

#### *Capital assets*

Capital assets are recorded at cost. Amortization is recorded on the buildings in an amount equal to the principal repayment on long-term debt, which approximates the useful life of the assets. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

#### *Capital contributions*

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as amortization expense related to the capital assets purchased.

#### *Accrued severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Association.

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Notes to Financial Statements

March 31, 2005

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

#### *Pension costs*

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

#### *Use of estimates*

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

### 3. RESTRICTED FUNDS

These funds have been set aside to fund the balance of reserves required under an agreement with the Canada Mortgage and Housing Corporation. The balance is represented by the following:

	<u>2005</u>	<u>2004</u>
	\$	\$
Capital replacement reserve	235,495	231,663
Subsidy surplus fund	37,329	36,713
	<hr/> 272,824	<hr/> 268,376
Restricted funds consist of the following:		
Cash	272,824	45,463
Bank of Montreal Mortgage Corporation, term investment bearing variable interest, matured April 20, 2004	-	222,913
	<hr/> 272,824	<hr/> 268,376

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Notes to Financial Statements

March 31, 2005

### 4. BUILDING AND EQUIPMENT

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	8,323,323	1,395,546	6,927,777	7,231,320
Equipment	4,873	1,949	2,924	3,898
	<b>8,328,196</b>	<b>1,397,495</b>	<b>6,930,701</b>	<b>7,235,218</b>

### 5. PAYABLES AND ACCRUALS

	2005	2004
	\$	\$
Trade and sundry	31,500	29,568
Accrued vacation pay	30,316	24,717
	<b>61,816</b>	<b>54,285</b>

### 6. LONG-TERM DEBT

	2005	2004
	\$	\$
Newfoundland and Labrador Housing Corporation 5.79% first mortgage, maturing March 1, 2007, amortized to 2019, payable in monthly principal and interest instalments of \$14,566.	1,690,422	1,764,921
Royal Bank of Canada 6.50% term loan, maturing May 24, 2006, amortized to 2021, payable in monthly principal and interest instalments of \$8,188.	977,470	1,011,738
Health Care Corporation of St. John's 2% loan, unsecured, maturing April 1, 2007, amortized to 2027, payable in monthly principal and interest instalments of \$12,647.	2,292,521	2,397,297
	<b>4,960,413</b>	<b>5,173,956</b>
Less: current portion	222,351	213,543
	<b>4,738,062</b>	<b>4,960,413</b>

**GENERAL HOSPITAL HOSTEL ASSOCIATION**  
**Notes to Financial Statements**  
 March 31, 2005

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**6. LONG-TERM DEBT (Continued)**

Principal repayments in each of the next five years are as follows:

	\$
2006	222,351
2007	233,815
2008	242,673
2009	253,204
2010	264,003

As collateral for the mortgage and term loan the Association has provided:

- a) a first mortgage and a fixed charge debenture on the hostel building;
- b) assignment of fire insurance on the hostel building;
- c) chattel mortgage over equipment;
- d) registered general assignment of rentals; and,
- e) corporate guarantee of the Health Care Corporation of St. John's.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

The Association has received the following capital contributions towards the cost of the construction of the extension to the existing Agnes Cowan Hostel.

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	1,665,000	1,755,000
Amortization	<u>90,000</u>	<u>90,000</u>
Balance, end of year	<u>1,575,000</u>	<u>1,665,000</u>

**8. CAPITAL REPLACEMENT RESERVE**

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	231,663	226,670
Interest earned	<u>3,832</u>	<u>4,993</u>
Balance, end of year	<u>235,495</u>	<u>231,663</u>

# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Notes to Financial Statements

March 31, 2005

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### 8. CAPITAL REPLACEMENT RESERVE (Continued)

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation ("the Corporation"), the Association is required to allocate an amount of the annual rental assistance received to a capital replacement reserve. The use of these funds is restricted to the purchase of approved capital items. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the capital replacement reserve until the cash flow position of the Association improved.

### 9. SUBSIDY SURPLUS FUND

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	36,713	35,941
Interest earned	616	772
	<hr/>	<hr/>
Balance, end of year	37,329	36,713

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Association is permitted to allocate an amount of the annual rental assistance received to a subsidy surplus fund in the year this assistance results in an operating surplus. These funds are to be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the subsidy surplus fund until the cash flow position of the Association improved and the payable to the Health Care Corporation of St. John's is eliminated.

### 10. RENTAL ASSISTANCE SUBSIDY

The Association is receiving a rental subsidy from Canada Mortgage and Housing Corporation under the non-profit housing program. The maximum subsidy available is the amount required to effectively reduce the mortgage interest to 2%. The subsidy has two components:

- a) the amount of assistance required to bring the per unit actual rentals to the economic rental rate required to sustain the project; and,
- b) assistance to subsidize rent reductions to income tested occupants.



# GENERAL HOSPITAL HOSTEL ASSOCIATION

## Notes to Financial Statements

March 31, 2005

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### 11. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital

	<u>2005</u>	<u>2004</u>
	\$	\$
Receivables	4,294	5,194
Payables and accruals	7,531	(506,620)
Due to Health Care Corporation of St. John's	(49,807)	-
	<u>(37,982)</u>	<u>(501,426)</u>
Interest paid	<u>211,275</u>	<u>219,652</u>

### 12. RELATED PARTY TRANSACTIONS

The Hostel coordinates with the Health Care Corporation of St. John's to provide quality accommodations to outpatients and family members of inpatients.

The Association had the following transactions with related parties during fiscal 2005:

- a) Rental revenue includes \$113,880 (2004 - \$113,880) charged to the Health Care Corporation of St. John's.
- b) Expenditures include \$361,407 (2004 - \$361,407) charged by the Health Care Corporation of St. John's for administration fees, computer services, housekeeping services, maintenance and security services.

Transactions between related parties are measured at their exchange value.

### 13. FINANCIAL INSTRUMENTS

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

Long-term debt, with the exception of the Health Care Corporation of St. John's loan, approximates fair value based on current borrowing rates available to the Association. The Health Care Corporation of St. John's loan bears interest at 2% and as such does not approximate fair value.



*Financial Statements of*

**GRENFELL REGIONAL HEALTH  
SERVICES BOARD - COMBINED FUNDS**

*March 31, 2005*

## Auditors' Report

To the Directors of the  
Grenfell Regional Health Services Board

We have audited the Combined Funds balance sheet of Grenfell Regional Health Services Board as at March 31, 2005 and the Combined Funds statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Combined Funds of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
June 3, 2005

**GRENFELL REGIONAL HEALTH SERVICES BOARD  
COMBINED FUNDS**

**Statement of Revenues and Expenditures**

**Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>REVENUES</b>		
Provincial plan		
Operating	33,236,410	32,879,732
National Child Benefit	341,958	381,738
Early Child Development	129,587	145,209
MCP physician revenue	7,082,608	6,646,472
Department of Transportation and Works	2,332,115	1,582,115
Inpatient	1,220,340	608,204
Outpatient	176,675	123,068
Long term care	761,212	725,835
Dental revenue	591,508	607,567
Drug recoveries	906,628	847,558
Medical	67,799	77,450
Ambulance	146,360	117,190
Miscellaneous	515,965	536,628
	<b>47,509,165</b>	<b>45,278,766</b>
<b>EXPENDITURES (Schedule 1)</b>		
Administration	3,909,336	4,154,710
Support services	10,184,436	9,715,493
Nursing inpatient services	8,856,318	8,413,634
Ambulatory care services	5,164,171	5,196,318
Diagnostic and therapeutic	3,963,800	4,145,395
Medical services	7,523,405	7,473,304
Community and social services	6,822,554	6,659,956
Research	60,107	-
Education	335,638	301,517
	<b>46,819,765</b>	<b>46,060,327</b>
<b>SURPLUS (DEFICIT) PRIOR TO NON-SHAREABLE ITEMS</b>	<b>689,400</b>	<b>(781,561)</b>
<b>ADJUSTMENTS FOR NON-SHAREABLE ITEMS</b>		
Amortization of deferred capital contributions	1,118,664	1,210,604
Amortization of capital assets	(1,133,041)	(1,232,198)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
Other expenses (Schedule 7)	(44,935)	(54,456)
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUES)</b>	<b>930,307</b>	<b>(1,405,054)</b>

**GRENFELL REGIONAL HEALTH SERVICES BOARD  
COMBINED FUNDS**

**Statement of Changes in Net Assets  
Year ended March 31, 2005**

	2005			2004		
	Invested in Capital Assets \$	Restricted for Endowment Purposes \$	Restricted for Replacement Reserve \$	Unrestricted \$	Total \$	Total \$
Balance, beginning of the year	233,083	528,170	131,818	(10,566,750)	(9,673,679)	(8,218,249)
Excess of revenues over expenditures (expenditures over revenues)	(14,375)	-	-	944,682	930,307	(1,405,054)
Endowment contributions	-	2,450	-	-	2,450	92
Transfer to Grenfell Foundation Inc.	-	(530,620)	-	(199,051)	(729,671)	-
Transfer to deferred grants operating	-	-	-	(18,625)	(18,625)	-
Replacement Reserve expenditures - net	-	-	(57,909)	-	(57,909)	(50,468)
<b>Balance, end of the year</b>	<b>218,708</b>	<b>-</b>	<b>73,909</b>	<b>(9,839,744)</b>	<b>(9,547,127)</b>	<b>(9,673,679)</b>

# GRENFELL REGIONAL HEALTH SERVICES BOARD

## COMBINED FUNDS

### Balance Sheet

March 31, 2005

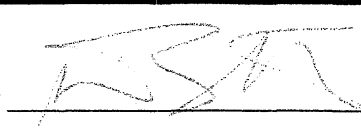
	<u>2005</u>	<u>2004</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	915,480	1,108,440
Due from Province of Newfoundland and Labrador	570,836	978,663
Inventories (Note 3)	809,386	738,802
Prepaid expenses	883,243	986,379
	3,178,945	3,812,284
SEGREGATED CASH	673,907	835,029
CAPITAL ASSETS (Note 4)	10,119,699	10,784,375
	13,972,551	15,431,688
<b>LIABILITIES AND DEFICIENCY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 5)	2,457,440	1,625,955
Accounts payable and accrued liabilities	1,702,925	3,413,337
Accrued vacation pay	2,168,502	2,286,814
Current portion of long-term debt (Note 6)	67,500	64,300
Deferred grants (Note 7)		
Capital equipment	1,612,490	1,609,681
Operating	1,012,174	793,603
National Child Benefit	119,751	93,303
Early Child Development	27,000	31,586
Early Learning Child Care	516	-
	9,168,298	9,918,579
ACCUMULATED SEVERANCE PAY	4,517,889	4,699,796
LONG-TERM DEBT (Note 6)	1,630,548	1,699,182
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	8,202,943	8,787,810
	23,519,678	25,105,367
<b>NET ASSETS (DEFICIENCY)</b>		
Net assets invested in capital assets	218,708	233,083
Net assets restricted for endowment purposes	-	528,170
Net assets restricted for replacement reserve	73,909	131,818
Unrestricted net assets	(9,839,744)	(10,566,750)
	(9,547,127)	(9,673,679)
	13,972,551	15,431,688

APPROVED BY THE BOARD:

Director



Director



**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**COMBINED FUNDS**  
**Statement of Cash Flows**  
**Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenues)	930,307	(1,405,054)
Items not affecting cash:		
Amortization of deferred capital contributions	(1,118,664)	(1,210,604)
Amortization of capital assets	1,133,041	1,232,198
Amortization in cottage rentals	65,414	59,396
Change in non-cash working capital	(970,252)	64,694
Increase (decrease) in accumulated severance pay	(181,907)	471,169
	<u>(142,061)</u>	<u>(788,201)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(533,779)	(716,823)
Expenditures paid out of replacement reserve	(68,259)	(60,818)
	<u>(602,038)</u>	<u>(777,641)</u>
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	831,485	588,965
Repayment of long-term debt	(65,434)	(59,379)
Increase in deferred capital contributions	533,797	674,869
Contributions to endowment fund	2,450	148
Transfer to Grenfell Foundation Inc.	(729,671)	-
Allocation to replacement reserve	10,350	10,350
	<u>582,977</u>	<u>1,214,953</u>
<b>NET DECREASE IN CASH</b>	<b>(161,122)</b>	<b>(350,889)</b>
<b>SEGREGATED CASH, BEGINNING OF YEAR</b>	<b>835,029</b>	<b>1,185,918</b>
<b>SEGREGATED CASH, END OF YEAR</b>	<b>673,907</b>	<b>835,029</b>
<b>SUPPLEMENTARY DISCLOSURE</b>		
Interest paid	87,494	109,478

# **GRENFELL REGIONAL HEALTH SERVICES BOARD**

## **Combined Funds**

### **Notes to the Financial Statements**

**March 31, 2005**

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#### **1. DESCRIPTION OF BUSINESS**

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

During the year, the Labrador-Grenfell Regional Integrated Health Authority (the "Authority") was created to assume the responsibility of governance for health services in that region of Newfoundland and Labrador. As of April 1, 2005, the Authority has assumed responsibility for the governance of several institutional and community Boards, which includes those operating under the former Health Labrador Corporation and Grenfell Regional Health Services Board.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

##### *Basis of accounting*

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or the Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

The Board Fund contains assets held either for rental purposes, special purposes or for use at the discretion of the Board. Income consists mainly of revenue earned from rental operations, contributions and interest. Charges consist of certain hospital operating and capital expenditures not shared by government and expenditures for rental operations.

##### *Revenue and expenditure recognition*

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue on rental operations is recognized when earned and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.



# GRENFELL REGIONAL HEALTH SERVICES BOARD

## Combined Funds

### Notes to the Financial Statements

March 31, 2005

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

##### *Inventories*

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

##### *Capital assets*

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

- Buildings - 5% declining balance method
  - amount equal to principal reduction of mortgage
- Equipment and vehicles - 20% declining balance method

##### *Severance pay*

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

##### *Pension and other post employment benefits*

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

##### *Use of estimates*

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

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Combined Funds**  
**Notes to the Financial Statements**  
**March 31, 2005**

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**3. INVENTORIES**

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical, surgical and general supplies	160,639	161,683
Drugs	235,495	274,283
Fuel oil	-	9,927
Aircraft parts	413,252	292,909
	<u>809,386</u>	<u>738,802</u>

**4. CAPITAL ASSETS**

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	2	-	2	2
Land improvements	24,853	-	24,853	24,853
Buildings	14,062,185	7,522,707	6,539,478	6,859,348
Equipment and vehicles	15,378,285	11,822,919	3,555,366	3,900,172
	<u>29,465,325</u>	<u>19,345,626</u>	<u>10,119,699</u>	<u>10,784,375</u>

**5. BANK INDEBTEDNESS**

The Board has an unsecured operating line of credit of \$3,000,000, of which \$1,808,647 had been used as at March 31, 2005. The line of credit bears interest at the Bank's prime lending rate.

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Combined Funds**  
**Notes to the Financial Statements**  
**March 31, 2005**

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**6. LONG-TERM DEBT**

	<u>2005</u>	<u>2004</u>
	\$	\$
Newfoundland and Labrador Housing Corporation 5.79% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Home 12 Unit Apartment Complex, repayable in blended monthly instalments of \$5,686 to October, 2025	824,310	844,838
Newfoundland and Labrador Housing Corporation 4.47% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Cottages Complex, repayable in blended monthly instalments of \$7,051 to January, 2019	873,738	918,644
	<u>1,698,048</u>	<u>1,763,482</u>
Less: Current portion	67,500	64,300
	<u>1,630,548</u>	<u>1,699,182</u>

Principal repayments on long-term debt over the next five years are as follows:

	\$
2006	67,500
2007	70,900
2008	74,400
2009	78,100
2010	81,900

**7. DEFERRED GRANTS**

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit, Early Child Development and Early Learning Child Care that have not been expended during the year.

# GRENFELL REGIONAL HEALTH SERVICES BOARD

## Combined Funds

### Notes to the Financial Statements

March 31, 2005

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#### 8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	<u>2005</u>	<u>2004</u>
	\$	\$
Beginning balance	8,787,810	9,323,545
Add: Capital contributions	533,797	674,869
Less: Amounts amortized to revenue	<u>(1,118,664)</u>	<u>(1,210,604)</u>
Ending balance	<u>8,202,943</u>	<u>8,787,810</u>

#### 9. REPLACEMENT RESERVE

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Board is required to transfer funds in the amount of \$10,350 (2004 - \$10,350) annually to a separate bank account to provide for capital replacement of the St. Anthony Interfaith Home Cottages Complex and 12 Unit Apartment Complex. The capital replacement reserve is funded by an annual charge against earnings.

#### 10. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short term maturity and normal credit terms of these instruments.

The carrying value of long term debt financing approximates its fair value based on current borrowing rates available to the Board.

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Combined Funds**  
**Notes to the Financial Statements**  
**March 31, 2005**

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**11. CONTRACTUAL AGREEMENTS**

*Leases*

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next three years:

	\$
2006	139,000
2007	123,600
2008	11,000

*Energy Performance Contract*

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$698,121 (2004 - \$840,390). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Board under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Board at March 31, 2005.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

**12. COMPARATIVE FIGURES**

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

**GRENFELL REGIONAL HEALTH SERVICES BOARD****Expenditure Category - Operating/Shareable**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>ADMINISTRATION</b>		
General administration	1,992,686	2,143,615
Finance	547,985	580,549
Personnel services	445,136	478,747
Systems support	429,362	421,853
Other	494,167	529,946
	<u>3,909,336</u>	<u>4,154,710</u>
<b>SUPPORT SERVICES</b>		
Housekeeping	1,269,673	1,364,477
Laundry and linen	404,605	407,086
Plant services	3,199,570	3,321,417
Patient food services	1,501,294	1,523,472
Other	3,809,294	3,099,041
	<u>10,184,436</u>	<u>9,715,493</u>
<b>NURSING INPATIENT SERVICES - ACUTE CARE</b>	<u>6,256,238</u>	<u>5,941,295</u>
<b>NURSING INPATIENT SERVICES - LONG TERM CARE</b>	<u>2,600,080</u>	<u>2,472,339</u>
	<u>8,856,318</u>	<u>8,413,634</u>
<b>AMBULATORY CARE SERVICES</b>	<u>5,164,171</u>	<u>5,196,318</u>
<b>DIAGNOSTIC AND THERAPEUTIC SERVICES</b>		
Clinical laboratory	1,569,308	1,620,805
Diagnostic imaging	789,187	759,937
Other	1,605,305	1,764,653
	<u>3,963,800</u>	<u>4,145,395</u>
<b>MEDICAL SERVICES</b>	<u>7,523,405</u>	<u>7,473,304</u>
<b>COMMUNITY AND SOCIAL SERVICES</b>		
Addictions	56,387	76,625
Continuing care	1,482,955	1,478,986
Health promotion	1,993,072	2,020,902
Health protection	37,994	37,759
Mental health	288,119	239,295
Child, youth & family services	789,397	885,156
Family & rehab services	2,174,130	1,920,835
Community corrections	500	398
	<u>6,822,554</u>	<u>6,659,956</u>
<b>RESEARCH</b>	<u>60,107</u>	-
<b>EDUCATION</b>	<u>335,638</u>	<u>301,517</u>
<b>TOTAL</b>	<u>46,819,765</u>	<u>46,060,327</u>

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Revenue and Expenditures for Government Reporting**  
**Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>REVENUE</b>	<b>47,509,165</b>	<b>45,278,766</b>
<b>EXPENDITURES</b>		
Worked and benefit salaries and contributions	29,423,592	29,041,844
Benefit contributions (third party)	4,351,379	4,541,404
<b>Total Compensation</b>	<b>33,774,971</b>	<b>33,583,248</b>
Supplies - plant operation and maintenance	1,255,133	1,130,659
Supplies - drugs	1,178,327	1,245,928
Supplies - medical and surgical	879,037	861,337
Supplies - other	1,849,262	1,953,946
<b>Total Supplies</b>	<b>5,161,759</b>	<b>5,191,870</b>
Direct client costs - continuing care	1,008,813	1,049,264
Direct client costs - child, youth and family services	163,600	162,262
Direct client costs - family and rehab services	1,779,080	1,556,697
Direct client costs - community corrections	500	-
<b>Total Direct Client Costs</b>	<b>2,951,993</b>	<b>2,768,223</b>
Other shareable expenses	4,931,042	4,516,986
<b>Total expenditures</b>	<b>46,819,765</b>	<b>46,060,327</b>
Surplus (deficit) for government reporting	689,400	(781,561)
<b>Non-shareable items</b>		
Amortization of deferred capital contributions	1,118,664	1,210,604
Amortization of capital assets	(1,133,041)	(1,232,198)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
Other expense	(44,935)	(54,456)
<b>Excess of revenue over expenditure</b> <b>(expenditures over revenues)</b>	<b>930,307</b>	<b>(1,405,054)</b>

**GRENFELL REGIONAL HEALTH SERVICES BOARD****Capital Transactions****Funding and Expenditures for Government Reporting**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>SOURCES OF FUNDS</b>		
Provincial capital equipment grant in current year	352,420	350,000
Provincial facility capital grant in current year	134,800	278,600
Add: deferred capital grant from prior year	1,609,681	1,564,662
Less: deferred capital grant from current year	(1,612,490)	(1,609,681)
	<b>484,411</b>	<b>583,581</b>
Other contributions	156,139	266,171
<b>TOTAL FUNDING</b>	<b>640,550</b>	<b>849,752</b>
<b>EXPENDITURES</b>		
Building	-	41,956
Equipment	533,779	674,869
Repairs, maintenance and other	106,771	132,927
	<b>640,550</b>	<b>849,752</b>
<b>SURPLUS (DEFICIT) ON CAPITAL PURCHASES</b>	<b>-</b>	<b>-</b>



