

Volume 3
Financial Statements of
Crown Corporations,
Boards, Commissions

## Public Accounts

for the fiscal year ended 31 March

1997

Printed by Authority of the Legislature Fredericton, N.B.



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Boards, Commissions

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## INTRODUCTION VOLUME III

The Public Accounts of the Province of New Brunswick are presented in three volumes.

Volume I contains the audited financial statements of the reporting entity of the Province as described in Note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. Volume I also contains the Auditor's Report and the Statement of Responsibility.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. Volume II also contains detailed information on Supplementary Appropriations, Funded Debt and Capital Loans, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, vendor, grant and contribution, and loan disbursement listings).

This volume contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions.

FINANCIAL STATEMENTS
ADVISORY COUNCIL ON THE STATUS OF
WOMEN
31 MARCH 1997

Office of the

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Chairperson and Members Advisory Council on the Status of Women

I have audited the balance sheet of the Advisory Council on the Status of Women as at 31 March 1997 and the statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

K D Robinson

K. D. Robinson, CA Acting Auditor General

Fredericton, N. B. 13 June 1997

## ADVISORY COUNCIL ON THE STATUS OF WOMEN BALANCE SHEET 31 MARCH 1997

	1997	1996
ASSETS		
Cash	\$ 86,066	\$ 50,932
Short term investments	-	50,000
Accounts receivable	-	898
Prepaid expenses	2,860	2,766
	\$ 88,926	\$104,596
LIABILITIES AND SURPLUS		
Accounts payable	\$ 4,422	\$ 25,300
Surplus	84,504	79,296
	\$ 88,926	\$104,596

Approved by the Council

Chairperson

Member

## ADVISORY COUNCIL ON THE STATUS OF WOMEN STATEMENT OF REVENUE, EXPENSES AND SURPLUS FOR THE YEAR ENDED 31 MARCH 1997

REVENUE	1997 Budget	1997	1996
Grants Province of New Brunswick Promotion of women in business	\$429,800	\$430,800	\$437,500
<ul> <li>Canada/New Brunswick Cooperation Agreements</li> <li>Economic Development and Tourism</li> <li>Human Resource Development (Canada)</li> </ul>	-	-	64,133 20,000 5,500
Student employment Project registration	- - -	3,234 -	14,251 2,875
Conference registration Divorce guide/separation guide sales Other	- 5,000 4,000	3,096 3,990 3,658	1,987 4,303 9,056
	438,800	444,778	559,605
EXPENSES			
Salaries and employee benefits Professional services	310,500	322,148	310,300 10,800
Furniture and equipment Travel	13,500 17,392	14,008 19,662	10,124 15,461
Office supplies Telephone	13,650 10,500	12,424 11,932	15,543 10,946
Meetings Research projects	7,200 24,000	10,628 13,575	9,284 9,731
Per diem - Council members Rent (Note 1)	15,647 8,325	8,348 2,775	8,061 8,325
Public relations and networking Professional development Translation (Note 1)	4,500 3,000	5,403 1,651	3,987 2,502
Publications Other	3,000 5,500 500	4,336 1,174	8,264 4,491 1,366
Maintenance Congress	1,500 7,500	408 11,098	1,597 5,982
Women in business projects	446,214	439,570	87,987 524,751
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (7,414)	5,208	34,854
Surplus, beginning of year SURPLUS, end of year		79,296 \$ 84,504	44,442 \$ 79,296

## ADVISORY COUNCIL ON THE STATUS OF WOMEN NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

## 1. Rental and translation expense

The majority of rental and translation costs are paid for by the Province of New Brunswick and have not been included in the Council's expenses.

## 2. Comparative figures

The 1996 figures have been restated where necessary to conform with 1997 presentation.

## FINANCIAL STATEMENTS

## ALGONQUIN PROPERTIES LIMITED

**31 DECEMBER 1996** 

Office of the Auditor General Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Shareholder of Algonquin Properties Limited

I have audited the balance sheet of Algonquin Properties Limited as at 31 December 1996 and the statements of revenue, expenditure and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the company'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 company as at 31 December 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

K. D Robinson

Fredericton, N. B.

17 March 1997 except as to Note 7 which is as of 28 April 1997

## ALGONQUIN PROPERTIES LIMITED BALANCE SHEET 31 DECEMBER 1996

ASSETS	1996	1995
Current assets		
Cash on hand and in bank	\$ 123,585	\$ 218,934
Accounts receivable	114,255	98,830
Inventories, at cost	85,104	90,850
Prepaid expenses	23,385	29,686
Tropala expenses	346,329	438,300
Deferred charges (Note 3)	53,277	90,885
Capital assets (Note 4)	16,772,711	15,523,292
	\$ 17,172,317	\$ 16,052,477
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Interest on expansion loan (Note 5)	\$ 3,640,686	\$ 2,518,839
Accounts payable and accrued liabilities (Note 7)	482,966	578,540
Due to Canadian Pacific Hotels	36,830	23,696
Advance deposits	11,603	171,005
	4,172,085	3,292,080
Due to Province of New Brunswick (Note 5)	28,427,171	26,227,171
Capital stock Authorized 10,000 common shares aggregate value not to exceed \$	100,000	
9,000 8% non-cumulative redeemable preferred shares with a par value of \$100 each		
Issued and fully paid		
5,000 common shares	50,000	50,000
2,500 preferred shares	250,000	250,000
ajose preienas engles	300,000	300,000
Deficit	( 15,726,939)	( 13,766,774)
	(15,426,939)	( 13,466,774)
	\$ 17,172,317	\$ 16,052,477
	<b>\$17,172,317</b>	\$ 10,052,47

Approved by the Board

Director

Director

## **ALGONQUIN PROPERTIES LIMITED** STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT FOR THE YEAR ENDED 31 DECEMBER 1996

REVENUE	1996 Budget (Note 6)	1996	1995
Room sales	\$ 3,026,503	\$ 2,760,825	\$ 2,930,999
Food sales	1,940,555	1,719,592	1,796,914
Beverage sales	691,178	609,015	702,098
Green fees and rentals	443,705	390,252	423,524
Other sport activities	77,200	89,716	81,708
Telephone	77,200 75,107	70,530	78,430
Rent from Community College	48,466	48,466	49,133
Miscellaneous	161,536	118,508	172,475
Interest	101,000	8,784	59,312
Recoveries	-	40,370	-
	6,464,250	5,856,058	6,294,593
EXPENDITURE			
Direct costs	3,408,759	3,085,052	3,320,426
Administrative and general	715,767	695,497	644,985
Advertising and promotion	508,275	488,464	473,422
Heat, light and power (Note 7)	313,200	349,330	303,011
Repairs and maintenance	488,525	482,375	482,188
Property taxes	348,000	358,764	335,760
Management fees	242,708	196,997	242,541
Interest on expansion loan (Note 5)	-	1,121,847	1,026,720
Amortization - capital assets	-	1,000,289	949,299
<ul> <li>deferred charges</li> </ul>		37,608	37,608
	6,025,234	7,816,223	7,815,960
NET INCOME (LOSS)	\$ 439,016	( 1,960,165)	( 1,521,367)
Deficit, beginning of year		( 13,766,774)	( 12,245,407)
DEFICIT, end of year	_	\$(15,726,939)	\$(13,766,774)

## ALGONQUIN PROPERTIES LIMITED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1996

CASH PROVIDED BY (USED FOR):	1996	1995
·		
Operations:		
Net loss for the year	\$(1,960,165)	\$(1,521,367)
Add item not involving cash:		
Amortization	1,037,897	986,907
Decrease in non-cash components of working capital	876,627	1,527,361
	( 45,641)	992,901
Financing activities:		
Advances from the Province	2,200,000	( 955,000)
Investing activities:		
Purchases of capital assets - renovations	( 2,249,708)	( 2,074,023)
DECREASE IN CASH	( 95,349)	( 2,036,122)
Cash position, beginning of year	218,934	2,255,056
CASH POSITION, end of year	\$ 123,585	\$ 218,934

## ALGONQUIN PROPERTIES LIMITED NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

#### 1. Description of operations

The Company is wholly-owned by the Province of New Brunswick and administers the operations of the Algonquin Hotel. By means of a management agreement, the Company has contracted the day-to-day management of the hotel operations to Canadian Pacific Hotels.

## 2. Summary of significant accounting policies

- (a) A reserve for replacement of equipment has been established pursuant to the management agreement with Canadian Pacific Hotels to represent limits on the replacement of equipment chargeable to the operation of the hotel. The agreement states that each year an amount not to exceed a maximum of one and one half percent (1.5%) of gross revenue may be added to this reserve. Purchases of furniture, fixtures and equipment are charged against this reserve up to the balance in the account.
- (b) Replacement costs of china, glassware, silverware, utensils, linen, and similar equipment are charged to expenditure in year of purchase pursuant to the management agreement with Canadian Pacific Hotels.
- (c) Amortization of capital assets and deferred charges has been approved by management on a straight-line basis at the rates shown in Notes 3 and 4.

#### 3. Deferred charges

The following is a schedule of deferred charges relating to the hotel expansion:

	Rate	Cost	Accumulated Amortization	 amortized Balance
Incremental marketing program Other start-up costs	20% 20%	\$ 125,237 62,802	\$ 89,755 45,007	\$ 35,482 17,795
		\$ 188,039	\$ 134,762	\$ 53,277

## ALGONQUIN PROPERTIES LIMITED NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

## 4. Capital assets

	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land Buildings, improvements	-	\$ 140,282	\$ -	\$ 140,282
and equipment	2.5 - 10%	20,949,930	5,413,282	15,536,648
Operating equipment	8 - 20%	3,328,568	2,232,787	1,095,781
		\$ 24,418,780	\$ 7,646,069	\$ 16,772,711

The buildings, improvements and equipment classification includes major renovations and improvements for which a ten-year useful life is realistic.

Assets are charged for a full year's amortization in the year of purchase.

### 5. Due to Province of New Brunswick

	1996	1995
Shareholder's loan Loan for expansion Advances	\$ 492,000 9,714,585 18,220,586	\$ 492,000 9,714,585 16,020,586
	\$ 28,427,171	\$ 26,227,171

The shareholder's loan and the advances are non-interest bearing with no specific terms of repayment.

The loan for expansion due to the Province is interest bearing. The interest rate on this loan is 9.06% compounded semi-annually. This rate is the twenty-year provincial borrowing rate at 15 May 1993 as determined by the Department of Finance. Interest began to accrue on 15 May 1993 when the expansion was substantially completed. Interest accrued on this loan relating to 1996 was \$1,121,847. Repayment of this loan will commence when the hotel generates sufficient funds.

### 6. Budget figures

The budget figures provided include only those items specifically related to hotel operations. Additional expenses incurred by Algonquin Properties Limited include interest, depreciation and certain administration, repair and maintenance costs. These amounts were not included in the budget approved by the Board of Directors for 1996.

## ALGONQUIN PROPERTIES LIMITED NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

#### 7. Subsequent events

#### (a) Proposal by the Town of St. Andrews

The Company and other large users are currently appealing charges by the Town of St. Andrews for water and sewage services. These charges relate to the period from October 1995 to the present.

At year end, the Company owes approximately \$72,500 for services received from the Town. However, on 7 April 1997, the Town proposed a plan which would reduce the unpaid amount to approximately \$28,200. This proposal will not be accepted without further changes. It is reasonable to assume that further negotiations should not result in a significantly higher liability than that set out in this proposal. Accordingly, an amount of \$28,200 has been charged to expenditure in the current year.

Should the amount actually paid exceed this estimate, the excess will be charged to expenditure in a future year. Should the estimate exceed the amount actually paid, a recovery will be included in income in a future year.

#### (b) New Management Agreement

The existing management agreement was set to expire on 28 February 1997. On 1 January 1997 a new management agreement with Canadian Pacific Hotels was signed. This agreement will expire on 31 December 2002.

### 8. Comparative figures

The 1995 figures have been restated where necessary to conform with the 1996 presentation.

Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Doane Raymond &

Board of Commissioners of Public Utilities of the Province of New Brunswick Financial Statements March 31, 1997

**Chartered Accountants** Canadian Member Firm of Grant Thornton International



## **Auditors' Report**

To the Board of Commissioners of Public Utilities of the Province of New Brunswick

We have audited the balance sheets of the Board of Commissioners of Public Utilities of the Province of New Brunswick as at March 31, 1997 and the statements of revenue and expenditures and surplus and changes in financial 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 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, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in the notes to the financial statements.

Saint John, New Brunswick May 14, 1997

Chartered Accountants

Doane Kaymond

Suite 600 55 Union Street Saint John **New Brunswick** E2L 5B7

Tel: (506) 634-2900 Fax: (506) 634-4569

## Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Public Utilities Statements of Revenue and Expenditures and Surplus

Year Ended March 31	1997	1996
Revenue		
Assessment on public utilities (Note 4)	\$ 207,478	\$ 162,584
Gain on disposal of investments	3,989	6,372
Interest		
Investments	1,519	6,549
Bank	5,841	<u>10,729</u>
	218,827	186,234
Expenditures		
Depreciation	6,378	6,377
Library and publications	4,042	3,673
Miscellaneous	7,398	5,018
Office and administration	16,945	15,928
Professional fees	4,750	4,500
Salaries and benefits	186,801	178,163
Training	<u>32,467</u>	<u>25,469</u>
	<u>258,781</u>	239,128
Deficiency of revenue over expenditures	\$ (39,954)	\$(52,894)
Surplus, beginning of year	\$ 210,522	\$ 263,416
carpido, boganing or your	<b>V</b> = 10,022	÷ 200,710
Deficiency of revenue over expenditures	(39,954)	(52,894)
Surplus, end of year	\$ 170,568	\$ 210,522

# Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Public Utilities Balance Sheet

March 31	1997	1996
Assets Current Cash Receivables Prepaid expenses	\$ 165,406 2,937 <u>348</u>	\$ 162,270 6,096 1,504
	168,691	169,870
Cash held in trust (Note 3)	13,590	11,773
Investments	•	39,145
Equipment (Note 2)	6,377	12,755
	\$ 188,658	\$ 233,543
Liabilities		
Current Payables and accruals	\$ 4,500	\$ 11,248
Funds held in trust (Note 3)	13,590	11,773
Summittee (Nation 2)	18,090	23,021
Surplus (Note 6) Applied to the 1996/1997 assessment	470 500	178,522
To be applied to the 1997/1998 assessment To be applied to future assessments	170,568 	32,000
	170,568	210,522
	\$ 188,658	\$ 233,543

On behalf of the Board

Chairman

Secretary 5

## Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Public Utilities Statement of Changes in Financial Position

Year Ended March 31	1997	1996
Cash derived from		
Operating		
Deficiency of revenue over expenditures	\$ (39,954)	\$ (52,894)
Depreciation	6,378	6,377
Gain on disposal of investments	(3,989)	(6,372)
	(37,565)	(52,889)
Changes in		
Receivables	3,159	(2,637)
Prepaid expenses	1,156	917
Payables and accruals	<u>(6,748)</u>	<u>6,748</u>
	(39,998)	<u>(47,861)</u>
Investing		
Proceeds on retirement of bonds	43,134	41,000
Net increase (decrease) in cash	3,136	(6,861)
Cash		
Beginning of year	<u>162,270</u>	<u>169,131</u>
End of year	\$ 165,406	\$ 162,270

## Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Public Utilities Notes to the Financial Statements

March 31, 1997

## 1. Summary of significant accounting policies

#### Furniture and fixtures

Furniture and fixtures are expensed in the year of acquisition.

### Equipment

Depreciation of computer equipment is recorded using the straight line method at a rate of 20%.

2.	Equipment			<u>1997</u>	<u>1996</u>
		Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Com	puter	\$ 31,738	\$ 25,361	\$ 6,377	\$ 12,755

#### 3. Funds held in trust

Cash of \$13,590 (1996 - \$11,773) relating to the regulation of the public motor bus industry in New Brunswick is held in trust by the Board on behalf of the New Brunswick Department of Transportation.

### 4. Assessment on public utilities

In accordance with Section 9 of the Public Utilities Act, public utilities are assessed each year for their individual direct expenses, such as hearing costs, together with their share of common expenses. Each utility's share of common expenses is based on the proportion of its gross earnings to the aggregate of gross earnings for all utilities. The assessments are adjusted to recover or return any deficiency or excess of revenue over expenditures of prior year.

# Board of Commissioners of Public Utilities of the Province of New Brunswick-Regulation of Public Utilities Notes to the Financial Statements

March 31, 1997

## 4. Assessment on public utilities (continued)

Since 1982, it has been Board policy to apply the proceeds of matured investments to reduce the current year's assessment on public utilities. In the current year \$32,000 of investments were recalled after the assessments for the year were determined and therefore not reflected in this calculation.

	<u>1997</u>	1996
Gross public utilities' earnings	\$ 945,899,865	\$ <u>899,660,995</u>
Estimate of common expenses Less: estimate of interest income bond redemption during the year (Note 6)	\$ 263,000 (12,000 (11,000	(10,000)
Estimate of net common expenses Estimate of direct expenses	240,000 135,000	135,000
Surplus from prior year (Note 6)	375,000 (167,522	•
Assessment on public utilities	\$ 207,478	\$ 162,584

### 5. Assessment for public intervenor

Pursuant to Section 9(1.1) of the Public Utilities Act, the costs of the Agent for the Attorney General with respect to interventions made are to be collected by the Board from the public utilities regulated by the Board and paid to the Minister of Finance. No such amounts were collected and paid during the Board's fiscal years ended March 31, 1997 and March 31, 1996 as the Attorney General submitted no costs to the Board to be collected in its assessment.

## Board of Commissioners of Public Utilities of the Province of New Brunswick-Regulation of Public Utilities Notes to the Financial Statements

March 31, 1997

## 6. Surplus

The \$178,522 surplus of 1996 applied to assessments of the 1996/1997 year is comprised of \$11,000 of bonds redeemed in fiscal 1997 and \$167,522 of general surplus.

The \$170,568 surplus of 1997 to be applied to assessments of the 1997/1998 year is general surplus.

### 7. Comparative figures

Certain comparative figures for 1996 have been restated to conform with the presentation adopted in 1997.

## Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Automobile Insurers Statements of Revenue and Expenditures and Deficit

Year Ended March 31	1997	1996
Revenue		
Assessment on automobile insurers (Note 2)	\$ 345,000	\$ 285,925
Bank interest	3,901	9,308
	<u>348,901</u>	295,233
Expenditures		
Actuarial consultant	190,709	251,144
Advertising	5,658	4,583
Commissioners' per diems	11,050	12,343
Commissioners' travel	6,000	9,191
Depreciation	1,901	-
Office and administration	17,330	8,077
Professional fees	2,000	2,000
Salaries	78,545	70,690
Training	<u> </u>	3,200
	<u>313,193</u>	<u>361,228</u>
Excess (deficiency) of revenue over expenditures	\$ 35,708	\$ <u>(65,995</u> )
(Deficit) surplus, beginning of year	\$ (64,659)	<b>\$</b> 1,336
Excess (deficiency) of revenue over expenditures	35,708	(65,995)
•••		
Deficit, end of year	\$ (28,951)	\$ (64,659)
•		

Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Automobile Insurers
Balance Sheet

March 31	1997	1996
Assets		
Current		
Cash	<b>\$</b> 162,633	\$ 6,418
Receivables	93	43
	162,726	6,461
Equipment (Note 3)	<u>3,802</u>	
	\$ 166,528	\$ 6,461
Liabilities		
Current		
Payables and accruais	<b>\$ 15,281</b>	\$ 71,120
Deferred revenue	<u> 180,198</u>	
	195,479	71,120
Deficit	(28,951)	(64,659)
	\$ 166,528	\$ 6,461
	<del></del>	

On behalf of the Board

<del>\_Chairm</del>an (

Secretary

Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulatio Statement of Changes in Financial Position	n of Automobi	ile Insurers
Year Ended March 31	1997	1996
Cash derived from (applied to)		
Operating		
Excess (deficiency) of revenue over expenditures Depreciation	\$ 35,708 1,901	\$ (65,995) ———————————————————————————————————
	37,609	(65,995)
Changes in		
Receivables	(50)	328
Payables and accruals	(55,839)	11,915
Deferred revenue	180,198	
	<u>161,918</u>	(53,752)
Investing		
Purchase of equipment	(5,703)	
Net increase (decrease) in cash	156,215	(53,752)
Cash		

6,418

\$ 162,633

60,170

6,418

See accompanying notes to the financial statements.

Beginning of year

End of year

# Board of Commissioners of Public Utilities of the Province of New Brunswick - Regulation of Automobile Insurers Notes to the Financial Statements

March 31, 1997

## 1. Summary of significant accounting policies

#### Furniture, fixtures

Furniture, fixtures and equipment are expensed in the year of acquisition.

## **Equipment**

Depreciation of computer equipment is recorded using the straight line method at a rate of 33 1/3%.

#### 2. Assessment on automobile insurers

In accordance with Section 9.1(1) of the Public Utilities Act, automobile insurers of New Brunswick are assessed each year. The assessment for each insurer is the proportion that the insurer's net receipts is of total net receipts. That proportion is applied to the budget for the ensuing year, adjusted to recover or return the prior year's deficiency or excess of revenue over expenditures.

			<u>1997</u>	<u>1996</u>
Automobile insurers' net rece	pts	\$_	295,926,000	\$ 281,530,000
Assessment on receipts Assessment for current year Adjustment for prior year (surplus) deficit		\$	280,341 64,659	\$ 287,262 (1,337)
		\$_	345,000	\$ 285,925
3. Equipment			<u>1997</u>	<u>1996</u>
	Cost	Accumulated <u>Depreciation</u>	Net <u>Book Value</u>	Net Book Value
Computer	<b>\$</b> 5,703	\$ <u>1,901</u>	\$3,802	\$

## 4. Comparative figures

Certain comparative figures for 1996 have been restated to conform with the presentation adopted in 1997.

## Doane Raymond **家**

FOREST PROTECTION LIMITED FINANCIAL STATEMENTS March 31, 1997



#### Deloitte & Touche Chartered Accountants

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Telecopier: (506) 450-8126

#### **AUDITORS' REPORT**

To the Shareholders,
Forest Protection Limited

We have audited the balance sheet of Forest Protection Limited as at March 31, 1997 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 company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 company as at March 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Deloire L Louhe

April 18, 1997

Deloitte Touche Tohmatsu International

## FOREST PROTECTION LIMITED BALANCE SHEET as at March 31, 1997

	1997	1996 (restated - Note 2)
CURRENT ASSETS		
Cash	\$ -	\$ 432,928
Accounts receivable	47,302	95,501
Amounts due from participants	11,500	24,198
Inventories - fuels and emulsifiers	7,953	6,959
- aircraft spare parts	655,327	649,368
	722,082	1,208,954
CAPITAL ASSETS		<del></del>
Property, plant and equipment (Note 3)	1,446,976	1,560,055
	\$2,169,058	\$2,769,009
CURRENT LIABILITIES	<del></del>	
Accounts payable	\$ 561,338	\$ 402,836
Bank indebtedness	62,384	-
	623,722	402,836
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	2,000	2,000
Contributed surplus	715,888	715,888
Net investment in capital assets	1,446,976	1,560,055
Net assets internally restricted for		
equipment replacement	(619,528)	88,230
Unrestricted net assets		-
	1,545,336	2,366,173
•	\$2,169,058	\$2,769,009
	****	

APPROVED BY THE BOARD

Papiers.