**GRENFELL REGIONAL HEALTH SERVICES BOARD  
Accumulated Operating Surplus (Deficit) for Government Reporting**

Year ended March 31, 2005

	Combined Funds		Operating Fund		Board Fund	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Current assets						
Cash	-	-	-	-	35,575	24,588
Segregated cash	599,998	175,041	100,967	100,917	499,031	74,124
Accounts receivable	915,480	1,108,440	916,454	1,062,430	-	46,010
Due from Operating (to Board)	-	-	(2,569,060)	(3,252,811)	2,569,060	3,252,811
Inventory	809,386	738,802	809,386	738,802	-	-
Prepaid expenses	883,242	986,379	822,101	926,332	61,141	60,047
Other	570,836	978,663	570,836	978,663	-	-
<b>Total current assets</b>	<b>3,778,942</b>	<b>3,987,325</b>	<b>650,684</b>	<b>554,333</b>	<b>3,164,807</b>	<b>3,457,580</b>
Current liabilities						
Bank indebtedness	2,457,440	1,625,955	2,493,015	1,650,543	-	-
Accounts payable and accrued liabilities	1,702,925	3,413,337	1,675,811	3,392,256	14,137	14,923
Other	-	-	-	-	13,950	6,158
Deferred grants						
Capital	1,612,490	1,609,681	1,341,061	1,337,032	271,429	272,649
Operating	1,012,174	793,603	768,471	513,954	243,703	279,649
National Child Benefit	119,751	93,303	119,751	93,303	-	-
Early Child Development	27,000	31,586	27,000	31,586	-	-
Early Learning Child Care	516	-	516	-	-	-
<b>Total current liabilities</b>	<b>6,932,296</b>	<b>7,567,465</b>	<b>6,425,625</b>	<b>7,018,674</b>	<b>543,219</b>	<b>573,379</b>
<b>Accumulated operating surplus (deficit)</b>	<b>(3,153,354)</b>	<b>(3,580,140)</b>	<b>(5,774,941)</b>	<b>(6,464,341)</b>	<b>2,621,588</b>	<b>2,884,201</b>

SCHEDULE 5

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Deferred Revenue for National Child Benefit, Early Childhood Education and**  
**Early Learning and Child Care Initiatives**  
**Year ended March 31, 2005**

Initiative	Funding			Expenses			Deferred Revenue	
	Deferred From Prior Year	Allocated for Current Year	Total Available for year	Gross Expenses	Excess Expenses (Deficit)	Net Expenses	Deferred Funding at March 31, 2005	Deferred Funding at March 31, 2004
<b>NCB</b>								
Residential/Mental Health	90,006	78,264	168,270	92,397	-	92,397	75,873	90,006
ABA Therapy	-	66,941	66,941	26,572	-	26,572	40,369	-
Child Care Subsidy	939	2,200	3,139	1,253	-	1,253	1,886	939
Funding to Centres (Equipment)	2,358	1,601	3,959	2,336	-	2,336	1,623	2,358
Special Child Welfare Allowance	-	1,000	1,000	1,000	-	1,000	-	-
<b>Total NCB</b>	<b>93,303</b>	<b>150,006</b>	<b>243,309</b>	<b>123,558</b>	<b>-</b>	<b>123,558</b>	<b>119,751</b>	<b>93,303</b>
<b>ECD</b>								
Early Intervention	8,308	59,674	67,982	67,982	-	67,982	-	8,308
Child Care Operations (Codes 43,53,83)	16,717	65,326	82,043	61,604	-	61,604	20,439	16,717
	6,561	-	6,561	-	-	-	6,561	6,561
<b>Total ECD</b>	<b>31,586</b>	<b>125,000</b>	<b>156,586</b>	<b>129,586</b>	<b>-</b>	<b>129,586</b>	<b>27,000</b>	<b>31,586</b>
Child Care Subsidy	-	516	516	-	-	-	516	-
<b>Total NCB, ECD and ELCC</b>	<b>124,889</b>	<b>275,522</b>	<b>400,411</b>	<b>253,144</b>	<b>-</b>	<b>253,144</b>	<b>147,267</b>	<b>124,889</b>

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Cottage Complex and Apartment Complex**  
**Schedule of Revenues and Expenditures**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUES		
Cottage complex	144,794	148,796
Apartment complex	110,008	114,487
	<u>254,802</u>	<u>263,283</u>
EXPENDITURES		
Cottage complex	173,077	159,860
Apartment complex	110,008	114,487
	<u>283,085</u>	<u>274,347</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(28,283)</u>	<u>(11,064)</u>

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Combined Funds**  
**Schedule of Other Expense**  
**Year ended March 31, 2005**

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	<u>2005</u>	<u>2004</u>
	\$	\$
Cottage and apartment rentals (net) - Schedule 6	(28,283)	(11,064)
Housing rentals (net)	(24,992)	(47,747)
Contributions	111,000	146,000
Interest	6,060	15,128
Repairs, maintenance and other	(108,720)	(156,773)
	<u>(44,935)</u>	<u>(54,456)</u>

*Financial Statements of*

**GRENFELL REGIONAL HEALTH  
SERVICES BOARD - OPERATING FUND**

*March 31, 2005*

## Auditors' Report

To the Directors of the  
Grenfell Regional Health Services Board

We have audited the Operating Fund balance sheet of Grenfell Regional Health Services Board as at March 31, 2005 and the Operating Fund statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Operating Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
June 3, 2005

**GRENFELL REGIONAL HEALTH SERVICES BOARD**  
**Operating Fund**  
**Statement of Revenues and Expenditures**  
**Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>REVENUES</b>		
Provincial plan		
Operating	33,236,410	32,879,732
National Child Benefit	341,958	381,738
Early Child Development	129,587	145,209
MCP physician revenue	7,082,608	6,646,472
Department of Transportation and Works	2,332,115	1,582,115
Inpatient	1,220,340	608,204
Outpatient	176,675	123,068
Long term care	761,212	725,835
Dental revenue	591,508	607,567
Drug recoveries	906,628	847,558
Medical	67,799	77,450
Ambulance	146,360	117,190
Miscellaneous	515,965	536,628
	<b>47,509,165</b>	<b>45,278,766</b>
<b>EXPENDITURES</b>		
Administration	3,909,336	4,154,710
Support services	10,184,436	9,715,493
Nursing inpatient services	8,856,318	8,413,634
Ambulatory care services	5,164,171	5,196,318
Diagnostic and therapeutic	3,963,800	4,145,395
Medical services	7,523,405	7,473,304
Community and social services	6,822,554	6,659,956
Research	60,107	-
Education	335,638	301,517
	<b>46,819,765</b>	<b>46,060,327</b>
<b>SURPLUS (DEFICIT) BEFORE NON-SHAREABLE ITEMS</b>	<b>689,400</b>	<b>(781,561)</b>
<b>ADJUSTMENTS FOR NON-SHAREABLE ITEMS</b>		
Amortization of deferred capital contributions	1,036,918	1,130,044
Amortization of capital assets	(1,041,861)	(1,136,219)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b> <b>(EXPENDITURES OVER REVENUES)</b>	<b>984,676</b>	<b>(1,335,179)</b>

# GRENFELL REGIONAL HEALTH SERVICES BOARD

## Operating Fund

### Statement of Changes in Net Assets

Year ended March 31, 2005

	2005			2004
	Invested In Capital Assets	Unrestricted	Total	Total
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	24,710	(13,450,951)	(13,426,241)	(12,091,062)
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(4,943)	989,619	984,676	(1,335,179)
BALANCE, END OF YEAR	19,767	(12,461,332)	(12,441,565)	(13,426,241)



# GRENFELL REGIONAL HEALTH SERVICES BOARD

## Operating Fund

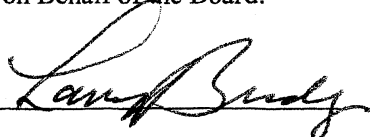
### Balance Sheet

March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	916,454	1,062,430
Due from Province of Newfoundland and Labrador	570,836	978,663
Inventories (Note 3)	809,386	738,802
Prepaid expenses	822,101	926,332
	<u>3,118,777</u>	<u>3,706,227</u>
SEGREGATED CASH	100,967	100,917
CAPITAL ASSETS (Note 4)	6,669,499	7,177,563
	<u>9,889,243</u>	<u>10,984,707</u>
<b>LIABILITIES AND DEFICIT</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 5)	2,493,015	1,650,543
Accounts payable and accrued liabilities	1,675,811	3,392,256
Due to Board Fund	2,569,060	3,252,811
Accrued vacation pay	2,168,502	2,286,814
Deferred grants (Note 6)		
Capital equipment	1,341,061	1,337,032
Operating	768,471	513,954
National Child Benefit	119,751	93,303
Early Learning Child Care	516	-
Early Child Development	27,000	31,586
	<u>11,163,187</u>	<u>12,558,299</u>
ACCUMULATED SEVERANCE PAY	4,517,889	4,699,796
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	6,649,732	7,152,853
	<u>22,330,808</u>	<u>24,410,948</u>
<b>NET ASSETS (DEFICIENCY)</b>		
Net assets invested in capital assets	19,767	24,710
Unrestricted net assets	(12,461,332)	(13,450,951)
	<u>(12,441,565)</u>	<u>(13,426,241)</u>
	<u>9,889,243</u>	<u>10,984,707</u>

Approved on Behalf of the Board:

Director



Director



# GRENFELL REGIONAL HEALTH SERVICES BOARD

## Operating Fund

### Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures (expenditures over revenue)	984,676	(1,335,179)
Adjustments for:		
Amortization of deferred capital contributions	(1,036,918)	(1,130,044)
Amortization of capital assets	1,041,861	1,136,219
Change in non-cash working capital	(1,650,134)	291,880
Increase (decrease) in accumulated severance pay	(181,907)	471,169
	<u>(842,422)</u>	<u>(565,955)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(533,797)	(674,869)
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	842,472	567,711
Increase in deferred capital contributions	533,797	674,869
	<u>1,376,269</u>	<u>1,242,580</u>
<b>NET DECREASE IN CASH</b>	<b>50</b>	<b>1,756</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>100,917</b>	<b>99,161</b>
<b>CASH, END OF YEAR</b>	<b>100,967</b>	<b>100,917</b>
<b>COMPRISED OF:</b>		
Segregated cash	100,967	100,917
<b>SUPPLEMENTARY DISCLOSURE</b>		
Interest paid	-	13,001

# **GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND**

## **Notes to the Financial Statements**

**March 31, 2005**

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### **1. DESCRIPTION OF BUSINESS**

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

During the year, the Labrador-Grenfell Regional Integrated Health Authority (the "Authority") was created to assume the responsibility of governance for health services in that region of Newfoundland and Labrador. As at April 1, 2005, the Authority has assumed responsibility for the governance of several institutional and community Boards, which includes those operating under the former Health Labrador Corporation and Grenfell Regional Health Services Board.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

#### *Basis of accounting*

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or the Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

#### *Revenue and expenditure recognition*

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

#### *Inventories*

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

# GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

## Notes to the Financial Statements

March 31, 2005

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Capital assets*

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

- Buildings - 5% declining balance method
- Equipment and vehicles - 20% declining balance method

#### *Severance pay*

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

#### *Pension and other post employment benefits*

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

#### *Use of estimates*

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

### 3. INVENTORIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical, surgical and general supplies	160,639	161,683
Drugs	235,495	274,283
Fuel oil	-	9,927
Aircraft parts	413,252	292,909
	<hr/>	<hr/>
	809,386	738,802

**GRENFELL REGIONAL HEALTH SERVICES BOARD  
OPERATING FUND**

**Notes to the Financial Statements**

March 31, 2005

**4. CAPITAL ASSETS**

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land and buildings	7,258,591	4,129,488	3,129,103	3,292,736
Equipment and vehicles	15,360,531	11,820,135	3,540,396	3,884,827
	<u>22,619,122</u>	<u>15,949,623</u>	<u>6,669,499</u>	<u>7,177,563</u>

**5. BANK INDEBTEDNESS**

The Board has an unsecured operating line of credit of \$3,000,000, of which \$1,808,386 had been used as at March 31, 2005. The line of credit bears interest at the bank's prime lending rate.

**6. DEFERRED GRANTS**

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit, Early Child Development and Early Learning Child Care that have not been expended during the year.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	<u>2005</u>	<u>2004</u>
	\$	\$
Beginning balance	7,152,853	7,608,028
Add: Capital contributions	533,797	674,869
Less: Amounts amortized to revenue	(1,036,918)	(1,130,044)
<u>Ending balance</u>	<u>6,649,732</u>	<u>7,152,853</u>

# GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

## Notes to the Financial Statements

March 31, 2005

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### 8. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short-term maturity and normal credit terms of these instruments.

### 9. CONTRACTUAL AGREEMENTS

#### *Leases*

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next three years:

	\$
2006	139,000
2007	123,600
2008	11,000

#### *Energy Performance Contract*

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$698,121 (2004 - \$840,390). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Board under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Board at March 31, 2005.

**GRENFELL REGIONAL HEALTH SERVICES BOARD  
OPERATING FUND**

**Notes to the Financial Statements**

**March 31, 2005**

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**9. CONTRACTUAL AGREEMENTS (Continued)**

*Energy Performance Contract (Continued)*

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

# Deloitte

*Financial Statements of*

**HEALTH CARE CORPORATION OF  
ST. JOHN'S – OPERATING FUND**

*March 31, 2005*



## Auditors' Report

To the Board of Trustees of  
Health Care Corporation of St. John's – Operating Fund

We have audited the statement of financial position of Health Care Corporation of St. John's – Operating Fund as at March 31, 2005 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
June 30, 2005

HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND

Statement of Operations

Year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Provincial plan	385,435	383,306
Other	58,039	56,380
	<u>443,474</u>	<u>439,686</u>
EXPENDITURES		
Administration and support	100,463	99,996
Interest on long term debt	9,465	9,577
Clinical programs		
Child/women's health	37,891	40,906
Medicine	33,195	33,685
Mental health	33,555	30,948
Perioperative	27,126	26,498
Surgery	23,710	23,846
Laboratory services	18,949	19,606
Diagnostic imaging	17,717	18,096
Cardiac/critical care	34,607	34,645
Ambulatory care	20,180	20,210
Rehabilitation/continuing care	18,253	18,499
Ferryland	156	156
Other	1,347	1,350
Medical services/education	50,013	46,805
Pharmacy and therapeutic services	9,919	10,004
Other	3,504	3,342
	<u>440,050</u>	<u>438,169</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEMS	3,424	1,517
Amortization of capital assets	18,252	16,763
Amortization of deferred capital contributions	(9,961)	(8,890)
Increase in severance pay accrual	1,078	3,426
	<u>9,369</u>	<u>11,299</u>
EXCESS OF EXPENDITURES OVER REVENUE	(5,945)	(9,782)

**HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND**

**Statement of Changes in Net Assets (Deficiency)**

Year ended March 31, 2005

(in thousands of dollars)

	Invested in Capital <u>Assets</u> \$	<u>Deficit</u> \$	<u>2005</u> \$	<u>2004</u> \$
BALANCE, BEGINNING OF YEAR	31,790	(74,088)	(42,298)	(32,516)
Excess of expenditures over revenue	-	(5,945)	(5,945)	(9,782)
Amortization of capital assets	(18,252)	18,252	-	-
Amortization of deferred capital contributions	9,961	(9,961)	-	-
<b>BALANCE, END OF YEAR</b>	<b>23,499</b>	<b>(71,742)</b>	<b>(48,243)</b>	<b>(42,298)</b>

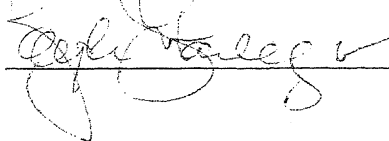
**HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND  
Statement of Financial Position**

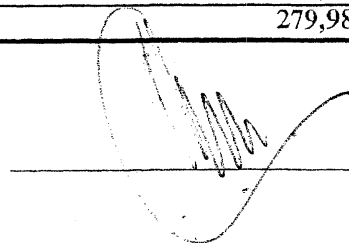
March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable (Note 4)	22,865	18,700
Supplies inventory (Note 5)	4,658	4,907
Prepaid expenses	892	1,137
	<u>28,415</u>	<u>24,744</u>
CAPITAL ASSETS (Note 6)	242,693	245,613
CAPITAL CAMPAIGN FUNDS (Note 7)	5,813	10,841
GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS (Note 8)	2,190	2,292
TRUST FUNDS (Note 9)	877	824
	<u>279,988</u>	<u>284,314</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 10)	7,644	4,102
Accounts payables and accrued liabilities	45,745	41,366
Accrued vacation pay	15,310	14,872
Current portion of long-term debt (Note 11)	1,329	1,249
Current portion of obligations under capital leases (Note 12)	761	736
Current portion of accrued severance pay	1,800	1,818
Deferred revenue	4,919	3,754
	<u>77,508</u>	<u>67,897</u>
LONG-TERM DEBT (Note 11)	135,174	137,391
OBLIGATIONS UNDER CAPITAL LEASES (Note 12)	1,657	2,269
DEFERRED CAPITAL CONTRIBUTIONS	51,215	52,499
CAPITAL CAMPAIGN FUNDS (Note 7)	5,813	10,841
ACCRUED SEVERANCE PAY	55,987	54,891
	<u>327,354</u>	<u>325,788</u>
TRUST FUNDS	877	824
Contingencies and commitments (Notes 14 and 15)		
<b>NET ASSETS (DEFICIENCY)</b>		
Net assets invested in capital assets	23,499	31,790
Deficit	(71,742)	(74,088)
	<u>(48,243)</u>	<u>(42,298)</u>
	<u>279,988</u>	<u>284,314</u>

APPROVED BY THE BOARD:

  
Trustee

  
Trustee

**HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND**

**Statement of Cash Flows**

Year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of expenditures over revenue	(5,945)	(9,782)
Adjustments for:		
Amortization of capital assets	18,252	16,763
Amortization of deferred capital contributions	(9,961)	(8,890)
Increase in severance pay accrual	1,078	3,426
Change in non-cash operating working capital (Note 13)	2,311	5,186
	<u>5,735</u>	<u>6,703</u>
<b>FINANCING ACTIVITIES</b>		
Capital asset contributions	8,677	14,973
Increase (decrease) in bank borrowings	3,542	(2,724)
Proceeds from long-term debt	-	576
Repayment of long-term debt	(1,250)	(1,174)
Sinking fund payments	(887)	(851)
Repayment on General Hospital Hostel Association loan	101	131
Proceeds from obligations under capital leases	166	831
Repayment of obligations under capital leases	(752)	(827)
	<u>9,597</u>	<u>10,935</u>
<b>INVESTING ACTIVITY</b>		
Construction and purchase of capital assets	(15,332)	(17,638)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	16	16
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	16	16

# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

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### 1. NATURE OF OPERATIONS

The Health Care Corporation of St. John's (the "Corporation") was constituted by the Hospitals Act Constitution Order in 1995. The Corporation is a health care organization with unique regional and provincial responsibilities. In addition to the provision of comprehensive health care services, the Corporation also provides education and research in partnership with all stakeholders.

The Corporation is a registered charity and, while registered, is exempt from tax.

During the year the Eastern Regional Integrated Health Authority ("Eastern Health") was created to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador. As of April 1, 2005, Eastern Health has assumed responsibility for the operations of several institutional and community Boards in the Eastern Region, which includes the Health Care Corporation of St. John's.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *Basis of presentation*

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

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

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

#### *Supplies inventory*

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

#### *Capital assets*

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates:

# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

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

#### *Capital assets (continued)*

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

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

Minor equipment purchases are charged to operations in the year of acquisition.

#### *Capital and operating leases*

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

#### *Capital contributions*

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

#### *Severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

#### *Revenue recognition*

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

---

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

#### *Pension costs*

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

#### *Debenture discount and commission*

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

#### *Sinking funds*

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

#### *Contributed services*

Volunteers contribute approximately 53,000 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

#### *Use of estimates*

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



# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

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

The Corporation controls the Health Care Foundation of St. John's Inc., the Janeway Children's Hospital Foundation, and the Waterford Hospital Foundation Inc. These Foundations raise funds from the community for the capital equipment needs of the Corporation. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Corporation also controls the General Hospital Hostel Association and the Northwest Rotary-Janeway Hostel Corporation. These Hostels were established to provide accommodations for family members of patients.

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

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

The Capital Campaign Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds will be used to purchase equipment for various hospital sites of the Corporation. This fund is reported as part of the Health Care Foundation of St. John's.

These not-for-profit entities have not been consolidated in the Corporation's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2005 and 2004 and for the years then ended are as follows (in thousands of dollars):

**HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND**

**Notes to Financial Statements**

March 31, 2005

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

	Foundations		Hostels	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	\$	\$	\$	\$
<b>Financial position</b>				
Total assets	14,751	16,880	8,970	9,346
Total liabilities	10,971	13,374	8,829	9,088
Total net assets	3,780	3,506	141	258
	14,751	16,880	8,970	9,346
<b>Results of Operations</b>				
Total revenues	12,325	13,378	1,537	1,649
Total expenditures	11,960	14,493	1,646	1,607
Excess of revenues over expenditures (expenditures over revenue)	365	(1,115)	(109)	42
<b>Cash Flows</b>				
Cash from operations	2,971	(3,707)	150	(208)
Cash used in financing and investing activities	90	(303)	(150)	(188)
Increase (decrease) in cash	3,061	(4,010)	-	(396)

4. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
	\$	\$
Government of Newfoundland and Labrador		
Operating	3,081	1,261
Capital	-	500
	3,081	1,761
Services to patients	5,714	4,208
Newfoundland Cancer Treatment & Research Foundation	6,738	4,501
Foundations and Hostels (Note 16)	5,647	2,988
Other	1,685	5,242
	22,865	18,700

**HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND**

**Notes to Financial Statements**

March 31, 2005

**5. SUPPLIES INVENTORY**

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical and surgical supplies	1,425	1,515
Drugs	1,909	2,114
Other	1,324	1,278
	<u>4,658</u>	<u>4,907</u>

**6. CAPITAL ASSETS**

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land and land improvements	1,714	313	1,401	1,420
Buildings and renovations	274,245	80,829	193,416	197,047
Equipment	190,429	151,017	39,412	37,788
Equipment under capital leases	16,343	13,605	2,738	3,435
Construction in progress	5,726	-	5,726	5,923
	<u>488,457</u>	<u>245,764</u>	<u>242,693</u>	<u>245,613</u>

**7. CAPITAL CAMPAIGN FUNDS**

The Government of Newfoundland and Labrador will provide funding to the Capital Campaign Fund by matching the donations earned by the Campaign.

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador advanced the Operating Fund \$25,000,000. These funds will be repaid to the Capital Campaign Fund by the Operating Fund as matching funds are earned.

During 2005, the Capital Campaign earned \$5,028,121 (2004 - \$4,712,793) in matching funds and these amounts were repaid to the Capital Campaign Fund by the Operating Fund.

# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

### 8. GENERAL HOSPITAL HOSTEL ASSOCIATION LOAN

This loan is repayable to the Corporation in monthly installments of principal and interest of \$12,647, at an interest rate of prime minus 1.75%. The loan matures March 2023. The loan is net of the current portion of \$106,890.

### 9. TRUST FUNDS

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

### 10. BANK INDEBTEDNESS

The Corporation has an unsecured operating line of credit of \$15,000,000, of which \$7,660,000 had been used as of March 31, 2005. Of this amount, approximately \$7,644,000 was used to fund capital projects of the Corporation. The line of credit bears interest at the bank's prime lending rate less 1%.

As of April 1, 2005, the line of credit was increased to \$20,000,000.

### 11. LONG -TERM DEBT

	<u>2005</u>	<u>2004</u>
	\$	\$
Sinking Fund Debenture, Series HCC1, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	130,000	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly installments of principal and interest of \$101,670.	8,564	9,242
Royal Bank of Canada (Centre for Nursing Studies), 6.66% loan for 7 year term maturing December 2006, payable in monthly installments of principal and interest of \$44,847.	886	1,348
Royal Bank of Canada (Veterans Pavilion), 5.03% loan for 5 year term maturing April 2008, payable in monthly installments of principal and interest of \$10,877.	363	472
	<u>139,813</u>	<u>141,062</u>
Less: current portion	1,329	1,249
	<u>138,484</u>	<u>139,813</u>
Less: sinking funds available	3,310	2,422
	<u>135,174</u>	<u>137,391</u>

HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND

Notes to Financial Statements

March 31, 2005

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11. LONG -TERM DEBT (Continued)

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government of Newfoundland and Labrador. The annual principal payment to the sinking fund is \$747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government of Newfoundland and Labrador.

Principal repayments on the loans in each of the next five years are as follows:

	\$
2006	1,329
2007	1,279
2008	940
2009	864
2010	918

12. OBLIGATIONS UNDER CAPITAL LEASES

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

Fiscal year ended	\$
2006	831
2007	815
2008	558
2009	368
	<hr/> 2,572
Less: amount representing interest (ranging from 0.0% to 9.0%)	<hr/> 154
	2,418
Less: current portion	<hr/> 761
	<hr/> 1,657

HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND

Notes to Financial Statements

March 31, 2005

13. SUPPLEMENTAL CASH FLOW INFORMATION

	\$	\$
Change in non-cash operating working capital		
Accounts receivable	(4,165)	4,055
Supplies inventory	249	(733)
Prepaid expenses	245	(666)
Accounts payable and accrued liabilities	4,379	1,350
Accrued vacation pay	438	1,836
Deferred revenue	1,165	(656)
	<u>2,311</u>	<u>5,186</u>
Interest paid	<u>9,679</u>	<u>9,776</u>

Cash and cash equivalents/bank indebtedness consists of:

	<u>2005</u>	<u>2004</u>
	\$	\$
Operating line of credit	(7,660)	(4,118)
Bank accounts and cash	16	16
	<u>(7,644)</u>	<u>(4,102)</u>

14. CONTINGENCIES

*Guarantees*

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2005 was \$1,690,000 (2004 - \$1,765,000).

The Corporation has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2005 was \$ 977,000 (2004 - \$1,012,000).

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

*Other*

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

# HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

## Notes to Financial Statements

March 31, 2005

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### 15. COMMITMENTS

#### *Operating leases*

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments to March 31, 2010 as follows:

	\$
2006	1,256
2007	1,215
2008	683
2009	32
2010	5
	<hr/>
	3,191
	<hr/>

#### *Energy Performance Contract*

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

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

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$4,408,377. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2005.

HEALTH CARE CORPORATION OF ST. JOHN'S  
OPERATING FUND

Notes to Financial Statements

March 31, 2005

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16. RELATED PARTY TRANSACTIONS

Contributions to the Corporation during the year are as follows:

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Foundation of St. John's Inc.	6,524	8,670
Janeway Children's Hospital Foundation	380	478
General Hospital Hostel Association	361	361
Waterford Foundation Inc.	3	3
	<u>7,268</u>	<u>9,512</u>

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

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Foundation of St. John's Inc.	4,388	1,656
Janeway Children's Hospital Foundation	326	495
Waterford Foundation Inc.	68	56
General Hospital Hostel Association	120	169
Northwest Rotary – Janeway Hostel Corporation	745	612
	<u>5,647</u>	<u>2,988</u>

*Other*

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

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

17. FINANCIAL INSTRUMENTS

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

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





**Health Care Foundation of St. John's Inc.**  
**Financial Statements**  
March 31, 2004

Grant Thornton 

Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Auditors' Report

To the Members of the Board of Directors  
Heath Care Foundation of St. John's Inc.

We have audited the statement of financial position of the **Health Care Foundation of St. John's Inc.** at March 31, 2004 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenue was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditure over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
July 16, 2004

Grant Thornton LLP  
Chartered Accountants

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Canadian Member of Grant Thornton International

# Health Care Foundation of St. John's Inc.

## Statement of Operations

Year Ended March 31, 2004

2004


(Note 12)

2003

	Operating Fund	Capital Fund	Total	Total
<b>Revenue</b>				
Donations	\$ 205,102	\$ 1,912,251	\$ 2,117,353	\$ 774,266
Janeway Childrens' Hospital Foundation	-	450,000	450,000	450,000
Interest	34,619	431,768	466,387	222,478
Major gifts	225,267	-	225,267	-
Gala	161,371	-	161,371	94,822
Lotteries	155,018	-	155,018	56,975
Golf tournament	99,452	-	99,452	-
In memoriams and bequests	51,550	-	51,550	12,273
Tree of memories	25,945	-	25,945	15,936
Bingo	23,750	-	23,750	18,600
	<u>982,074</u>	<u>2,794,019</u>	<u>3,776,093</u>	<u>1,645,350</u>
<b>Expenditure</b>				
Consulting and professional fees	26,979	12,470	39,449	46,706
Gala	57,465	-	57,465	46,019
Golf tournament	22,626	-	22,626	21,500
Lottery prizes	70,920	-	70,920	28,938
Office and administration	40,023	5,824	45,847	63,432
Postage	14,116	-	14,116	9,458
Printing	908	1,043	1,951	10,540
Public relations and communications	25,668	53,923	79,591	38,224
Salaries and benefits	162,467	154,304	316,771	107,600
Travel and staff development	6,745	5,289	12,034	652
Tree of memories	3,071	-	3,071	2,720
	<u>430,988</u>	<u>232,853</u>	<u>663,841</u>	<u>375,789</u>
Excess of revenue over expenditure before undernoted	551,086	2,561,166	3,112,252	1,269,561
Transfer to Capital Fund	(438,291)	438,291	-	-
Government matching - 1:1	-	888,291	888,291	450,000
Government matching - 2:1	-	3,824,502	3,824,502	1,275,897
	<u>(438,291)</u>	<u>5,151,084</u>	<u>4,712,793</u>	<u>1,725,897</u>
Excess of revenue over expenditure	112,795	7,712,250	- 7,825,045	2,995,458
Contributions to Health Care Corporation of St. John's				
Capital expenditures	89,623	8,980,447	9,070,070	3,927,857
Scholarships and grants	56,837	-	56,837	10,000
	<u>146,460</u>	<u>8,980,447</u>	<u>9,126,907</u>	<u>3,937,857</u>
Excess of expenditure over revenue	<u>\$ (33,665)</u>	<u>\$ (1,268,197)</u>	<u>\$ (1,301,862)</u>	<u>\$ (942,399)</u>

Commitments (Note 9)

See accompanying notes to the financial statements.

Grant Thornton 

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**Health Care Foundation of St. John's Inc.**  
**Statement of Changes in Net Assets**

(Note 12)

Year Ended March 31, 2004

2004


2003

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	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 818,640	\$ 1,848,673	\$ 2,667,313	\$ 3,609,712
Excess of expenditure over revenue	<u>(33,665)</u>	<u>(1,268,197)</u>	<u>(1,301,862)</u>	<u>(942,399)</u>
Net assets, end of year	<u>\$ 784,975</u>	<u>\$ 580,476</u>	<u>\$ 1,365,451</u>	<u>\$ 2,667,313</u>

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See accompanying notes to the financial statements.

Grant Thornton 

**Health Care Foundation of St. John's Inc.**  
**Statement of Financial Position**

(Note 12)


March 31

2004

2003

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 751,092	\$ 2,303,948	\$ 3,055,040	\$ 6,981,118
Receivables	435	-	435	-
Investments (Note 4)	<u>10,334</u>	<u>-</u>	<u>10,334</u>	<u>239,927</u>
	761,861	2,303,948	3,065,809	7,221,045
Receivable from Health Care Corporation of St. John's (Note 5)	23,139	10,840,784	<b>10,863,923</b>	12,753,578
Trust fund (Note 6)	123,075	-	<b>123,075</b>	22,624
Donated works of art	<u>5,750</u>	<u>-</u>	<u>5,750</u>	<u>5,750</u>
	<u>\$ 913,825</u>	<u>\$13,144,732</u>	<u>\$14,058,557</u>	<u>\$20,002,997</u>
<b>Liabilities</b>				
<b>Current</b>				
Payables and accruals Due to Health Care Corporation of St. John's	\$ 2,446		\$ 2,446	\$ 4,411
Accrued vacation pay	-	\$ 1,674,468	<b>1,674,468</b>	4,531,169
Accrued severance pay	3,329	4,864	<b>8,193</b>	11,402
	<u>-</u>	<u>44,140</u>	<u>44,140</u>	<u>12,500</u>
	5,775	1,723,472	<b>1,729,247</b>	4,559,482
Deferred contributions	-	10,840,784	<b>10,840,784</b>	12,753,578
Trust fund (Note 6)	<u>123,075</u>	<u>-</u>	<u>123,075</u>	<u>22,624</u>
	<u>128,850</u>	<u>12,564,256</u>	<u>12,693,106</u>	<u>17,335,684</u>
<b>Net Assets</b>				
<b>Restricted net assets</b>				
(Note 7)	500,000	580,476	<b>1,080,476</b>	2,348,673
Unrestricted net assets	<u>284,975</u>	<u>-</u>	<u>284,975</u>	<u>318,640</u>
	<u>784,975</u>	<u>580,476</u>	<u>1,365,451</u>	<u>2,667,313</u>
	<u>\$ 913,825</u>	<u>\$13,144,732</u>	<u>\$14,058,557</u>	<u>\$20,002,997</u>

On Behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Grant Thornton 

# Health Care Foundation of St. John's Inc.

## Statement of Cash Flows

Year Ended March 31

2004

(Note 12)  
2003

	Operating Fund	Capital Fund	Total	Total
Increase (decrease) in cash and cash equivalents				
<b>Operating Activities</b>				
Excess of expenditure over revenue	\$ (33,665)	\$(1,268,197)	\$(1,301,862)	\$ (942,399)
Increase (decrease) in Severance pay accrual	-	31,640	31,640	(4,373)
	(33,665)	(1,236,557)	(1,270,222)	(946,772)
Change in non-cash operating working capital (Note 8)	(754,317)	(2,107,993)	(2,862,310)	3,348,218
	(787,982)	(3,344,550)	(4,132,532)	2,401,446
<b>Financing Activities</b>				
Decrease in deferred contributions	-	(1,912,794)	(1,912,794)	(1,725,897)
	-	(1,912,794)	(1,912,794)	(1,725,897)
<b>Investing Activities</b>				
Advances from (to) Health Care Corporation of St. John's	(23,139)	1,912,794	1,889,655	1,725,897
Purchase of investments	(1,048,702)	-	(1,048,702)	259,632
Proceeds on sale of investments	1,278,295	-	1,278,295	-
	206,454	1,912,794	2,119,248	1,985,529
Net (decrease) increase in cash and cash equivalents	(581,528)	(3,344,550)	(3,926,078)	2,661,078
Cash and cash equivalents				
Beginning of year	1,332,620	5,648,498	6,981,118	4,320,040
End of year	\$ 751,092	\$ 2,303,948	\$ 3,055,040	\$ 6,981,118

See accompanying notes to the financial statements.

Grant Thornton 

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# Health Care Foundation of St. John's Inc.

## Notes to the Financial Statements

March 31, 2004

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### 1. Nature of operations

On November 1, 2002, the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund amalgamated to form the Health Care Foundation of St. John's Inc. ("Foundation").

The Operating Fund raises funds to help support General Hospital - Health Sciences Centre, St. Clare's Mercy Hospital and the Dr. L. A. Miller Centre.

The Capital Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds provided by the Government of Newfoundland and Labrador. This Fund was established to assist with the purchase of equipment for various hospital sites of the Health Care Corporation of St. John's.

The Foundation is a registered charity and, while registered, is exempt from income tax and may issue tax-deductible receipts.

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### 2. Summary of significant accounting policies

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

#### Use of estimates

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

#### Revenue recognition

Revenue from donations and bequests is recognized as revenue in the year in which it is received. Investment income is recognized on the accrual basis.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts.

#### Investments

Investments are recorded at cost plus accrued interest. Gains or losses on disposals of investments are reflected in the accounts in the year of disposal.

#### Donated property and equipment

The Foundation records donated property and equipment at fair value.



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# Health Care Foundation of St. John's Inc.

## Notes to the Financial Statements

March 31, 2004

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

#### Deferred contributions

Contributions received from the Government of Newfoundland and Labrador are deferred, and recognized as revenue when matching funds are received from corporations, individuals, foundations, and auxiliaries.

#### Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for an employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

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### 3. Control of not-for-profit entity

The Foundation controls the Waterford Foundation Inc. The Waterford Foundation Inc. is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador.

The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Waterford Foundation Inc. has not been consolidated in the Foundation's financial statements, however separate financial statements are available on request. A financial summary of this non-consolidated entity as at March 31, 2004 and 2003 and for the years then ended is as follows:

	<u>2004</u>	<u>2003</u>
<b>Financial Position</b>		
Total assets	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>
Total liabilities	170,920	130,580
Total net assets	<u>1,076,044</u>	<u>804,111</u>
	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>
<b>Results of Operations</b>		
Total revenue	\$ 1,995,024	\$ 1,787,840
Total expenditure	<u>1,723,091</u>	<u>1,602,531</u>
Excess of revenue over expenditure	<u>\$ 271,933</u>	<u>\$ 185,309</u>
<b>Cash Flows</b>		
Cash from operations	\$ 339,934	\$ 254,359
Cash used in financing and investing activities	<u>(56,393)</u>	<u>(30,891)</u>
Increase in cash	<u>\$ 283,541</u>	<u>\$ 223,468</u>

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# Health Care Foundation of St. John's Inc.

## Notes to the Financial Statements

March 31, 2004

4. Investments	<u>2004</u>	<u>2003</u>
Province of Ontario, stripped coupon, due June 2, 2003 at \$231,000, to yield 4.78%.		\$ 229,780
Guaranteed investment certificate, maturing May 19, 2004, interest at 2.25%	\$ 10,334	10,147
	<u>\$ 10,334</u>	<u>\$ 239,927</u>

### 5. Health Care Corporation of St. John's

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador has advanced the Operating Fund of the Health Care Corporation of St. John's \$25,000,000 (2003 - \$ 22,200,000). These funds are repaid to the Capital Fund of the Foundation by the Health Care Corporation of St. John's as matching funds are earned.

During the year ended March 31, 2004, the Capital Fund earned \$4,712,793 (2003 - \$1,725,897) in matching funds.

### 6. Trust fund

The trust fund represents in-memoriam donations received for special purposes, and this fund is invested and will be disbursed for special projects.

### 7. Restricted net assets – Operating Fund

During 2001, the St. Clare's Mercy Hospital Foundation restricted \$500,000 of its net assets for the purchase of a MRI unit for St. Clare's Mercy Hospital. This amount remains restricted as of March 31, 2004.

8. Supplemental cash flow information	<u>2004</u>			<u>2003</u>
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Change in non-cash operating working capital				
Receivables	\$ (435)		\$ (435)	
Payables and accruals	(715)	\$ (1,250)	(1,965)	\$ 2,043
Payable to Health Care Corporation of St. John's	(753,496)	(2,103,205)	(2,856,701)	3,361,036
Accrued vacation pay	329	(3,538)	(3,209)	6,325
Deferred revenue	-	-	-	(21,186)
	<u>\$ (754,317)</u>	<u>\$ (2,107,993)</u>	<u>\$ (2,862,310)</u>	<u>\$ 3,348,218</u>

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# Health Care Foundation of St. John's Inc.

## Notes to the Financial Statements

March 31, 2004

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### 9. Commitments

Commitments include \$33,100 committed by the General Hospital Health Foundation for the General Hospital Health Sciences Centre for education, research and scholarship purposes; and \$674,200 committed by the St. Clare's Mercy Hospital Foundation relating to specific projects. These commitments were not concluded in the current year, but will be disbursed in future fiscal years by the Foundation.

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### 10. Related party transactions

The Foundation operates for the purpose of accumulating funds to help support the various sites of the Health Care Corporation of St. John's. Transactions between these related parties are measured at their exchange value.

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### 11. Financial instruments

The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of these instruments.

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### 12. Comparative figures

Comparative figures are for the five months ended March 31, 2003.

Certain of the 2003 comparative figures have been reclassified to conform with financial statement presentation adopted for the current year.