## FOREST PROTECTION LIMITED STATEMENT OF OPERATIONS year ended March 31, 1997

	1997	1996 (restated - Note 2)
REVENUES		
Contributions from participants		
Province of New Brunswick	\$2,047,317	\$2,159,250
Industry	343,754	320,500
Other revenue	575,863	1,138,683
Interest earned	15,400	31,915
	2,982,334	3,650,348
EXPENSES (Note 5)		
Overhead	602,196	651,306
Aerial treatment	330,356	468,763
Firebombing	1,346,777	1,487,902
Research and development	471,832	592,919
Other projects	197,442	401,226
	2,948,603	3,602,116
Litigation costs (Note 6)	635,870	280,685
Amortization of capital assets	224,868	202,018
Gain on disposal of capital assets	(6,170)	(5,798)
	3,803,171	4,079,021
Excess of expenses over revenue	(820,837)	(428,673)
Transfer from net investment in capital assets Transfer from net assets internally restricted	113,079	180,105
for equipment replacement	707,758	248,568
Unrestricted net assets at end of year	\$ -	\$ -



## FOREST PROTECTION LIMITED STATEMENT OF CHANGES IN NET ASSETS year ended March 31, 1997

	1997	1996 (restated - Note 2)
NET INVESTMENT IN CAPITAL ASSETS		
Balance at beginning of year	\$1,560,055	\$1,740,160
Transfer from (to) unrestricted operations:		
Acquisitions of property, plant and equipment	117,946	57,963
Cost of assets disposed of or retired	·	(41,848)
Amortization of capital assets	(224,868)	
Gain on disposal of capital assets	6,170	5,798
	(113,079)	(180,105)
Balance at end of year	\$1,446,976	\$1,560,055
NET ASSETS INTERNALLY RESTRICTED FOR EQUIPMENT REPLACEMENT Balance at beginning of year	\$ 88,230	\$ 336,798
Transfer from (to) unrestricted operations:		
Litigation costs	(635,870)	(280,685)
Administration costs charged to litigation	(95,380)	(200,005)
Interest on internally restricted funds	718	18,268
Surplus on unrestricted operations	22,774	13,849
	(707,758)	(248,568)
Balance at end of year	\$ (619,528)	\$ 88,230



## FOREST PROTECTION LIMITED STATEMENT OF CASH FLOWS year ended March 31, 1997

	1997	1996 (restated - Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of expenses over revenues	\$ (820,837)	\$(428,673)
Amortization of capital assets	224,868	202,018
Loss on disposal of capital assets	(6,170)	(5,798)
Changes in non-cash operating working capital items:	, , , ,	(3,732)
Accounts receivable	48,199	29,160
Amounts due from participants	12,698	(4,275)
Inventories - fuels and emulsifiers	(994)	4,969
- aircraft spare parts	(5,959)	66,520
Accounts payable	158,502	(47,540)
	(389,693)	(183,619)
INVESTING		
Acquisition of property, plant and equipment	(117,946)	(57,963)
Proceeds on sale of property, plant and equipment	12,327	41,848
	(105,619)	(16,115)
NET CASH OUTFLOW	(495,312)	(199,734)
Cash position, beginning of year	432,928	632,662
CASH POSITION, END OF YEAR	\$ (62,384)	\$ 432,928



## FOREST PROTECTION LIMITED NOTES TO THE FINANCIAL STATEMENTS year ended March 31, 1997

#### 1. ACCOUNTING POLICIES

Operations and Net Investment in Capital Assets

- a. The company is a non-profit organization and carries out an annual program, comprising aerial treatment, firebombing and research and development, of forest protection activities. The costs of the aerial treatment program including all overhead expenditures are shared between various participating companies and the Province of New Brunswick on the basis of an approved cost sharing formula. Costs directly attributable to firebombing activities are recovered from the Province of New Brunswick. The net cost of research and development activities, after deducting revenues received, is recovered from the participating companies and the Province of New Brunswick on the basis of a separate approved cost sharing formula.
- b. Program expenditures funded by participants include all costs incurred during the year, including the cost of property, plant and equipment and inventories consumed during the year. Costs funded are reduced by proceeds on disposal of property, plant and equipment, except for aircraft sales, which are transferred to Net Assets Internally Restricted for Equipment Replacement.
- c. Program costs are accumulated in accordance with generally accepted accounting principles, except that the company does not accrue for vacation pay earned by employees but not taken as at the year end.
- d. Property, plant and equipment acquired during the year which remain on hand at the year end are recorded in the financial statements as Net Investment in Capital Assets.
- e. Inventories acquired up to October 31, 1975 are valued at historical cost, if determinable, or at an estimated replacement value at that date. Inventories acquired after October 31, 1975 are valued at current acquisition costs. Slow moving inventory is written off. Consumable supplies, except for spray chemicals and aviation fuel and lubricants on hand at the end of each year are not included in the inventory balance.
- f. Land and buildings acquired before October 31, 1975, are recorded at estimated cost. All other property, plant and equipment, including buildings acquired subsequent to October 31, 1975, is valued at historical cost.
- g. Amortization of property, plant and equipment is calculated as follows:

Building and Mobile Homes - 10% Straight line basis
Aircraft - 4% Straight line basis
Equipment - 20% Straight line basis



# FOREST PROTECTION LIMITED NOTES TO THE FINANCIAL STATEMENTS year ended March 31, 1997

#### 1. ACCOUNTING POLICIES (continued)

34

Net Assets Internally Restricted for Equipment Replacement

- h. By authority of the Board of Directors, the following sources of funds are to be transferred to this account for the purpose of replacing the company's equipment:
- proceeds received from aircraft sales;
- proceeds from legal actions, less the cost of pursuing these actions; and,
- operating surpluses arising from unrestricted operations.

#### 2. CHANGE IN ACCOUNTING POLICY

During the year, the company changed its accounting policy for amortization of property, plant and equipment to record amortization on the basis and at the rates indicated in Note 1 g. above. Previously, no amortization was recorded on property, plant and equipment. The change was applied retroactively and the comparative financial statements have been restated to give effect to the change as follows:

- The recorded balance for property, plant and equipment was reduced from \$3,706,168 to \$1,560,055; net investment in capital assets was reduced by the same amount.
- Amortization of property, plant and equipment for the year ended March 31, 1996, in the amount of \$202,018, was charged to the Statement of Operations.
- The loss on disposal of capital assets of \$331,497, as previously recorded, was changed to a gain of \$5,798.
- The amount transferred to unrestricted operations from net investment in capital assets was reduced from \$315,382 to \$180,105.
- The excess of expenses over revenues for the year ended March 31, 1996 was reduced from \$563,950 to \$428,673.



# FOREST PROTECTION LIMITED NOTES TO THE FINANCIAL STATEMENTS year ended March 31, 1997

# 3. PROPERTY, PLANT, AND EQUIPMENT

	Cost	Accumulated Depreciation	1997 Net Bo	1996 ok Value
Land Building and	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Mobile Homes	230,265	220,612	9,653	24,439
Aircraft	1,791,439	677,296	1,114,143	1,185,801
Equipment	1,835,079	1,586,899	248,180	274,815
	\$3,931,783	\$2,484,807	\$ 1,446,976	\$1,560,055

# 4. CAPITAL STOCK 1997 Authorized - 500 common shares \$10 par value each. Issued and outstanding - 200 common shares. \$2,000



## FOREST PROTECTION LIMITED NOTES TO THE FINANCIAL STATEMENTS year ended March 31, 1997

#### 5. PROGRAM EXPENDITURES

	1997	1996
Salaries and wages	\$1,176,990	\$1,280,644
Employer contributions	125,883	141,886
Transportation and communications	128,463	147,460
Consultants' fees, legal fees, audit,		
contractual, services, insurance, etc.	493,683	596,760
Maintenance and repairs (contractual)	637,947	678,765
Non capitalized parts and equipment	13,807	17,231
Rentals (including aircraft)	130,138	174,175
Insecticides, materials and supplies	241,692	565,195
Expenses charged to operations	2,948,603	3,602,116
Capitalized - property, plant and equipment	117,946	57,963
Total program expenditures	\$3,066,549	\$3,660,079
PROGRAM EXPENDITURES BY OPERATIONAL DIVISION	<del></del>	
Overhead expenditures	\$ 635,931	\$ 678,628
Aerial treatment expenditures	344,330	468,763
Research and development expenditures	503,728	612,919
Firebombing expenditures	1,374,144	1,497,078
Other projects	208,416	402,691
	\$3,066,549	\$3,660,079

#### 6. LITIGATION

The Company is continuing to pursue a legal action against certain parties. The outcome of this action cannot be determined at this time. Therefore no provision has been made in the financial statements with respect to this action.

By authority of the Board of Directors, costs incurred during the year for pursuing the action, amounting to \$731,250 (1996 - \$280,685), including an allocation of administrative costs, have been transferred from Net Assets Internally Restricted for Equipment Replacement.



Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Doane Raymond C

Kingsbrae Horticultural Garden Inc. Financial Statements March 31, 1997 Chartered Accountants
Canadian Member Firm of
Grant Thornton International

# **Auditors' Report**

To the Directors of Kingsbrae Horticultural Garden Inc.

We have audited the balance sheet of Kingsbrae Horticultural Garden Inc. as at March 31, 1997, and the statements of operations, changes in fund balances, and changes in financial position for the year then ended. These financial statements are the responsibility of the organization'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 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 misstatements. 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 not-for-profit organizations, the organization derives revenue from private and public contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets and fund balances.

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 contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 1997, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. Stephen, New Brunswick May 26, 1997

Chartered Accountants

bone Rzymond

Suite 201 Ganong Place 73 Milltown Blvd. St. Stephen New Brunswick E3L 1G5

Tel: (506) 466-3291 Fax: (506) 466-6310

# Kingsbrae Horticultural Garden Inc. Statement of Operations

Year Ended March 31, 1997

	General Fund	Capital Construction Fund	1997 <u>Total</u>	1996 <u>Total</u>
Revenues				
Contributions		\$ 207,089	\$ 207,089	\$122,818
Town of St. Andrews		266,500	266,500	
Provincial government		490,000	490,000	150,000
Trust fund interest	\$62,864		62,864	46,119
Employment programs		142,998	142,998	
Investment income	203	2,093	2,296	40
Other	<u>260</u>		<u>260</u>	147
	63,327	1,108,680	<u>1,172,007</u>	319,124
Expenses				
Advertising and promotion	3,113 <sup>-</sup>		3,113	517
Bank charges	394		394	107
Construction, design, and				
capital equipment	21,790	633,817	655,607	197,600
Heat, light, and power	7,594	·	7,594	3,545
Insurance	4,351		4,351	1,507
Maintenance and repair	7,212		7,212	3,183
Office supplies and stationery	8,207		8,207	3,321
Professional fees	3,322		3,322	2,180
Salaries and benefits	136,995	185,054	322,049	49,877
Telephone and fax	4,562		4,562	1,536
Training	284		284	240
Travel	1,771		1,771	2,045
Vehicle	2,892		2,892	400
	202,487	818,871	<u>1,021,358</u>	<u>266,058</u>
Excess of revenues over expense	9			
(expenses over revenues)	\$ <u>(139,160</u> )	\$ <u>289,809</u>	\$ <u>150,649</u>	\$ <u>53,066</u>

See accompanying notes to the financial statements.

# Kingsbrae Horticultural Garden Inc. Statement of Changes in Fund Balances Year Ended March 31, 1997

	General Fund	Capital Construction Fund	1997 <u>Total</u>	1996 <u>Total</u>
Fund balances, beginning of year	\$ 7,600	\$ 45,466	\$ 53,066	
Excess of revenues over expenses (expenses over revenues)	(139,160)	289,809	150,649	\$53,066
Internal allocation of salaries and benefits	50,237	(50,237)		
Fund balances, end of year	\$ <u>(81,323</u> )	\$ <u>285,038</u>	\$ <u>203,715</u>	\$ <u>53,066</u>

# Kingsbrae Horticultural Garden Inc. Balance Sheet

March 31, 1997

	General Fund	Capital Construction Fund	1997 <u>Total</u>	1996 <u>Total</u>
Current assets	<b>*</b>		•	
Cash Temporary investments, at cost	\$(74,004)	\$106,361	\$ 32,357	\$ 8,241
(market value \$170,523)		170,135	170,135	
Receivables	24,554	4,261	28,815	118,440
Prepaids	<u>1,624</u>	<u>6,600</u>	<u>8,224</u>	2,567
	\$ <u>(47,826</u> )	\$ <u>287,357</u>	\$ <u>239,531</u>	\$ <u>129,248</u>
Current liabilities	<b>*</b> 5.050	<b>6</b> 0.040	A 7.07F	<b>#</b> 70.400
Current liabilities Payables and accruals	\$ 5,056	\$ 2,319	\$ 7,375	\$ 76,182
	\$ 5,056	\$ 2,319	\$ 7,375	\$ 76,182
Payables and accruals	\$ 5,056 28,441	\$ 2,319	\$ 7,375 28,441	\$ 76,182
Payables and accruals  Deferred contributions	. ,	\$ 2,319		\$ 76,182
Payables and accruals  Deferred contributions  Deferred revenues (Note 3)	. ,	\$ 2,319 285,038		\$ 76,182 
Payables and accruals  Deferred contributions Deferred revenues (Note 3)  Fund balances	28,441		28,441	

Commitments and contractual obligations (Note 4)

On behalf of the Board

Director

# Kingsbrae Horticultural Garden Inc. Statement of Changes in Financial Position Year Ended March 31, 1997

Cook derived from (applied to)	General Fund	Capital Construction Fund	1997 <u>Total</u>	1996 <u>Total</u>
Cash derived from (applied to)				
Operating				
Excess of revenues over				
expenses (expenses over		•	• •	
revenues)	<b>\$</b> (139,160)	\$289,809	<b>\$</b> 150,649	\$ 53,066
Change in non-cash operat	ing			
working capital Receivables	(11,114)	100,739	89,625	(118,440)
Prepaids	943	(6,600)	(5,657)	(2,567)
Payables and accruals		(60,615)	(68,807)	76,182
•		<del></del>		<del></del>
	(157,523)	<u>323,333</u>	<u>165,810</u>	<u>8,241</u>
Financing				
Deferred revenues	28,441	···	28,441	
Interfund adjustments				
Allocation of salaries				
and benefits	50,237	(50,237)		
Increase (decrease) in cash	(78,845)	273,096	194,251	8,241
Cash and temporary investments				
Beginning of year	4,841	<u>3,400</u>	<u>8,241</u>	
End of year	\$ <u>(74,004</u> )	\$ <u>276,496</u>	\$ <u>202,492</u>	\$ <u>8,241</u>

# Kingsbrae Horticultural Garden Inc. Notes to the Financial Statements

Year Ended March 31, 1997

#### 1. Nature of operations

Kingsbrae Horticultural Garden Inc. is an organization constructing and managing a horticultural garden with the intent of operating the garden for and on behalf of the Province of New Brunswick. Kingsbrae Horticultural Garden Inc. is incorporated under the Companies Act of New Brunswick as a not-for-profit organization. At March 31, 1997 the organization is still in its development stage.

#### 2. Summary of significant accounting policies

#### Fund accounting

Kingsbrae Horticultural Garden Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's operational and administrative activities. This fund reports the unrestricted and restricted operating resources.

The Capital Construction Fund reports only restricted resources that are to be used for constructing the garden and acquiring related facilities and equipment for and on behalf of the Province of New Brunswick.

#### Revenue recognition

Restricted contributions relating to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions relating to capital construction are recognized as revenue of the Capital Construction Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Contributed services

Volunteers on a local advisory committee contribute several hours per week to assist Kingsbrae Horticultural Garden Inc. and provide input on various matters pertaining to construction and operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

# Kingsbrae Horticultural Garden Inc. Notes to the Financial Statements

Year Ended March 31, 1997

#### Deferred revenues

The deferred revenues reported in the General Fund represent restricted funding received in the current year for a use yet to be established.

#### 4. Commitments and contractual obligation

Kingsbrae Horticultural Garden Inc. has entered into an agreement to construct and operate a horticultural garden on behalf of the Province of New Brunswick ("Province"). This agreement provides the following:

Income earned from a \$1,000,000 gift made to and deposited by the Province to a special purpose account ("Trust fund") be paid to the organization for operating costs;

A gift up to \$450,000 to be made to and deposited by the Province, to be paid to the organization for capital construction;

The Town of St. Andrews ("Town") to borrow up to \$450,000, to be paid to the organization for capital construction;

The Province to pay up to \$900,000, on a matching basis, to the organization for capital construction;

An annual gift up to \$100,000 to be made to the Province, to be paid to the organization for annual operating deficiencies, if any;

The Town to pay water, sewer, garbage collection, snow removal and street maintenance services during the term of the loan for funds borrowed pursuant to this agreement;

The organization to pay the Town the loan payments less the amount of a grant by the Province to the Town in respect of municipal taxes assessed; and

The Province to pay the organization the lessor of \$25,000 and the above, except to the extent any excess revenue over expenses of the organization are to be paid to the Town.

The agreement further provides that in the event actual deficits for three consecutive years exceed projected deficits for those years, the Province may cease operations, repay the Town's indebtedness pursuant to this agreement, and retain all other funds.

FINANCIAL STATEMENTS

# **Kings Landing Corporation**

31 MARCH 1997

Office of the Auditor General Bureau du vérificateur général



#### **AUDITOR'S REPORT**

The Chairperson and Directors Kings Landing Corporation Prince William, New Brunswick

I have audited the balance sheet of Kings Landing Corporation as at 31 March 1997 and the statement of income and surplus 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 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 1997 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements.

K D Robiison

K. D. Robinson, CA Acting Auditor General

Fredericton, N. B. 23 May 1997

# KINGS LANDING CORPORATION BALANCE SHEET 31 MARCH 1997

	1997	1996
ASSETS		
Current assets		
Accounts receivable		
Province of New Brunswick - Operating grant	\$ 45,724	\$ 33,257
Other	15,433	15,668
Prepaid expenses	10,760	21,853
Inventories (Note 1(b))	115,671	102,501
	187,588	173,279
Publications fund assets (Note 2)	11,933	15,619
, , ,	24,671	
ixed assets (Note 1 (c))	24,671	13,932
	\$ 224,192	\$ 202,830
IABILITIES AND SURPLUS		
current liabilities	\$ 54.542	\$ 12 664
urrent liabilities Cash deficit	\$ 54,542 87.182	
urrent liabilities Cash deficit Accounts payable and accrued liabilities	87,182	\$ 12,664 71,333 4,810
urrent liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue		
	87,182 9,050	71,333 4,810
Current liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue Unexpended portion of designated grants	87,182 9,050 9,508 160,282	71,333 4,810 17,413 106,220
urrent liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue Unexpended portion of designated grants	87,182 9,050 9,508	71,333 4,810 17,413 106,220
Current liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue Unexpended portion of designated grants Publications fund equity (Note 2)	87,182 9,050 9,508 160,282	71,333 4,810 17,413 106,220 15,619
urrent liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue Unexpended portion of designated grants  ublications fund equity (Note 2)  urplus Provisional fund reserve (Note 3)	87,182 9,050 9,508 160,282 11,933	71,333 4,810 17,413 106,220 15,619
urrent liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue Unexpended portion of designated grants  ublications fund equity (Note 2)  urplus Provisional fund reserve (Note 3)	87,182 9,050 9,508 160,282 11,933	71,333 4,810 17,413 106,220 15,619 10,965 70,026
Current liabilities Cash deficit Accounts payable and accrued liabilities Deferred revenue	87,182 9,050 9,508 160,282 11,933	71,333 4,810 17,413 106,220 15,619

Approved by the Board

Chairnerson

Daniel Kryn Member

# KINGS LANDING CORPORATION STATEMENT OF INCOME AND SURPLUS FOR THE YEAR ENDED 31 MARCH 1997

	Budget 1997	Actual 1997	Actual 1996
REVENUE			
Admissions	\$ 314,000	\$ 261,456	\$ 274,751
Emporium	285,200	212,853	269,113
Food services	391,400	342,613	358,261
Education	74,200	75,780	73,170
Subscriptions	12,000	9,480	10,101
Costumes	3,000	3,252	2,583
Donations	3,000	10,323	7,307
Site and miscellaneous	27,600	40,021	123,548
-	1,110,400	955,778	1,118,834
Provincial Grant	., , 0	<b>,</b>	.,,-,.
Operating	1,286,500	1,348,885	1,264,700
	2,396,900	2,304,663	2,383,534
EXPENDITURE			
Interpretation			
Operations	505,300	487,016	456,719
Education	75,300	70,433	65,616
Fabrics	89,900	86,711	84,203
_	670,500	644,160	606,538
Curatorial			
Maintenance	270,400	271,099	311,563
Security	152,600	140,893	151,714
Curatorial	169,900	180,257	197,902
<del>-</del>	592,900	592,249	661,179
Visitor services	349,500	298,579	329,479
Public relations	231,500	225,448	219,549
Administration	252,200	257,361	247,754
Food Services	344,300	315,880	314,365
	2,440,900	2,333,677	2,378,864
NET SURPLUS (DEFICIT) FOR THE YEAR	(44,000)	(29,014)	4,670
Unappropriated surplus, beginning of year	70,026	70,026	65,356
UNAPPROPRIATED SURPLUS, end of year	\$ 26,026	\$ 41,012	\$ 70,026

## KINGS LANDING CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies

#### (a) Accrual basis

The financial statements are prepared using the accrual basis of accounting whereby revenues and expenditures are allocated to the year in which they are earned or incurred irrespective of the date on which the related cash transactions are effected with the following exceptions:

- No accrual has been recorded for employee retirement allowances or vacation entitlements.
- The Corporation is responsible for benefit payments to injured employees. The estimated value of future benefit payments owed is \$87,000. No accrual has been made for this amount.

#### (b) Inventories

Inventories are valued at the lower of cost and net realizable value, and comprise the following:

	1997	1996
Emporium	\$ 86,623	\$ 79,155
Less: Provision for obsolescence	(2,599)	(2,374)
	84,024	76,781
Fabrics	20,100	14,269
Food and liquor	8,865	7,537
Other	2,682	3,914
	\$115,671	\$102,501

#### (c) Fixed assets and depreciation

Land, original buildings and artifacts are carried at nominal value.