**HEALTH LABRADOR CORPORATION**  
**AUDITORS' REPORT**  
**FINANCIAL STATEMENTS - MARCH 31, 2005**

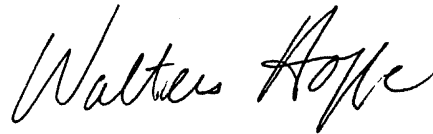
AUDITORS' REPORT

To the Board of Directors of **Health Labrador Corporation**

We have audited the consolidated balance sheet of **Health Labrador Corporation** as at March 31, 2005 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Happy Valley-Goose Bay, NL

August 31, 2005

# HEALTH LABRADOR CORPORATION

## Consolidated

### Balance Sheet

March 31, 2005

2005

2004

#### Assets

##### Current assets:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,296,857	1,609,871
Receivables, less doubtful of \$887,370 (2004 - \$683,094)	3,516,754	2,114,180
Inventories	731,873	702,230
Prepaid expenses	712,583	169,879

Total current assets **8,881,773** 7,170,251

Residents' Trust Funds held on deposit **103,797** 93,068

Capital assets (Note 4) **10,270,405** 11,261,011

**\$ 19,255,975** 18,524,330

#### Liabilities

##### Current liabilities:

Bank indebtedness (Note 5)	\$ 12,344,212	10,710,000
Payables	4,663,221	4,205,195
Accrued liabilities	1,850	3,698
Accrued vacation pay	2,309,256	2,104,416
Other accrued benefits	998,758	1,080,792
Deferred contributions - operating	1,259,957	223,105
- National Child Benefit (NCB) initiatives	341,283	258,593
- capital	1,594,212	1,588,824
- special purpose funds	698,410	923,971
Current portion of accrued severance pay - estimated	188,142	150,679
Current portion of long-term debt (Note 6)	12,718	11,536

Total current liabilities **24,412,019** 21,260,809

Residents' Trust Funds payable **103,797** 93,068

Accrued severance pay, less estimated current portion  
of \$188,142 (2004 - \$150,679) **3,198,740** 3,249,436

Long-term debt (Note 6) **1,241,311** 1,254,029

Deferred contributions related to capital assets (Note 7) **7,738,436** 8,645,201

**36,694,303** 34,502,543

#### Net assets, per accompanying statement:

Net assets invested in capital assets	1,277,940	1,350,244
Net assets restricted for endowment purposes	215,917	215,917
Net assets internally restricted for Board purposes	( 637,163)	( 386,681)
Unrestricted net assets	<u>(18,295,022)</u>	<u>(17,157,693)</u>



**(17,438,328)** (15,978,213)

Contingencies (Note 12)

**\$ 19,255,975** 18,524,330

See accompanying notes

Approved:

 Director  
 Director

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2005

	2005			2004	
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Board Purposes	Unrestricted Operating	Total
Balance, beginning	\$ 1,350,244	215,917	(386,681)	(17,157,693)	(15,978,213)
Deficiency of revenue over expenditure	( 188,182)	-	(250,482)	( 1,021,451)	( 2,350,783)
Investment in capital assets (Note 8)	<u>115,878</u>	-	-	( 115,878)	-
Balance, ending	<u>\$ 1,277,940</u>	<u>215,917</u>	<u>(637,163)</u>	<u>(18,295,022)</u>	<u>(17,438,328)</u>
					<u>(15,978,213)</u>

See accompanying notes

# HEALTH LABRADOR CORPORATION

## Consolidated

### Statement of Operations

Year ended March 31, 2005

2005

2004

Revenue:		
Provincial plan - operating	\$ 40,447,127	40,174,053
National Child Benefit	637,231	936,089
MCP physicians	5,408,506	4,693,631
Child Youth and Family Services Agreement	5,358,579	3,290,189
Inpatient	568,383	426,197
Outpatient	565,530	548,690
Long-term care	540,846	525,440
Other (Note 9)	3,114,465	2,907,494
	<u>56,640,667</u>	<u>53,501,783</u>
Expenditure:		
Administration	5,865,314	5,637,672
Support services	7,525,921	7,497,972
Nursing inpatient services	8,153,066	8,279,427
Ambulatory care services	6,781,335	6,772,643
Diagnostic and therapeutic services	4,972,739	5,264,347
Community and social services	16,744,344	14,113,845
Medical services	5,982,004	5,671,222
Education	714,476	643,704
Board	312,142	303,292
Undistributed	888,439	792,257
	<u>57,939,780</u>	<u>54,976,381</u>
Deficit prior to other operations	( 1,299,113)	( 1,474,598)
Air ambulance services - net (Note 10)	<u>218,786</u>	<u>( 64,444)</u>
Deficit after other operations	<u>( 1,080,327)</u>	<u>( 1,539,042)</u>
Non-shareable items:		
Amortization	1,423,081	1,625,160
Accrued vacation pay - increase	204,839	356,616
Accrued severance pay - increase	( 13,233)	251,177
Amortization of deferred capital grants	<u>( 1,234,899)</u>	<u>( 1,421,212)</u>
	<u>379,788</u>	<u>811,741</u>
Deficiency of revenue over expenditure (Note 12)	<u><u>\$( 1,460,115)</u></u>	<u><u>( 2,350,783)</u></u>

See accompanying notes



# HEALTH LABRADOR CORPORATION

## Consolidated

### Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$( 1,460,115)	( 2,350,783)
Amortization	1,423,081	1,625,160
Loss on disposal of capital assets	-	298,769
Amortization of deferred capital grants	( 1,234,899)	( 1,421,212)
Unamortized contributions on assets disposed	<u>-</u>	<u>( 299,269)</u>
	<b>( 1,271,933)</b>	<b>( 2,147,335)</b>

Changes in:

Receivables	( 1,402,574)	982,398
Inventories	( 29,643)	( 44,198)
Prepaid expenses	( 542,704)	18,479
Payables and accruals	374,145	350,375
Accrued vacation pay	204,839	356,616
Deferred contributions - operating and NCB initiatives	1,119,542	( 21,691)
Accrued severance pay	<u>( 13,233)</u>	<u>251,177</u>
	<b>( 1,561,561)</b>	<b>( 254,179)</b>

Investing:

Additions to capital assets	( 432,475)	( 814,846)
Proceeds from disposal of capital assets	<u>-</u>	<u>500</u>
	<b>( 432,475)</b>	<b>( 814,346)</b>

Financing:

Deferred contributions - capital	5,388	1,095,624
- special purpose funds	( 225,561)	264,418
Repayment of long-term debt	( 11,536)	( 10,463)
Deferred contributions related to capital assets purchased	<u>328,134</u>	<u>586,449</u>
	<b>96,425</b>	<b>1,936,028</b>

Net increase (decrease) in cash and cash equivalents ( 1,897,611) 867,503

Cash and cash equivalents:

Beginning	<u>( 6,526,038)</u>	<u>( 7,393,541)</u>
Ending	<b><u>\$( 8,423,649)</u></b>	<b><u>( 6,526,038)</u></b>

Represented by:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,296,857	1,609,871
Bank indebtedness (Note 5)	<u>(12,344,212)</u>	<u>(10,710,000)</u>
	<b><u>\$( 8,423,649)</u></b>	<b><u>( 6,526,038)</u></b>

See accompanying notes

# HEALTH LABRADOR CORPORATION

## Operating Fund

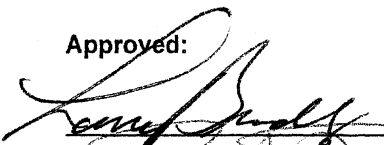
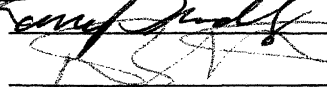
### Balance Sheet

March 31, 2005

	2005	2004
<b>Assets</b>		
Current assets:		
Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,080,940	1,393,954
Receivables, less doubtful of \$887,370 (2004 - \$683,094)	3,516,754	2,114,180
Inventories	731,873	702,230
Prepaid expenses	<u>712,583</u>	<u>169,879</u>
Total current assets	8,665,856	6,954,334
Due from Board Fund	637,163	386,681
Residents' Trust Funds held on deposit	103,797	93,068
Capital assets (Note 4)	<u>10,270,405</u>	<u>11,261,011</u>
	<b><u>\$ 19,677,221</u></b>	<b><u>18,695,094</u></b>
<b>Liabilities</b>		
Current liabilities:		
Bank indebtedness (Note 5)	\$ 12,344,212	10,710,000
Payables	4,663,221	4,205,195
Accrued liabilities	1,850	3,698
Accrued vacation pay	2,309,256	2,104,416
Other accrued benefits	998,758	1,080,792
Deferred contributions - operating	1,259,957	223,105
- National Child Benefit (NCB) initiatives	341,283	258,593
- capital	1,594,212	1,588,824
- special purpose funds	698,410	923,971
Current portion of accrued severance pay - estimated	188,142	150,679
Current portion of long-term debt (Note 6)	<u>12,718</u>	<u>11,536</u>
Total current liabilities	24,412,019	21,260,809
Residents' Trust Funds payable	103,797	93,068
Accrued severance pay, less estimated current portion of \$188,142 (2004 - \$150,679)	3,198,740	3,249,436
Long-term debt (Note 6)	1,241,311	1,254,029
Deferred contributions related to capital assets (Note 7)	<u>7,738,436</u>	<u>8,645,201</u>
	<b><u>36,694,303</u></b>	<b><u>34,502,543</u></b>
<b>Net assets, per accompanying statement</b>		
Net assets invested in capital assets	1,277,940	1,350,244
Unrestricted net assets	<u>(18,295,022)</u>	<u>(17,157,693)</u>
	<b><u>(17,017,082)</u></b>	<b><u>(15,807,449)</u></b>
	<b><u>\$ 19,677,221</u></b>	<b><u>18,695,094</u></b>

See accompanying notes

Approved:

 Director  
 Director

**HEALTH LABRADOR CORPORATION**

**Operating Fund**

**Statement of Changes in Net Assets**

**Year ended March 31, 2005**

---

	<u>2005</u>			<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted Operating</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 1,350,244	(17,157,693)	(15,807,449)	(13,694,845)
Deficiency of revenue over expenditure	( 188,182)	( 1,021,451)	( 1,209,633)	( 2,112,604)
Investment in capital assets (Note 8)	<u>115,878</u>	<u>( 115,878)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 1,277,940</u>	<u>(18,295,022)</u>	<u>(17,017,082)</u>	<u>(15,807,449)</u>

**See accompanying notes**

# HEALTH LABRADOR CORPORATION

## Operating Fund

### Statement of Operations

Year ended March 31, 2005

	2005	2004
<b>Revenue:</b>		
Provincial plan - operating	\$ 40,447,127	40,174,053
National Child Benefit	637,231	936,089
MCP physicians	5,408,506	4,693,631
Child Youth and Family Services Agreement	5,358,579	3,290,189
Inpatient	568,383	426,197
Outpatient	565,530	548,690
Long-term care	540,846	525,440
Other (Note 9)	<u>3,052,805</u>	<u>2,842,381</u>
	<u>56,579,007</u>	<u>53,436,670</u>
<b>Expenditure:</b>		
Administration	5,865,314	5,637,672
Support services	7,525,921	7,497,972
Nursing inpatient services	8,153,066	8,279,427
Ambulatory care services	6,781,335	6,772,643
Diagnostic and therapeutic services	4,972,739	5,264,347
Community and social services	16,744,344	14,113,845
Medical services	5,982,004	5,671,222
Education	714,476	643,704
Undistributed	<u>888,439</u>	<u>792,257</u>
	<u>57,627,638</u>	<u>54,673,089</u>
Deficit prior to other operations	( 1,048,631)	( 1,236,419)
Air ambulance services - net (Note 10)	<u>218,786</u>	<u>( 64,444)</u>
Deficit after other operations	( 829,845)	( 1,300,863)
<b>Non-shareable items:</b>		
Amortization	1,423,081	1,625,160
Accrued vacation pay - increase	204,839	356,616
Accrued severance pay - increase	( 13,233)	251,177
Amortization of deferred capital grants	<u>( 1,234,899)</u>	<u>( 1,421,212)</u>
	<u>379,788</u>	<u>811,741</u>
Deficiency of revenue over expenditure	<u>\$( 1,209,633)</u>	<u>( 2,112,604)</u>

See accompanying notes

# HEALTH LABRADOR CORPORATION

## Operating Fund

### Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$( 1,209,633)	( 2,112,604)
Amortization	1,423,081	1,625,160
Loss on disposal of capital assets	-	298,769
Amortization of deferred capital grants	( 1,234,899)	( 1,421,212)
Unamortized contributions on assets disposed	<u>-</u>	<u>( 299,269)</u>
	<b>( 1,021,451)</b>	<b>( 1,909,156)</b>

Changes in:

Receivables	( 1,402,574)	982,398
Inventories	( 29,643)	( 44,198)
Prepaid expenses	( 542,704)	18,479
Due from Board Fund	( 250,482)	( 238,179)
Payables and accruals	374,145	350,375
Accrued vacation pay	204,839	356,616
Deferred contributions - operating and NCB initiatives	1,119,542	( 21,691)
Accrued severance pay	<u>( 13,233)</u>	<u>251,177</u>
	<b>( 1,561,561)</b>	<b>( 254,179)</b>

Investing:

Additions to capital assets	( 432,475)	( 814,846)
Proceeds from disposal of capital assets	-	500
	<u>( 432,475)</u>	<u>( 814,346)</u>

Financing:

Deferred contributions - capital	5,388	1,095,624
- special purpose funds	( 225,561)	264,418
Repayment of long-term debt	( 11,536)	( 10,463)
Deferred contributions related to capital assets purchased	<u>328,134</u>	<u>586,449</u>
	<b>96,425</b>	<b>1,936,028</b>

Net increase (decrease) in cash and cash equivalents

( 1,897,611)      867,503

Cash and cash equivalents:

Beginning	<u>( 6,741,955)</u>	<u>( 7,609,458)</u>
Ending	<b><u>\$( 8,639,566)</u></b>	<b><u>( 6,741,955)</u></b>

Represented by:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,080,940	1,393,954
Bank indebtedness (Note 5)	<u>(12,344,212)</u>	<u>(10,710,000)</u>
	<b><u>\$( 8,639,566)</u></b>	<b><u>( 6,741,955)</u></b>

See accompanying notes

**HERITAGE FOUNDATION OF  
NEWFOUNDLAND AND LABRADOR  
FINANCIAL STATEMENTS  
31 MARCH 2005**



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

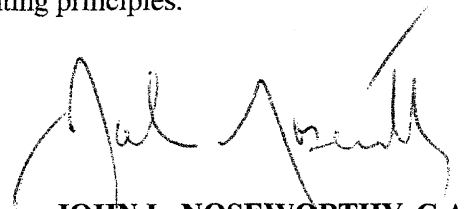
**AUDITOR'S REPORT**

To the Chairperson and Members  
Heritage Foundation of  
Newfoundland and Labrador  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2005 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
24 May 2005

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR  
BALANCE SHEET**

31 March

2005

2004

**ASSETS**

**Current**

Cash	\$ 151,517	\$ 375,785
Investments, at cost (Note 2)	229,996	51,481
Accounts receivable	23,369	36,651
Investment income receivable	497	152
Prepaid expenses	361	315
	<u>405,740</u>	<u>464,384</u>

**Capital assets (Note 3)**

	-	-
	<u>\$ 405,740</u>	<u>\$ 464,384</u>


**LIABILITIES AND FUND BALANCE**

**Current**

Accounts payable and accrued liabilities	\$ 28,426	\$ 53,270
Deferred revenue (Note 4)	100,085	60,390
	128,511	113,660
Fund balance (Note 5)	277,229	350,724
	<u>\$ 405,740</u>	<u>\$ 464,384</u>

*See accompanying notes*

Signed on behalf of the Foundation:

  
Chairperson

  
Member



**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE**  
For the Year Ended 31 March

2005

2004

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Government of Canada (Note 6)	\$ 301,714	\$ -	\$ 118,194
Province of Newfoundland and Labrador (Note 4)	170,000	-	81,506
Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement	40,305	-	88,209
Miscellaneous	13,000	-	10,472
Investment income	3,902	-	12,284
	<b>528,921</b>	<b>-</b>	<b>310,665</b>
<b>EXPENSES</b>			
Board travel and meetings	8,158	18,000	4,623
Easement registration	838	800	828
Fisheries heritage grants	40,305	50,035	88,209
Heritage grants	77,000	100,000	112,165
Historic places initiative	271,188	-	35,057
Miscellaneous	4,887	4,500	12,309
Office furniture and equipment	-	1,000	-
Office supplies	2,951	6,000	3,793
Plaquing	1,589	4,500	3,600
Professional fees	1,575	3,500	1,693
Public relations	1,000	1,000	1,666
Salaries and benefits	186,566	151,000	184,481
Special projects	2,145	8,500	12,301
Telephone	2,138	3,500	3,960
Travel	2,076	8,500	2,485
	<b>602,416</b>	<b>360,835</b>	<b>467,170</b>
<b>Excess of expenses over revenues</b>	<b>(73,495)</b>	<b>(360,835)</b>	<b>(156,505)</b>
<b>Fund balance, beginning of year</b>	<b>350,724</b>	<b>350,724</b>	<b>507,229</b>
<b>Fund balance, end of year</b>	<b>\$ 277,229</b>	<b>\$ (10,111)</b>	<b>\$ 350,724</b>

*See accompanying notes*

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

	2005	2004
<b>Cash flows from operating activities</b>		
Excess of expenses over revenues	\$ (73,495)	\$ (156,505)
Changes in non-cash working capital		
Accounts receivable	13,282	5,592
Investment income receivable	(345)	(152)
Prepaid expenses	(46)	663
Accounts payable and accrued liabilities	(24,844)	45,693
	<u>(85,448)</u>	<u>(104,709)</u>
Increase (decrease) in Deferred Revenue (Note 4)	39,695	(42,973)
	<u>(45,753)</u>	<u>(147,682)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets from capital contributions	(51,877)	(187,663)
<b>Cash flows from financing activities</b>		
Contribution from Government of Canada to purchase capital assets (Note 6)	51,877	187,663
<b>Net decrease in cash and cash equivalents</b>	<b>(45,753)</b>	<b>(147,682)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>427,266</b>	<b>574,948</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 381,513</b>	<b>\$ 427,266</b>
<b>Cash and cash equivalents include:</b>		
Cash	\$ 151,517	\$ 375,785
Investments	229,996	51,481
	<u>\$ 381,513</u>	<u>\$ 427,266</u>

*See accompanying notes*

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**Authority**

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.

**1. Significant accounting policies**

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and computer equipment which were capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investment income

Investment income is recorded on a straight line basis over the term of the investments.

**2. Investments**

	2005		2004
	Cost	Market Value	Cost
Scotia Money Market Fund	\$ 3,917	\$ 3,923	\$ 51,481
Short-term investments	226,079	226,377	-
	<b>\$ 229,996</b>	<b>\$ 230,300</b>	<b>\$ 51,481</b>

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

**3. Capital assets**

	2005			2004	
	Cost	Capital Contributions	Accumulated Amortization	Net Book Value	Net Book Value
Systems development	\$ 192,318	\$ 192,318	\$ -	\$ -	\$ -
Computer equipment	47,222	47,222	-	-	-
	<b>\$ 239,540</b>	<b>\$ 239,540</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**4. Deferred revenue**

The deferred revenue as at 31 March 2005 consists of a grant received from the Province of Newfoundland and Labrador to be used for operating expenses and the payment of heritage grants in future operations. It also consists of funding received under the Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement. The purpose of the funding is to undertake a *Fisheries Heritage Preservation Initiative* focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. The revenue will be recognized in future operating periods as eligible expenditures are incurred.

	2005	2004
Balance, beginning of year	\$ 60,390	\$ 103,363
Contribution from Province of Newfoundland and Labrador	250,000	-
Contribution from Fisheries Heritage Preservation Initiative	-	60,390
Less: Contribution from Province of Newfoundland and Labrador recognized in income during year	(170,000)	(81,506)
Contribution from Fisheries Heritage Preservation Initiative recognized in income during year	(40,305)	(21,857)
Increase (decrease) during the year	39,695	(42,973)
Balance, end of year	\$ 100,085	\$ 60,390

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**5. Fund balance**

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.

As at 31 March 2005, \$152,591 (2004 - \$144,983) of this Fund has been committed in the form of grants approved but not yet disbursed or rescinded. The allocation between committed and uncommitted funds is:

	2005	2004
Committed funds	\$ 152,591	\$ 144,983
Uncommitted funds	124,638	205,741
	<b>\$ 277,229</b>	<b>\$ 350,724</b>

In 1994-95, the Foundation adopted a policy with respect to grant commitments. All grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

**6. Government of Canada**

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of \$301,714 (2004 - \$118,194). In addition, the Foundation received capital contributions in the amount of \$51,877 (2004 - \$187,663) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and computer equipment.

**7. Operating lease obligation**

Office equipment has been leased by the Foundation. Minimum lease payments for the next two years are as follows:

2006	\$1,217
2007	\$ 420

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**8. Related party transactions**

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

**9. Financial instruments**

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due from the Government of Canada and therefore there is no credit risk associated with this amount.

**10. Economic dependence**

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

**11. Income taxes**

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.



**HOTEL BUILDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2004**





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

**AUDITOR'S REPORT**

To the Chairperson and Members  
Hotel Buildings Limited  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of Hotel Buildings Limited as at 30 June 2004 and the statement of income, expenses and retained earnings for the three month period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 June 2004 and the results of its operations for the three month period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script, appearing to read "John L. Noseworthy".

**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
14 October 2004

**HOTEL BUILDINGS LIMITED**

**BALANCE SHEET**

**30 June 2004**

**30 June  
2004**

**31 March  
2004**

**(with comparative figures as at 31 March 2004)**

**ASSETS**

**Current**

Cash	\$ -	\$ 90,035
Accounts receivable	-	137
	\$ -	\$ 90,172

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ -	\$ 1,140
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**Shareholders' equity**

Share capital

Authorized

100 common shares of no par value

Issued and fully paid

3 common shares

- 3,000

Retained earnings

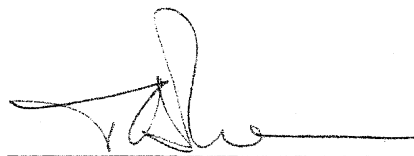
- 86,032

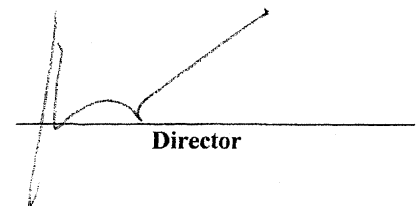
- 89,032

\$ - \$ 90,172

*See accompanying notes*

Signed on behalf of the Board:

  
Chairperson

  
Director

**HOTEL BUILDINGS LIMITED****STATEMENT OF INCOME, EXPENSES AND RETAINED EARNINGS**

For the Three Month Period Ended 30 June 2004

30 June  
200431 March  
2004

(with comparative figures for the year ended 31 March 2004)

**INCOME**

Interest income	\$ 234	\$ 2,300
	<u>234</u>	<u>2,300</u>

**EXPENSES**

Payroll and termination	-	18,000
Professional services	-	4,483
Bank charges	18	80
	<u>18</u>	<u>22,563</u>

Net income (loss) 216 (20,263)

Retained earnings, beginning of period 86,032 106,295

86,248 86,032

Less: transfer to the Province (Note 2) 86,248 -

Retained earnings, end of period \$ - \$ 86,032

*See accompanying notes*

**HOTEL BUILDINGS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**30 June 2004**

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**Authority**

Hotel Buildings Limited (the Corporation) was incorporated on 18 March 1966 under the *Corporations Act* of the Province of Newfoundland and Labrador for the purpose of financing the construction of various hotels throughout the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All Board members are full-time employees of the Province of Newfoundland and Labrador.

On 19 April 2004, the Lieutenant-Governor in Council authorized the Board of Directors to dissolve the Corporation at an appropriate time, in accordance with requirements under the *Corporations Act*. The dissolution was conditional upon completion of a final audit with the balance of any available funds, subsequent to the payment of any related costs, to be remitted to the Province. The Board of Directors commenced dissolution of the Corporation in accordance with these provisions. As a result, these financial statements represent the Corporation's final financial position and results of operations for the three month period ended 30 June 2004.

**1. Significant accounting policies**

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles.

**2. Transfer to the Province**

On 18 December 1995, the Corporation disposed of its hotel properties located at St. John's, Clarenville, Gander and Corner Brook, and on 22 March 1996 disposed of Hotel Port aux Basques. On 12 November 2002, the Corporation disposed of the last parcel of vacant land located in Clarenville. The Corporation's residual cash balance of \$89,248, which was comprised of \$86,248 in retained earnings and \$3,000 related to common shares, was transferred to the Province on 30 June 2004.

**3. Related party transactions**

The Corporation is administered by employees of the Department of Finance, with support, where necessary, from other Provincial Government departments. Certain costs of administration are incurred and paid directly by the departments and are not reflected in these financial statements.

**4. Income taxes**

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



**Household Hazardous Waste Program**  
**Financial Statements**  
March 31, 2005

Grant Thornton 

## Auditors' Report

To the **Multi-Materials Stewardship Board**

We have audited the statement of financial position of the **Household Hazardous Waste Program** as at **March 31, 2005**, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Household Hazardous Waste Program as at March 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland  
June 6, 2005

Grant Thornton LLP  
Chartered Accountants

## Household Hazardous Waste Program

### Statements of Operations and Changes in Net Assets

Year Ended March 31	2005	2004
<b>Revenue</b>		
Waste Management Trust Fund	\$ 100,000	
Municipalities	53,373	\$ 65,408
Environment Canada	35,000	34,377
Interest	<u>-</u>	<u>881</u>
	<u>188,373</u>	<u>100,666</u>
<b>Expenses</b>		
Contract services	137,009	164,392
Marketing and promotion	38,925	53,890
Professional fees	1,000	1,000
Miscellaneous	346	-
Materials and supplies	124	160
Bank charges	54	-
Meetings	<u>-</u>	<u>59</u>
	<u>177,458</u>	<u>219,501</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ 10,915</u>	<u>\$ (118,835)</u>
<hr/>		
Net (deficiency) assets, beginning of year	\$ (34)	\$ 118,801
Excess of revenue over expenses (expenses over revenue)	<u>10,915</u>	<u>(118,835)</u>
Net assets (deficiency), end of year	<u>\$ 10,881</u>	<u>\$ (34)</u>

See accompanying notes to the financial statements.

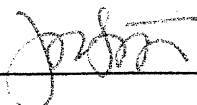



# Household Hazardous Waste Program

## Statement of Financial Position

March 31	2005	2004
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 13,993	\$ 10,372
Temporary investments, restricted cash	15,775	-
Receivables	319	29,794
	<b>\$ 30,087</b>	<b>\$ 40,166</b>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 3,431	\$ 40,200
Performance bond payable	15,775	-
	19,206	40,200
<b>Net Assets (Deficiency)</b>		
Unrestricted net assets (deficiency)	10,881	(34)
	<b>\$ 30,087</b>	<b>\$ 40,166</b>

On behalf of the Board


Chairperson

Director

See accompanying notes to the financial statements.

Grant Thornton 

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## Household Hazardous Waste Program Statement of Cash Flows

Year Ended March 31

2005

2004

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Increase (decrease) in cash and cash equivalents

**Operating**

Excess of revenue over expenses (expenses over revenue)	\$ 10,915	\$ (118,835)
Change in non-cash operating working capital		
Receivables	29,475	53,084
Investments	(15,775)	
Payables and accruals	(36,769)	39,200
Performance bond payable	15,775	(11,610)
Deferred revenue	-	(65,408)
Net increase (decrease) in cash and cash equivalents	3,621	(103,569)
Cash and cash equivalents		
Beginning of year	10,372	113,941
End of year	\$ 13,993	\$ 10,372

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See accompanying notes to the financial statements.

Grant Thornton 

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# Household Hazardous Waste Program

## Notes to the Financial Statements

March 31, 2005

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### 1. Nature of operations

The Household Hazardous Waste Program is a project implemented by the Multi-Materials Stewardship Board.

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### 2. Significant accounting policies

#### Use of estimates

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

#### Cash and cash equivalents

Cash and cash equivalents include balances with banks.

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### 3. Related party transactions

- a) Included in receivables at March 31, 2005 is an amount due from the Multi-Materials Stewardship Board of \$319 (2004 - \$Nil).
  - b) Included in payables and accruals at March 31, 2005 is an amount due to the Multi-Materials Stewardship Board of \$Nil (2004 - \$27,699).
- 

### 4. Financial instruments

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

**Deloitte**

**Janeway Children's Hospital  
Foundation  
Financial Statements  
March 31, 2004**

## Auditors' Report

To the Directors of  
Janeway Children's Hospital Foundation

We have audited the balance sheet of the Janeway Children's Hospital Foundation as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 6, 2003.

*Deloitte & Touche LLP*

Chartered Accountants  
July 12, 2004

# Janeway Children's Hospital Foundation

## Statement of Operations

Year Ended March 31

2003

2004

	General Fund	In-Memoriam Fund	Endowment Fund	Total	Total
<b>Revenue</b>					
Miracle Network Telethon projects and donations	1,553,211	-	-	\$ 1,553,211	\$ 1,521,159
Capital campaign	450,000	-	-	450,000	450,000
Christmas Appeal donations	100,347	-	-	100,347	85,735
Interest	28,641	-	14,643	43,284	48,183
Atlantic Fundraising Association (Note 3)	34,445	-	-	34,445	47,363
Bequests and in-memoriam donations	47,173	7,764	30,948	85,885	43,406
Jeans Day	31,376	-	-	31,376	37,512
Teddy Bear Bash	30,948	-	-	30,948	24,122
Radiothon	15,190	-	-	15,190	-
Other funding	10,935	-	-	10,935	15,668
	<u>2,302,266</u>	<u>7,764</u>	<u>45,591</u>	<u>2,355,621</u>	<u>2,273,148</u>
<b>Expenditure</b>					
Miracle Network Telethon (Page 10)	487,645	-	-	487,645	454,283
Christmas Appeal (Page 11)	43,569	-	-	43,569	41,083
Jeans Day	11,597	-	-	11,597	9,292
Teddy Bear Bash	30,470	-	-	30,470	31,238
Radiothon	29,293	-	-	29,293	-
Depreciation	16,584	-	-	16,584	11,666
General administration	25,085	-	-	25,085	18,392
Maintenance contract	8,081	-	-	8,081	9,086
Planned giving	54,888	-	-	54,888	49,138
Professional fees	9,838	-	-	9,838	2,983
Public relations and advertising	1,281	-	-	1,281	5,731
Salaries and benefits	122,588	-	-	122,588	124,008
Travel and conferences	4,420	-	-	4,420	5,256
	<u>845,339</u>	<u>-</u>	<u>-</u>	<u>845,339</u>	<u>762,156</u>
<b>Excess of revenue over expenditure before donations</b>	<u>1,456,927</u>	<u>7,764</u>	<u>45,591</u>	<u>1,510,282</u>	<u>1,510,992</u>
<b>Donations (Note 6)</b>					
Capital campaign	900,000	-	-	900,000	900,000
Health Care Corporation of St. John's	640,827	1,018	-	641,845	747,800
Other health care	100,389	-	-	100,389	84,170
Other	52,172	-	-	52,172	10,604
	<u>1,693,388</u>	<u>1,018</u>	<u>-</u>	<u>1,694,406</u>	<u>1,742,574</u>
<b>Excess of (expenditure over revenue) revenue over expenditure</b>	<u>(236,461)</u>	<u>6,746</u>	<u>45,591</u>	<u>\$ (184,124)</u>	<u>\$ (231,582)</u>

See accompanying notes to the financial statements.



# Janeway Children's Hospital Foundation

## Statement of Financial Position

March 31

2004


2003

	General Fund	In-Memoriam Fund	Endowment Fund	Total	Total
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	759,168	65,219	33,930	\$ 858,317	\$ 892,782
Receivables	7,836	-	-	7,836	4,740
Prepaid expenses	71,897	-	-	71,897	67,034
Long term investment (Note 3)	838,901	65,219	33,930	938,050	964,556
Investments (Note 4)	78,782	-	-	78,782	75,537
Capital assets (Note 5)	47,726	-	510,365	510,365	498,704
	<u>965,409</u>	<u>65,219</u>	<u>544,295</u>	<u>\$ 1,574,923</u>	<u>\$ 1,575,203</u>
<b>Liabilities</b>					
<b>Current</b>					
Payables and accruals	34,188	-	-	\$ 34,188	\$ 29,371
Due to other funds	494,641	-	-	494,641	314,189
Deferred contributions	62,857	-	-	62,857	67,097
Accrued severance pay	591,686	-	-	591,686	410,657
	<u>18,338</u>	<u>-</u>	<u>-</u>	<u>18,338</u>	<u>15,523</u>
	<u>610,024</u>	<u>-</u>	<u>-</u>	<u>610,024</u>	<u>426,180</u>
<b>Net Assets</b>					
Net assets invested in capital assets	47,726	-	-	47,726	36,406
Unrestricted net assets	307,659	-	544,295	307,659	555,440
Restricted net assets	355,385	65,219	544,295	609,514	557,177
	<u>965,409</u>	<u>65,219</u>	<u>544,295</u>	<u>\$ 1,574,923</u>	<u>\$ 1,575,203</u>

Commitments (Note 10)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.



# Janeway Children's Hospital Foundation

## Statement of Cash Flows

Year Ended March 31

2004                      2003

	<u>General Fund</u>	<u>In-Memoriam Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents				
<b>Operating activities</b>				
Excess of (expenditure over revenue) revenue over expenditure	(236,461)	6,746	45,591	\$ (184,124)
Depreciation	16,584	-	-	16,584
Increase in severance pay accrual	2,815	-	-	2,815
Change in non-cash operating working capital (Note 7)	<u>(217,062)</u>	<u>6,746</u>	<u>45,591</u>	<u>(164,725)</u>
	173,070	-	-	173,070
	<u>(43,992)</u>	<u>6,746</u>	<u>45,591</u>	<u>8,345</u>
				<u>40,888</u>
				<u>(172,888)</u>
<b>Investing activities</b>				
Increase (decrease) in long term investment	(3,245)	-	-	4,662
Increase in investments	-	-	(11,661)	(29,007)
Purchase of capital assets	<u>(27,904)</u>	<u>-</u>	<u>-</u>	<u>(34,278)</u>
	<u>(31,149)</u>	<u>-</u>	<u>(11,661)</u>	<u>(58,623)</u>
Net (decrease) increase in cash and cash equivalents	(75,141)	6,746	33,930	(34,465)
<b>Cash and cash equivalents</b>				
Beginning of year	834,309	58,473	-	892,782
End of year	<u>759,168</u>	<u>65,219</u>	<u>33,930</u>	<u>\$ 858,317</u>
				<u>1,124,293</u>
				<u>\$ 892,782</u>
<b>Represented by</b>				
Short term investments	714,526	-	-	714,526
Bank balances	44,242	65,219	33,930	143,391
Cash on hand	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
	<u>759,168</u>	<u>65,219</u>	<u>33,930</u>	<u>858,317</u>
				<u>\$ 892,782</u>

See accompanying notes to the financial statements.

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# Janeway Children's Hospital Foundation

## Notes to the Financial Statements

March 31, 2004

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### 1. Nature of operations

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

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### 2. Summary of significant accounting policies

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

#### Basis of presentation

The Foundation applies the restricted fund method of accounting for contributions:

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until it is disbursed for the specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund. These donations will be disbursed based on recommendations from the Board.

#### Use of estimates

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

#### Donation revenue

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received. All other revenues are recognized as earned and when collectibility is reasonably assured.

#### 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.

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# Janeway Children's Hospital Foundation

## Notes to the Financial Statements

March 31, 2004

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

#### Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over five years.

#### Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

#### Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

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### 3. Long term investment

The Foundation has a 25% interest in the Atlantic Fundraising Association. This interest was acquired at a nominal cost to the Foundation. Income recorded from this Association is a combination of the cash distributions received and the Foundation's share of the increase (decrease) in the Association's surplus. The income earned is recorded based on financial statements prepared by the Association's accountants. The investment shown on the balance sheet represents the Foundation's share in the net assets of the Association at year end.

	<u>2004</u>	<u>2003</u>
Cash distributions received	\$ 31,200	\$ 52,025
Increase (decrease) in the investment	<u>3,245</u>	<u>(4,662)</u>
Income reported	<u>\$ 34,445</u>	<u>\$ 47,363</u>

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### 4. Investments

	<u>2004</u>	<u>2003</u>
Guaranteed investment certificate, due April 5, 2004, at an interest rate of 2.48%.	\$ 510,365	\$ -
Guaranteed investment certificates, due June 30, 2004 at an interest rate of 2.75%.	<u>-</u>	<u>498,704</u>
	<u>\$ 510,365</u>	<u>\$ 498,704</u>

This investment represents the funds donated to the Little Red Wagon Endowment Fund, together with accrued interest. These funds will be re-invested upon maturity.

# Janeway Children's Hospital Foundation

## Notes to the Financial Statements

March 31, 2004

5. Capital assets			<u>2004</u>	<u>2003</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 133,604	\$ 85,878	\$ 47,726	\$ 36,406

6. Donations			<u>2004</u>	<u>2003</u>
Capital campaign			\$ 900,000	\$ 900,000
Health Care Corporation of St. John's				
Janeway Children's Health and Rehabilitation Centre			484,904	697,800
Janeway Research			<u>156,941</u>	<u>50,000</u>
			<u>641,845</u>	<u>747,800</u>
Other health care				
Paediatric Genetic Research Program			75,000	75,000
Burin Peninsula Health Care Foundation			12,473	-
Central East Health Care			12,916	-
Western Health Care Corporation			-	<u>9,170</u>
			<u>100,389</u>	<u>84,170</u>
Other				
Rainbow Riders program			5,000	5,000
Asthma program			17,444	5,604
Haemophilia program			<u>29,728</u>	<u>-</u>
			<u>52,172</u>	<u>10,604</u>
			<u>\$ 1,694,408</u>	<u>\$ 1,742,574</u>

7. Supplemental cash flow information			<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital				
Receivables			\$ (3,096)	\$ 2,693
Prepaid expenses			(4,863)	1,469
Payables and accruals			4,817	2,529
Due to other funds			180,452	39,800
Deferred contributions			<u>(4,240)</u>	<u>(5,603)</u>
			<u>\$ 173,070</u>	<u>\$ 40,888</u>

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# Janeway Children's Hospital Foundation

## Notes to the Financial Statements

March 31, 2004

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### 8. Income tax status

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

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### 9. Related party transactions

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Health Care Corporation of St. John's) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

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### 10. Commitments

During the year the Foundation committed to disburse \$613,650 (2003 - \$637,800) to the Health Care Corporation of St. John's to benefit the Janeway Children's Health and Rehabilitation Centre. During the year \$640,827 (2003 - \$747,800) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately \$938,354 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

In 2000, \$300,000 was committed to the Paediatric Genetic Research Program to be disbursed over a four year period. During the year, the final \$75,000 was disbursed for this Program.

In 2003, \$1,300,000 was committed to Give to Feel Good Campaign (Capital campaign) to be disbursed over a three year period. In 2004 the commitment of a further \$100,000 was made for a total of \$1,400,000 and the period was extended to five years. This amount was matched by the Province of Newfoundland and Labrador for a total of \$2,800,000. During the year, \$900,000 was disbursed to the capital campaign, and \$200,000 of the commitment is remaining.

In 2003, \$200,000 was committed to other hospitals in Newfoundland and Labrador for the purchase of paediatric equipment. These grants were made to recognize the Foundation's 20<sup>th</sup> Anniversary and should be paid in 2004-2005.

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### 11. Financial instruments

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

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**Janeway Children's Hospital Foundation**  
**Schedule of Miracle Network Telethon Expenses**

Year Ended March 31

2004

2003

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Advertising	\$ 6,985	\$ 6,412
Affiliation fees	17,631	18,206
Broadcasting costs	86,552	98,952
Donor recognition	1,742	3,732
General administration	10,839	10,668
Merchandise	94,231	83,453
Office and supplies	2,681	1,914
Postage	20,979	25,440
Printing	16,444	14,135
Professional fees	14,595	6,972
Salaries and benefits	204,999	173,707
Telephone	-	3,234
Travel and conferences	9,967	7,458
	<u>\$ 487,645</u>	<u>\$ 454,283</u>

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**Janeway Children's Hospital Foundation**  
**Schedule of Christmas Appeal Expenses**

Year Ended March 31

**2004**

**2003**

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Advertising	\$ 653	\$ 456
Contractual services	4,901	5,276
Office and miscellaneous	78	48
Postage	11,048	11,951
Printing	7,850	8,002
Promotional costs	2,319	2,117
Salaries and benefits	<u>16,720</u>	<u>13,233</u>
	<u>\$ 43,569</u>	<u>\$ 41,083</u>



*Financial Statements*

**JANEWAY CHILDREN'S HOSPITAL  
FOUNDATION**

*March 31, 2005*



## Auditors' Report

To the Directors of  
Janeway Children's Hospital Foundation

We have audited the statement of financial position of the Janeway Children's Hospital Foundation as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte + Touche LLP*

Chartered Accountants  
June 30, 2005

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Statement of Operations

Year ended March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
<b>REVENUE</b>					
Miracle Network Telethon projects and donations	1,573,849	-	-	1,573,849	1,553,211
Bequests and in-memoriam donations	175,084	6,625	65,182	246,891	85,885
Golf	118,662	-	-	118,662	-
Capital campaign	100,000	-	-	100,000	450,000
Christmas Appeal donations	92,343	-	-	92,343	100,347
Interest	21,339	-	11,407	32,746	43,284
Radiothon	30,526	-	-	30,526	15,190
Jeans Day	20,985	-	-	20,985	31,376
Pumpkin feast	11,592	-	-	11,592	-
Other funding	8,023	-	-	8,023	10,935
Atlantic Fundraising Association (Note 3)	3,773	-	-	3,773	34,445
Teddy Bear Bash	500	-	-	500	30,948
	<u>2,156,676</u>	<u>6,625</u>	<u>76,589</u>	<u>2,239,890</u>	<u>2,355,621</u>
<b>EXPENDITURE</b>					
Miracle Network Telethon (Page 11)	497,023	-	-	497,023	487,645
Salaries and benefits	127,346	-	-	127,346	122,588
Planned giving	45,865	6,577	-	52,442	54,888
General administration	40,800	-	-	40,800	25,085
Christmas Appeal (Page 12)	37,268	-	-	37,268	43,569
Golf	35,516	-	-	35,516	-
Depreciation	15,903	-	-	15,903	16,584
Maintenance contract	11,650	-	-	11,650	8,081
Radiothon	10,151	-	-	10,151	29,293
Public relations and advertising	9,913	-	-	9,913	1,281
Travel and conferences	8,551	-	-	8,551	4,420
Jeans Day	6,431	-	-	6,431	11,597
Pumpkin feast	5,835	-	-	5,835	-
Teddy Bear Bash	2,670	-	-	2,670	30,470
Professional fees	(6,552)	-	-	(6,552)	9,838
Write-down of investment (Note 3)	55,155	-	-	55,155	-
	<u>903,525</u>	<u>6,577</u>	<u>76,589</u>	<u>910,102</u>	<u>845,339</u>
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>1,253,151</b>	<b>48</b>	<b>76,589</b>	<b>1,329,788</b>	<b>1,510,282</b>
<b>DONATIONS (Note 6)</b>					
Health Care Corporation of St. John's	388,526	-	-	388,526	641,845
Capital campaign	200,000	-	-	200,000	900,000
Other	179,711	-	-	179,711	52,172
Other health care	154,368	-	-	154,368	100,389
	<u>922,605</u>	<u>-</u>	<u>-</u>	<u>922,605</u>	<u>1,694,406</u>
<b>EXCESS OF (EXPENDITURE OVER REVENUE)</b>	<b>330,546</b>	<b>48</b>	<b>76,589</b>	<b>407,183</b>	<b>(184,124)</b>
<b>REVENUE OVER EXPENDITURE</b>					

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Statement of Changes in Net Assets**

Year ended March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
NET ASSETS, BEGINNING OF YEAR	355,384	65,219	544,296	964,899	1,149,023
EXCESS OF (EXPENDITURE OVER REVENUE) REVENUE OVER EXPENDITURE	330,546	48	76,589	407,183	(184,124)
NET ASSETS, END OF YEAR	685,930	65,267	620,885	1,372,082	964,899

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Statement of Financial Position**

March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and cash equivalents	1,268,450	65,267	99,128	1,432,845	858,317
Receivables	-	-	-	-	7,836
Prepaid expenses	41,727	-	-	41,727	71,897
	<u>1,310,177</u>	<u>65,267</u>	<u>99,128</u>	<u>1,474,572</u>	<u>938,050</u>
<b>LONG-TERM INVESTMENT (Note 3)</b>	-	-	-	-	78,782
<b>INVESTMENTS (Note 4)</b>	-	-	521,757	521,757	510,365
<b>CAPITAL ASSETS (Note 5)</b>	37,068	-	-	37,068	47,726
	<u>1,347,245</u>	<u>65,267</u>	<u>620,885</u>	<u>2,033,397</u>	<u>1,574,923</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Payables and accruals	16,511	-	-	16,511	34,188
Due to other funds	325,645	-	-	325,645	494,641
Deferred contributions	304,669	-	-	304,669	62,857
Accrued severance pay	646,825	-	-	646,825	591,686
	<u>14,490</u>	<u>-</u>	<u>-</u>	<u>14,490</u>	<u>18,338</u>
	<u>661,315</u>	<u>-</u>	<u>-</u>	<u>661,315</u>	<u>610,024</u>
<b>NET ASSETS</b>					
Net assets invested in capital assets	37,068	-	-	37,068	47,726
Unrestricted net assets	704,017	-	-	648,862	307,659
Restricted net assets	-	65,267	620,885	686,152	609,514
	<u>741,085</u>	<u>65,267</u>	<u>620,885</u>	<u>1,372,082</u>	<u>964,899</u>
	<u>1,402,400</u>	<u>65,267</u>	<u>620,885</u>	<u>2,033,397</u>	<u>1,574,923</u>

ON BEHALF OF THE BOARD:

*[Signature]* Director

*[Signature]* Director

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Statement of Cash Flows**

Year ended March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
<b>OPERATING ACTIVITIES</b>					
Excess of (expenditure over revenue) revenue over expenditure	330,546	48	76,589	407,183	(184,124)
Depreciation	15,903	-	-	15,903	16,584
Increase (decrease) in severance pay accrual	(3,848)	-	-	(3,848)	2,815
Change in non-cash operating working capital (Note 7)	93,144	-	-	93,144	173,070
	<b>435,745</b>	<b>48</b>	<b>76,589</b>	<b>512,382</b>	<b>8,345</b>
<b>INVESTING ACTIVITIES</b>					
(Increase) decrease in long-term investment	78,782	-	-	78,782	(3,245)
Increase in investments	-	-	(11,391)	(11,391)	(11,661)
Purchase of capital assets	(5,245)	-	-	(5,245)	(27,904)
	<b>73,537</b>	<b>-</b>	<b>(11,391)</b>	<b>62,146</b>	<b>(42,810)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>					
	<b>509,282</b>	<b>48</b>	<b>65,198</b>	<b>574,528</b>	<b>(34,465)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>759,168</b>	<b>65,219</b>	<b>33,930</b>	<b>858,317</b>	<b>892,782</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,268,450</b>	<b>65,267</b>	<b>99,128</b>	<b>1,432,845</b>	<b>858,317</b>
<b>REPRESENTED BY</b>					
Short-term investments	-	-	-	-	714,526
Bank balances	1,268,050	65,267	99,128	1,432,445	143,391
Cash on hand	400	-	-	400	400
	<b>1,268,450</b>	<b>65,267</b>	<b>99,128</b>	<b>1,432,845</b>	<b>858,317</b>

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to Financial Statements

March 31, 2005

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### 1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *Basis of presentation*

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until they are disbursed for the specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund. These donations will be disbursed based on recommendations from the Board.