Assets acquired since the opening of the site with the Corporation's own funds are capitalized, except for artifacts, which are all expensed in the year purchased. Depreciation is taken on fixed assets on a straight-line basis over the estimated useful life of the assets.

Depreciation charged for the current year amounted to \$1,298 (1996 -\$7,063). This amount has been allocated to the appropriate categories of expenditure in the statement of income and surplus.

## KINGS LANDING CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies - continued

Details of fixed assets are as follows:

	1997	1996
Land, original buildings and artifacts Buildings	\$ 1 25,968	\$ 1 13,932
Equipment and furniture Automotive equipment	42,011 51,867 119,847	42,011 51,867 107,811
Less: Accumulated depreciation	95,176	93,879
	\$ 24,671	\$ 13,932

#### (d) Designated grants

It is the policy of the Corporation to apply designated grants received during the year for capital additions and site maintenance against costs incurred by the Corporation for those projects. During the year grants of \$ 155,000 were received and applied against project costs. Grants received before the applicable costs are incurred are recognized as unexpended grants on the balance sheet.

#### 2. Publications fund

This fund was established in the 1977 fiscal year and represents amounts set aside for purposes of publication of approved historical literature. Details of the fund are shown below:

	1997	1996
Publications fund net assets		
Current assets		
Accounts receivable	\$ 493	\$ 493
Inventory of books, at cost	12,993	18,842
•	13,486	19,335
Current liabilities	1,553	3,716
	\$ 11,933	<b>\$ 1</b> 5,619
Publications fund equity		
Balance, beginning of year	\$ 15,619	\$ 16,956
Less: Write off on inventory	3,686	1,337
,	\$ 11,933	\$ 15,619

## KINGS LANDING CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 3. Provisional fund reserve

This account was established in the 1979 fiscal year as a contingency reserve to provide funds for unexpected operating expenses approved from time to time by the Board of Directors of the Corporation.

#### 4. Donations - artifacts

During the year the Corporation received various donations of artifacts. For many of these donations, income tax receipts were prepared by the Corporation for the individuals donating the artifacts. For the year ended 31 March 1997, the income tax receipts totalled \$78,504 (1996 - \$40,525).

#### 5. Statement of changes in financial position

This statement was not prepared as the information it would contain was considered not significant.

# FINANCIAL STATEMENTS

# LOTTERIES COMMISSION OF NEW BRUNSWICK

31 MARCH 1997

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Members of the Lotteries Commission of New Brunswick

I have audited the balance sheet of the Lotteries Commission of New Brunswick as at 31 March 1997 and the statement of revenue and expenditure 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 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 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

Fredericton, N. B. 8 July 1997

# LOTTERIES COMMISSION OF NEW BRUNSWICK BALANCE SHEET 31 MARCH 1997

ASSETS	1997	1996
_		
Current assets		
Due from Atlantic Lottery Corporation Inc.	\$7,023,844	\$7,306,971
Other assets		
Funds held by Atlantic Lottery Corporation Inc.		
re: acquisition of fixed assets	-	511,616
Investment in share capital of Atlantic Lottery Corporation Inc.	100	100
Investment in share capital of Interprovincial Lottery Corporation	1	1
	101	511,717
	\$7,023,945	\$7,818,688
LIABILITIES AND CONTRIBUTED SURPLUS		
Current liabilities		
Due to Province of New Brunswick (Note 4)	\$7,023,844	\$7,306,971
Long-term liabilities		
Due to Province of New Brunswick (Note 4)	•	511,616
Contributed surplus (Note 2)	101	101
	\$7,023,945	\$7,818,688

Approved by the Commission

Member

Member

# LOTTERIES COMMISSION OF NEW BRUNSWICK STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 1997

REVENUE	1997 Budget	1997	1996
Share of net profit of Atlantic Lottery			
Corporation Inc. (Note 1)	\$85,519,000	\$87,025,938	\$ 82,031,106
Other revenue (Note 3)	ψ 03,3 19,000 -	18,509	45,496
	85,519,000	87,044,447	82,076,602
EXPENDITURE			
Payments to the Province of New Brunswick (Note	1)		
Ordinary account revenue	74,000,000	75,295,532	70,340,401
Environmental Trust Fund	10,000,000	10,000,000	10,000,000
Sport Development Trust Fund	400,000	400,000	400,000
Arts Development Trust Fund	400,000	400,000	400,000
Agreements with First Nations	-	202,336	121,283
Expenses for video game inspection	543,700	544,743	613,175
Administrative costs	175,300	201,836	201,743
	85,519,000	87,044,447	82,076,602
EXCESS OF REVENUE OVER EXPENDITURE	\$ -	\$ -	\$ -

## LOTTERIES COMMISSION OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies

#### New Brunswick's share of Atlantic Lottery Corporation Inc. profit

Operational costs attributable to all provinces are subtracted from total revenues of Atlantic Lottery Corporation Inc. The remaining profits are allocated to the individual provinces on the basis of each province's portion of net sales. Net sales are defined as the province's gross sales less sales discounts and prizes for the province. Expenses separable and specific to the individual province are then subtracted and the balance is paid to the province.

#### Payments to the Province of New Brunswick

The Lotteries Commission of New Brunswick remits the profits it receives from Atlantic Lottery Corporation Inc. to the Province of New Brunswick. The profits from certain types of lotteries have been designated as revenue for specific trust funds operated by the Province of New Brunswick. Annual lottery profits designated for the Arts and Sport Development Trust Funds have each been set by the Province at a minimum of four hundred thousand dollars. Video lottery profits paid annually to the Environmental Trust Fund have been capped by the Province at ten million dollars.

The Lotteries Act provides that the Commission may pay the First Nations 95% of all profits received from the Atlantic Lottery Corporation Inc. for the operation of video lottery on reserves having agreements with the Province. Where these agreements are in place the Province also rebates all provincial earnings from the sale of breakopen tickets sold on reserves. As of 31 March 1997, four First Nations bands have signed agreements: Fort Folley, Oromocto, Woodstock and St. Mary's.

#### **Investments**

The New Brunswick government operates no lotteries but the Province is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is a jointly-owned corporation of the four Atlantic provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles regionally the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

The investments in Atlantic Lottery Corporation Inc. and Interprovincial Lottery Corporation are carried at cost. Net profits of these corporations are distributed annually to the shareholders.

## LOTTERIES COMMISSION OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 2. Contributed surplus

This amount represents funds paid by the Province of New Brunswick on behalf of the Lotteries Commission of New Brunswick to Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation in exchange for share capital.

#### 3. Other revenue

The Province of New Brunswick requires that charitable/non-profit groups pay a small fee for their licenses for gaming activities such as bingo, raffles etc. Fines issued under the Lotteries Act relating to the video lottery program are also included in this account.

#### 4. Statement of transactions with the Province of New Brunswick

	1997	1996
Current liability		
Balance, beginning of year	\$ 7,306,971	\$ 5,255,528
Income for the year	87,025,938	82,031,106
Decrease (increase) in long-term liability in the year	511,616	16,678
Funds available to Province of New Brunswick	94,844,525	87,303,312
Less remittances during the year	87,820,681	79,996,341
Balance, end of year	\$ 7,023,844	\$ 7,306,971
Long-term liability Balance, beginning of year	\$ 511,616	\$ 528,294
Increase (decrease) in long-term liability in the year	( 511,616)	( 16,678)
Balance, end of year	\$ -	\$ 511,616

Atlantic Lottery Corporation Inc. has declared that in the year ending 31 March 1998 they will be returning the investment in fixed assets to the Province. Therefore, it has been reclassified under current liability.

# LOTTERIES COMMISSION OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 5. Contingency

Claims have been made against the Lotteries Commission of New Brunswick by another organization for breach of contract. The claims are for damages and loss of profits relating to the Commission's termination of a contract for the supply and distribution of breakopen lottery tickets.

It is not possible to determine the amount of the settlement of the above court action. Any settlement resulting from this court action will be accounted for as a charge or credit to income in the period in which the settlement occurs.

FINANCIAL STATEMENTS

NB AGRIEXPORT INC.

31 MARCH 1997

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Shareholder of NB AGRIEXPORT INC.

I have audited the balance sheet of NB AGRIEXPORT INC. as at 31 March 1997 and the statements of revenue, expenditure and deficit and changes in financial position 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 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 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA Auditor General

Fredericton, N. B. 10 September 1997

NB AGRIEXPORT INC. BALANCE SHEET 31 MARCH 1997

	1997
ASSETS	
Current assets	
Cash and short-term investments	\$ 62,796
Accounts receivable	86,425
	\$149,221
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current liabilities	
Accounts payable	\$ 43,891
Due to Province of New Brunswick	300,000
	343,891
Capital stock	
Authorized and issued:	
One common share, no par value	•
Deficit	(194,670)
	\$ 149,221

Approved by the Board

Director

Director

## NB AGRIEXPORT INC. STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT FOR THE YEAR ENDED 31 MARCH 1997

REVENUE	1997
Export sales	
Sale of cattle	\$ 263,375
Letter of credit	2,161
Training	2,900
<b>v</b>	268,436
Loan guarantee fees	11,250
Interest	926
Grant from Province of New Brunswick	10,000
	290,612
EXPENDITURE	
Cost of sales	
Sub-contractor	468,892
Letter of credit fees	8,516
Credit insurance fees	1,660
Training	185
	479,253
Office expenses	4,095
Travel expenses	1,765
Interest and bank charges	169
	485,282
LOSS FOR THE YEAR Deficit, beginning of year	(194,670)
DEFICIT, end of year	\$ (194,670)

# **NB AGRIEXPORT INC.**

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 1997	
CASH PROVIDED BY (USED FOR):	1997
Operations: Loss for the year Changes in non-cash working capital components	\$ (194,670) (42,534) (237,204)
Financing activities: Advances from the Province of New Brunswick	300,000 300,000
INCREASE IN CASH Cash position, beginning of year CASH POSITION, end of year	62,796 - \$ 62,796

#### NB AGRIEXPORT INC. NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Description of operations

NB AGRIEXPORT INC. was established on 23 May 1996 under the Business Corporations Act of the Province of New Brunswick.

The Corporation is wholly owned by the Province of New Brunswick and has as its mandate: to provide a focal point for the Department of Agriculture and Rural Development's international market development efforts; to facilitate exporters' access to international markets; and to help exporters manage the risks of international marketing.

The administration of the Corporation's affairs is carried out by employees of the Province of New Brunswick under the direction of the Corporation's Board of Directors. All costs associated with these employees are paid by the Province.

#### 2. Contingent liabilities

The Corporation has guaranteed loans of certain companies involved in the export of agricultural products. At 31 March 1997, the contingent liability in respect of these guarantees was \$1,000,000. Any resulting losses will be borne be the Province of New Brunswick.

#### 3. Contingent gains

The Corporation intends to take legal action against one of its suppliers to recover a deposit of \$56,826 paid for services relating to a sales contract that was cancelled.

The Corporation also intends to take legal action against Agriculture Canada to recover losses incurred when a sales contract with a third party was cancelled. The Corporation feels that the cancellation was as a direct result of negligence on the part of Agriculture Canada. The total loss being claimed by the Corporation is \$654,541.

As at the date of completion of these financial statements, management and counsel are unable to provide estimates on the outcome of either of these claims.

# FINANCIAL STATEMENTS NEW BRUNSWICK CREDIT UNION DEPOSIT INSURANCE CORPORATION

31 DECEMBER 1996

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Chairperson and Directors of the New Brunswick Credit Union Deposit Insurance Corporation

I have audited the balance sheet of the New Brunswick Credit Union Deposit Insurance Corporation as at 31 December 1996 and the statement of revenue and expenditure 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 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 December 1996 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

R. W. Black, FCA Auditor General

Fredericton, N.B. 30 January 1997

# **NEW BRUNSWICK CREDIT UNION DEPOSIT INSURANCE CORPORATION BALANCE SHEET 31 DECEMBER 1996**

	1996	1995
ASSETS		
Cash	\$ 11,736	\$ 7,047
LIABILITIES		
Accounts payable	\$ 26	\$ 2,020
Advances - stabilization boards (Note 2)	11,710	5,027
	\$ 11,736	\$ 7,047

Approved by the Board

Teen hiBland Chairperson

Kelut Rena Director

# NEW BRUNSWICK CREDIT UNION DEPOSIT INSURANCE CORPORATION STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 1996

	1996	1995
REVENUE (Note 2)		
Contributions - stabilization boards	\$ 8,317	\$ 5,302
EXPENDITURE (Note 2)		
Communications and other	4,845	3,560
Board of Directors	3,472	1,742
	8,317	5,302
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<b>\$</b> -	\$ -

# NEW BRUNSWICK CREDIT UNION DEPOSIT INSURANCE CORPORATION NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

#### 1. Authority and objective

The Corporation is an independent entity created under the provisions of the *Credit Unions Act* proclaimed on 31 January 1994. The mandate of the Corporation is to provide deposit insurance to members of credit unions/caisses populaires in New Brunswick for the amount prescribed by regulations. The Corporation may also assist stabilization boards in providing financial assistance to credit unions/caisses populaires.

The Credit Unions Act provides that the Corporation may levy credit unions/caisses populaires for the funds required to carry out its mandate. The Act also provides that costs incurred in relation to the activities of the Corporation shall be assumed by the stabilization boards when they are requested to do so. Finally the Corporation may apply to the Province for loans or guarantees.

The affairs of the Corporation are administered by a Board of Directors of five persons. The Superintendent of credit unions responsible for the administration of the *Credit Unions Act* is the Chairperson of the Board. Each stabilization board appoints two representatives to the Board of Directors of the Corporation.

#### 2. Significant accounting policies

The Corporation receives advances from the stabilization boards to cover its expenses. The Corporation records portions of the advances as revenue when expenses are incurred. An advance of \$15,000 was received during 1996. The remaining balance of \$11,710 is recorded as a liability on the balance sheet.

The Corporation operates as a separate entity within the Credit Unions, Co-operatives and Trust Companies Branch of the Department of Justice. As such the Branch assumes the salary and some overhead costs which relate to the administration of the Corporation. Those costs are reflected in the expenditures of the Branch and are not recovered from the Corporation.

#### 3. Deposit protection for credit unions/caisses populaires members

As described in Note 1 it is the mandate of the Corporation to provide deposit insurance coverage for members of credit unions/caisses populaires in New Brunswick. Currently, a maximum basic coverage of \$60,000 is provided for insured deposits of each member of a credit union/caisse populaire. Separate deposit coverage up to a maximum of \$60,000 each is also provided for joint deposits, trust deposits and deposits held in RRSPs and in RRIFs.

### NEW BRUNSWICK CREDIT UNION DEPOSIT INSURANCE CORPORATION NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

#### 3. Deposit protection for credit unions/caisses populaires members - (continued)

The current legislation provides for the continued existence of two stabilization boards which have operated in the province since 1978. Each stabilization board has established a stabilization fund which is available to provide financial assistance to its affiliated credit unions/caisses populaires. As at 30 September 1996, an unaudited report from l'Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée showed assets of \$30.2 million, of which an amount of \$1.5 million represents investments in caisses populaires for the purpose of stabilization. Unaudited results from the Brunswick Credit Union Federation Stabilization Board Limited showed assets of \$6.9 million. Each stabilization board is responsible to carry out inspections and monitor the financial condition and business practices of its member credit unions/caisses populaires on an ongoing basis.

Both the stabilization boards and the Corporation have responsibilities for the protection of deposits of credit union/caisse populaire members. This common objective requires close cooperation between the stabilization boards and the Corporation in the development of policy to fulfil the mandate of the respective organizations.

#### 4. Comparative figures

Certain prior year figures have been restated to conform with the 1996 presentation of the financial statements.

FINANCIAL STATEMENTS
NEW BRUNSWICK CROP INSURANCE
COMMISSION
31 MARCH 1997

Office of the Auditor General Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Chairman and Members of the New Brunswick Crop Insurance Commission

I have audited the balance sheet of the New Brunswick Crop Insurance Commission as at 31 March 1997 and the statements of revenue and expenditure, deficit and changes in financial position 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 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 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

KD Robnison

Fredericton, N. B. 14 August 1997

#### NEW BRUNSWICK CROP INSURANCE COMMISSION BALANCE SHEET 31 MARCH 1997

		1997	1996
ASSETS			
Accounts receivabl	e		
Insured produce	rs - crop insurance	\$ 3,988	\$ 22,932
	<ul> <li>crop insurance component of GRIP</li> </ul>	10,762	46,162
	<ul> <li>revenue protection component of GRIP</li> </ul>	37,607	162,929
Province of New	Brunswick	73,666	270,419
Canada		375,721	363,526
	ce Fund of New Brunswick	258,968	1,116,179
	ce Fund of Canada for New Brunswick	994,069	884,811
Other	_	27.525	29,880
		1,782,306	2,896,838
Interest receivable		1,545	11,322
Prepaid expenses	<ul> <li>Crop Reinsurance Fund of New Brunswick</li> <li>Crop Reinsurance Fund of Canada</li> </ul>	23,738	22,661
	for New Brunswick	23,738	22,661
Reserve Fund	<ul><li>- crop insurance (Note 2)</li><li>- revenue protection (Note 2)</li></ul>	480,423 -	865,007 -
	_	\$2,311,750	\$3,818,489
LIABILITIES AND	DEFICIT		
Accounts Payable			
Indemnities	- crop insurance	\$1,999,240	\$3,001,631
	- crop insurance component of GRIP	-	7,266
	<ul> <li>revenue protection component of GRIP</li> </ul>	-	653,219
Interest	- producers	30	30
	ce Fund of New Brunswick	27,024	57,519
Crop Reinsurand	ce Fund of Canada for New Brunswick	54,614	57,519
		2,080,908	3,777,184
	rince of New Brunswick - revenue protection	384,048	380,918
Advance from Cana	ada - revenue protection	-	707,419
	_	2,464,956	4,865,521
Deferred revenue		158,255	151,074
Deficit	- crop insurance	(1,604)	(1,604)
	- revenue protection	(309,857)	(1,196,502)
		\$2,311,750	\$3,818,489

Approved by the Commission

Chairman

Member

#### NEW BRUNSWICK CROP INSURANCE COMMISSION STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
REVENUE	1007	1000
Premiums from producers		
- crop insurance (Schedule A)	\$2,112,664	\$3,434,698
- crop insurance component of GRIP	•	190,919
- revenue protection	_	667,149
Premium contributions from Province of New Brunswick		007,143
- crop insurance	1,056,332	1,812,809
	1,030,332	500,361
- revenue protection Premium contributions from Canada	•	300,301
	4 056 222	4 942 900
- crop insurance	1,056,332	1,812,809
- revenue protection		833,934
Total Premiums	4,225,328	9,252,679
Contributions for administration		
- Province of New Brunswick	594,882	578,927
- Canada	594,882	578,927
Contribution from Reinsurance Funds (Note 3)	',•••	3.0,02.
- New Brunswick	275,206	1,127,332
- Canada for New Brunswick	(3,133)	918,270
Interest - from producers	15,493	40,580
	456	18,071
Other		
EXPENDITURES	5,703,114	12,514,786
Indemnities - crop insurance (Schedule B)	3,228,128	6,834,339
- crop insurance previous crop years	12,249	45,397
	12,249	
- crop insurance component of GRIP	-	261,931
- revenue protection	-	998,538
Administration (Schedule C)	1,189,764	1,157,852
Interest - revenue protection - Province of New Brunswick	6,861	41,494
- Canada	(2,939)	97,192
Crop Reinsurance Fund of New Brunswick	633,799	1,087,685
Crop Reinsurance Fund of Canada for New Brunswick	633,799	1,087,685
Other	1,579	745
	5,703,240	11,612,858
Excess (deficiency) of revenue over expenditure before special		, ,
contribution	(126)	901,928
Special contribution (Note 4)	886,771	•
Special contribution (Note 1)		
EXCESS OF REVENUE OVER EXPENDITURE	¢ 000 645	£ 001.039
FOR THE YEAR	\$ 886,645	\$ 901,928
Allocated as follows:		
Crop Insurance	\$ -	\$ -
Revenue Protection	886,645	901,928
150401110 1 10toolioli		
	\$ 886,645	\$ 901,928

#### NEW BRUNSWICK CROP INSURANCE COMMISSION STATEMENT OF DEFICIT FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
Deficit, beginning of year	\$(1,198,106)	\$(2,100,034)
Excess of revenue over expenditure for the year	886,645	901,928
DEFICIT, END OF YEAR	\$ (311,461)	\$(1,198,106)
Allocated as follows: Crop Insurance Revenue Protection	\$ (1,604) (309,857) \$ (311,461)	\$ (1,604) (1,196,502) \$(1,198,106)

#### NEW BRUNSWICK CROP INSURANCE COMMISSION STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
CASH PROVIDED BY (USED FOR):		
Operations		
Excess of revenue over expenditure for the year	\$ 886,645	\$ 901,928
Decrease (increase) in accounts receivable	1,124,309	(407,164)
Increase (decrease) in accounts payable	(1,696,276)	484,505
Increase (decrease) in deferred revenue	7,181	(12,363)
Decrease (increase) in reserve fund	384,584	(442,511)
Decrease (increase) in prepaid expenses	(2,154)	3,708
Cash provided by (used for) operations	704,289	528,103
Financing activities		
Increase (decrease) in advance from the Province		
of New Brunswick	3,130	(184,836)
Increase (decrease) in the advance from Canada	(707,419)	(343,267)
Cash provided by (used for) financing activities	(704,289)	(528,103)
CASH POSITION AT BEGINNING AND AT END OF YEAR	\$ -	\$ -

#### NEW BRUNSWICK CROP INSURANCE COMMISSION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Description of operations

The Crop Insurance Act, assented to on 10 June 1966, serves as the basis for the establishment of the Commission. Regulation 83-29 under the Act establishes the Commission and sets out its powers and duties.

The Commission is responsible for administering the delivery to producers of a crop insurance plan and a gross revenue insurance plan (G.R.I.P.) which has crop insurance and revenue protection components. The Commission first became responsible for the revenue protection component of the G.R.I.P. program in the fiscal 1993 year. The 1995 crop year was the final year for the G.R.I.P. Program. These plans are funded through producer premiums and through contributions from the Province of New Brunswick and the Government of Canada.

The crop insurance plan provides producers with insurance protection against losses of production while the revenue protection plan provides insurance coverage against low market prices.

Initial premium billings to producers and indemnities paid to producers under G.R.I.P. policies include a portion which relates to the crop insurance plan. These amounts are set up separately in these financial statements.

All accounting transactions are recorded through the Consolidated Fund of the Province of New Brunswick. Certain administrative expenses which would normally be provided by the Province are allocated to the Commission and recorded in its financial statements for federal-provincial cost sharing purposes only.