#### *Revenue recognition*

The Foundation follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and when collectibility is reasonably assured.

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received.

#### *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.

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Notes to Financial Statements**  
March 31, 2005

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

*Investments*

Investments are recorded at cost plus accrued interest. Gains or losses on disposals of investments are reflected in the accounts in the year of disposal.

*Capital assets*

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over five years.

*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 plan are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

*Vacation pay and other benefits*

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

*Severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

*Support-in-kind*

Various services have been provided to the Foundation by the Health Care Corporation of St. John's and other agencies without charge. Because of the difficulty of determining the fair value, only the portion provided by the Health Care Corporation of St. John's is recognized in the financial statements.

*Use of estimates*

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

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to Financial Statements

March 31, 2005

### 3. LONG - TERM INVESTMENT

The Foundation has a 25% interest in the Atlantic Fundraising Association. This interest was acquired at a nominal cost to the Foundation. The investment in the Association represents the Foundation's share of the Association's surplus less cash distributions received. The income earned is recorded based on financial statements prepared by the Association's accountants. The Foundation has decided to no longer carry this investment on an equity basis and has therefore written it down to zero in the current year.

### 4. INVESTMENTS

	<u>2005</u>	<u>2004</u>
	\$	\$
Guaranteed investment certificate, due April 4, 2005, at an interest rate of 2.4%.	521,757	-
Guaranteed investment certificates matured April, 2004.	-	510,365
	<u>521,757</u>	<u>510,365</u>

This investment represents the funds donated to the Little Red Wagon Endowment Fund, together with accrued interest. These funds will be re-invested upon maturity.

### 5. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Equipment	138,849	101,781	37,068	47,726



# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to Financial Statements

March 31, 2005

### 6. DONATIONS

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Corporation of St. John's		
Janeway Children's Health and Rehabilitation Centre	388,526	484,904
Janeway Research	-	156,941
	<u>388,526</u>	<u>641,845</u>
Capital campaign	200,000	900,000
Other		
Memorial University	100,000	-
Maple Leaf Garden	32,430	-
Rainbow Riders program	5,000	5,000
Asthma program	2,367	17,444
Haemophilia program	39,264	29,728
Child abuse	650	-
	<u>179,711</u>	<u>52,172</u>
Other health care		
South and central Health Foundation	30,000	-
Trinity Conception Placentia	35,050	-
Paediatric Generic Research Program	-	75,000
Burin Peninsula Health Care Foundation	21,600	12,473
Western Health Care Corporation	21,769	-
Grenfell Foundation	19,440	-
Captain William Jackman Memorial	11,930	-
Central East Health Care	9,579	12,916
Dr. Heather Jackman	5,000	-
	<u>154,368</u>	<u>100,389</u>
	<u>922,605</u>	<u>1,694,406</u>

### 7. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital	<u>2005</u>	<u>2004</u>
	\$	\$
Receivables	7,836	(3,096)
Prepaid expenses	30,169	(4,863)
Payables and accruals	(17,677)	4,817
Due to other funds	(168,996)	180,452
Deferred contributions	241,812	(4,240)
	<u>93,144</u>	<u>173,070</u>

# **JANEWAY CHILDREN'S HOSPITAL FOUNDATION**

## **Notes to Financial Statements**

**March 31, 2005**

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### **8. INCOME TAX STATUS**

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

### **9. RELATED PARTY TRANSACTIONS**

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Health Care Corporation of St. John's) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

### **10. COMMITMENTS**

During the year, the Foundation committed to disburse \$839,280 (2004 - \$613,650) to the Health Care Corporation of St. John's to benefit the Janeway Children's Health and Rehabilitation Centre. During the year \$388,526 (2004 - \$641,845) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately \$1,354,546 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

In 2001, \$1,300,000 was committed to Give to Feel Good Campaign (Capital campaign) to be disbursed over a three year period. In 2004 the commitment of a further \$100,000 was made for a total of \$1,400,000 and the period was extended to four years. This amount was matched by the Province of Newfoundland and Labrador for a total of \$2,800,000. During the year, the final \$200,000 of this commitment was disbursed to the capital campaign.

In 2003, \$220,852 was committed to other hospitals in Newfoundland and Labrador for the purchase of paediatric equipment. These grants were made to recognize the Foundation's 20<sup>th</sup> Anniversary. As at March 31, 2005, \$82,268 of these committed funds remains to be disbursed in future years.

### **11. FINANCIAL INSTRUMENTS**

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

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Schedule of Miracle Network Telethon Expenses**

**Year ended March 31, 2005**

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	<u>2005</u>	<u>2004</u>
	\$	\$
Salaries and benefits	191,316	204,999
Merchandise	93,655	94,231
Broadcasting costs	92,981	86,552
Postage	28,108	20,979
Affiliation fees	22,498	17,631
Printing	16,157	16,444
General administration	14,490	10,839
Travel and conferences	11,720	9,967
Professional fees	11,051	14,595
Advertising	8,951	6,985
Donor recognition	3,154	1,742
Office and supplies	2,647	2,681
Telephone	295	-
	<hr/>	<hr/>
	497,023	487,645

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**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Schedule of Christmas Appeal Expenses**

**Year ended March 31, 2005**

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	<u>2005</u>	<u>2004</u>
	\$	\$
Salaries and benefits	11,950	16,720
Postage	9,056	11,048
Contractual services	7,652	4,901
Printing	5,239	7,850
Promotional costs	2,575	2,319
Advertising	521	653
Office and miscellaneous	275	78
	<hr/>	<hr/>
	37,268	43,569
	<hr/>	<hr/>



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**LABRADOR SCHOOL BOARD**

AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

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**WALTER P. MILLER & COMPANY**

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Chartered Accountants

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**WALTER P. MILLER  
& CO.** CHARTERED ACCOUNTANTS

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**Partners**  
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Boyde Clarke, B.Comm., C.A.  
Peter Miller, B.Comm., C.A.

**Principal**  
Raymond White, C.G.A.

## AUDITORS' REPORT

To the Directors of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2004, and the statements of current revenues, expenditures and Board deficit, changes in financial position and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Labrador School Board as at June 30, 2004, and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

  
CHARTERED ACCOUNTANTS

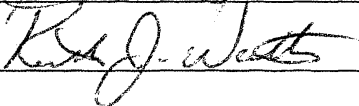
St. John's, Newfoundland and Labrador  
July 30, 2004

**LABRADOR SCHOOL BOARD  
BALANCE SHEET  
AS AT JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
<b><u>ASSETS</u></b>		
Current		
Cash (Schedule 9)	\$ 15,690	\$ -
Accounts receivable (Note 2)	5,627,086	5,777,179
Prepaid expenses (Schedule 9)	<u>81,743</u>	<u>21,782</u>
Total current assets	<u>5,724,519</u>	<u>5,798,961</u>
Property and equipment (Schedule 7)	<u>42,545,682</u>	<u>42,474,542</u>
Total assets	<u>\$ 48,270,201</u>	<u>\$ 48,273,503</u>
<b><u>LIABILITIES</u></b>		
Current		
Bank indebtedness (Schedule 9)	\$ -	\$ 789,976
Accounts payable and accrued liabilities (Note 4)	10,871,270	10,533,814
Current maturities (Schedules 8 and 8B)	<u>204,147</u>	<u>219,655</u>
Total current liabilities	<u>11,075,417</u>	<u>11,543,445</u>
Long-term debt (Schedules 8 and 8A)	<u>1,655,704</u>	<u>1,681,254</u>
Total liabilities	<u>12,731,121</u>	<u>13,224,699</u>
<b><u>BOARD EQUITY</u></b>		
Investment in capital assets (Note 5)	42,023,720	41,836,473
Restricted fund - Labrador West School Committee (Note 9)	261,522	169,574
Appropriated surplus (Note 10)	70,000	-
Board deficit (Note 11)	<u>(6,816,162)</u>	<u>(6,957,243)</u>
	<u>35,539,080</u>	<u>35,048,804</u>
	<u>\$ 48,270,201</u>	<u>\$ 48,273,503</u>

Signed on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

See accompanying notes to financial statements.



**LABRADOR SCHOOL BOARD**  
**STATEMENT OF CURRENT REVENUES, EXPENDITURES AND BOARD DEFICIT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Current revenues (Schedule 1)		
Provincial Government grant	\$ 34,978,671	\$ 36,208,867
Ancillary services	168,050	194,622
Miscellaneous	<u>4,458,512</u>	<u>3,957,911</u>
	<u>39,605,233</u>	<u>40,361,400</u>
Current expenditures		
Administration (Schedule 2)	1,564,851	1,407,615
Instruction (Schedule 3)	31,663,997	32,307,731
Operations and maintenance (Schedule 4)	3,873,000	4,103,169
Pupil transportation (Schedule 5)	1,917,027	1,998,177
Ancillary services and miscellaneous (Schedule 6)	127,311	226,989
Interest (Schedule 8C)	<u>10,382</u>	<u>6,146</u>
	<u>39,156,568</u>	<u>40,049,827</u>
Excess of revenue over expenditure for year before transfer to Capital Fund appropriation of funds and severance pay adjustments	448,665	311,573
Transfer to Capital Fund	(116,107)	(345,117)
Allocation to appropriated surplus (Note 10)	<u>(70,000)</u>	<u>-</u>
Excess of revenue over expenditure (expenditure over revenue) for year before severance pay adjustments	262,558	(33,544)
Severance pay adjustments		
Non-teaching	(143,246)	(70,459)
Teaching	<u>(245,496)</u>	<u>(435,253)</u>
Excess of expenditure over revenue for year	(126,184)	(539,256)
Board deficit, beginning		
As previously reported	6,957,243	6,637,042
Deficit adjustments (Note 8)	<u>(267,265)</u>	<u>(219,055)</u>
	<u>6,689,978</u>	<u>6,417,987</u>
Board deficit, ending	<u>\$ 6,816,162</u>	<u>\$ 6,957,243</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Operating Activities		
Excess of expenditure over revenue for year	\$ (126,184)	\$ (539,256)
Changes in non-cash working capital balances:		
Accounts receivable	150,093	(835,644)
Prepaid expenses	(59,961)	17,188
Accounts payable and accrued liabilities	337,456	1,405,050
Deficit adjustments	<u>267,265</u>	<u>219,055</u>
	<u>568,669</u>	<u>266,393</u>
Financing Activities		
Proceeds from bank loans	244,211	57,800
Repayment of long-term debt principal	<u>(285,269)</u>	<u>(396,344)</u>
	<u>(41,058)</u>	<u>(338,544)</u>
Investing Activities		
Additions to property and equipment	(71,140)	(97,890)
Increase in restricted fund	91,948	62,979
Increase in appropriated fund	70,000	-
Increase in Investment in Capital Assets	<u>187,247</u>	<u>345,117</u>
	<u>278,055</u>	<u>310,206</u>
Increase in cash for year	805,666	238,055
Cash deficiency, beginning	<u>(789,976)</u>	<u>(1,028,031)</u>
Cash (deficiency), ending	\$ <u>15,690</u>	\$ <u>(789,976)</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**STATEMENT OF CHANGES IN CAPITAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Capital receipts		
Proceeds from bank loans		
Pupil transportation	\$ 244,211	\$ -
Less: Amount recoverable from Province	<u>(244,211)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Capital expenditure out of revenue	<u>71,140</u>	<u>-</u>
Transfer from Current Fund	<u>116,107</u>	<u>345,117</u>
	<u>\$ 187,247</u>	<u>\$ 345,117</u>
Capital disbursements		
Additions to Property and Equipment	\$ <u>71,140</u>	\$ <u>97,890</u>
Principal repayment of long-term debt		
Teachers' residences	<u>116,107</u>	<u>247,227</u>
	<u>\$ 187,247</u>	<u>\$ 345,117</u>

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See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
 JUNE 30, 2004

**1. Summary of Significant Accounting Policies**

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

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

- (1) Grants received by the District are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenues while those from the E.I.C. (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the E.I.C. on behalf of the District for capital projects are treated as capital revenues.
- (2) Capital asset additions are recorded at full cost in the capital fund.
- (3) The District does not calculate or record amortization on any of its capital assets.
- (4) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

**2. Accounts Receivable**

	<u>2004</u>	<u>2003</u>
<u>Current</u>		
Provincial Government	\$ 5,392,676	\$ 5,337,272
Transportation	-	150
Federal Government	82,982	110,547
Rent	212	461
Travel advances and miscellaneous	<u>151,216</u>	<u>328,749</u>
	<u>\$ 5,627,086</u>	<u>\$ 5,777,179</u>

**3. Bank Indebtedness**

	<u>2004</u>	<u>2003</u>
Account overdrafts	\$ -	\$ 219,975
Operating line of credit	<u>-</u>	<u>570,000</u>
	<u>\$ -</u>	<u>\$ 789,975</u>

Bank indebtedness bears interest at a rate of prime plus 0.5% and is secured by a guarantee of the Department of Education.

**LABRADOR SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
 JUNE 30, 2004

4. **Accounts Payable and Accrued Liabilities**

	<u>2004</u>	<u>2003</u>
<u>Current</u>		
Trade payables	\$ 610,662	\$ 347,031
Accrued liabilities (other than interest and wages)	10,700	59,505
Accrued wages	-	185,540
Accrued teachers' holdback	3,543,309	3,590,421
Accrued severance - Non-teaching	756,458	656,104
Accrued severance - Teaching	5,501,389	5,255,893
Payroll deductions and mandatory payroll costs	26,585	21,592
Deferred grants	300,606	300,943
Other	<u>121,561</u>	<u>116,785</u>
	<u>\$ 10,871,270</u>	<u>\$ 10,533,814</u>

5. **Investment in Capital Assets**

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 41,836,473	\$ 41,491,356
Add: Additions to Property and Equipment	71,140	97,890
Add: Reduction in capital loan principal	<u>116,107</u>	<u>247,227</u>
Balance, end of year	<u>\$ 42,023,720</u>	<u>\$ 41,836,473</u>

6. **Contingent Liability**

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the District is not known.

There presently exists an undetermined contingent liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

7. **Other Matters**

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

**LABRADOR SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
 JUNE 30, 2004

8. **Deficit Adjustments**

	<u>2004</u>	<u>2003</u>
Prior year rebates from Newfoundland Hydro	\$ -	\$ (159,055)
Damages received from Nolan, Davis & Associates Limited	-	(60,000)
Funding received during the year for busing deficit incurred during the year ended June 30, 2003	<u>(267,265)</u>	<u>-</u>
	<u>\$ (267,265)</u>	<u>\$ (219,055)</u>

9. **Restricted Surplus**

Restricted surplus represents unexpended funding received for the benefit of the Labrador West School Committee. The available funds must be expended in Labrador West.

10. **Appropriated Surplus**

Appropriated surplus represents funding set aside for the acquisition of bleachers at Mealey Mountain Collegiate during the year ending June 30, 2005.

11. **Board Deficit**

	<u>2004</u>	<u>2003</u>
Board deficit is comprised as follows:		
Deficit upon amalgamation at January 1, 1997	\$ 504,281	\$ 504,281
Deficit related to teachers' severance (responsibility of Provincial Government)	5,501,389	5,255,893
Deficit attributable to the Board operations since amalgamation	<u>810,492</u>	<u>1,197,069</u>
Board deficit, end of year	<u>\$ 6,816,162</u>	<u>\$ 6,957,243</u>

**SCHEDULE 1**

**LABRADOR SCHOOL BOARD  
CURRENT REVENUES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Current Revenues		
Provincial Government grants		
Regular operating grants		
Regular	\$ 4,929,215	\$ 5,231,533
Differential	545,072	645,234
Travel	10,218	11,343
NLSBA fees	24,100	24,214
Salaries and benefits		
Directors and Assistant Directors	342,484	304,344
Regular teachers	26,075,360	26,975,802
Substitute teachers	613,659	766,146
Student assistants	552,921	563,183
Pupil transportation		
Board owned	1,829,642	1,666,523
Contracted	-	-
Handicapped	<u>56,000</u>	<u>20,545</u>
	<u>34,978,671</u>	<u>36,208,867</u>
Ancillary Services		
Revenues from rental of residences	166,595	192,035
Revenues from rental of schools and facilities	<u>1,455</u>	<u>2,587</u>
	<u>168,050</u>	<u>194,622</u>
Miscellaneous		
Interest	9,051	7,720
Operating revenue from Native Peoples grant	2,981,347	2,430,576
Mining company grants	1,430,000	1,430,000
Bilingual education revenue (Francophone programs)	-	27,300
Sundry	<u>38,114</u>	<u>62,315</u>
	<u>4,458,512</u>	<u>3,957,911</u>
	<u>\$ 39,605,233</u>	<u>\$ 40,361,400</u>

See accompanying notes to financial statements.

**SCHEDULE 2**

**LABRADOR SCHOOL BOARD  
ADMINISTRATION EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Salaries and Benefits		
Director of Education and Assistant Directors	\$ 400,722	\$ 352,432
District office personnel	797,144	722,384
Office supplies	15,600	16,948
Replacement furniture and equipment	25,535	8,265
Postage	7,325	5,759
Telephone and cable	32,354	21,712
Office equipment rentals and repairs	26,100	15,682
Electricity	5,539	4,945
Insurance	510	5,960
Travel	89,817	92,292
Board meeting expenses	63,134	70,714
Professional fees	21,857	25,343
Advertising	40,880	31,034
Membership dues	26,576	26,769
Municipal service fees	591	1,050
Miscellaneous	7,369	4,127
Payroll tax	13,397	10,200
Relocation expenses	-	1,095
Repairs and maintenance	6,015	840
Less: Severance pay adjustment	<u>(15,614)</u>	<u>(9,936)</u>
	<u>\$ 1,564,851</u>	<u>\$ 1,407,615</u>

See accompanying notes to financial statements.



**SCHEDULE 3**

**LABRADOR SCHOOL BOARD  
INSTRUCTION EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Instructional salaries (Gross)		
Teachers' salaries - Regular	\$ 24,238,685	\$ 23,654,056
- Substitute	588,062	735,163
- District paid	27,074	2,231
- Benefits	2,282,927	3,975,872
Student assistants - Regular	552,921	563,183
Augmentation payments	486,614	534,547
School secretaries - Salaries and benefits	673,008	747,704
Payroll tax	25,590	22,917
Other instructional salaries and benefits	941,377	853,879
Severance pay adjustment - Teachers	(245,496)	(435,253)
- School secretaries	(9,311)	(7,088)
- Other instructional staff	(14,616)	(10,629)
	<u>29,546,835</u>	<u>30,636,582</u>
Instructional materials		
General supplies	293,568	353,502
Library resource materials	59,874	9,568
Teaching aids	116,289	74,256
Labrador West funds	368,272	252,876
Grenfell Library program	-	-
Other	725,186	403,777
	<u>1,563,189</u>	<u>1,093,979</u>
Instructional furniture and equipment		
Replacement	47,252	46,551
Rentals and repairs	151,890	154,197
	<u>199,142</u>	<u>200,748</u>
Instructional staff travel		
Program co-ordinators	116,537	94,966
Teachers' travel	38,891	84,829
Students' travel	2,858	15,390
Inservice and conferences	174,146	156,222
	<u>332,432</u>	<u>351,407</u>
Other instructional costs		
Postage and stationery	4,870	2,988
Francophone Board funds	17,529	22,027
	<u>22,399</u>	<u>25,015</u>
	<u>\$ 31,663,997</u>	<u>\$ 32,307,731</u>

See accompanying notes to financial statements.

SCHEDULE 4

**LABRADOR SCHOOL BOARD**  
**OPERATIONS AND MAINTENANCE EXPENDITURES**  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Salaries and benefits		
Janitorial	\$ 1,417,831	\$ 1,270,627
Maintenance	510,483	545,489
Computer technologists	305,691	289,803
Payroll tax	31,956	25,466
Electricity	400,357	381,347
Fuel	246,425	478,143
Municipal service fees	52,776	42,891
Telephone	138,639	125,655
Vehicle operating and travel	22,329	51,319
Janitorial supplies	100,157	93,488
Repairs and maintenance		
Buildings	415,936	387,625
Equipment	110,038	34,116
Contracted services		
Janitorial	34,014	183,984
Snow clearing	84,543	83,214
Mechanical, water and sewer	76,442	136,486
Instructional furniture and equipment		
Severance pay adjustment		
- Computer technologists	(15,880)	-
- Janitorial staff	(45,872)	(20,714)
- Maintenance staff	<u>(12,865)</u>	<u>(5,770)</u>
	<u>\$ 3,873,000</u>	<u>\$ 4,103,169</u>

See accompanying notes to financial statements.

**SCHEDULE 5**

**LABRADOR SCHOOL BOARD  
PUPIL TRANSPORTATION EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Operation and Maintenance of Board Owned Fleet		
Salaries and benefits		
Administration	\$ 92,558	\$ 78,369
Drivers and mechanics	1,231,587	1,313,818
Payroll tax	21,652	20,529
Debt repayment		
Interest	56,836	58,293
Bank charges	-	(318)
Gas and oil	186,672	206,015
Licences	23,407	20,687
Insurance	29,646	13,408
Repairs and maintenance		
Fleet	106,081	119,260
Buildings	11,808	13,280
Tires and tubes	22,887	23,986
Heat and light	10,622	14,603
Municipal service	708	99
Snow clearing	14,101	7,248
Office supplies	6,650	3,740
Rent	28,773	28,773
Travel	14,402	9,564
Professional fees	19	-
Miscellaneous	7,083	4,381
Telephone	18,819	18,827
Severance pay adjustment - Transportation staff	<u>(29,088)</u>	<u>(16,322)</u>
	<u>1,855,223</u>	<u>1,938,240</u>
Contracted services		
Handicapped busing	<u>61,804</u>	<u>59,937</u>
	<u>\$ 1,917,027</u>	<u>\$ 1,998,177</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**ANCILLARY SERVICES AND MISCELLANEOUS EXPENDITURES**  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Ancillary services		
Operation of teachers' residences	\$ <u>127,311</u>	\$ <u>226,989</u>

**SCHEDULE 7**

**LABRADOR SCHOOL BOARD  
 DETAILS OF PROPERTY AND EQUIPMENT  
 FOR THE YEAR ENDED JUNE 30, 2004**

	Balance 2003	Additions	Disposals	Balance 2004
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Land and sites	\$ 173,221	\$ -	\$ -	\$ 173,221
<b>Buildings</b>				
Schools	35,181,620	-	-	35,181,620
Administration	212,807	71,140	-	283,947
Residential	2,408,738	-	-	2,408,738
Maintenance	<u>263,899</u>	<u>-</u>	<u>-</u>	<u>263,899</u>
	<u>38,067,064</u>	<u>71,140</u>	<u>-</u>	<u>38,138,204</u>
Furniture and equipment	<u>2,852,466</u>	<u>-</u>	<u>-</u>	<u>2,852,466</u>
<b>Pupil transportation and vehicles</b>				
Buses	1,292,406	-	-	1,292,406
Service	<u>89,385</u>	<u>-</u>	<u>-</u>	<u>89,385</u>
	<u>1,381,791</u>	<u>-</u>	<u>-</u>	<u>1,381,791</u>
	<u>\$ 42,474,542</u>	<u>\$ 71,140</u>	<u>\$ -</u>	<u>\$ 42,545,682</u>

See accompanying notes to financial statements.

**SCHEDULE 8**

**LABRADOR SCHOOL BOARD  
 DETAILS OF LONG-TERM DEBT  
 FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Bank of Nova Scotia		
\$393,729, prime less 0.25% loan repayable in monthly instalments of \$2,988, matured in 2004.	\$ -	\$ 86,209
\$473,315, prime less 0.25% loan repayable in monthly instalments of \$3,287, maturing in 2011.	266,240	305,683
\$47,000, prime less 0.25% loan repayable in monthly instalments of \$196, maturing in 2019.	35,642	37,992
\$442,725, prime less 0.25% loan repayable in monthly instalments of \$3,137, maturing in 2012.	267,049	304,694
\$372,760, prime less 0.25% loan repayable in monthly instalments of \$2,689, maturing in 2012.	243,706	275,970
\$312,759, prime less 0.25% loan repayable in monthly instalments of \$2,172, maturing in 2013.	232,397	258,461
\$550,000, prime less 0.25% loan repayable in monthly instalments of \$2,292, maturing in 2022.	476,667	504,167
\$83,647, prime less 0.25% loan repayable in monthly instalments of \$581, maturing in 2014.	69,706	76,676
\$57,800, prime less 0.25% loan repayable in monthly instalments of \$963, maturing in 2008.	39,497	51,057
\$244,211, prime less 0.25% loan repayable in monthly instalments of \$1,696, maturing in 2016.	<u>228,947</u>	<u>-</u>
	1,859,851	1,900,909
	<u>204,147</u>	<u>219,655</u>
	<u>\$ 1,655,704</u>	<u>\$ 1,681,254</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**SUMMARY OF LONG-TERM DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
Building construction	Prime - 0.25%	\$ 86,209	\$ -	\$ 86,209	\$ -
Bus acquisition	Prime - 0.25%	305,683	-	39,443	266,240
Building construction	Prime - 0.25%	37,992	-	2,350	35,642
Bus acquisition	Prime - 0.25%	304,694	-	37,645	267,049
Bus acquisition	Prime - 0.25%	275,970	-	32,264	243,706
Bus acquisition	Prime - 0.25%	258,461	-	26,064	232,397
Building construction	Prime - 0.25%	504,167	-	27,500	476,667
Bus acquisition	Prime - 0.25%	76,676	-	6,970	69,706
Vehicle acquisition	Prime - 0.25%	51,057	-	11,560	39,497
Bus acquisition	Prime - 0.25%	<u>-</u>	<u>244,211</u>	<u>15,264</u>	<u>228,947</u>
		<u>\$ 1,900,909</u>	<u>\$ 244,211</u>	<u>\$ 285,269</u>	<u>\$ 1,859,851</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD**  
**SCHEDULE OF CURRENT MATURITIES**  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>
Building construction \$	-	\$	-	\$	-	\$	-	\$	-
Bus acquisition	39,443		39,443		39,443		39,443		39,443
Building construction	2,350		2,350		2,350		2,350		2,350
Bus acquisition	37,645		37,645		37,645		37,645		37,645
Bus acquisition	32,263		32,263		32,263		32,263		32,263
Bus acquisition	26,063		26,063		26,063		26,063		26,063
Building construction	27,500		27,500		27,500		27,500		27,500
Bus acquisition	6,971		6,971		6,971		6,971		6,971
Vehicle acquisition	11,560		11,560		11,560		4,817		-
Bus acquisition	<u>20,352</u>		<u>20,352</u>		<u>20,352</u>		<u>20,352</u>		<u>20,352</u>
	<u>\$ 204,147</u>		<u>\$ 204,147</u>		<u>\$ 204,147</u>		<u>\$ 197,404</u>		<u>\$ 192,587</u>

See accompanying notes to financial statements.



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SCHEDULE 8C

LABRADOR SCHOOL BOARD  
SCHEDULE OF INTEREST EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Current		
Operating loans	\$ 7,200	\$ 6,761
Supplier interest charges	<u>3,182</u>	<u>(615)</u>
	<u>\$ 10,382</u>	<u>\$ 6,146</u>

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See accompanying notes to financial statements.

SCHEDULE 9

LABRADOR SCHOOL BOARD  
 SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Cash		
Current		
Cash on hand	\$ 1,165	\$ 1,200
Bank - General	2,594	(265,238)
- Non-teaching payroll	(61,417)	(31,429)
- Teaching payroll	(20,517)	(17,211)
Labrador West School Committee Funds in trust	93,865	92,702
Operating loan	<u>-</u>	<u>(570,000)</u>
	<u>\$ 15,690</u>	<u>\$ (789,976)</u>
Prepaid expenses		
Current		
Municipal service fees	\$ 11,844	\$ 10,965
Textbooks and school supplies	14,876	5,709
Janitorial and office supplies	3,050	2,106
Insurance	8,285	2,252
Rent	4,250	-
Salaries	38,678	-
Miscellaneous	<u>760</u>	<u>750</u>
	<u>\$ 81,743</u>	<u>\$ 21,782</u>

See accompanying notes to financial statements.



**LABRADOR TRANSPORTATION INITIATIVE FUND**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

**AUDITOR'S REPORT**

To the Members  
Labrador Transportation Initiative Fund  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2005 and the statements of revenue, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
13 May 2005

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**BALANCE SHEET**  
**31 March**

**2005**

**2004**

**ASSETS**

Current

Cash	\$ 384,773	\$ 49,906
Investments, at cost (Note 2)	58,834,084	79,076,408
Due from Province of Newfoundland and Labrador	-	477,392
Accrued investment income receivable	92,719	114,824

<b>Total assets</b>	<b>\$ 59,311,576</b>	<b>\$ 79,718,530</b>
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**EQUITY**

Fund balance	\$ 59,311,576	\$ 79,718,530
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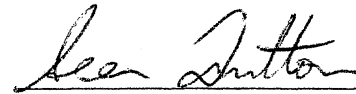
<b>Total equity</b>	<b>\$ 59,311,576</b>	<b>\$ 79,718,530</b>
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*See accompanying notes*

Signed on behalf of the Board:



Member



Member

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**STATEMENT OF REVENUE, EXPENSES AND FUND BALANCE**  
**For the Year Ended 31 March**

**2005**

**2004**

**REVENUE**

Investment income \$ 1,705,455 \$ 2,912,554

**EXPENSES**

Bank charges 6,310 11,663

Funded initiatives (Note 3) 22,105,799 30,624,373

Professional fees 300 300

22,112,409 30,636,336

**Excess of expenses over revenue** **(20,406,954)** **(27,723,782)**

**Fund balance, beginning of year** **79,718,530** **107,442,312**

**Fund balance, end of year** **\$ 59,311,576** **\$ 79,718,530**

*See accompanying notes*

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

**2005**

**2004**

**Cash flows from operating activities**

Excess of expenses over revenue	\$ (20,406,954)	\$ (27,723,782)
Changes in non-cash working capital		
Due from Province of Newfoundland and Labrador	477,392	(477,392)
Accrued investment income receivable	22,105	(61,913)
	<u>(19,907,457)</u>	<u>(28,263,087)</u>

**Cash flows from investing activities**

Purchases of investments	(590,093,975)	(586,650,514)
Maturities of investments	610,336,299	614,566,379
	<u>20,242,324</u>	<u>27,915,865</u>
Net increase (decrease) in cash	334,867	(347,222)
Cash, beginning of year	49,906	397,128
Cash, end of year	\$ 384,773	\$ 49,906

*See accompanying notes*



**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

**Authority**

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the *Labrador Transportation Initiative Fund Act* enacted 19 December 1997. Its affairs are managed by a board of management (the Board) appointed by the Lieutenant-Governor in Council.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador, and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

**1. Significant accounting policies**

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

**2. Investments**

Investments are valued at a cost of \$58,834,084 (2004 - \$79,076,408) which approximates market value. These investments have maturity dates ranging from 15 April 2005 to 29 April 2005 at interest rates which vary from 2.55% to 2.65%.

**3. Funded initiatives**

The Board approved the following initiatives for the year ended 31 March 2005:

	Approved Amount 2005 \$	Actual Claim 2005 \$	Adjustments Relating to 2004 \$	Funded Initiatives 2005 \$	Funded Initiatives 2004 \$
Trans Labrador Highway	12,200,000	7,204,041	23,192	7,227,233	5,896,452
Environmental Impact Study	100,000	10,875	(28,466)	(17,591)	997,590
Pinsent's Arm Access Road	300,000	298,146	427	298,573	4,933,210
Purchase of Three Graders	-	-	-	-	407,380
Coastal Labrador Ferry Service	16,770,000	14,033,643	(28,875)	14,004,768	16,368,208
Provincial Roads	-	-	3,253	3,253	182,815
Ferry Terminals	750,000	578,563	11,000	589,563	1,838,718
	<b>30,120,000</b>	<b>22,125,268</b>	<b>(19,469)</b>	<b>22,105,799</b>	<b>30,624,373</b>

The Fund paid the claimed amount noted above to the Department of Transportation and Works representing approved costs incurred. The adjustments relating to 2004 were paid as submitted by the Department.

**LABRADOR TRANSPORTATION INITIATIVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2005**

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**4. Related party transactions**

The Fund is administered by employees of Executive Council and the Department of Finance. The costs of administration are paid directly by the departments and are not reflected in these financial statements.

Included in investment income is \$18,200 in interest earned on Province of Newfoundland and Labrador Treasury Bills.

**5. Financial instruments**

The Fund's financial instruments recognized in the balance sheet consist of cash, investments, and accrued investment income receivable, the carrying values of which approximate fair value due to the relatively short-term maturity associated with these instruments.

**6. Income taxes**

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



**LEWISPORTE/GANDER SCHOOL DISTRICT**  
**AUDITORS' REPORT**  
**FINANCIAL STATEMENTS - AUGUST 31, 2004**

## AUDITORS' REPORT

To the Members of the **Lewisporte/Gander School District**

We have audited the balance sheet of the current and capital funds of the **Lewisporte/Gander School District** as at August 31, 2004, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the fourteen months then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with the basis of accounting and as explained in Note 1 to the financial statements, which is in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

These financial statements, which have not been, were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Board and the Province of Newfoundland and Labrador and may not be appropriate for any other purpose.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

November 16, 2004

# Lewisporte/Gander School District Balance Sheet

August 31	2004	June 30 2003
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Supp. Info 1)	\$ 553,172	\$ 32,174
Short Term Investments (Supp. Info 2)		
Accounts Receivable (Note 2)	1,500,962	1,449,123
Inventory, at cost	26,321	13,401
Prepaid Expenses (Supp. Info 3)	184,642	140,038
Total Current Assets	<u>2,265,097</u>	<u>1,634,736</u>
Property and Equipment (Sch. 8)	<u>91,244,867</u>	<u>83,493,088</u>
	<u>\$ 93,509,964</u>	<u>\$ 85,127,824</u>

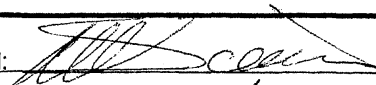
## Liabilities and Board Equity


### Current Liabilities

Bank indebtedness (Note 3)	-	
Accounts Payable and Accruals (Note 4)	\$ 12,922,657	\$ 17,404,744
Current Maturities (Sch. 9B)	454,548	189,060
Total Current Liabilities	<u>13,377,205</u>	<u>17,593,804</u>
Long Term Debt (Sch. 9)	<u>3,391,489</u>	<u>2,521,314</u>

### Board Equity

Investment in Capital Assets (Note 6)	87,579,228	81,111,482
Reserve Account - Capital (Note 5)		
Reserve Account - Current (Note 5A)		
Board Deficiency (Note 9)	<u>(10,837,958)</u>	<u>(16,098,776)</u>
Total Board Equity	<u>76,741,270</u>	<u>65,012,706</u>
Commitments (Note 7)		
	<u>\$ 93,509,964</u>	<u>\$ 85,127,824</u>

Approved:  Chairperson

 Treasurer

See accompanying notes.

**Lewisporte/Gander School District  
Statement of Current Revenues, Expenditures and  
Board Deficiency**

<b>Fourteen Months Ended August 31</b>	<b>2004</b>	<b>Year Ended June 30 2003</b>
<b>Current Revenues (Schedule 1)</b>		
Local Taxation		
Provincial Government Grants	\$ 64,904,572	\$ 54,640,035
Donations		
Ancillary Services	89,795	74,129
Miscellaneous	1,005,189	538,757
	<u>65,999,556</u>	<u>55,252,921</u>
<b>Current Expenditures</b>		
Administration (Schedule 2)	\$ 1,621,567	1,425,280
Instruction (Schedule 3)	52,803,883	43,833,417
Operations and Maintenance (Schedule 4)	6,405,840	5,722,807
Pupil Transportation (Schedule 5)	4,954,880	4,576,433
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	11,432	13,942
Miscellaneous Expenses (Schedule 7)	-	673
	<u>65,797,602</u>	<u>55,572,552</u>
<b>23 111</b>		
Excess (Deficiency) of Revenue over Expenditure Before Teacher Severance, Summer Pay and Transfer to Capital	\$ 201,954	(319,631)
Teacher Severance	(42,238)	(387,175)
Teacher Summer Pay	5,167,278	(321,434)
Transfer to Capital	<u>(66,176)</u>	<u>(34,781)</u>
Net Increase (Decrease) in Board Equity	<u>\$ 5,260,818</u>	<u>\$ (1,063,021)</u>

See accompanying notes.

# Lewisporte/Gander School District Statement of Changes in Capital Fund

Fourteen Months Ended August 31		2004	Year Ended June 30 2003
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction		
012	Equipment		
013	Service Vehicles		
014	Pupil Transportation	\$ 402,200	162,030
015	Other - Energy Performance Contracting	1,196,262	653,832
72	EIC Grants		
011	School Construction and Equipment	7,014,727	106,311
012	Other		
73	Donations		
011	Cash Receipts		
012	Non-Cash Receipts		
013	Restricted Use		
74	Sale of Capital Assets Proceeds		
011	Land		
012	Buildings	29,944	36,602
013	Equipment		
014	Service Vehicles	3,074	
015	Pupil Transportation Vehicles	3,894	
016	Other		
75	Other Capital Revenues		
011	Interest on Capital Fund Investments		
012	Premiums on Debentures		
013	Recoveries of Expenditures		38,934
015	Insurance Proceeds	25,714	
017	Miscellaneous		
Total Capital Receipts			
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund	66,176	34,781
Total		<u>\$ 8,741,991</u>	<u>\$ 1,032,490</u>

See accompanying notes.



**Lewisporte/Gander School District  
Statement of Changes in Capital Fund (cont'd)**

<b>Fourteen Months Ended August 31</b>	<b>2004</b>	<b>Year Ended June 30 2003</b>
80 Capital Disbursements		
81 Additions to Property and Equipment		
011 Land and Sites	\$ 2,557	\$ 30,854
012 Building	8,256,839	826,107
013 Furniture and Equipment - School	56,695	1,154
014 Furniture and Equipment - Other	550	572
015 Services Vehicles	23,150	
016 Pupil Transportation	402,200	171,855
017 Other		
82 Principal Repayment of Loans		
011 School Construction		
012 Equipment		
013 Services Vehicles		1,948
014 Other		
83 Miscellaneous Disbursements		
013 Other		
<b>Total Capital Disbursements</b>	<b>\$ 8,741,991</b>	<b>\$ 1,032,490</b>

See accompanying notes.

# Lewisporte/Gander School District

## Notes to the Financial Statements

August 31, 2004

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### 1. Summary of Significant Accounting Policies

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

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

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.
- b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.
- d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

### Severance Pay

The Board has in effect severance pay policies whereby non-teaching staff employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of \$ 949,484 has been paid during the 2003-04 fiscal period and is included in employee benefits for teachers.

**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

	<u>2004</u>	<u>June 30 2003</u>
<b>2. Accounts Receivable</b>		
<u>Current</u>		
11 131 Provincial Government Grant	\$ 788,544	\$ 867,676
132 Transportation		
133 Federal Government	174,785	137,268
134 School Taxes		
136 Other School Boards		
137 Rent		
138 Interest		
139 Travel Advances and Misc.	312,898	93,682
<u>Capital</u>		
11 231 SCB - Construction Grants	44,338	
233 Local Contributions		
234 Other School Boards		
235 Other - Department of Education	180,397	350,497
	<u>1,500,962</u>	<u>1,449,123</u>
Less: Allowance for uncollectible Government grants		
	<u>\$ 1,500,962</u>	<u>\$ 1,449,123</u>

**3. Bank Indebtedness - Current**

21 131 On Operating Credit		
132 On Current Account		
	<u>\$ -</u>	<u>\$ -</u>

**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

4. Accounts Payable and Accruals	2004	June 30 2003
<u>Current</u>		
21 111 Trade Payables	\$ 1,096,612	\$ 977,648
112 Accrued - Liabilities	20,892	15,397
113 - Interest	-	1,513
114 - Wages	163,473	336,897
115 Payroll Deductions	50,823	89,427
116 Retail Sales Tax		
117 Deferred Grants	742,626	71,766
118 Other	14,157	14,157
119 Severance Pay - Regular	1,533,941	1,472,767
- Teacher	9,300,133	9,257,895
Summer Pay - Teacher		5,167,277
<u>Capital</u>		
21 211 Trade Payables		
212 Accrued - Liabilities		
213 - Interest		
217 Deferred Grants		
218 Other		
	\$ 12,922,657	\$ 17,404,744

**5. Reserve Account - Capital**

Description:

Balance, beginning of period	\$ -	\$ 160,409
Less: Transfer to Capital Fund	-	160,409
Add: Transfer from Board Equity	-	-
Balance, end of period	\$ -	\$ -

**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

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	<u>August 31 2004</u>	<u>June 30 2003</u>
<b>5A. Reserve Account - Current</b>		
Description:		
Balance, beginning of period	\$ -	\$ -
Less: Current Expenditures	<u>          </u>	<u>          </u>
Add: Transfer from Board Equity	<u>          </u>	<u>          </u>
Balance, end of period	<u>\$ -</u>	<u>\$ -</u>

**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

	<u>2004</u>	<u>June 30 2003</u>
<b>6. Investment in Capital Assets</b>		
Investment in Capital Assets, balance beginning of period	\$ 81,111,482	\$ 80,726,658
Transfer of Operating Funds to Capital Fund	66,176	34,781
Transfer from Reserve		
Grants - SCB - Contribution for Capital Fund	7,014,727	106,311
- Other		38,934
Proceeds from Insurance	25,714	
Proceeds from Sale of Capital Assets		
- Land		
- Buildings	29,944	36,602
- Vehicles	6,968	
	<u>88,255,011</u>	<u>80,943,286</u>
Deduct Adjustments:		
Cost of Assets Sold - Land		(1,323)
- Buildings	(425,817)	(13,915)
- Busses	(437,953)	
- Service Vehicles	(126,443)	
	<u>(990,213)</u>	<u>(15,238)</u>
Other - Pupil transportation loan payments made by current fund	252,620	183,434
Energy Performance loan payments made by current fund	61,810	
23 221 Investment in Capital Assets, end of period	<u>\$ 87,579,228</u>	<u>\$ 81,111,482</u>

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## **Lewisporte/Gander School District Notes to the Financial Statements**

**August 31, 2004**

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### **7. Commitments**

At balance sheet date, the Lewisporte/Gander School District was committed to the following equipment leases:

Photocopiers and Office Equipment:

\$621 quarterly, including HST, expires October, 2004

\$6,380 monthly, including HST for 10 months of each year, expires June, 2006

\$628 quarterly, including HST, expires April, 2006

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### **8. School Board Restructuring**

In the Provincial Budget Speech of March 30, 2004, the Provincial Government announced the restructuring of school boards on the island portion of the province effective September 1, 2004.