#### 2. Reserve fund

Under the terms of the Federal-Provincial Agreement two reserve funds must be maintained, one for the crop insurance plan and one for the revenue protection plan. All insurance premiums received, including the premium contributions of both governments, are put in the respective funds. In the case of crop insurance these premiums are used first to pay premiums to the Crop Reinsurance Fund of Canada for New Brunswick and to the Crop Reinsurance Fund of New Brunswick and then to pay indemnities to producers. Any remaining excess is to be set aside in the reserve fund to pay future years' indemnities. In the case of the revenue protection plan the premiums are used first to pay indemnities to producers and then to repay any advances from Canada or the Province of New Brunswick. Any remaining excess is to be set aside in the reserve fund to pay future years' indemnities.

#### NEW BRUNSWICK CROP INSURANCE COMMISSION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 3. Revenue - Province of New Brunswick and Government of Canada

#### (a) Premium contributions

The contributions of the producer, the Province of New Brunswick and Canada towards the necessary premiums in respect of the policies of insurance sold in any year are as follows:

	Revenue Protection	Crop Insurance
Producer	33 ½ %	50%
New Brunswick	25%	25%
Canada	<b>4</b> 1 ¾ %	25%
	100%	100%

#### (b) Administrative expense contributions

The Province of New Brunswick and Canada each pay 50% of all administrative costs incurred in the implementation of the crop insurance and revenue protection programs.

#### (c) Crop Reinsurance Funds

On an annual basis a reinsurance premium of 15% of total crop insurance premiums is submitted to each of the Crop Reinsurance Fund of Canada for New Brunswick and the Crop Reinsurance Fund of New Brunswick. Contributions are made by the Funds for a portion of any operating deficits incurred by the Commission on a crop year basis.

Excess of claims over premiums, 1 April       \$8,754,758       \$8,924,173         Premiums submitted       (633,799)       (1,087,685)         Contributions       (3,133)       918,270         Excess of claims over premiums, 31 March       \$8,117,826       \$8,754,758         Crop Reinsurance Fund of New Brunswick       1997       1996         Excess of claims over premiums, 1 April       \$4,808,366       \$4,768,719         Premiums submitted       (633,799)       (1,087,685)         Contributions       275,206       1,127,332         Excess of claims over premiums, 31 March       \$4,449,773       \$4,808,366	Crop Reinsurance Fund of Canada for New Brunswick	1997	1996
Contributions         (3,133)         918,270           Excess of claims over premiums, 31 March         \$8,117,826         \$8,754,758           Crop Reinsurance Fund of New Brunswick         1997         1996           Excess of claims over premiums, 1 April Premiums submitted         \$4,808,366         \$4,768,719           Contributions         (633,799)         (1,087,685)           Contributions         275,206         1,127,332	Excess of claims over premiums, 1 April	\$8,754,758	\$8,924,173
Excess of claims over premiums, 31 March         \$8,117,826         \$8,754,758           Crop Reinsurance Fund of New Brunswick         1997         1996           Excess of claims over premiums, 1 April Premiums submitted Contributions         \$4,808,366         \$4,768,719           Contributions         (633,799)         (1,087,685)           Contributions         275,206         1,127,332	Premiums submitted	(633,799)	(1,087,685)
Crop Reinsurance Fund of New Brunswick         1997         1996           Excess of claims over premiums, 1 April         \$4,808,366         \$4,768,719           Premiums submitted         (633,799)         (1,087,685)           Contributions         275,206         1,127,332	Contributions	(3,133)	918,270
Excess of claims over premiums, 1 April       \$4,808,366       \$4,768,719         Premiums submitted       (633,799)       (1,087,685)         Contributions       275,206       1,127,332	Excess of claims over premiums, 31 March	\$8,117,826	\$8,754,758
Premiums submitted         (633,799)         (1,087,685)           Contributions         275,206         1,127,332	Crop Reinsurance Fund of New Brunswick	1997	1996
Contributions 275,206 1,127,332	Excess of claims over premiums, 1 April	\$4,808,366	\$4,768,719
	Premiums submitted	(633,799)	(1,087,685)
Excess of claims over premiums, 31 March \$4,449,773 \$4,808,366	Contributions	275,206	1,127,332
	Excess of claims over premiums, 31 March	\$4,449,773	\$4,808,366

#### NEW BRUNSWICK CROP INSURANCE COMMISSION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 4. Special contribution

The 1995 crop year was the last year of the G.R.I.P. program. During the 1997 fiscal year the Province of New Brunswick and the Government of Canada negotiated a settlement relating to the federal advances to fund this program. As a result the federal advances of \$886,771 were repaid by the Province through the use of allocated Federal companion safety net dollars. This repayment has been recorded as a special contribution in these financial statements.

#### 5. Comparative figures

The prior year's figures have been restated where necessary to conform with the presentation adopted for the current fiscal year.

Potatoes Spring grain Apples Blueberries Strawberries Tomatoes

#### NEW BRUNSWICK CROP INSURANCE COMMISSION SCHEDULE OF PRODUCER PREMIUMS - CROP INSURANCE FOR THE YEAR ENDED 31 MARCH 1997

SCHEDULE A

1997	1996
\$1,894,553	\$3,283,470
66,313	2,228
33,489	39,168
41,783	43,618
29,396	27,656
47,130	38,558
\$2,112,664	\$3,434,698

Potatoes Spring Grain Apples Blueberries Strawberries Tomatoes

#### NEW BRUNSWICK CROP INSURANCE COMMISSION SCHEDULE OF INDEMNITIES - CROP INSURANCE FOR THE YEAR ENDED 31 MARCH 1997

SCHEDULE B

1997	1996
\$3,037,557	\$6,357,569
76,969	2,967
51,314	45,336
27,431	68,582
34,857	15,796
-	344,089
\$3,228,128	\$6,834,339

SCHEDULE C

#### NEW BRUNSWICK CROP INSURANCE COMMISSION SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
Personnel	\$ 645,930	\$ 646,318
Information costs	12,059	9,620
Transportation & communication	97,796	111,155
Utilities, material & supplies	7,147	10,494
Professional services	325,244	275,851
Repairs & maintenance	790	2,776
Office accommodations	36,759	41,905
Capital equipment	10,606	7,996
Other	53,433	51,737
Total administrative expenses	\$1,189,764	\$1,157,852



## **GEOGRAPHIC INFORMATION CORPORATION**

**Financial Statements** 

March 31, 1997

## GEOGRAPHIC INFORMATION CORPORATION

#### **MANAGEMENT REPORT**

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation.

The Corporation maintains an accounting system and related controls to provide management and the Board with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

It is the responsibility of the Board to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. Upon the recommendation of the Finance Committee, these financial statements have been approved by the Board of the Corporation.

Mavis Hurley

President

Carol Macdonald, CA

Director

Finance and Administration

Fredericton, N B Canada May 29, 1997

# New Brunswick GEOGRAPHIC INFORMATION CORPORATION

#### **AUDITORS' REPORT**

To the Members of the Board:

We have audited the balance sheet of the New Brunswick Geographic Information Corporation as at March 31, 1997 and the statements of income and changes in equity and financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with the basis of accounting as disclosed in Note 2 to the financial statements.

Fredericton, N B Canada May 29, 1997 KPMG

KPMG

Chartered Accountants

# **GEOGRAPHIC INFORMATION CORPORATION**

## BALANCE SHEET As at March 31, 1997

	1996/97	1995/96
ASSETS		
Cash and investments	\$3,137,226	\$4,017,500
Accounts receivable (Note 4)	1,731,739	441,306
Prepaid expenses	73,019	66,777
	\$4,941,984	\$4,525,583
		1,7020,000
LIABILITIES & EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	\$2,292,864	\$1,894,119
Deferred revenue	221,186	232,215
Monument replacement	_	25,191
	2,514,050	2,151,525
EQUITY	2,427,934	2,374,058
	\$4,941,984	\$4,525,583

Thomas G O'Neil

Chairman of the Board

Jamo Herley

Mavis Hurley President

## **GEOGRAPHIC INFORMATION CORPORATION**

## STATEMENT OF INCOME

For the year ended March 31, 1997

	1996/97	1995/96
REVENUES	14 Magazia - 1 Magazia	
Service New Brunswick (Note 1)	\$7,387,700	\$ -
Provincial services	6,819,910	6,554,300
Municipal services	5,152,000	5,152,000
Registration fees	5,776,953	5,555,559
Map and data sales	1,157,330	1,250,540
Other	533,057	554,416
Interest	285,527	331,220
Employment subsidies	93,392	110,318
	27,205,869	19,508,353
EXPENSES		
Personnel services	\$19,040,443	\$12,579,194
Other services	6,770,777	4,798,087
Materials and supplies	424,562	327,392
Equipment and furniture	908,379	464,345
Grants	5,640	3,250
Bad debts and losses	2,192	11,100
	27,151,993	18,183,368
NET INCOME	\$ 53,876	\$1,324,985

# **GEOGRAPHIC INFORMATION CORPORATION**

#### STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 1997

	1996/97	1995/96
OPENING EQUITY	\$2,374,058	\$1,049,073
ADD: Net income	53,876	1,324,985
ENDING EQUITY	\$2.427.93 <b>4</b>	\$2 <i>.</i> 374.058

## **GEOGRAPHIC INFORMATION CORPORATION**

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended March 31, 1997

	1996/97	1995/96
OPENING CASH AND INVESTMENTS	\$4,017,500	\$2,553,461
ADD:		
Net income	53,876	1,324,985
Increase in liabilities	362,525	45,958
LESS:		
Increase(decrease) in other assets	1,296,675	(93,096)
ENDING CASH AND INVESTMENTS	\$3,137,226	\$4,017,500

### GEOGRAPHIC INFORMATION CORPORATION

#### **NOTES TO FINANCIAL STATEMENTS**

For the year ended March 31, 1997

#### 1. NEW BRUNSWICK GEOGRAPHIC INFORMATION CORPORATION

The Corporation was incorporated under the <u>New Brunswick Geographic</u> <u>Information Act</u> on March 31, 1990. Its mandate was:

- to provide and coordinate geographic information services to the Province of New Brunswick and the public, including an assessment base for real property taxation and registration systems for real and personal property; and
- 2. to promote the development of the private sector geomatics industry in New Brunswick.

On June 17, 1996 the operations of "Service New Brunswick" were transferred from the Department of Finance, Province of New Brunswick, to the Corporation. Financial responsibility was assigned retroactively to April 1, 1996. The mandate of Service New Brunswick is to develop and deliver "one stop shopping" for non-specialized government services.

#### 2. ACCOUNTING POLICIES

Generally accepted accounting principles are followed by the Corporation with the exception of capitalization of inventories and physical assets.

In keeping with generally accepted government practice, inventories and physical assets are expensed in the year of acquisition.

#### 3. PHYSICAL ASSETS

Since inception, the Corporation has acquired the following physical assets. Because they were expensed in the year of acquisition, no amount for depreciation has been charged against operations in subsequent years.

# New Brunswick GEOGRAPHIC INFORMATION CORPORATION

	CURRENT	TOTAL
Office equipment and furniture	\$ 123,509	\$ 633,207
Computers and software	752,456	4,325,416
Other equipment	32,414	<u>254,094</u>
	<u>\$ 908,379</u>	<u>\$ 5,212,717</u>

No valuation has been made for assets transferred into the Corporation at inception.

#### 4. ACCOUNTS RECEIVABLE

Receivables from Province of New Brunswick	\$1,255,645
Receivables from non-related entities	<u>476.094</u>
	<u>\$1.731.739</u>

#### 5. LEASE COMMITMENTS

The following are future minimum payments for leased premises and equipment:

Years ended:

1998	\$ 896,900
1999	422,778
2000	414,466
2001	209,638
2002	<u> 2,945</u>
	<u>\$ 1.946.727</u>

#### 6. OTHER COMMITMENTS

The Corporation has an agreement with the developer of one of its systems which requires it to make minimum payments of \$2,300,000 over a five year period ending in the year 2000. Payments to March 31, 1997 were \$223,257.

## FINANCIAL STATEMENTS

# NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

31 MARCH 1997



# MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements of the New Brunswick
Investment Management Corporation presented in this Annual
Report are the responsibility of the management of the
Corporation. They have been approved by its Board of
Directors.

Management prepared the financial statements in accordance with generally accepted accounting principles in Canada. The financial information contained in the Annual Report is consistent with the data presented in the financial statements.

The New Brunswick Investment Management Corporation maintains books of account, systems of information, systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees financial reporting through its Audit Committee. The committee reviews matters related to accounting, auditing, internal control systems, the financial statements and annual report of the independent external auditors.

Dan Goguen

Vice-President, Finance and Administration

Ernest L. MacKinnon
President and Chief Executive Officer

#### **AUDITORS' REPORT TO THE DIRECTORS**

We have audited the balance sheet of the New Brunswick Investment Management Corporation as at March 31, 1997 and the statement of revenues and expenditures for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 company as at March 31, 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

KPMG

Chartered Accountants Fredericton, NB, Canada August 26, 1997

#### NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION BALANCE SHEET MARCH 31, 1997

	1997	1996
ASSETS		
Receivables		
Province of New Brunswick	\$ 188,000	\$ 15,592
Trust Funds	629,316	280,872
	817,316	296,464
Capital Assets, Net (Note 3)	403,883	177,749
TOTAL ASSETS	\$ 1,221,199	\$ 474,213
LIABILITIES		
Payables and Accruals	\$ 817,316	\$ 296,464
Deferred Fees	403,883	177,749
TOTAL LIABILITIES	\$ 1,221,199	\$ 474,213

(See accompanying notes to financial statements)

APPROVED ON BEHALF OF THE BOARD:

Chairman of the Board

Allon & M.C.

President

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# NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 1997

	Budget 1996-97	Actual 1996-97	enty Days Ending h 31, 1996
REVENUE			
FEES			
Public Service Superannuation Fund	\$ 868,232	\$ 948,120	\$ 52,337
Teachers' Pension Fund	836,121	916,643	50,561
Judges' Superannuation Fund	3,620	3,743	226
Province of New Brunswick	328,000	328,000	15,592
TOTAL FEES	 2,035,973	 2,196,506	118,716
EXPENDITURE			
Personal Services	1,230,282	1,044,488	26,941
Other Services (Note 4)	699,653	997,235	84,542
Materials and Supplies	33,000	36,824	4,720
Amortization	73,038	117,959	2,513
TOTAL EXPENDITURE	2,035,973	 2,196,506	118,716
NET	\$ 0	\$ 0	\$ C

#### NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 1997

#### Note 1: New Brunswick Investment Management Corporation

The Corporation is established pursuant to the New Brunswick Investment Management Corporation Act which was proclaimed on March 11, 1996.

Its legislated mandate is to:

- act as trustee for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund (the Funds);
- provide investment counseling services and other services for certain trust funds;
- promote the development of the financial services industry and capital markets in the Province;
- in developing its investment policies the Corporation is to have regard to investment opportunities in the Province, and;
- carry out such other activities or duties as may be authorized or required by the Act or as the Lieutenant-Governor in Council may direct.

#### Note 2: Accounting Policies

#### **Accounting Entity**

The Corporation is an entity separate from the pension funds for which it is trustee. However, all expenses of the Corporation are funded by the pension funds and by sinking funds and other funds trusteed by the Minister of Finance.

#### **Basis of Accounting**

The Corporation follows generally accepted accounting principles. Under this method, expenditures and revenues are recorded when they are incurred or earned regardless of when the related cash flows occur.

Note 3: Capital Assets

	Rate	Cost	Accumulated Amortization	Unamortized Balance
Computer Equipment	33 <sup>1</sup> / <sub>3</sub> %	\$ 216,433	\$ 74,166	\$ 142,267
Furniture and Equipment	8%	206,731	16,538	190,193
Leasehold Improvements	10%	80,167	8,744	71,423
		\$ 503,331	\$ 99,448	\$ 403,883

Deferred fees shown on the balance sheet represent the unamortized balance of capital assets purchased by the Corporation and paid by the Funds. The deferred fees will be recognized as revenue at the same rate as those used for the amortization of assets.

Note 4: Other Services

	Budget	Actual
Investment Counsel	\$ 210,000	\$ 326,656
Travel	115,220	167,482
Office Rent	71,225	75,656
Professional Services	119,000	193,933
Information Systems	126,820	183,676
Other Services	57,388	49,832
	\$ 699,653	\$ 997,235

## Note 5: Contractual Commitments

The following are future minimum payments under various contractual commitments:

Voors on de d	4000	Ø 400.050
Years ended	1998	\$ 188,353
	1999	192,716
	2000	189,669
	2001	109,560
	2002	121,138
*		
Years	2003 to 2006	\$ 464,363

# FINANCIAL STATEMENTS NEW BRUNSWICK LIQUOR CORPORATION

31 MARCH 1997



# **NB Liquor** Alcool N-B

#### MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with generally accepted accounting principles.

The Corporation maintains an accounting system and related controls to provide management and the Board with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Roger J.E. Landry
President and C.E.O.

R.J. Landry

Richard A. Smith, C.G.A., C.M.A.

Controller

May 23, 1997

Tél: (506) 452-6826





KPMG
Chartered Accountants

Frederick Square
77 Westmorland Street Suite 700
Fredericton New Brunswick E3B 6Z3
Canada

Telephone (506) 452-8000 Telefax (506) 450-0072 http://www.kpmg.ca

#### **AUDITORS' REPORT TO THE DIRECTORS**

We have audited the balance sheet of the New Brunswick Liquor Corporation as at March 31, 1997 and the statements of income and changes in cash resources 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 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, 1997 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Chartered Accountants** 

KPMG

Fredericton, NB, Canada May 23, 1997

# **BALANCE SHEET**

	MARC	CH 31
Assets	1997	1996
Current Assets		
Cash	\$ 162 300	\$ 177 700
Accounts receivable	1 048 480	740 166
Inventories (note 1)	9 645 962	9 747 776
Prepaid expenses	93 469	123 068
Total current assets	10 950 211	10 788 710
Deferred Charges		
Deferred pension costs	4 937 498	5 431 250
Fixed Assets		
Property, plant and equipment (note 2)	9 729 459	10 035 930
Total Assets	\$25 617 168	\$26 255 890
Liabilities		
Current Liabilities		
Outstanding cheques in excess of funds on deposit	\$ 1 020 931	\$ 637 461
Accounts payable and accrued liabilities	6 623 644	5 832 130
Total current liabilities	7 644 575	6 469 591
Long Term Debt		
Pension liability (note 3)	7 409 366	7 334 430
Equity of the Province of New Brunswick		
Balance at beginning of year, as previously stated	11 892 169	13 559 813
Prior period adjustment (note 4)	559 700	430 700
Balance at beginning of year, restated	12 451 869	13 990 513
Net income	83 427 159	82 498 814
	95 879 028	96 489 327
Payments to the Province of New Brunswick	<u>85 315 801</u>	84 037 458
Balance at end of year	10 563 227	12 451 869
Total Liabilities and Equity	\$25 617 168	\$26 255 890
Commitments (note 5)		

Commitments (note 5)

See accompanying notes to financial statements

## APPROVED BY THE BOARD:

Director

Director

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# **INCOME STATEMENT**

Year ended March 31

I cal cliucu Maich 31			
	Budget	Actual	Actual
	1997	1997	1996
Total sales (note 6)	\$235 174 500	\$233 839 599	\$232 651 827
Less: commissions	2 576 000	2 691 813	2 120 423
Net sales	232 598 500	231 147 786	230 531 404
Cost of sales	123 923 922	123 440 212	122 969 723
Gross profit	108 674 578	107 707 574	107 561 681
Other income	291 106	1 033 917	818 147
	108 965 684	108 741 491	108 379 828
Operating expenses	24 440 330	24 305 419	24 888 487
Pension expense	1 137 217	1 008 913	992 527
·	25 577 547	25 314 332	25 881 014
Net income	\$ 83 388 137	\$ 83 427 159	\$ 82 498 814

See accompanying notes to financial statements

# STATEMENT OF CHANGES IN CASH RESOURCES

Year ended March 31		
	1997	1996
Cash from Operations		
Net income	\$ 83 427 159	\$ 82 498 814
Items not involving cash:		
Depreciation and amortization	1 416 217	1 411 919
Pension amortization	493 752	493 750
Amortization of experience gains	(129 000)	(129 000)
(Gain) loss on sale of property, plant, and equipment	(91 826)	98 353
Change in non-cash working capital	998 083	819 669
Increase in pension liability	203 936	197 991
Cash available from operations	86 318 321	85 391 496
Net Capital Investments		
Additions to property, plant, and equipment	(1 348 705)	(1 450 355)
Proceeds from sale of property, plant, and equipment	330 785	120 147
Net cash used for capital investments	(1 017 920)	(1 330 208)
Payments to the Province of New Brunswick	85 315 801	84 037 458
(Decrease) Increase in Cash	(15 400)	23 830
Cash at Beginning of Year	177 700	153 870
Cash at End of Year	\$ 162 300	\$ 177 700

See accompanying notes to financial statements

plant, and equipment

Sundry

Schedule of Sales						
Year ended March 31						
real effice match 51				Dudast	0.54	A . t. t
				Budget 1997	Actual	Actual
				1997	1997	1996
Spirits				\$ 64 093 685	\$ 61 669 259	\$ 62 429 105
Wine				19 585 344	20 966 461	19 705 322
Other beverages				3 296 181	4 441 027	3 459 964
Beer				148 199 290	146 762 852	147 057 436
			•			
			:	\$235 174 500	\$233 839 599	\$232 651 827
Schedule of Cost of Sales Year ended March 31						
, oa. 0,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			Other		1997	1996
	Spirits	Wine	beverages	Beer	Total	Total
Inventories at beginning of year	\$ 4 067 420	\$ 2847506	\$ 332 102	\$ 2361909	\$ 9 608 937	\$ 10 826 564
Purchases	12 143 387	8 015 324	2 257 965	86 985 994	109 402 670	107 998 158
Freight	548 401	530 600	83 509	87 752	1 250 262	1 187 706
Duty and sales tax	12 000 119	575 941	49 647	59 211	12 684 918	12 566 232
•	28 759 327	11 969 371	2 723 223	89 494 866	132 946 787	132 578 660
Inventories at end of year	4 223 463	2 635 794	369 460	2 277 858	9 506 575	9 608 937
-					<del></del>	
	\$ 24 535 864	\$ 9 333 577	\$ 2353763	\$ 87 217 008	\$123 440 212	\$122 969 723
Schedule of Other Income						
Year ended March 31				Budget	Actual	Actual
				1997	1997	1996
Merchandising programs				\$ 393 200	\$ 558 391	<b>\$</b> 465 371
Private importation revenue				93 468	68 284	106 924
Commission on collection of				93 400	00 204	100 924
Liquor Licensing Branch charges	•			89 000	88 994	89 417
Beer voucher administration fees	•			42 000	86 048	78 643
Claims for damage and breakage				45 000	40 083	70 284
Unredeemed beverage container deposits				48 072	47 864	48 214
Rentals				12 904	12 727	12 807
Subscriptions to sales reports				6 000	12 070	10 260
Handling charges on special events refunds				10 000	9 165	7 747
(Loss) gain on sale of property,				.0 000	0.00	, , -,,
miant and assissment				(470 500)	04.000	(00.050)

(478 538)

\$ 291 106

30 000

91 826

18 465

\$1 033 917

(98 353)

\$ 818 147

26 833

# Schedule of Operating Expenses Year ended March 31

	Budget 1997	Actual 1997	Actual 1996
Salaries - stores, warehouse and maintenance	\$ 10 809 465	\$ 11 054 107	\$ 11 187 446
- administration	2 294 813	2 036 882	2 387 507
Employee benefits	2 564 270	2 480 009	2 438 273
Rent	2 758 082	2 753 854	2 872 120
Heat and light	909 605	917 986	903 457
Depreciation and amortization	1 491 242	1 416 217	1 411 919
Training programs	89 925	70 450	90 540
Trucking	273 900	288 547	271 949
Repairs to property, plant, and equipment	309 094	304 901	308 913
Taxes	489 200	473 178	483 043
Minor equipment and supplies	385 156	365 455	355 561
Security	255 014	230 713	260 087
Retail automation system maintenance	92 336	123 942	129 260
Travel	204 453	192 050	265 495
Beverage container redemption costs	135 800	140 929	131 617
Shopping bags	137 969	153 094	137 861
Data processing	272 799	246 443	259 778
Telecommunications	266 155	304 957	291 742
Motor vehicle operation	18 143	26 958	23 597
Cleaning	162 787	133 244	141 703
Shortages	51 000	37 382	47 535
Management meetings	37 705	28 916	27 512
Postage	48 460	46 434	50 474
Professional services	74 032	86 436	74 086
Bank charges	141 270	227 101	173 931
Warehouse maintenance and supplies	26 900	34 920	16 121
Insurance	11 800	12 215	11 788
Advertising and promotions	38 250	35 475	32 360
Directors' remuneration	38 060	37 023	37 430
Other	52 645	45 601	65 382
	\$ 24 440 330	\$ 24 305 419	\$ 24 888 487

## NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 1997

#### General

This Crown Corporation is incorporated under the New Brunswick Liquor Corporation Act and its sole business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick.

#### Summary of Significant Accounting Policies

#### Inventories

Inventories of goods for resale are valued at cost, which is lower than net realizable value. Inventory of supplies is valued at cost.

#### **Deferred Pension Costs**

Deferred pension costs are being amortized on a straight-line basis over sixteen years.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line basis using the following annual rates:

Paving	10%
Buildings	2 1/2%
Furniture, fixtures and equipment	20%
Automotive equipment	20%
Retail automation equipment	10%
Refrigeration equipment	10%

Leasehold improvements are amortized on the straight-line basis over the original lease term.

#### Pension Liability

The cost of early retirement programs is charged to employee benefits in the years that the payments are actually made.

#### 1. Inventories

	1997	1996
Spirits, wine, other beverages and beer	\$ 9 506 575	\$ 9 608 937
Supplies	139 387	138 839
	\$ 9 645 962	\$ 9 747 776

#### 2. Property, Plant and Equipment

		Accumulated	1997	1996
	Cost	Depreciation	Net	Net
Land	\$ 276 161		\$ 276 161	\$ 279 968
Paving	424 076	362 342	61 734	90 950
Buildings	10 883 666	5 973 351	4 910 315	5 189 360
Leasehold improvements	3 317 388	2 417 445	899 943	993 964
Furniture, fixtures and equipment	5 314 624	4 671 388	643 236	643 995
Automotive equipment	163 177	116 892	46 285	40 231
Retail automation equipment	3 408 066	2 385 017	1 023 049	640 768
Refrigeration equipment	3 376 178	1 507 442	1 868 736	2 156 694
	\$27 163 336	<u>\$17 433 877</u>	\$ 9 729 459	\$10 035 930

Depreciation and amortization for the year is \$1 416 217; 1996 \$1 411 919. Net property, plant and equipment additions for the year are \$576 223; 1996 \$763 666.

#### 3. Pension Liability

The employees of the New Brunswick Liquor Corporation belong to the New Brunswick Public Service Superannuation Plan, a multi-employer, defined benefit pension plan.

Pursuant to a regulation under the Public Service Superannuation Act (NB), the New Brunswick Liquor Corporation will contribute, until such time as the benefits are fully funded, sufficient amounts into the pension trust fund to amortize \$7 900 000 of the pension liability. The amortization period is estimated to be twenty-five years. The pension liability, which bears interest at 8.16% per year, is payable in annual installments. The amount payable in 1998 is \$468 840 and increases each year at the rate of of the Consumer Price Index plus 2%, maturing March 2016.

	1997	1990
Pension liability	\$7 409 366	<u>\$7 334 430</u>

Since the annual payment will be insufficient to pay the interest until 2005, the pension liability will increase in each of the next five years approximately as follows:

1998	\$ 191 963
1999	177 153
2000	159 153
2001	137 575
2002	111 988

Actuarial valuations of the Public Service Superannuation Plan were completed as at April 1, 1992 and 1993. These valuations identified experience gains as a result of a reduction in accrued benefit obligations and an increase in pension asset values. As at March 31, 1997 the Corporation has realized \$688 700 of these experience gains; 1996 \$559 700. Experience gains are being amortized over the estimated remaining service life of active contributors. The unamortized portion of experience gains as at March 31, 1997 is \$1 376 650; 1996 \$1 505 650. Subsequent to the April 1, 1993 actuarial study, further experience gains have been realized in pension asset values. The Corporation's portion is in excess of \$4 000 000. None of the experience gains identified subsequent to the April 1, 1993 valuation have been recorded.

An actuarial valuation to update the status of the pension liability under the Public Service Superannuation Plan is scheduled to be carried out during the 1997-1998 fiscal year.

The pension expense of \$1 008 913; 1996 \$992 527 includes the amortization of past service costs, interest costs and experience gains realized.

# 4. Prior Period Adjustment

The pension liability as at March 31, 1996 has been decreased by \$559 700 to reflect the Corporation's portion of experience gains relating to the Public Service Superannuation Plan. As well, the equity of the Province of New Brunswick as at April 1, 1995 has been increased by \$430 700, and net income for the year ended March 31, 1996 increased by \$129 000.

### 5. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 1998 and 2007. Certain of these operating leases contain renewal options at the end of the initial lease term. The following is a schedule, by years, of future minimum lease payments required under operating leases that have, as of March 31, 1997, initial lease terms in excess of one year:

1998	\$ 2 368 156
1999	1 963 818
2000	1 808 161
2001	1 578 298
2002	1 119 919
2003 to 2007	2 928 279
	\$ 11 766 631

During the 1995-1996 fiscal year, the Corporation signed a contract with Impletech International Incorporated to provide computer hardware, software and services for a new retail system. At March 31, 1997, the Corporation had advanced progress payments of \$214 000 of the total contract commitment of \$2 900 000.

### 6. Total Sales

Total sales reported include sales to retail customers, licensed establishments, and agency stores. These amounts do not include subsequent resale by licensed establishments and agency stores.

# 7. Comparative Figures

Certain 1996 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1997.

FINANCIAL STATEMENTS

New Brunswick
Municipal Finance Corporation

**31 DECEMBER 1996** 

Office of the Auditor General Bureau du vérificateur général



# **AUDITOR'S REPORT**

To the Board of Directors

New Brunswick Municipal Finance Corporation

I have audited the balance sheet of the New Brunswick Municipal Finance Corporation as at 31 December 1996 and the statements of income and retained earnings and changes in financial position 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 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 December 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

KD Robinson

Fredericton, N. B. 14 April 1997

# NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION BALANCE SHEET 31 DECEMBER 1996

ASSETS	1996	1995
Cash and short-term investments	\$ 665,750	•
Accrued interest receivable from municipalities  Loans to municipalities (Note 2)	4,081,128 303,058,000	
Zodilo to manisipandos (visto 2)	\$ 307,804,878	
LIANU ITIES AND DETAINED EARNINGS		
LIABILITIES AND RETAINED EARNINGS	<b></b>	<b>6</b> 2.000
Accounts payable	\$ 6,864 4,081,128	•
Accounts payable Accrued interest payable on debenture debt	\$ 6,864 4,081,128 303,058,000	3,843,987
Accounts payable	4,081,128	3,843,987 287,341,000
Accounts payable Accrued interest payable on debenture debt	4,081,128 303,058,000	3,843,987 287,341,000 291,187,987

Approved by the Board

Director

Director

# NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 1996

	1996	1995
REVENUE		
Interest from municipalities	\$ 25,657,737	\$ 25,436,457
Retained for debenture issue expenses	86,457	83,964
Investment income	34,678	46,562
	25,778,872	25,566,983
EXPENDITURE		
Interest on debentures	25,657,737	25,436,457
Other expenses	106,521	97,783
	25,764,258	25,534,240
NET INCOME	14,614	32,743
Retained earnings, beginning of year	644,272	611,529
RETAINED EARNINGS, end of year	\$ 658,886	\$ 644,272

# NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DEGEMBER 1996

Operations:         Net income for the year       \$ 14,614       \$ 32,743         Add (deduct)       Funds retained for debenture issue expenses       (86,457)       (83,964)         Decrease (increase) in non-cash components of working capital       3,864       (17,000)         (67,979)       (68,221)         Financing activities:         Proceeds on sale of debentures       57,049,028       52,290,672         Principal paid on debenture debt       (41,921,000)       (41,139,000)         Investing activities:       Loans to municipalities       (56,962,571)       (52,206,708)         Principal repayments made by municipalities       (15,041,571)       (11,067,708)         INCREASE IN CASH       18,478       15,743         Cash position, beginning of year       647,272       631,529         CASH POSITION, end of year       \$ 665,750       \$ 647,272	CASH PROVIDED BY (USED FOR):		1996		1995
Add (deduct) Funds retained for debenture issue expenses Decrease (increase) in non-cash components of working capital Decrease (increase) in non-cash components of working capital  (67,979) (68,221)  Financing activities: Proceeds on sale of debentures Principal paid on debenture debt (41,921,000) (41,139,000) 15,128,028 11,151,672  Investing activities: Loans to municipalities Principal repayments made by municipalities (56,962,571) (52,206,708) Principal repayments made by municipalities (15,041,571) (11,067,708)  INCREASE IN CASH 18,478 15,743  Cash position, beginning of year 647,272 631,529	·				
Decrease (increase) in non-cash components of working capital   3,864 (17,000)   (67,979) (68,221)	· · · · · · · · · · · · · · · · · · ·	\$	14,614	\$	32,743
Financing activities:  Proceeds on sale of debentures Principal paid on debenture debt  Investing activities:  Loans to municipalities Principal repayments made by municipalities  INCREASE IN CASH  Cash position, beginning of year  (68,221)  (68,221)  (68,221)  (68,221)  (70,049,028	·		( 86,457)		(83,964)
Financing activities:  Proceeds on sale of debentures Principal paid on debenture debt  Investing activities:  Loans to municipalities Principal repayments made by municipalities  INCREASE IN CASH  Cash position, beginning of year  57,049,028 52,290,672 (41,921,000) (41,139,000) (57,049,028 52,290,672 (41,921,000) (41,139,000) (56,962,571) (52,206,708) 41,139,000 (15,041,571) (11,067,708)	Decrease (increase) in non-cash components of working capital		3,864		( 17,000)
Proceeds on sale of debentures       57,049,028       52,290,672         Principal paid on debenture debt       (41,921,000)       (41,139,000)         15,128,028       11,151,672         Investing activities:       (56,962,571)       (52,206,708)         Principal repayments made by municipalities       41,921,000       41,139,000         (15,041,571)       (11,067,708)         INCREASE IN CASH       18,478       15,743         Cash position, beginning of year       647,272       631,529			( 67,979)		( 68,221)
Principal paid on debenture debt  (41,921,000) (41,139,000)  15,128,028 11,151,672  Investing activities:  Loans to municipalities  Principal repayments made by municipalities  (56,962,571) (52,206,708)  41,921,000 41,139,000  (15,041,571) (11,067,708)  INCREASE IN CASH  18,478 15,743  Cash position, beginning of year 647,272 631,529	Financing activities:				
Investing activities:  Loans to municipalities  Principal repayments made by municipalities  INCREASE IN CASH  Cash position, beginning of year  15,128,028  11,151,672  (52,206,708)  41,921,000  41,139,000  (15,041,571)  (11,067,708)  18,478  15,743	Proceeds on sale of debentures	5	7,049,028	5	52,290,672
Investing activities:  Loans to municipalities  Principal repayments made by municipalities  INCREASE IN CASH  Cash position, beginning of year  (56,962,571) (52,206,708) 41,139,000 (15,041,571) (11,067,708)  18,478 15,743	Principal paid on debenture debt	(4	1,921,000)	(4	11,139,000)
Loans to municipalities       (56,962,571)       (52,206,708)         Principal repayments made by municipalities       41,921,000       41,139,000         (15,041,571)       (11,067,708)         INCREASE IN CASH       18,478       15,743         Cash position, beginning of year       647,272       631,529		1	5,128,028	1	11,151,672
Principal repayments made by municipalities         41,921,000 (15,041,571)         41,139,000 (11,067,708)           INCREASE IN CASH         18,478 (15,743)         15,743           Cash position, beginning of year         647,272 (631,529)	Investing activities:				
INCREASE IN CASH       18,478       15,743         Cash position, beginning of year       647,272       631,529	·	( 5	6,962,571)	( 5	52,206,708)
INCREASE IN CASH         18,478         15,743           Cash position, beginning of year         647,272         631,529	Principal repayments made by municipalities	4	1,921,000		1,139,000
Cash position, beginning of year 647,272 631,529		_(1	5,041,571)	( 1	11,067,708)
Cash position, beginning of year 647,272 631,529					
	INCREASE IN CASH		18,478		15,743
<b>CASH POSITION,</b> end of year \$ 665,750 \$ 647,272	Cash position, beginning of year	****	647,272		631,529
	CASH POSITION, end of year	\$	665,750	\$	647,272

# NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

# 1. Summary of significant accounting policies

The Corporation was established under the New Brunswick Municipal Finance Corporation Act which came into force on 1 February 1983. The purpose of the Corporation is to provide financing for municipalities and municipal enterprises through a central borrowing authority.

Loans to municipalities and debenture debt are recorded at par value. Any discount or premium arising on the issuance of debenture debt is transferred to the municipality, and accounted for in their financial statements.

# 2. Loans to municipalities

- (a) Loans to municipalities are made on the security of their debentures due in annual instalments for periods up to a maximum of fifteen years.
- (b) The terms of the loans to municipalities are identical to those on the debenture debt outstanding.

# NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 1996

# 3. Debenture debt

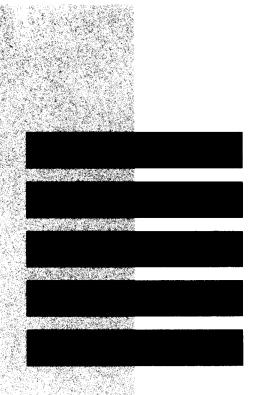
(a) The following debenture debt outstanding at 31 December 1996 is in Canadian funds and is fully guaranteed by the Province of New Brunswick.

<u>Series</u>	Date of <u>Issue</u>	Maturity Date	Interest Rates	Original <u>Amount</u>	<u>C</u>	outstanding
"A"	16 May 1983	16 May 1984 to 1998	10 3/4 to 12%	\$ 16,781,000	\$	1,167,000
"B"	15 Dec. 1983	15 Dec. 1984 to 1998	9 3/4 to 12 1/4%	25,961,000		2,119,000
"H"	01 Dec. 1986	01 Dec. 1987 to 2001	9 to 10 1/8%	18,610,000		2,145,000
"1"	30 July 1987	30 July 1988 to 1997	9 to 9 3/4%	10,155,000		1,308,000
* "J"	22 Dec. 1987	22 Dec. 1988 to 1997	9 1/2 to 10 1/2%	19,860,000		2,430,000
"K"	22 June 1988	22 June 1989 to 1998	9 1/2 to 10 3/4%	13,183,000		3,933,000
* "L"	24 Nov. 1988	24 Nov. 1989 to 1998	10 1/4 to 10 1/2%	18,156,000		4,464,000
"M"	29 June 1989	29 June 1990 to 1999	10 1/4 to 10 7/8%	9,753,000		4,124,000
* "N"	23 Nov. 1989	23 Nov. 1990 to 1999	10 1/4 to 10 1/2%	36,948,000		14,544,000
* "O"	22 Aug. 1990	22 Aug. 1991 to 2000	11 1/2 to 12 3/4%	8,989,000		5,025,000
* "P"	11 Dec. 1990	11 Dec. 1991 to 2000	11 1/2 to 11 3/4%	29,344,000		14,398,000
* "Q"	27 June 1991	27 June 1992 to 2001	9 1/4 to 10 5/8%	17,947,000		10,552,000
"R"	16 Dec. 1991	16 Dec. 1992 to 2001	7 3/8 to 9 3/8%	35,221,000		19,704,000
"S"	14 July 1992	14 July 1993 to 2002	6 1/2 to 9%	24,076,000		15,731,000
* "T"	30 Dec. 1992	30 Dec. 1993 to 2002	7 1/2 to 8 7/8%	22,171,000		15,439,000
"U"	29 July 1993	29 July 1994 to 2008	5 1/2 to 8 3/8%	34,442,000		24,437,000
"V"	23 Dec. 1993	23 Dec. 1994 to 2003	4 3/4 to 7 1/2%	23,856,000		18,002,000
* "W"	09 Aug. 1994	09 Aug. 1995 to 2004	8 to 9 3/4%	30,860,000		25,303,000
* "X"	21 Dec. 1994	21 Dec. 1995 to 2004	7 1/4 to 9 1/2%	14,243,000		12,038,000
"Y"	07 June 1995	07 June 1996 to 2005	7 1/8 to 8 1/8%	13,611,000		12,730,000
* "Z"	20 Dec. 1995	20 Dec. 1996 to 2005	6 1/4 to 7 7/8%	39,032,000		35,827,000
"AA"	24 July 1996	24 July 1997 to 2006	5 5/8 to 7 7/8%	19,028,000		19,028,000
"AB"	02 Dec 1996	02 Dec 1997 to 2006	3 5/8 to 6 5/8%	38,610,000		38,610,000
	•			\$ 520,837,000	\$	303,058,000

<sup>\*</sup> These debentures were sold directly to funds administered by the Province of New Brunswick.

(b) Principal payments due in each of the next five years are:

1997	\$45,079,000
1998	\$44,479,000
1999	\$42,690,000
2000	\$38,354,000
2001	\$33,060,000



FINANCIAL STATEMENTS

THE NEW BRUNSWICK MUSEUM

March 31, 1997



# **AUDITORS' REPORT**

To the Directors of
The New Brunswick Museum

We have audited the balance sheets of **The New Brunswick Museum** as at March 31, 1997 and the related statements of financial operations and fund balances for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with 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 Museum as at March 31, 1997 and the results of its operations and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Saint John, Canada, May 31, 1997.

**Chartered Accountants** 

Ernst & Young

# OPERATING FUND BALANCE SHEET

# As at March 31

	1997 \$	1996 \$
ASSETS		
Cash	183,353	4,452
Short-term investments [note 2]	35,000	950,162
Accounts receivable	48,018	102,225
Prepaid expenses	6,073	
Inventory	62,879	39,851
Due from the New Brunswick Museum Foundation Inc.	20,366	269,907
Due from Endowment Fund	13,300	17,577
	368,989	1,384,174
Property, equipment and accessions	2	2
	368,991	1,384,176
LIABILITIES AND FUND BALANCES		
Accounts payable and accrued liabilities	144,480	328,668
Term loan [note 4]	400,000	
Due to Province of New Brunswick	<del></del>	752,297
	544,480	1,080,965
Fund balances		
General operations	11,307	10,908
Market Square [note 5]	(567,011)	(90,123)
Restricted activities [note 6]	380,215	382,426
	(175,489)	303,211
	368,991	1,384,176

See accompanying notes

On behalf of the Board:

Director

Richard Olone

Director

# OPERATING FUND STATEMENT OF FINANCIAL OPERATIONS AND FUND BALANCES

# Year ended March 31

	General operations \$	Market Square \$	Restricted activities \$	1997 \$	1996 \$
Revenue					······
Grants					
Provincial	1,485,900	_	93,785	1,579,685	1,468,542
Federal	<del>_</del>		38,543	38,543	732,448
Municipal	23,400		<del>-</del>	23,400	23,400
Dept. of Canadian Heritage	60,000			60,000	60,000
Investment income	5,565		_	5,565	69,960
Endowment fund	57,719		_	57,719	71,245
Museum services [note 7]	161,223	<del></del>	1,570	162,793	15,707
Donations	14,261	331,360	3,966	349,587	563,703
GST Refund [note 8]	52,037	16,864	35,364	104,265	505,705
	1,860,105	348,224	173,228	2,381,557	3,005,005
Expenditures					
Salaries and benefits	1,317,155	136,648	84,356	1,538,159	1,510,236
Materials, supplies and services	508,484	572,630	57,542	1,138,656	813,842
Capital Cost	_		· <del>_</del>	· · · —	498,324
Equipment and acquisitions	29,030	115,834	38,578	183,442	414,530
Contribution to restricted projects	5,037	,	(5,037)	_	_
	1,859,706	825,112	175,439	2,860,257	3,236,932
Excess (deficiency) of revenues					
over expenditures	399	(476,888)	(2,211)	(478,700)	(231,927)
Fund balance, beginning of year	10,908	(90,123)	382,426	303,211	535,138
Fund balance, end of year	11,307	(567,011)	380,215	(175,489)	303,211

See accompanying notes

# ENDOWMENT FUND BALANCE SHEET

# As at March 31

	1997	1996
	<u> </u>	\$
ASSETS		
Cash	6,609	1,697
Accounts receivable	7,720	8,187
Investments [note 3]	536,812	472,531
	551,141	482,415
LIABILITIES AND FUND BALANCES		
Due to Operating Fund	13,300	17,577
Fund balances	537,841	464,838
	551,141	482,415

See accompanying notes

On behalf of the Board:

Director

Richard Olina

Director

# ENDOWMENT FUND STATEMENT OF FINANCIAL OPERATIONS AND FUND BALANCE

# Year ended March 31

	1997	1996
	\$	<u> </u>
Revenue		
Investment income	41,453	41,833
Webster Foundation	41,150	52,200
Gain on Sale of Investments [note 3]	71,511	· —
Donations	2,100	1,924
	156,214	95,957
Expenses		
Acquisitions	24,239	35,444
Scholarships	1,253	2,250
	25,492	37,694
Net surplus	130,722	58,263
Fund balance, beginning of year	464,838	477,820
Fund balance before transfers	595,560	536,083
Transfer to Operating Fund - General Operations	57,719	71,245
Fund balance, end of year	537,841	464,838

See accompanying notes

The Endowment Fund consists of the following:

The Courtney Fund
The Alice Lusk Webster Fund
The Patterson Fund
Christie Trust
Matthew Trust
General Endowment Funds

# NOTES TO FINANCIAL STATEMENTS

March 31, 1997

The New Brunswick Museum is incorporated under the laws of the Province of New Brunswick to preserve and present the natural and human history of New Brunswick and of other related regions. To this end, the Museum collects, preserves, researches and interprets objects which tell the story of New Brunswick, and develops exhibits and public programs on these and related topics for the education and enjoyment of the public. This is done in a manner which fully represents the province's two linguistic and cultural communities, aboriginal peoples and other cultural groups.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with generally accepted accounting principles, the more significant of which are outlined below.