As a result, the fiscal year for the Lewisporte/Gander School District was extended to August 31st, 2004. The Financial Statements were prepared for the 14 month period from July 1, 2003 to August 31, 2004.

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**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

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<b>9. Board Deficiency</b>	<b>August 31 2004</b>	<b>June 30 2003</b>
Opening Board deficiency as previously stated	\$ (16,098,776)	\$ (10,189,912)
Prior Year Adjustments:		
Summer Pay Liability Adjustment June 30/01		(4,580,000)
Summer Pay Liability Adjustment June 30/02		(265,843)
As Restated	(16,098,776)	(15,035,755)
Net increase(decrease) in Board Equity (Page 5)	5,260,818	(1,063,021)
Board Deficiency, end of period	\$ (10,837,958)	\$ (16,098,776)



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**Lewisporte/Gander School District  
Notes to the Financial Statements**

**August 31, 2004**

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**10. Department of Education Receivables and Payables**

As at August 31, 2004 the Board has recorded the following receivables from the Newfoundland Provincial Government Department of Education.

**Accounts Receivable - Current**

Amounts due re: School Operations	\$	185,093
Amounts due re: Water Delivery		14,982
Amounts due re: Insurance - Carmanville		262,728
Amounts due re: Insurance - Eastport		102,338
Amounts due re: Transportation		223,403
	\$	<u>788,544</u>

**Accounts Receivable - Capital**

Amounts due re: Lewisporte Collegiate - Structural	\$	<u>44,338</u>
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**Accounts Payable**

Amounts due re: Transportation	\$	48,537
Amounts due re: Teachers Payroll		3,173
	\$	<u>51,710</u>

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**Lewisporte/Gander School District  
Current Revenues**

**Schedule 1 (cont'd)**

**Year Ended**

**June 30**

**2003**

**Fourteen Months Ended August 31**

**2004**

**Current Revenues**

35	010	Miscellaneous		
	011	Interest on Investments	29,973	24,449
	012	Bus Charters		
		Regular	96,170	105,833
		Lunch Hour Runs	73,219	73,991
	015	Institutes	7,066	
	021	Recoveries of Expenditures	5,042	28,146
	022	MUN Grant		
		Internship Program	12,235	7,025
		STEMNET	5,615	9,069
		Intensive French		
	031	Revenues from Other School Boards		
	051	Insurance Proceeds	350,334	8,234
	061	Bilingual Education Revenue		
	071	Operating Revenues from Native Peoples Grant		
	081	Miscellaneous Federal Grant	50,497	145,627
	091	Textbooks	310,599	135,364
	092	Sundry	64,439	1,019
			<u>1,005,189</u>	<u>538,757</u>
36	011	Transfer from Capital		
		Total Current Revenues	<u>\$ 65,999,556</u>	<u>\$ 55,252,921</u>

**Lewisporte/Gander School District  
Current Revenues**

<b>August 31, 2004</b>	<b>Schedule 1 (cont'd)</b>	
	<b>August 31 2004</b>	<b>June 30 2003</b>
<b>Special Grants</b>		
French Monitor	17,530	\$ 11,468
Core French	1,295	2,604
French - Immersion	-	73
French Teacher Aide	8,780	9,718
Intensive French	14,120	5,268
French Enrichment	14,016	
Textbook 8% Reimbursement	15,875	6,996
Textbook Replacement Savings	8,731	7,578
Diverse Learning	-	10,000
JCA Loan Interest	10,779	12,859
Water Delivery	23,978	29,755
District Shutdowns	-	27,500
Utilities	185,093	226,192
Tutor Training	5,103	7,087
Salary Reclassifications	47,222	
Kinderstart	7,632	7,400
Strategic Plan - Bussing Pilot	6,634	
Speech Language Pathology Sessions	-	2,462
First Steps	4,354	
Distance Education - Pilot	-	15,589
Tutoring/Work Experience	6,986	10,038
Tutoring/Work Experience - CDLI	6,303	3,587
Leadership at Work	-	5,000
CDLI	27,171	40,584
Smallwood Academy Oil Spill	36,754	163,244
	<b>\$ 448,356</b>	<b>\$ 605,002</b>

**Lewisporte/Gander School District  
Administration Expenditures**

**Schedule 2**

<b>Fourteen Months Ended August 31</b>	<b>2004</b>	<b>Year Ended June 30 2003</b>
51 011 Salaries and Benefits - Director and Assistant Directors	\$ 395,665	\$ 355,281
012 Salaries and Benefits - Board Office Personnel	848,250	745,927
013 Office Supplies	19,649	26,797
014 Replacement Furniture and Equipment	23,074	17,908
015 Postage	14,919	14,570
016 Telephone	37,429	34,735
017 Office Equipment Rentals and Repairs	13,686	16,230
018 Bank Charges		
019 Electricity	15,815	14,697
021 Fuel		
022 Insurance		1,094
023 Repairs and Maintenance (Office Building)	7,919	11,218
024 Travel	38,262	48,050
025 Board Meeting Expenses	41,738	24,276
026 Election Expenses		
027 Professional Fees	22,365	29,666
028 Advertising	24,895	20,755
029 Membership Dues	41,300	40,909
034 Miscellaneous	61,696	12,068
035 Payroll Tax	14,905	11,099
<b>Total Administration Expenditures</b>	<b>\$ 1,621,567</b>	<b>\$ 1,425,280</b>

**Lewisporte/Gander School District  
Instruction Expenditures**

**Schedule 3**

<b>Fourteen Months Ended August 31</b>		<b>2004</b>	<b>Year Ended June 30 2003</b>
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 39,104,767	\$ 32,441,747
012	- Substitute	1,634,032	1,302,176
013	- Board Paid	80,504	75,035
013	- Student Assistants	1,087,399	1,008,348
014	Augmentation		
015	Employee Benefits	7,317,050	5,994,951
016	School Secretaries - Salaries and Benefits	875,587	874,652
017	Payroll Tax	849,974	710,304
018	Other French Monitor	18,662	
018	Teacher Aid	8,780	
018	IMC Salary	31,845	31,753
		<u>51,008,600</u>	<u>42,438,966</u>
52 040	Instructional Materials		
041	General Supplies	403,108	273,491
042	Library Resource Materials	27,146	35,555
043	Teaching Aids	286,409	248,658
044	Textbooks	315,330	135,163
		<u>1,031,993</u>	<u>692,867</u>
52 060	Instructional Furniture and Equipment		
061	Replacement	146,095	100,227
062	Rentals and Repairs	130,385	103,842
		<u>276,480</u>	<u>204,069</u>
52 080	Instructional Staff Travel		
081	Program Co-ordinators	35,026	32,814
082	Teachers' Travel	98,531	94,571
083	Inservice and Conferences	89,796	95,701
		<u>223,353</u>	<u>223,086</u>
090	Other Instructional Costs		
52 091	Postage and Stationary		
092	Miscellaneous	263,457	274,429
		<u>263,457</u>	<u>274,429</u>
		<u>\$ 52,803,883</u>	<u>\$ 43,833,417</u>

**Lewisporte/Gander School District**  
**Operations and Maintenance Expenditures - Schools**

Schedule 4

		Year Ended	
Fourteen Months Ended August 31		2004	June 30 2003
53	011 Salaries and Benefits - Janitorial	\$ 1,995,317	\$ 1,768,318
	012 Salaries and Benefits - Maintenance	948,265	777,052
	013 Payroll Tax	46,750	22,404
	014 Electricity	1,468,113	1,387,126
	015 Fuel	202,070	268,318
	016 Municipal Service Fees	71,265	67,570
	017 Telephone	254,178	249,371
	018 Vehicle Operating and Travel	67,330	52,918
	019 Janitorial Supplies	147,065	144,081
	021 Janitorial Equipment	11,552	9,105
	022 Repairs and Maintenance - Building	555,831	546,174
	023 - Equipment	7,489	15,618
	024 Contracted Services - Janitorial	4,950	4,850
	025 Snow Clearing	234,514	194,508
	027 Other	391,151	215,394
Total Operations and Maintenance Expenditures		<u>\$ 6,405,840</u>	<u>\$ 5,722,807</u>

**Lewisporte/Gander School District  
Pupil Transportation Expenditures**

**Schedule 5**

<b>Fourteen Months Ended August 31</b>		<b>2004</b>	<b>Year Ended June 30 2003</b>
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits - Administration	\$ 82,133	\$ 84,234
012	Salaries and Benefits - Drivers and Mechanics	2,979,959	2,831,501
013	Payroll Tax	48,566	45,009
014	Debt Repayment - Interest	85,826	68,619
015	- Principal	252,620	183,434
016	Bank Charges		
017	Gas and Oil	426,960	474,652
018	Licences	95,970	62,357
019	Insurance	95,421	39,388
021	Repairs and Maintenance - Fleet	421,845	369,871
022	- Building	36,388	35,781
023	Tires and Tubes	49,700	35,874
024	Heat and Light	25,991	32,250
025	Municipal Services	439	
026	Snow Clearing	17,891	14,333
027	Office Supplies	9,654	8,244
029	Travel	2,031	7,313
031	Professional Fees	8,323	4,277
032	Miscellaneous	12,716	9,077
033	Telephone	27,707	22,204
		<b>\$ 4,680,140</b>	<b>\$ 4,328,418</b>
54 040	Contracted Services		
041	Regular Transportation	\$ 59,824	58,726
042	Handicapped	\$ 214,916	189,289
		<b>274,740</b>	<b>248,015</b>
	<b>Total Pupil Transportation Expenditures</b>	<b>\$ 4,954,880</b>	<b>\$ 4,576,433</b>



**Lewisporte/Gander School District  
Ancillary Services and Miscellaneous Expenses**

		Year Ended
Fourteen Months Ended August 31	2004	June 30 2003

**Ancillary Services**

**Schedule 6**

55	Ancillary Services		
011	Operations of Teachers' Residence	\$ -	\$ -
013	Janitorial		
031	Cafeterias		
032	Other		
		\$ -	\$ -

**Miscellaneous Expenses**

**Schedule 7**

The Board has incurred the following miscellaneous expenses:

57	001 Miscellaneous		673
		\$ -	\$ 673

**Lewisporte/Gander School District  
Details of Property and Equipment**

**Schedule B**

**Fourteen Months Ended August 31**

	Balance June 30/03	Transfer Current Year	Additions 2004	Transfer Current Year	Disposals 2004	Balance August 31, 2004
Land and Sites						
12 210 Land and Sites						
211 Land and Sites	470,671		2,557			473,228
12 212 Land Improvements	470,671	-	2,557		-	473,228
Buildings						
12 220 Buildings						
221 Schools	66,357,327		8,245,828		425,817	74,177,338
222 Administration	658,039		6,542			664,581
223 Residential						-
224 Recreation						-
225 Other - Maintenance	136,323					136,323
	67,151,689	-	8,252,370	-	425,817	74,978,242
Furniture & Equipment						
12 230 Furniture & Equipment						
231 Schools	7,184,632		61,165			7,245,797
232 Administration	423,560		550			424,110
233 Residential						-
234 Recreation						-
235 Other - Maintenance	14,080					14,080
	7,622,272	-	61,715	-	-	7,683,987
Vehicles						
12 240 Vehicles						
241 Service Vehicles	236,519	28,000			98,284	166,235
Pupil Transportation						
12 250 Pupil Transportation						
251 Land	32,811					32,811
252 Building	534,481					534,481
253 Vehicles - Buses	7,244,382		402,200	28,000	437,953	7,180,629
254 - Service	149,353		23,150		28,159	144,344
255 Equipment	50,262					50,262
256 Other						-
	8,011,289	-	425,350	28,000	466,112	7,942,527
Miscellaneous Capital Assets						
12 260 Miscellaneous Capital Assets						
261 Other	648					648
<b>Total Property &amp; Equipment</b>	<b>\$ 83,493,088</b>	<b>\$ 28,000</b>	<b>\$ 8,741,992</b>	<b>\$ 28,000</b>	<b>\$ 990,213</b>	<b>\$ 91,244,867</b>

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Lewisporte/Gander School District #6 will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

**Lewisporte/Gander School District  
Details of Long Term Debt**

**Schedule 9**

<b>August 31, 2004</b>	<b>2004</b>	<b>June 30 2003</b>
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador		
22 210 Loans Other Than Pupil Transportation		
<u>Ref.#</u>		
211 Bank Loans		
___ Repayable \$ <u>15,452</u> monthly, maturing <u>2015</u>	\$ 1,788,284	653,832
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 211	<u>\$ 1,788,284</u>	<u>\$ 653,832</u>
212 Mortgages		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 212		
213 Debentures		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 213		
214 Other - JCA		
___ Repayable \$3,758 monthly, maturing 2008	<u>180,398</u>	<u>328,768</u>
Subtotal	<u>180,398</u>	<u>328,768</u>
215 Less: Current Maturities	<u>230,520</u>	
Total Loans Other Than Pupil Transportation	<u>\$ 1,738,162</u>	<u>\$ 982,600</u>

**Lewisporte/Gander School District  
Details of Long Term Debt**

**Schedule 9 (cont'd)**

<b>August 31, 2004</b>	<b>2004</b>	<b>June 30 2003</b>
22 220 Loans - Pupil Transportation		
<u>Ref.#</u>		
221 Vehicle Bank Loans		
Prime-5/8% Repayable \$ <u>2,677</u> monthly, maturing <u>2011</u>	\$ 211,489	\$ 248,968
Prime-5/8% Repayable \$ <u>1,537</u> monthly, maturing <u>2011</u>	132,202	153,723
Prime-5/8% Repayable \$ <u>3,648</u> monthly, maturing <u>2012</u>	339,235	390,302
Prime-5/8% Repayable \$ <u>6,277</u> monthly, maturing <u>2013</u>	671,648	759,527
Prime-5/8% Repayable \$ <u>491</u> monthly, maturing <u>2007</u>	14,230	21,100
Prime-5/8% Repayable \$ <u>1,125</u> monthly, maturing <u>2014</u>	138,401	154,154
Prime-5/8% Repayable \$ <u>2,914</u> monthly, maturing <u>2015</u>	370,150	
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 221	<b>1,877,355</b>	<b>\$ 1,727,774</b>
222 Land, Building and Equipment Bank Loans		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 222		
Subtotal	<b>1,877,355</b>	<b>1,727,774</b>
223 Less: Current Maturities	<b>224,028</b>	<b>189,060</b>
Total Loans - Pupil Transportation	<b>1,653,327</b>	<b>1,538,714</b>
Total Long Term Debt	<b>3,391,489</b>	<b>2,521,314</b>

**Lewisporte/Gander School District  
Summary of Long Term Debt**

Schedule 9A

**August 31, 2004**

<u>Description</u>	<u>Ref.#</u>	<u>Rate</u>	<u>Balance June 30 2003</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance August 31 2004</u>
A) School Construction		Prime - 5/8%	\$ 328,768		148,370	\$ 180,398
B) Equipment						
C) Service Vehicle						
D) Other - Energy Performance Contracting		Prime - 5/8%	653,832	1,196,262	61,810	1,788,284
E) Pupil Transportation		Prime - 5/8%	1,727,774	402,200	252,619	1,877,355
Total Loans			\$ 2,710,374	\$ 1,598,462	\$ 462,799	\$ 3,846,037
Less: Current Maturities			\$ 454,548			454,548
Total Loans			\$ 2,255,826	\$ 1,598,462	\$ 462,799	\$ 3,391,489

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**Lewisporte/Gander School District  
Schedule of Current Maturities**

**Schedule 9B**

**August 31, 2004**

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Description	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
A) School Construction	<b>\$ 230,520</b>	230,530	230,530	192,950	185,434
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>
Total	<b><u>\$ 454,548</u></b>	<u>\$ 454,558</u>	<u>\$ 454,558</u>	<u>\$ 416,978</u>	<u>\$ 409,462</u>

**Lewisporte/Gander School District  
Schedule of Interest Expenses**

**Schedule 9C**

<b>Fourteen Months Ended August 31</b>	<b>2004</b>	<b>Year Ended June 30 2003</b>
<u>Description</u>		
012 Capital		
School Construction	\$ 10,779	12,810
Equipment		
Service Vehicles		
Other		
Pupil Transportation	<u>85,826</u>	<u>68,619</u>
Total Capital	<u>96,605</u>	<u>81,429</u>
013 Current - Operating Loans	653	1,132
- Supplier Interest Charges		
Total Current	<u>653</u>	<u>1,132</u>
Total Interest Expense	<u>\$ 97,258</u>	<u>\$ 82,561</u>

**Lewisporte/Gander School District  
Supplementary Information**

August 31, 2004	2004	June 30 2003
<b>1. <u>Cash</u></b>		
<b><u>Current</u></b>		
11 110 Cash on Hand and in Bank		
111 Cash on Hand	\$ 460	460
112 Bank - Current	541,779	21,840
113 - Savings		
114 - Teachers' Payroll	(767)	(1,826)
115 - Non Teachers' Payroll		
116 - Coupon (debenture)		
121 - Other-Trust Fund	11,700	11,700
<b><u>Capital</u></b>		
11 210 Cash on Hand and in Bank		
211 Cash on Hand		
212 Bank - Current		
213 - Savings		
214 - Other		
Total Cash on Hand and in Bank	<u>\$ 553,172</u>	<u>32,174</u>
<b>2. <u>Short Term Investments</u></b>		
<b><u>Current</u></b>		
11 121 Term Deposits		
122 Canada Savings Bonds		
123 Other		
<b><u>Capital</u></b>		
11 221 Term Deposits		
222 Canada Savings Bonds		
223 Other		
Total Short Term Investments		



**Lewisporte/Gander School District  
Supplementary Information (Cont')**

<b>August 31, 2004</b>	<b>2004</b>	<b>June 30 2003</b>
<b>3.      <u>Prepaid Expenses</u></b>		
<u>Current</u>		
11 141 Insurance		
142 Municipal Service Fees		
143 Supplies		6,664
144 Other - WCB	\$ 107,008	102,289
- Travel		12,249
- Miscellaneous		16,836
<u>Capital</u>		
11 241 Other (Energy Performance)	<u>77,634</u>	<u>          </u>
	<u>\$ 184,642</u>	<u>140,038</u>

**LIVESTOCK OWNERS COMPENSATION BOARD**

**LIVESTOCK OWNERS COMPENSATION FUND**

**FINANCIAL STATEMENTS**

**31 MARCH 2005**



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

**AUDITOR'S REPORT**

To the Board of Directors  
Livestock Owners Compensation Board  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2005 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

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

**JOHN L. NOSEWORTHY, C.A.**  
**Auditor General**

St. John's, Newfoundland and Labrador  
14 June 2005

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
BALANCE SHEET  
31 March**

**2005**

**2004**

**ASSETS**

**Current**

Cash	\$ 16,290	\$ 15,464
Accounts receivable	837	845
	<u>\$ 17,127</u>	<u>\$ 16,309</u>

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 944	\$ 944
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**Equity**

Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(62,712)	(63,530)
	<u>16,183</u>	<u>15,365</u>
	<u>\$ 17,127</u>	<u>\$ 16,309</u>

*See accompanying notes*

Signed on behalf of the Board:

C. MacDonald  
Chairperson

[Signature]  
Member

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
STATEMENT OF REVENUES, EXPENSES AND DEFICIT  
For the Year Ended 31 March**

**2005**

**2004**

**REVENUES**

Province of Newfoundland and Labrador

Payments on behalf of the Board  
for administration (Note 2)

\$ 1,100

\$ 1,100

Premiums from livestock owners

1,724

2,113

2,824

3,213

**EXPENSES**

Bank charges

60

32

Indemnity claims

846

4,437

Professional services (Note 2)

1,100

1,100

2,006

5,569

Excess of revenues over expenses  
(expenses over revenues)

818

(2,356)

**Deficit, beginning of year**

(63,530)

(61,174)

**Deficit, end of year**

\$ (62,712)

\$ (63,530)

*See accompanying notes*

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2005**

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**Authority**

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

**1. Significant accounting policies**

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

**2. Administration expenses**

The Board is administered by employees of the Department of Natural Resources. The Province, represented by the Department, is responsible for the costs of administration of the Board. The costs which are paid directly by the Province on behalf of the Board are not reflected in these financial statements, except for expenses of \$1,100 (2004 - \$1,100) relating to professional services.

**3. Economic dependence**

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

**4. Financial instruments**

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

**5. Income taxes**

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