#### (a) Financial statement presentation

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors or various funding authorities. Transfers between funds are made when it is considered appropriate and authorized by the Board of Directors. Certain of the comparative amounts have been reclassified to conform with the current year presentation. For financial reporting purposes, the accounts have been classified into the following two groupings:

### Operating Fund

This fund reflects the day-to-day operating transactions of the Museum. It also includes amounts received by the Museum which are designated to be restricted to certain expenditures of an operating nature. Such restricted activities include the following:

Grants — Amounts received from various governments and private agencies to finance specific projects.

Department of Canadian Heritage — Amounts received from the Federal Museum's Assistance Program to finance activities which increase public accessibility. This includes special event programs, education programs, and advisory services.

Bequests and donations — Amounts received from sources which place specific restrictions on their use.

Market Square Project — The Market Square expansion is a significant project which has been accounted for separately.

# NOTES TO FINANCIAL STATEMENTS

March 31, 1997

# 1. SIGNIFICANT ACCOUNTING POLICIES [Continued]

Project reserves — Amounts restricted by management for exhibitions and gallery upgrades. This also includes funds received from activities of the staff in the curatorial departments to assist in financing specific project expenditures.

Webster Foundation — Contributions from the Webster Foundation are applied toward acquisitions and the general operations of certain projects.

#### Endowment Fund

This includes amounts held for the long-term benefit of the Museum. Investment income earned on certain endowment funds is unrestricted and accordingly is transferred to the operating fund.

#### (b) Investments

Investments purchased by the Museum are valued at cost, and investments donated to the Museum are valued at fair market value at the date of receipt. Investment income is recognized as earned.

### (c) Inventory

Inventory consisting of publications and items held for resale is valued at the lower of cost and net realizable value determined on a first-in, first-out basis and includes publications. Government grants received for the publishing of certain books are applied against the publishing costs.

### (d) Property, equipment and accessions

Property, equipment and accessions acquired by the Museum are carried on the balance sheet at a nominal value. Items purchased by the Museum are expensed in the year of acquisition.

# (e) Government and private grants

Government and private grants for current operations and capital acquisitions are recognized as revenue in the year of receipt.

# NOTES TO FINANCIAL STATEMENTS

March 31, 1997

#### 2. SHORT-TERM INVESTMENTS

The short-term investments included in the Operating Fund are comprised of the following:

	1997		1	1996	
	Cost \$	Market Value \$	Cost \$	Market Value \$	
Treasury bills			893,050	893,050	
GIC's	35,000	35,000	57,112	57,112	
	35,000	35,000	950,162	950,162	

#### 3. INVESTMENTS

The investments included in the Endowment Fund are comprised of the following:

	1997		1	1996
	Cost \$	Market Value \$	Cost \$	Market Value \$
Bonds GIC's	275,597 164,583	297,775 163,961	276,923 169,583	288,946 170,858
Treasury bills Equity	76,679 19,953	76,716 292,388	26,025	229,688
	536,812	830,840	472,531	689,492

In accordance with the investment policy of the Museum, during the year certain equity investments were disposed of and a net gain of \$71,511 was realized for the benefit of the Museum.

# 4. FINANCING

On March 14, 1996, a five year term loan facility of \$1,300,000 was established with a chartered bank at a rate of 7.8% to fund the Market Square project. The loan will be repaid from the proceeds of pledges to the New Brunswick Museum Foundation capital campaign as they are received. Interest is payable monthly.

# NOTES TO FINANCIAL STATEMENTS

March 31, 1997

# 5. MARKET SQUARE PROJECT

The Museum has contractual commitments from the Government of Canada, the Province of New Brunswick and the City of Saint John for assistance allowing for an expansion of the Museum's public operations, primarily at the Market Square complex in Saint John. The project was substantially completed and the facility opened on April 27, 1996.

The Museum enhanced the project primarily in the exhibit galleries with a commitment of \$1,900,000. As at May 31, 1997 the New Brunswick Museum Foundation has received pledges in total through a capital campaign of \$1,933,050 of which \$1,014,588 has been received in cash.

#### 6. RESTRICTED FUNDS

For projects underway at year-end, excess funds or over expenditures are contained in the restricted fund balance. Any residual surplus or deficit on completed projects is transferred to the operating fund as income or expense of the period. Typically, these amounts are nominal.

A summary of the changes in the various restricted fund balances for fiscal 1997 is as follows:

	Balance, beginning of year \$	Revenue \$	Expenditures \$	Balance, end of year \$
Grants	158,570	132,328	143,314	147,584
Bequests and donations	34,339	3,966	30,573	7,732
Projects	181,231	83,934	48,552	216,613
Webster Foundation	8,286			8,286
Total Restricted Funds	382,426	220,228	222,439	380,215

### 7. MUSEUM SERVICES

Museum Services consist of revenue from general operations, including the Gift Shop, membership, and admissions. Gift Shop revenue is included on a net basis since the revenue and expenditures are directly related. The total revenues and expenditures are as follows:

	1997 \$	1996 \$
Revenue	279,962	155,915
Expenditures	117,169	140,208
	162,793	15,707

# NOTES TO FINANCIAL STATEMENTS

March 31, 1997

# 8. GST REFUND

During the year, the Museum applied for a reclassification of its' status under the Excise Tax Act which was approved by Revenue Canada. Accordingly the Museum received a refund of prior years GST in the amount of \$104,265 which was recorded as revenue in the current period.

# 9. INCOME TAXES

The Museum is registered as a charitable organization under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Museum must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

# OPERATING FUND SCHEDULE OF GENERAL OPERATIONS

# Year ended March 31

	1997	1996
	<u> </u>	
Revenue		
Grants		
Provincial	1,485,900	1,429,140
Municipal	23,400	23,400
Department of Canadian Heritage	60,000	60,000
Investment income	5,565	24,960
Endowment fund	57,719	19,045
Museum services	161,223	13,014
Donations	14,261	1,775
GST Refund	52,037	, <u></u>
	1,860,105	1,571,334
Expenditures		
Salaries and benefits	1,317,155	1,118,493
Materials, supplies and services	508,484	359,094
Equipment and acquisitions	29,030	41,702
Contribution to restricted projects	5,037	50,504
	1,859,706	1,569,793
Excess of revenues over expenditures	399	1,541
Fund balance, beginning of year	10,908	9,367
Fund balance, end of year	11,307	10,908

# FINANCIAL STATEMENTS NEW BRUNSWICK POWER CORPORATION

31 MARCH 1997



# Deloitte & Touche Chartered Accountants

Suite 630 77 Westmorland Street Fredericton, New Brunswick E38 6Z3 Telephone: (506) 458-8105 Telecopier: (506) 450-8126

### **AUDITORS' REPORT**

The Honourable Marilyn Trenholme Counsell, MD Lieutenant-Governor of New Brunswick Fredericton, New Brunswick

### Madam:

We have audited the consolidated balance sheet of New Brunswick Power Corporation as at March 31, 1997 and the consolidated statements of income, earnings invested in the business, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Deloite & Southe

May 23, 1997

Deloitte Touche Tohmatsu International

# NEW BRUNSWICK POWER CORPORATION CONSOLIDATED STATEMENT OF INCOME

year ended March 31, 1997 (in thousands of dollars)

	19	97	19	996
REVENUES				
Sales of power (Note 3) In-province	\$ 825,309		\$801,489	
Out-of-province	181,562		186,888	
Miscellaneous	30,196		29,688	
		1,037,067		1,018,065
EXPENDITURES				
Purchased power	117,262		149,225	
Fuel .	214,897		208,119	
Operation, maintenance and administration	262,340		269,822	
Early retirement programs  Depreciation, amortization and	4,299		10,968	
decommissioning (Note 4)	184,007		143,027	
	***************************************	782,805		781,161
Income before finance charges		254,262		236,904
Finance charges (Note 5)		341,649		299,922
I am hafara tha fallawing		87,387		63,018
Loss before the following		01,301		00,010
Transfer from generation equalization account (Note 2	2)	32,865		49,297
Transfer from fuel channel removal account (Note 6)		35,112		21,946
NET INCOME (LOSS) FOR THE YEAR		\$ (19,410)		\$ 8,225



# NEW BRUNSWICK POWER CORPORATION CONSOLIDATED STATEMENT OF EARNINGS INVESTED IN THE BUSINESS

year ended March 31, 1997 (in thousands of dollars)

	1997	1996
Balance, beginning of year	\$ 465,941	\$ 457,716
Net income (loss) for the year	(19,410)	8,225
Balance, end of year	\$ 446,531	\$ 465,941



# NEW BRUNSWICK POWER CORPORATION CONSOLIDATED BALANCE SHEET

as at March 31, 1997 (in thousands of dollars)

	1997	1996
PROPERTY, PLANT AND EQUIPMENT (Note 7)		
Land, buildings, plant and equipment, at cost Accumulated depreciation Construction-in-progress	\$ 5,559,616 (1,762,192) 20,299 3,817,723	\$ 5,490,287 (1,602,590) 38,797 3,926,494
LONG-TERM ASSETS		
Conservation and electrical improvement loans Sinking fund investments	3,966 57,066 61,032	4,723 110,070 114,793
CURRENT ASSETS		
Cash and short-term investments Accounts receivable Sinking fund investments Materials, supplies and fuel Prepaid expenses	15,039 170,519 - 83,586 	35,464 157,325 40,842 109,395 5,838 348,864
DEFERRED CHARGES		
Unrealized foreign exchange differences, less amounts amortized (Note 8) Debenture and note discount and issue expenses, less amounts amortized Other deferred charges (Note 2)	100,601 33,281 - 133.882 \$ 4,286,923	95,312 37,230 4,724 137,266 \$ 4,527,417

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION

Chairman ----

)irector

# NEW BRUNSWICK POWER CORPORATION CONSOLIDATED BALANCE SHEET

as at March 31, 1997 (in thousands of dollars)

	1997	1996
LONG-TERM DEBT (Note 9)		
Debentures and other loans Less: sinking funds	\$ 3,437,287 266,960 3,170,327	\$ 3,495,915 212,536 3,283,379
CURRENT LIABILITIES		
Short-term indebtedness (Note 10) Accounts payable and accruals Accrued interest Current portion of long-term debt (Note 9)	111,149 110,287 88,199 134,124 443,759	124,202 105,637 94,666 169,747
DEFERRED LIABILITIES		
Generation equalization account (Note 2) Irradiated fuel management and plant decommissioning (Note 11) Fuel channel removal (Note 6) Other (Note 12)	172,279 30,723 23,304 226,306	32,865 159,195 65,835 25,950 283,845
EQUITY		
Earnings invested in the business	\$ 4,286,923	465,941 \$ 4,527,417



# NEW BRUNSWICK POWER CORPORATION CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

year ended March 31, 1997 (in thousands of dollars)

	1997	1996
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
OPERATING		
Net income (loss) for the year Amounts charged or credited to operations not	\$ (19,410)	\$ 8,225
requiring a current cash payment (Note 13)	148,439 129,029	115,233 123,458
Net change in non-cash working capital balances	2,666	(11,170)
	131,695	112,288
FINANCING		
Debt retirements Sinking fund payments Long-term debt obligations issued	(61,463) (78,175) 69,688 (69,950)	(80,447) (78,594) 320,135 161,094
INVESTING		
Expenditure on property, plant and equipment Amounts financed by customer contributions and	(72,574)	(167,510)
proceeds on disposal of property, plant and equipment	3,457 (69,117)	3,106 (164,404)
NET CASH INFLOW (OUTFLOW)	(7,372)	108,978
CASH POSITION, BEGINNING OF YEAR	(88,738)	(197,716)
CASH POSITION, END OF YEAR	\$ (96,110)	\$ (88,738)
Represented by Cash and short-term investments Short-term indebtedness	\$ 15,039 (111,149) \$ (96,110)	\$ 35,464 (124,202) \$ (88,738)



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The New Brunswick Power Corporation ("the Corporation"), established in 1920 as a Crown Corporation of the Province of New Brunswick by enactment of the New Brunswick Electric Power Act, has a corporate mission to provide for the continuous supply of energy adequate for the needs and future development of the Province and to promote economy and efficiency in the generation, distribution, supply, sale and use of power.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles appropriate for a rate-regulated entity, applied on a basis consistent with that of the preceding year. The financial statements include the accounts of the Corporation and those of its wholly owned subsidiary, N.B. Coal Limited (N.B.Coal).

### a. Regulation

The Corporation is regulated under a price cap system. Annual average rate increases greater than three percent, or the Consumer Price Index, whichever is higher, require regulatory review and approval by the Board of Commissioners of Public Utilities of the Province of New Brunswick (Public Utilities Board).

#### b. Property, plant and equipment

The cost of additions to property, plant and equipment is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses, less credits for the value of power generated during commissioning. Administration and other expenses are capitalized during construction by applying a portion of such overheads to direct construction costs incurred each month. Certain training costs associated with the development of new facilities and costs of major maintenance activities which occur infrequently over the lives of related assets are also capitalized.

Interest during construction is capitalized monthly based on the cost of long-term borrowings. When assets are taken out of service for extended periods of time for refurbishment, interest during construction is charged based on the net book value of the asset concerned.

Costs incurred for conservation and energy management, including interest capitalized on programs with long-term benefits, are included as a separate category of property, plant and equipment.

Contributions in aid of construction include amounts received from customers as well as research and development grants in respect of new facilities and are netted against the cost of plant financed thereby. Amounts received from customers are being amortized over the estimated service lives of the related assets, and the resulting credit is offset against the corresponding provision for depreciation.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### b. Property, plant and equipment (continued)

The cost of distribution assets retired, net of dismantlement and salvage, is charged to accumulated depreciation. For all other property, plant and equipment disposed of, the cost and accumulated depreciation is written out of the accounts with the gain or loss on disposal being charged to operations.

Depreciation is provided for all assets sufficient to amortize the cost of such assets, less estimated salvage value over their estimated service lives. The estimated service lives of fixed assets are periodically reviewed and any changes are applied prospectively. Depreciation is suspended when assets are taken out of service for extended periods for refurbishment. The nuclear generating station is depreciated using an escalating charge method with annual increases of three percent. Depreciation is provided on certain mining equipment on an increasing charge basis, the depreciation amount being based on the amount of related debt retirement required during the year. All other assets are depreciated on a straight-line basis. Depreciation is provided on the net cost of property, plant and equipment in respect of which grants have been provided.

The main categories of property, plant and equipment have estimated service lives as follows:

Assets	Years
Hydro Generating Stations	100
Thermal Generating Stations	35
Nuclear Generating Station	31
Combustion Turbine Generating Stations	25
Terminals and Substations	40
Transmission System	35 to 55
Distribution System	10 to 35
Buildings	
- General	40
- Head Office	50
Mining Equipment	20 to 25

Each asset category includes components which are depreciated over service lives shorter than their related main asset categories.

#### c. Inventories

Inventories of materials and supplies, oil and coal are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method. Coal inventory includes the costs of direct labour and overheads.

#### d. Debenture and note discounts and premiums, and issue expenses

The Corporation amortizes debenture and note discounts and premiums and the expenses of issues over the lives of the issues to which they pertain.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e. Foreign exchange transactions

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at rates of exchange prevailing at the balance sheet date except where such items have been hedged by the acquisition of a forward exchange contract, in which case the rate established by the terms of the contract is used in the translation. Unrealized losses or gains arising on translation of long-term items are amortized to income on a straight-line basis over the remaining life of the related monetary assets or liabilities, except that amounts associated with the financing of major construction projects still in progress are deferred until the project is completed before being amortized over the then remaining life of the related monetary liabilities. The unamortized balance of the deferred exchange gains or losses is accumulated in an unrealized foreign exchange account which is shown on the balance sheet under deferred charges.

Exchange gains or losses resulting from transactions affecting current operations are reflected in income as realized.

### f. Financial instruments

# Long-term debt

Long-term debt is recorded in the balance sheet at cost. The estimated fair value of long-term debt is disclosed in the notes to the financial statements using market values or estimates of market values based on debt with similar terms and maturities. The fair value estimated does not include costs that would be incurred to exchange or settle the debt.

### g. Revenue

Billings to residential and general service customers are rendered monthly on a cyclical basis. All other customers are billed at the end of each month. Revenue in respect of items not billed at the end of a fiscal period is estimated and accrued.

#### h. Irradiated fuel management and plant decommissioning

In order to provide for the estimated future costs of permanently disposing of irradiated nuclear fuel and decommissioning the nuclear generating station to return the site to a state of unrestricted use, the Corporation annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total costs of these future activities as they occur. The calculations of the anticipated future costs are based on a detailed study which takes into account various assumptions regarding the method and timing of dismantlement of the nuclear facility, the cost of transportation of nuclear material to permanent disposal facilities, and estimates of interest and inflation rates in the future. With respect to irradiated nuclear fuel, the annual charge is related to the amount of nuclear fuel consumed in each year while decommissioning requirements are charged on a straight-line basis over the life of the station.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

# 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

# h. Irradiated fuel management and plant decommissioning (continued)

Commencing in the year ended March 31, 1996, the Corporation is also providing through an annual charge to income, for the estimated future costs of decommissioning its thermal generating stations. The amount of the charge, when accumulated with interest, is intended to cover the total costs of decommissioning activities as they occur.

Amounts charged each year to cover these activities are accumulated in a deferred liability account, together with interest, compounded annually, on the total amounts collected. Interest is calculated at the Corporation's long-term borrowing rate and is charged to income annually.

Costs incurred on a current basis relating to irradiated fuel management and plant decommissioning are charged against the deferred liability account.

In view of potential developments in the technology of decommissioning and irradiated fuel management, and because of the various assumptions and estimates inherent in the calculations, the Corporation reviews such calculations periodically, making adjustments as necessary on a prospective basis.

# i. Pension plans

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan. This multi-employer plan provides pensions based on length of service and the average of the highest five consecutive years of earnings. The Corporation and its employees make contributions to the plan as prescribed in the Public Service Superannuation Act and its regulations. The Corporation's contributions, which are charged to income annually, comprise amounts for current service and payments to fund the Corporation's share of the Province's unfunded liability. These latter amounts were determined by the Province in 1991, based on an actuarial evaluation carried out as at March 31, 1989. These payments were estimated, when accumulated with interest at a rate specified by the Province, to fund the unfunded pension obligation over a 25 year period.

N.B. Coal maintains a contributory defined benefit pension plan for its employees. Pension costs are actuarially determined each year using the projected benefit method pro-rated on service and management's best estimate assumptions. Adjustments arising from plan amendments, experience gains and losses, changes in actuarial assumptions and the difference between the actuarial present value of accrued pension obligations and the market related value of pension assets are amortized on a straight-line basis over the expected average remaining service lives of the respective employee group.

#### j. Early retirement programs

The total cost of such programs is charged to income in the year the program is initiated, irrespective of when payments are actually made.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

# 2. CHANGES IN ACCOUNTING POLICIES

### a. Dismantling and salvage on distribution assets

Effective April 1, 1996, salvage, net of the cost of dismantlement, on distribution assets removed from service, is being credited to accumulated depreciation. These amounts were previously recorded in the income statement. This change has resulted in a credit to accumulated depreciation rather than operations for the year ended March 31, 1997. A full assessment of the value of salvage credits has not been carried out because the amount is not material. The change has been made on a prospective basis.

# b. Changes from previous years

Effective April 1, 1994, the Corporation changed certain of its accounting policies on a prospective basis. The change was implemented over a three year period with respect to the following accounts:

### Generation equalization adjustment

The balance in the generation equalization account as at March 31, 1994, has been credited to income over three fiscal years, 50% in the year ended March 31, 1995, 30% in the year ended March 31, 1996, and 20% in the year ended March 31, 1997. The credit to income in the year ended March 31, 1997 amounted to \$32,865,000.

#### Deferred charges

The category of other deferred charges was eliminated from the balance sheet over a three year period ended March 31, 1997.

### 3. SALES

- a) Energy sales to the Province of New Brunswick and other government owned organizations are recorded at normal commercial rates.
- b) Out-of-province sales of power include \$97,013,000 (1996 \$99,352,000) to utilities in the United States. The price of these sales includes incremental fuel and operating costs plus a margin of net benefit to the Corporation.

# 4. DEPRECIATION, AMORTIZATION AND DECOMMISSIONING

	1997	1996
Depreciation expense	\$ 175,762	\$ 134,543
Amortization of deferred charges	5,463	4,812
Charges for decommissioning	2,782	2,632
Charges for fuel channel removal	•	1,040
	\$184,007	\$143,027



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 5. FINANCE CHARGES

	1997	1996
Interest expense - on debentures and other loans	\$332,559	\$ 345,106
- on deferred liabilities	16,983	20,717
	349,542	365,823
Less: Income from sinking funds and other investments	40,868	42,898
	308,674	322,925
Provincial government guarantee fee	22,032	21,758
Amortization of debenture discount and expense	4,260	4,609
Amortization of unrealized foreign exchange	9,521	11,842
	344,487	361,134
Less: Interest capitalized	2,838	61,212
	\$341,649	\$299,922

# 6. FUEL CHANNEL REMOVAL

In previous years, in anticipation of replacing fuel channels at the nuclear generating station, the Corporation provided for the estimated future cost of removing the fuel channels. In 1995 the Corporation determined that the fuel channels at the nuclear generating station will not require replacement until 2008 or later, and there is no current requirement for the fuel channel removal account.

Accordingly, the Corporation is eliminating the fuel channel removal liability account over a three year period commencing October 1, 1995. The balance in the account at that date, amounting to \$87,781,000, is being credited to income over a three year period, 50% in the first twelve months, 30% in the second twelve months and 20% in the third twelve months. An amount of \$35,112,000 has been credited to income in the year ended March 31, 1997 (1996 - \$21,946,000).



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year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

# 7. PROPERTY, PLANT AND EQUIPMENT

	1997		1996			
	Cost	Accumulated depreciation	Construction -in-progress	Cost	Accumulated depreciation	Construction -in-progress
Power generating stations (1)	\$4,116,747	\$ 1,197,360	\$ 5, <i>2</i> 63	\$ 4,071,316	\$1,072,190	\$ 31,496
Transmission					,	,
system	248,033	96,847	2,111	246,924	91,956	2,574
Substations	382,494	154,465	1,089	373,270	144,408	1,188
Distribution system	614,609	215,804	10,011	596,810	200,138	2,652
Other properties	57,880	21,727	11	57,119	19,006	49
Communications equipment	16,106	7,228	76	15,983	6,514	18
Mining equipment and related assets	73,987	36,368	-	74,064	35,007	
Motor vehicles and miscellaneous	71,179	41,905	1,670	75,025	42,021	731
equipment  Conservation and	11,175	41,303	1,070	70,020	42,021	731
energy management	5,003	-	68	4,456	-	89
	5,586,038	1,771,704	20,299	5,514,967	1,611,240	38,797
Less: Contributions						
in aid of						
construction	26,422	9,512		24,680	8,650	-
	\$5,559,616	\$1,762,192	\$20,299	\$5,490,287 	\$1,602,590 ————	\$38,797

<sup>(1)</sup> Cost is net of research and development grants amounting to \$36,500,000.

During the year, common costs associated with the construction of a potential second unit at Belledune, amounting to \$26,124,000, were transferred from construction-in-progress to power generating stations.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

# 7. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended March 31, 1996, the cost of power generating stations was increased by \$57,048,000 representing interest during construction charged on the net book value of the Point Lepreau plant during the period when it was taken out of service for the SLAR (Spacer Location and Repositioning) process. Depreciation charges for the year ended March 31, 1996 for the plant were lower by \$30,907,000, representing depreciation suspended during the year as a result of the plant being unavailable for use.

# 8. UNREALIZED FOREIGN EXCHANGE DIFFERENCES, LESS AMOUNTS AMORTIZED

		1997	1996
	Exchange adjustment at balance sheet date		
	On debentures and notes issued by the Corporation On other debentures issued	\$ - 138,756	\$ 4,022 123,859
	On other depondress issued	<del> </del>	<del></del>
		138,756	127,881
	Less: Accumulated amortization	38,155	32,569
		\$100,601	\$95,312
9.	LONG-TERM DEBT		
		1997	1996
	Debentures guaranteed by the Province of New Brunswick	\$ 467,960	\$ 546,870
	Debentures held by the Province of New Brunswick	3,098,316	3,113,419
	Other long-term debt - not guaranteed	5,135	5,373
		3,571,411	3,665,662
	Less: Payments due within one year	134,124	169,747
		\$3,437,287	\$3,495,915



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 9. LONG-TERM DEBT (continued)

#### Debentures and notes

Total long-term debt

	Average Interest				
Date of maturity	Rate	Canadian	U.S.	1997	1996
Years ending:					
March 31, 1997 March 31, 1998 March 31, 1999 March 31, 2000 March 31, 2001 March 31, 2002	8.8% 6.6% 8.8% 10.6% 9.6%	\$ - 100,000 - 124,674 251,000 250,000	\$ - 63,678 - - -	\$ - 100,000 63,678 124,674 251,000 250,000	\$143,140 100,000 87,707 132,884 251,000
1-5 Years 6-10 years 11-30 Years	9.4% 8.8% 9.1%	725,674 1,170,000 675,000	63,678 166,116 747,522	789,352 1,336,116 1,422,522	714,731 1,513,584 1,411,129
Debentures and notes		\$2,570,674	\$977,316*	3,547,990	3,639,444
* U.S. \$ 706,000,000					
The weighted average into outstanding at March 31,			and notes		
Loan payable in annual i rates varying from 4 1/2%				18,286	20,846
Loan payable in equal interest at rates varying fr year 2011.				4,953	5,123
Obligation under capital le	ease			182	249



\$3,571,411

\$3,665,662

year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 9. LONG-TERM DEBT (continued)

#### Long-term debt payments

Long-term debt maturities (after deducting sinking funds estimated to be available at maturity inclusive of actual earnings to March 31, 1997 and future earnings calculated at projected interest rates) and sinking fund requirements, and minimum lease payments, in respect of debt outstanding at March 31, 1997 are as follows for the five years ending March 31, 2002, using exchange rates in effect at March 31, 1997 for debt denominated in foreign currencies:

	Debt maturities and sinking fund obligations	Minimu paym	
Year ending March 31, 1998	\$134,051	\$	85
Year ending March 31, 1999	98,236		85
Year ending March 31, 2000	124,556		28
Year ending March 31, 2001	237,189		-
Year ending March 31, 2002	246,127		-
Total minimum lease payments			198
Less: Amount representing implicit interest		<del></del>	16
		\$	182

#### Sinking funds

The Minister of Finance of the Province of New Brunswick, as Trustee for the Corporation, maintains a sinking fund for all debenture issues where required. Sinking fund earnings are reflected in the Corporation's income. Corporation debentures held in the fund are cancelled at maturity or on the debenture call date. Sinking fund investments are deducted from long-term debt except where the legally enforceable right to offset does not exist. The amounts not offset, totalling \$57,066,000 (1996 - \$150,912,000), have been reclassified as investments.

#### **Fair Value**

The estimated fair value of long-term debt as at March 31, 1997 is \$3,979,465,000 compared to a book value of \$3,571,411,000 (1996 - \$3,990,711,000 compared to \$3,665,662,000). The estimated fair value of all sinking funds as at March 31, 1997 is \$344,649,000 compared to a book value of \$324,026,000 (1996 - \$380,648,000 compared to \$363,448,000).

#### Guarantee fee

The Corporation pays an annual guarantee fee to the Province of New Brunswick, amounting to 0.6489% of the total, as at the previous year end, of long-term debt guaranteed by the Province, debentures held by the Province and short-term indebtedness to the Province, less the balance held in sinking funds.



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 10. SHORT-TERM INDEBTEDNESS

Short-term borrowings from banks are payable on demand. The Corporation has bank lines of credit, guaranteed by the Province of New Brunswick, for short-term borrowings totalling \$120,000,000. In addition, the Corporation borrows funds for temporary purposes from other sources, including the Province of New Brunswick, from time to time.

N.B. Coal has bank lines of credit which are secured by a general assignment of book debts.

The short-term borrowings from the Province of New Brunswick are \$111,110,000 at March 31, 1997 (1996 - \$120,612,000).

#### 11. IRRADIATED FUEL MANAGEMENT AND PLANT DECOMMISSIONING

	1997	1996
Balance, beginning of year	\$ 159,195	\$ 149,733
Amounts charged (or credited) to operations for - decommissioning - disposal of nuclear fuel consumed during the year - interest on decommissioning and irradiated fuel	2,782 (3,032) 14,343	2,632 (4,263) 14,381
	14,093	12,750
Less: Expenditures incurred during the year	1,009	3,288
Balance, end of year	\$172,279	\$159,195

The balance is not currently being funded.

#### 12. DEFERRED LIABILITIES - OTHER

\$ 29,010	\$ 32,708
385	349
29,395 6,091	33,057 7,107
\$23,304	\$25,950
	385 29,395 6,091



year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

### 13. AMOUNTS CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CURRENT CASH PAYMENT

	1997	1996
Depreciation, amortization and decommissioning	\$ 184,007	\$ 143,027
Loss on disposal of property, plant and equipment	2,084	738
Amortization of debenture discount and expense	4,260	4,609
Amortization of unrealized foreign exchange	9,521	11,842
Irradiated fuel management	(3,032)	(4,263)
Interest on plant decommissioning and irradiated fuel		
management	14,343	14,381
Interest on fuel channel removal	-	3,946
Early retirement programs	4,299	10,968
Other	934	1,228
	216,416	186,476
Transfer from generation equalization account	(32,865)	(49,297)
Transfer from fuel channel removal account	(35,112)	(21,946)
	\$148,439	\$115,233

#### 14. PENSION PLANS

According to regulations under the Public Service Superannuation Act, the Corporation is required to make certain payments for its share of the unfunded liability. These payments, when accumulated with interest, were established in 1991 to settle an obligation of \$129,000,000 over 25 years. Contributions towards the Corporation's share of the unfunded liability charged to income during the period amounted to \$7,162,000 (1996 - \$6,946,000). Regular contributions to the New Brunswick Public Service Superannuation Plan of \$7,217,000 (1996 - \$7,211,000) were also charged against income.

The actuarial present value of N.B. Coal's accrued pension benefits as at March 31, 1997 was estimated to be \$6,392,000 (1996 - \$6,259,000) and the market related value of pension fund assets was \$7,727,000 (1996 - \$6,879,000). Net pension expense for the year ended March 31, 1997 was \$123,000 (1996 - \$131,000). N.B. Coal also has pension expense amounting to \$444,000 (1996 - \$621,000), relating to the amortization over the estimated average service lives of the remaining employees of an unfunded early retirement plan with accrued benefits estimated at \$2,500,000 (1996 - \$2,800,000) as at March 31, 1997.



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year ended March 31, 1997 (tabular amounts only are in thousands of dollars)

#### 15. COMMITMENTS

#### **Belledune Wharf**

The Corporation has entered into a twenty year operating lease, expiring in 2013, with a twenty year renewal option for the port facility at Belledune. This lease provides for annual charges of approximately \$4,500,000.

#### N.B. Coal

N.B. Coal has an ongoing environmental responsibility to treat acidic water drainage from an inactive mine. Costs of treatment for the year ended March 31, 1997 were \$531,000 (1996 - \$792,000).

#### 16. COMPARATIVE FIGURES

Certain 1996 figures have been reclassified to conform with 1997 financial statement presentation.



CONSOLIDATED FINANCIAL STATEMENTS

NEW BRUNSWICK

RESEARCH AND PRODUCTIVITY COUNCIL

31 MARCH 1997

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

The Honourable Frank McKenna
Premier of the Province of New Brunswick

- and -

The Chairman and Members of the New Brunswick Research and Productivity Council

I have audited the consolidated statement of financial position of the New Brunswick Research and Productivity Council as at 31 March 1997 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Council'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 consolidated financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 1997 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

KD Robnison

Fredericton, N. B. 2 June 1997

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 MARCH 1997

ASSETS	Operating Fund	Capital Fund	1997 Total	1996 Total
700210				
Current assets				
Cash and term deposits	\$ 604,004	\$ -	\$ 604,004	\$ 751,806
Accounts receivable	1,847,010	-	1,847,010	1,910,652
Work in progress (Note 2 (b))	181,402	-	181,402	142,790
Prepaid expenses	28,780	<del>-</del>	28,780	5,684
	2,661,196	-	2,661,196	2,810,932
Restricted cash and term deposits	-	1,562,191	1,562,191	1,659,019
Capital assets, net (Note 3)		1,776,392	1,776,392	1,535,666
	\$ 2,661,196	\$ 3,338,583	\$ 5,999,779	\$ 6,005,617
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 555,803	\$ -	\$ 555,803	\$ 659,671
Deferred revenue (Note 2 (b))	193,835	_	193,835	360,258
Current portion of long-term	.00,000		100,000	000,200
obligations (Note 4)	-	70,000	70,000	70,000
	749,638	70,000	819,638	1,089,929
Long term obligations (Note 4)	-	<b>-</b>	-	70,000
Deferred contributions (Note 5)	-	57,325	57,325	14,427
Found had a ware				
Fund balances	4 044 550		4 044 550	4 704 655
Unrestricted	1,911,558	4 560 404	1,911,558	1,791,003
Board restricted (Note 6) Invested in capital assets	-	1,562,191	1,562,191	1,659,019
mvested in capital assets	4 044 553	1,649,067	1,649,067	1,381,239
	1,911,558	3,211,258	5,122,816	4,831,261
	\$ 2,661,196	\$ 3,338,583	\$ 5,999,779	\$ 6,005,617

Approved by the Council

Chairman

**Executive Director** 

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31 MARCH 1997

	Operating Fund	Capital Fund	1997 Total	1996 Total
REVENUE				
Operations	\$ 6,391,420	\$ -	\$ 6,391,420	\$ 7,065,779
Operating grants				
Province of New Brunswick	755,801	-	755,801	767,301
Cooperation agreement	16,457	-	16,457	64,283
Interest	106,279	-	106,279	126,729
Sundry	8,589	-	8,589	9,815
Gain on sale of capital assets	-	1,000	1,000	30,003
	7,278,546	1,000	7,279,546	8,063,910
EXPENDITURE				
Operations	5,365,263	-	5,365,263	5,860,773
General and administrative	1,352,043	-	1,352,043	1,376,958
Amortization (Notes 3 and 5)	229,720	-	229,720	427,338
Bad debts	40,965	-	40,965	44,912
	6,987,991	-	6,987,991	7,709,981
EXCESS OF REVENUE OVER EXPENDITURE	290,555	1,000	291,555	353,929
Fund balances, beginning of year	1,791,003	3,040,258	4,831,261	4,477,332
Interfund transfers	( 170,000)	170,000	<u> </u>	<del></del>
FUND BALANCES, end of year	\$ 1,911,558	\$ 3,211,258	\$ 5,122,816	\$ 4,831,261

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 1997

	Operating Fund	Capital	1997	1996
CASH PROVIDED BY (USED FOR):	rana	Fund	Total	Totai
Operating activities				
Excess of revenue over expenditure Amortization	\$ 290,555 229,720	\$ 1,000 -	\$ 291,555 229,720	\$ 353,929 427,338
Gain on sale of capital assets Bad debts expense Net change in non-cash working capital	40,965 ( 309,322)	( 1,000) - -	( 1,000) 40,965 ( 309,322)	( 30,003) 44,912 405,655
Net cash provided by operating activities	251,918	-	251,918	1,201,831
Financing and investing activities				
Reduction in long-term obligations Proceeds on disposal of capital assets	-	( 70,000)	(70,000)	( 74,889)
Acquisition of capital assets	-	1,000 ( 487,493)	1,000 ( 487,493)	33,217 ( 336,185)
Deferred contributions towards capital assets Net cash used in financing and	-	59,945	59,945	16,488
investing activities	-	( 496,548)	( 496,548)	( 361,369)
NET INCREASE (DECREASE) IN CASH	251,918	( 496,548)	( 244,630)	840,462
Cash and term deposits, beginning of year Interfund adjustments (Note 6)	751,806 ( 399,720)	1,659,019 399,720	2,410,825 -	1,570,363 -
CASH AND TERM DEPOSITS, end of year	\$ 604,004	\$ 1,562,191	\$ 2,166,195	\$ 2,410,825

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Purpose of the organization

The New Brunswick Research and Productivity Council is a non-profit organization incorporated under the Research and Productivity Council Act 1962. The Council provides independent research, testing and technical services to enterprises primarily within New Brunswick on a fee-for-service basis.

#### 2. Significant accounting policies

#### (a) Fund accounting

Revenue and expenditure associated with delivery of services and administrative support are reported in the Operating Fund. The Capital Fund reports assets, liabilities, gains and expenditure related to the acquisition, disposal and financing of capital assets, as well as the amount of net assets restricted for capital purposes.

#### (b) Revenue recognition

Revenue is determined to be earned and is recorded in the Operating Fund when services are performed. The value of work completed but not billed is reported as Work in Progress, while amounts which have been paid or billed in advance, but for which work has not been done, are reflected as Deferred Revenue. All interest income is reported in the operating fund in the year it is earned, while gains and losses relating to disposal of capital assets are reported in the Capital Fund in the year the disposal occurs.

#### (c) Capital assets

Capital assets are recorded in the Capital Fund at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives. Amortization expense is recorded in the operating fund as part of the cost of service delivery.

#### (d) Consolidation policy

These consolidated financial statements include the accounts of the Council and those of its wholly-owned subsidiary, Minuvar Ltd.

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 1997

#### 3. Capital assets

Cost	Amortization Rates	1997	1996
Vehicles	25 percent	\$ 50,333	\$ 50,333
Computer equipment	25 percent	464,325	394,864
Other equipment	12.5 percent	4,181,399	3,917,748
Building	3 percent	1,786,335	1,663,925
•		6,482,392	6,026,870
Less: accumulated amortization		4,706,000	4,491,204
		\$ 1,776,392	\$ 1,535,666

Amortization expense is comprised of the following amounts:

	1991	1990
Write-down of equipment	\$ -	\$ 84,743
Amortization of assets	246,767	344,656
Amortization of deferred contributions	( 17,047)	( 2,061)
	\$ 229,720	\$ 427,338

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#### 4. Loan payable to Provincial Holdings Ltd.

The loan is repayable by instalments on principal of \$70,000 on 30 September of each year through to 30 September 1997. The loan does not bear interest and is secured by a demand promissory note.

#### 5. Deferred contributions

Deferred contributions reported in the Capital Fund represent the unamortized portion of external contributions received towards the cost of specific capital assets. Amortization of deferred contributions is calculated at the same rate as amortization of the assets to which they relate, and is netted with amortization expense for presentation purposes. This method of presentation became effective 1 April 1995.

#### NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 1997

#### 5. Deferred contributions - continued

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

Deferred Contributions at 31 March 1996	\$14,427
Contribution to the cost of equipment	59,945
Amortization of deferred contributions	(17,047)
Deferred contributions at 31 March 1997	\$57,325

Contributions towards the cost of capital assets in years prior to 1 April 1995 were credited to the cost of the related assets and thus reduced the net asset value subject to amortization. Since the Council's inception it has been the recipient of capital funding from a variety of programs; details concerning the amount and classification of assets funded through these programs are not reasonably determinable. For this reason capital assets purchased prior to 1 April 1995 continue to be carried at cost net of external contributions.

#### 6. Interfund transfers and internally restricted fund balances

The board of directors of the New Brunswick Research and Productivity Council internally restricted resources amounting to \$1,562,191 as at 31 March 1997. This internally restricted amount is intended for the acquisition of capital assets and payment of capital obligations and is not available for other purposes without the approval of the board of directors. This amount includes a 31 March 1997 adjustment of \$399,720 from the operating fund to the capital fund.

#### 7. Related party transactions

During the year the Council provided services to government departments and Crown agencies of the Province of New Brunswick.

The Council provides these services under its normal terms and conditions.

Devenue from any income and ideal for the	1997	1996
Revenue from services provided for the year	<b></b>	
Government departments and agencies	<b>\$572,679</b>	<b>\$</b> 648,825
Crown utilities	487,551	962,591
Accounts receivable at 31 March		
Government departments and agencies	290,062	164,472
Crown utilities	221,013	304,487

FINANCIAL STATEMENTS

PREMIER'S COUNCIL ON
THE STATUS OF DISABLED PERSONS
31 MARCH 1997

Office of the Auditor General Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Chairperson and Members of Premier's Council on the Status of Disabled Persons

I have audited the balance sheet of the Premier's Council on the Status of Disabled Persons as at 31 March 1997 and the statements of revenue and expenses and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

K D Robinson

Fredericton, N.B. 15 May 1997

#### PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS BALANCE SHEET 31 MARCH 1997

ASSETS	1997	1996
Current assets		
Cash	\$ 11,588	\$ 11,567
Accounts receivable	8	22
Prepaid expenses	7,901	6,630
	\$ 19,497	\$ 18,219
LIABILITIES AND SURPLUS		
Current liabilities		
Current liabilities Accounts payable and accrued liabilities	\$ 3,326	\$ 2,568
	\$ 3,326	\$ 2,568
Accounts payable and accrued liabilities Surplus		\$ 2,568 6.861
Accounts payable and accrued liabilities	7,374	6,861
Accounts payable and accrued liabilities  Surplus  Unappropriated		

Approved by the Council

() Chairperson

Member

# PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED 31 MARCH 1997

	1997 Budget	1997 Actual	1996 Actual
REVENUE		_	
Grants - Province of New Brunswick	\$ 222,800	<b>\$223,300</b>	\$ 221,000
Cost recoveries	-	8,249	5,222
Other		7	2,527
	222,800	231,556	228,749
EXPENSES			
Salaries and employee benefits	163,604	162.777	160,036
Office supplies	7,500	8,262	7,069
Telephone	7,500	5,927	6,876
Printing	6,800	7,335	6,496
Translation	7,000	6,288	6.584
Honoraria	7,213	6,962	5,104
Travel expenses	5,995	7,522	4,579
Postage	5,515	5,533	4,120
Maintenance	4,000	2,893	3,781
Hotel expenses	3,724	3,469	2,591
Parking	2,520	2,577	2,520
Council meetings	4,520	2,850	1,911
Consultations and seminars	-	327	1,482
Meals	1,904	1,549	1,368
Library and subscriptions	1,500	2,061	1,090
Office equipment rental	2,250	650	359
Furniture and equipment	2,341	3,084	333
Insurance	400	451	308
Miscellaneous	500	455	166
Bank charges	100	64	85
	234,886	231,036	216,858
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENSES FOR THE YEAR	\$ (12,086)	<b>\$</b> 520	\$ 11,891
Allocated as follows:			
Unappropriated surplus	\$ (12,086)	<b>\$</b> 513	\$ 5,660
Appropriated surplus		7	6,231
	\$ (12,086)	<b>\$</b> 520	\$ 11,891

# PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS STATEMENT OF SURPLUS FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
Unappropriated surplus:		
Balance, beginning of year	\$ 6,861	\$ 1,201
Allocation of excess of revenue		
over expenses for the year	513	5,660
Balance, end of year	7,374	6,861
Appropriated surplus:		
Balance, beginning of year	8,790	2,559
Allocation of excess of revenue		
over expenses for the year (Note 1)	7	6,231
Balance, end of year	8,797	8,790
TOTAL SURPLUS, end of year	\$ 16,171	\$ 15,651

#### PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies

#### (a) Capital assets

It is the policy of the Council to charge all capital asset purchases to expense in the period in which the expenditure is incurred.

#### (b) Services provided by the Province of New Brunswick

The Council uses an office for which rent is paid by the Province of New Brunswick. Therefore, no rental charge has been included in the Council's expenses.

#### (c) Appropriated surplus

Revenues other than the provincial grant have been designated by the Council for the expressed purpose of stimulating popular participation of the disabled throughout the Province in activities of the Council. To reflect the restricted use of these funds a special appropriated surplus account was created. Revenues net of related expenses are included in this special surplus account. The Council will utilize these funds to offset the increasing cost of enabling persons with disabilities to attend Council meetings or to obtain information.

#### (d) Other activities - National Access Awareness Week

The Council acts as a co-ordinator for National Access Awareness Week (N.A.A.W.). Funds received for N.A.A.W. are deposited in a bank account under the control of the provincial N.A.A.W. committee. These funds are not available for Council expenditures and do not appear in these financial statements.

#### 2. Budget information

The budget information for 1997 deals only with the general operations of the Council.

During 1996, the Council undertook activity for which it charged a registration fee. Incremental expenditures were made related to this activity. Neither the revenue nor the expenses related to this activity are included in the budget for general operations.

#### 3. Comparative figures

The 1996 figures have been restated to conform with the 1997 presentation.

FINANCIAL STATEMENTS
PROVINCIAL HOLDINGS LTD.
31 MARCH 1997

Office of the Auditor General Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Shareholders of Provincial Holdings Ltd.

I have audited the balance sheet of Provincial Holdings Ltd. as at 31 March 1997 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Company'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 Company as at 31 March 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA Auditor General

Fredericton, N. B. 9 September 1997

#### PROVINCIAL HOLDINGS LTD. BALANCE SHEET 31 MARCH 1997

	1997	1996
ASSETS		
Current assets		
Cash and short-term investments	\$ 1,683,952	\$ 1,652,733
Interest receivable	128,254	156,166
Due from the Province of New Brunswick (Note 5(b) and 5(c))	12,892	2,170
	1,825,098	1,811,069
ndustrial development projects (Notes 2(a) and 3)		
Loans to client companies	20,115,502	19,915,505
Shares in client companies	10,584,860	12,122,798
Mining rights	1,575,000	1,575,000
	32,275,362	33,613,303
Less: Provision for loss	19,450,096	19,425,666
	12,825,266	14,187,637
Capital assets (Note 2(b))		
Land and building, at cost	1,416,872	1,416,872
Less: Accumulated amortization	1,303,653	1,232,810
	113,219	184,062
	\$14,763,583	\$16,182,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,961	\$ 4,540
Due to Province of New Brunswick		262,000
	1,961	266,540
Long-term debt		
Due to Province of New Brunswick (Note 3)	27,080,885	26,881,356
Less: Provision for loss on industrial development		
	14,320,116	12,711,154
Less: Provision for loss on industrial development	14,320,116 12,760,769	
Less: Provision for loss on industrial development		
Less: Provision for loss on industrial development Projects (Note 2(a))  Capital stock Authorized: 500 common shares, par value of \$10 each	12,760,769	14,170,202
Less: Provision for loss on industrial development Projects (Note 2(a))  Capital stock	12,760,769 5,000	14,170,202 5,000
Less: Provision for loss on industrial development Projects (Note 2(a))  Capital stock Authorized: 500 common shares, par value of \$10 each	12,760,769	12,711,154 14,170,202 5,000 1,741,026
Less: Provision for loss on industrial development Projects (Note 2(a))  Capital stock Authorized: 500 common shares, par value of \$10 each Issued and fully paid: 500 shares	12,760,769 5,000	14,170,202 5,000

Approved by the Board

Director

Director

## PROVINCIAL HOLDINGS LTD. STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
REVENUE		
Rental income - Grandview building	\$ 111,700	\$ 111,700
Interest income	153,099	273,643
Contributions for grants to industry	-	100,000
Bad debts recovery - Provincially funded (Note 2(a))	1,608,962	1,268,364
- Other	100,000	176,771
Miscellaneous	· <u>-</u>	2,883
Capital gain on investment	217,500	-
	2,191,261	1,933,361
EXPENSE		
Grants to Industry		119,837
Grandview building		
Amortization	70,844	70,844
General		
Mining rights	2,195	2,195
Bad debts - Provincially funded (Note 2(a))	1,608,962	1,268,364
- Other	77,532	2,206
Other	130	631
	1,688,819	1,273,396
	1,759,663	1,464,077
NET INCOME FOR THE YEAR	431,598	469,284
Retained earnings, beginning of year	1,741,026	3,271,742
- Jay Jan	2,172,624	3,741,026
Dividends paid	176,771	2,000,000
RETAINED EARNINGS, end of year	\$1,995,853	\$1,741,026

## PROVINCIAL HOLDINGS LTD. STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
CASH PROVIDED BY (USED FOR):		
Operations:		
Net income for the year  Add (deduct) items not requiring, or generating cash	\$ 431,598	\$ 469,284
Amortization	70,844	70,844
	502,442	540,128
Changes in non-cash working capital components*	(247,389)	185,293
	255,053	725,421
Investing activities: Industrial development projects - recoveries		
Payments collected Industrial development projects - investments	748,466	964,649
Loans	(947,996)	(2,647,334)
Shares	(47,062)	(657,254)
	(246,592)	(2,339,939)
Financing activities:		
Advances from the Province of New Brunswick	947,996	3,254,588
Repayments to the Province of New Brunswick	(748,467)	(964,649)
Dividends paid	(176,771)	(2,000,000)
	22,758	289,939
INCREASE (DECREASE) IN CASH	31,219	(1,324,579)
Cash position, beginning of year	1,652,733	2,977,312
CASH POSITION, end of year	\$1,683,952	\$1,652,733

<sup>\*</sup>Non-cash working capital components includes interest receivable, due from the Province of New Brunswick and current liabilities.

## PROVINCIAL HOLDINGS LTD. NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Description of operations

Provincial Holdings Ltd. was established in 1973 under the Companies Act of the Province of New Brunswick. The Company is wholly owned by the Province of New Brunswick and has administrative responsibility for all industrial development project investments. The administration of the Company's affairs is carried out by employees of the Province of New Brunswick under the direction of the Company's Board of Directors. All costs associated with these employees are paid by the Province.

#### 2. Summary of significant accounting policies

The financial statements are prepared in accordance with generally accepted accounting principles.

#### (a) Industrial development projects

The Company's investments in industrial development projects are carried at cost except where, by agreement, interest on such projects is to be capitalized. In these cases the capitalized interest is added to the cost of the investment.

To recognize potential losses relating to industrial development project investments, the Company maintains a provision for loss against its investments. Pursuant to Treasury Board minute 74-57, any losses arising on investments funded by advances from the Province of New Brunswick will be borne by the Province through a corresponding reduction in the long term debt of the Company. As a result of this undertaking by the Province, any losses recorded as an expense by the Company are offset by a recovery from the Province.

#### (b) Capital assets

Amortization on the building is being taken at 5% per annum on a straight-line basis.

#### 3. Long-term debt

Pursuant to Treasury Board Minute 74-57, advances from the Province of New Brunswick are interest free and are to be repaid from recoveries of amounts invested in industrial development projects.

## PROVINCIAL HOLDINGS LTD. NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 4. Outstanding commitments

At 31 March 1997, the Company had outstanding commitments in respect of investments in industrial development projects and grants to industry of \$3,930,340 (31 March 1996 - \$3,785,000). Funds for these investments are provided as required by the Province of New Brunswick.

#### 5 Related party transactions

- (a) The Company approved an interest free loan of \$600,000 to a Crown agency. The \$600,000 loan was fully advanced at 31 December 1988, and is being repaid in annual instalments of \$70,000. The balance outstanding at 31 March 1997 was \$70,000.
- (b) The Company acts as an agent for the Province of New Brunswick for the Self Start Program. Funds are advanced by the Province to cover bank fees and interest as well as any guaranteed loans called by the bank. Any amounts paid by Provincial Holdings Ltd. under the terms of the Program reduce the advance from the Province. During 1997, \$737,184 (1996 \$730,600) was advanced to the Company and \$734,096 (1996 \$708,760) was paid out under the terms of the Program.
- (c) On 26 June 1996, the Executive Council approved the establishment of a New Brunswick Government administered Venture Capital Fund under the terms of Citizenship and Immigration Canada's Immigrant Investor Program. Provincial Holdings Ltd. was authorized to advance up to \$190,000 to pay for set-up expenses associated with implementing the fund's operations. During 1997, \$13,811 was advanced to the fund.

#### 6. Contingent liabilities

The Company has guaranteed loans of certain companies under the Self Start Program. At 31 March 1997, the contingent liability in respect of these guarantees was \$3,562,820 (31 March 1996 - \$4,337,003). The Company also guarantees loans to client companies; the contingent liability in respect of these guarantees was \$7,500,000 (31 March 1996 - \$7,653,771) at 31 March 1997. Any resulting losses will be borne by the Province of New Brunswick.

#### 7. Comparative figures

The 1996 figures have been restated to conform with the 1997 presentation.

FINANCIAL STATEMENTS

REGIONAL DEVELOPMENT CORPORATION
31 MARCH 1997

Office of the Auditor General Bureau du vérificateur géneral



#### **AUDITOR'S REPORT**

The Chairperson and Directors Regional Development Corporation Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation as at 31 March 1997 and the statement of revenue and expenditure - ordinary account and the statement of revenue and expenditure - capital account 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 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 1997 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements.

K. D. Robinson, CA Acting Auditor General

K D Robinson

Fredericton, N. B. 18 July 1997

#### REGIONAL DEVELOPMENT CORPORATION BALANCE SHEET 31 MARCH 1997

ASSETS	1997	1996
Current assets Cash	\$ 2,747,913	\$ 1,212,005
Accounts receivable Canada - Regional Economic Development Agreement - Other Other	10,444,328 3,753,992 31,430 16,977,663	10,174,858 2,091,501 560,737 14,039,101
Other assets Fundy Trail Endowment Fund - In Trust (Note 2)	5,000,000 \$21,977,663	5,000,000 \$19,039,101
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable Province of New Brunswick - claims on Canada - operating & capital funds	\$14,198,320 1,630,911	\$12,266,359 212,366
	\$14,198,320 1,630,911 1,148,432 16,977,663	\$12,266,359 212,366 1,560,376 14,039,101
Province of New Brunswick - claims on Canada - operating & capital funds	1,630,911 1,148,432	212,366 1,560,376

Approved by the Board	
7/2 m/1	Chairpersoi
	Chairpersor
RW Han Mu	Director

# REGIONAL DEVELOPMENT CORPORATION STATEMENT OF REVENUE AND EXPENDITURE - ORDINARY ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
REVENUE		
Federal contribution (Schedule 1) Provincial contribution (Schedule 2) Other revenue	\$17,569,680 43,327,084 (41,936)	\$27,369,998 44,437,245 (130,860)
	60,854,828	71,676,383
EXPENDITURE		
Regional Economic Development Agreement Cultural Development - Cooperation Economic Diversification - Cooperation Mineral Development - Cooperation Planning Development - Cooperation Urban Economic Development - Cooperation Economic Development - Cooperation Entrepreneurship & Human Resources Development - Cooperation New framework	(17,624) 5,473,740 - 441,832 1,616,085 5,606,187 2,628,776 3,094,554 18,843,550	361,100 8,823,369 432,064 336,590 4,944,651 11,133,199 4,707,723
Other projects (Schedule 3)	42,011,278	40,937,687
EVCESS OF BEVENUE OVER EXPENDITURE	60,854,828	71,676,383
EXCESS OF REVENUE OVER EXPENDITURE	\$ Nil	\$ Nil

#### REGIONAL DEVELOPMENT CORPORATION STATEMENT OF REVENUE AND EXPENDITURE - CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

REVENUE	1997	1996
Federal contribution Regional Economic Development Agreement Provincial contribution (Schedule 4)	\$5,674,691 8,266,631 13,941,322	\$6,103,830 5,809,532 11,913,362
EXPENDITURE		
Regional Economic Development Agreement Urban Economic Development - Cooperation Economic Diversification - Cooperation Economic Development - Cooperation New framework	1,585,367 5,131,477 1,768,568 375,330 8,860,742	3,015,196 4,467,707 2,392,341 - 9,875,244
Other projects (Schedule 5)	5,080,580 13,941,322	2,038,118 11,913,362
EXCESS OF REVENUE OVER EXPENDITURE	\$ Nil	\$ Nil

# REGIONAL DEVELOPMENT CORPORATION SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

Schedule 1 - Ordinary Account	1997	1996
- Revenue - Federal contribution		
Regional Economic Development Agreement Other projects	\$12,381,776	\$20,370,988
Official Languages	2,238,858	1,916,040
Youth Futures	8,295	104,290
N. B. Works - Training Development Fund	2,940,751	4,978,680
	\$17,569,680	\$27,369,998
Schedule 2 - Ordinary Account - Revenue - Provincial contribution		
Regional Economic Development Agreement Other projects	\$ 6,509,620	\$10,281.746
Official Languages	1,271,112	1,263,553
Youth Futures	6,898,107	7,682,450
N. B. Works - Training Development Fund	2,540,751	4,990,871
Other	8,342,186	10,723,077
Developmental Funding	10,791,460	8,795,548
Special Operating Agency	6,973,848	700,000
	\$43,327,084	\$44,437,245
Schedule 3 - Ordinary Account - Expenditure - Other projects		
Developmental Funding	\$10,791,460	\$ 8,795,548
Grant to Special Operating Agency	6,973,848	700,000
Development Assistance	3,352,885	3,817,722
Operations	1,650,251	1,711,884
Youth Futures	6,906,403	7,786,740
Official Languages	3,509,970	3,179,593
N. B. Works - Training Development Fund	5,481,501	9,969,550
Projects approved by Order in Council	448,837	1,066,335
Centres Communautaires	1,374,369	1,345,169
Action North	633,386	1,367,244
Atlantic Canada Tourism Partnership	476,780	454,374
Miscellaneous projects	411,588	743,528
	\$42,011,278	\$40,937,687

# REGIONAL DEVELOPMENT CORPORATION SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

	1997	1996
Schedule 4 - Capital Account - Revenue - Provincial contribution		
Regional Economic Development Agreement Other Projects	\$3,186,051 5,080,580	\$ 3,771,414 2,038,118
	\$8,266,631	\$5,809,532
Schedule 5 - Capital Account - Expenditure - Other projects		
Provincial Assistance Program	\$4,738,347	\$ 1,750,000
Streetscape Program Tracadie - Sheila Two Rivers Project	- 342,233	288,118 -
	\$5,080,580	\$2,038,118

#### REGIONAL DEVELOPMENT CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies

#### a) General comments on operations

The Regional Development Corporation is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation has administrative responsibility for all provincially delivered programs under the Regional Economic Development Agreement. The Corporation is also responsible for a number of other projects assigned to it by the Province.

Federal contributions are in some instances paid directly to project recipients. Such payments are not recorded in the revenues and expenditures of the Corporation.

The Regional Development Corporation established a Special Operating Agency (SOA) effective 31 March 1994. Amounts provided to the Corporation by the Province, which were subsequently transferred to the SOA, are shown in the Corporation's statements of revenue and expenditure. Amounts provided by other agencies or departments of government to the SOA are included in the financial statement of the SOA but are not included in these financial statements.

#### b) Basis of accounting

These financial statements are prepared using the accrual basis of accounting whereby revenues and expenditures are allocated to the year in which they are earned or incurred irrespective of the date on which the related cash transactions are effected. In accordance with this basis of accounting, federal contributions are recorded as revenue when funding has been approved under the applicable agreement and the qualifying expenditures incurred.

Expenditures recorded under cost sharing agreements represent costs incurred by the Corporation in the implementation of approved projects. Included are certain expenditures that are ineligible for cost sharing under the terms of the agreements, and expenditures in excess of budgets approved under those agreements. In some cases expenditures are approved for cost sharing in a subsequent year.

#### c) Capital expenditures

Capital expenditures represent costs incurred in the acquisition of permanent assets to be employed in providing general government services to the public at large. The Corporation does not record them as assets in the balance sheet but they are recorded as capital expenditures in the accounts of the Province of New Brunswick net of capital recoveries.

#### REGIONAL DEVELOPMENT CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 2. Fundy Trail Endowment Fund

The Province of New Brunswick and the Government of Canada have agreed to the establishment of this fund. The sole purpose of the fund is to assist in the construction of a scenic roadway from St. Martins, N.B. to Alma, N.B.

The Province of New Brunswick has advanced \$5 million to this fund that is being held in trust. This \$5 million was advanced through the Regional Development Corporation. At a future date all or part of this \$5 million may be returned to the Regional Development Corporation. This date is to be no later than 31 March 2010.

#### 3. Initiatives of Provincial Departments

During the 1997 fiscal year the Corporation provided the administrative vehicle through which the Department of Economic Development and Tourism, the Department of Fisheries and Aquaculture and the Department of Finance implemented the U.S. Investment Prospecting Initiative, the Fisheries Research and Training Project and the Tobacco Sales Enforcement Initiative respectively. The Corporation paid approximately \$3 million in costs on behalf of these Departments that were fully recovered by it from Canada and other organizations. The net costs and recoveries are reflected in these financial statements.

#### 4. Commitments

Under the Regional Economic Development, N. B. Works and Infrastructure Agreements the provincial government has committed funds to be spent subsequent to 31 March 1997. At 31 March 1997 the total of such commitments was approximately \$77 million.

Such commitments are made subject to funds being approved by the Legislature of New Brunswick.

#### 5. Contingent liabilities

Contributions received from the federal government under federal/provincial cost sharing agreements are subject to adjustment following audits by federal authorities. Adjustments as a result of federal audits will be reflected in the financial statements of the Corporation in the period of settlement.

The Corporation has guaranteed loans of certain organizations. At 31 March 1997 the contingent liability in respect of these guarantees was \$1,600,000 (31 March 1996 - \$ nil). Any resulting losses will be borne by the Corporation.

#### REGIONAL DEVELOPMENT CORPORATION NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 6. Comparative figures

Certain 1996 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1997.

FINANCIAL STATEMENTS

REGIONAL DEVELOPMENT CORPORATION

SPECIAL OPERATING AGENCY

31 MARCH 1997

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

The Chairperson and Directors Regional Development Corporation Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation - Special Operating Agency as at 31 March 1997 and the statement of revenue and expenditure 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 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 Regional Development Corporation – Special Operating Agency as at 31 March 1997 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements.

K. D. Robinson, CA Acting Auditor General

KD Robinson

Fredericton, N. B. 18 July 1997

### REGIONAL DEVELOPMENT CORPORATION SPECIAL OPERATING AGENCY BALANCE SHEET 31 MARCH 1997

ASSETS	1997	1996
Current assets Accounts receivable Canada		
- Infrastructure Agreement Province of New Brunswick	\$ 2,538,442	\$2,983,974
- Operating and capital funds	47,011	1,045,347
	\$ 2,585,453	\$ 4,029,321
EQUITY		
Equity	\$ 2,585,453	\$4,029,321

Approved by the Board	
Va 1	
1911	Chairperson
l.	
Rullin h	Director

### REGIONAL DEVELOPMENT CORPORATION SPECIAL OPERATING AGENCY STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 1997

Tevenue         REVENUE         Federal contribution       - Infrastructure Agreement       \$ 11,201,406       \$16,957,3         Provincial contribution       - Infrastructure Agreement       11,201,406       16,957,3         - Other       9,733,142       2,940,7         20,934,548       19,898,1	2
Federal contribution - Infrastructure Agreement \$ 11,201,406 \$16,957,3  Provincial contribution - Infrastructure Agreement \$ 11,201,406 \$16,957,36 - Other \$ 9,733,142 \$2,940,76	2
- Infrastructure Agreement \$ 11,201,406 \$16,957,3  Provincial contribution - Infrastructure Agreement \$ 11,201,406 \$16,957,3 - Other \$ 9,733,142 \$2,940,7	2
- Infrastructure Agreement 11,201,406 16,957,3 - Other 9,733,142 2,940,7	
- Other 9,733,142 2,940,7	
	0
20,934,548 19,898,1	0
	0
32,135,954 36,855,4	2
EXPENDITURE         Infrastructure Agreement       22,402,812       33,914,77         Jobs Plus Program       10,773,848       -         Appalachian Range Initiative       250,442       -         Fisheries Facilities Expansion       152,720       -         Port of Belledune       -       1,000,00         33,579,822       34,914,73	0
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE (1,443,868) 1,940,73	В
Equity, beginning of year 4,029,321 2,088,58	3
EQUITY, end of year \$ 2,585,453 \$ 4,029,3	

### REGIONAL DEVELOPMENT CORPORATION SPECIAL OPERATING AGENCY NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

#### 1. Summary of significant accounting policies

#### a) General comments on operations

The Regional Development Corporation Special Operating Agency (SOA) was established effective 31 March 1994. The SOA was formed primarily for the purpose of providing financial management for the Canada - New Brunswick Infrastructure Agreement. The equity balance for the SOA represents amounts funded by the Province for future expenditures by the SOA.

The Agency is also responsible for a number of other projects assigned to it by the Province.

#### b) Basis of accounting

These financial statements are prepared using the accrual basis of accounting whereby revenues and expenditures are allocated to the year in which they are earned or incurred irrespective of the date on which the related cash transactions are effected. In accordance with this basis of accounting, federal contributions are recorded as revenue when funding has been approved under the applicable agreement and the qualifying expenditures incurred.

Expenditures recorded under cost sharing agreements represent costs incurred by the Agency in the implementation of approved projects. Included are certain expenditures which are ineligible for cost sharing under the terms of the agreements, and expenditures in excess of budgets approved under those agreements. In some cases expenditures are approved for cost sharing in a subsequent year.

#### 2. Commitments

Under the Infrastructure Agreement the provincial government has committed funds to be spent subsequent to 31 March 1997. At 31 March 1997 the total of such commitments was approximately \$17 million.

Such commitments are made subject to funds being approved by the Legislature of New Brunswick.

#### 3. Contingent liabilities - federal contributions

Contributions received from the federal government under federal/provincial cost sharing agreements are subject to adjustment following audits by federal authorities. Adjustments as a result of federal audits will be reflected in the financial statements of the Agency in the period of settlement.



# STRAIT CROSSING FINANCE INC.

Year ended October 30, 1996



KPMG Chartered Accountants Frederick Square
77 Westmorland Street Suite 700
Fredericton New Brunswick E3B 6Z3
Canada

Telephone (506) 452-8000 Telefax (506) 450-0072 http://www.kpmg.ca

#### **AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the statement of financial position of Strait Crossing Finance Inc. as at October 30, 1996 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 company as at October 30, 1996 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.

**Chartered Accountants** 

KPMG

Fredericton, NB, Canada March 26, 1997

Statement of Financial Position

October 30, 1996, with comparative figures for 1995

	1996	1995
Asset		
Cash	\$ 1	\$ 1
Shareholders' Equity		
Shareholders' equity: Share capital:		

Authorized:

Unlimited common shares without par value

Issued and outstanding:

1 Share

\$

\$

See accompanying notes to financial statements.

On behalf of the Board:

Director

Statement of Earnings and Retained Earnings

Year ended October 30, 1996, with comparative figures for 1995

	1996	1995
Revenue:		
Financial maintenance fee (note 2(d))	\$ 61,328	\$ 60,858
Expenses:		
Trustee fees	58,858	58,858
Professional services	2,220	1,750
Filing fees	 250	250
	 61,328	60,858
Net earnings, being retained earnings, end of year	\$ _	\$ <del>_</del>

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended October 30, 1996

#### 1. Incorporation:

Strait Crossing Finance Inc. (SC Finance or the Company) was incorporated under the Canada Business Corporations Act as a special purpose corporation. Its sole business is restricted to the issuance and sale of Indexed Fully Amortizing Bonds due April 1, 2032, the lending of money to and making payments to Strait Crossing Development Inc. (SC Development) and matters related thereto.

The outstanding share of SC Finance is owned by Her Majesty the Queen in Right of New Brunswick. No shareholder is entitled to transfer any shares of SC Finance. SC Finance is exempt from taxes otherwise payable under the provisions of section 149(1)(d) of the Income Tax Act (Canada).

#### 2. Transactions and agreements:

#### (a) Issue of Bonds:

On October 7, 1993, SC Finance issued Indexed Fully Amortizing Bonds (the "Bonds") in the principal amount of \$661,542,612 maturing on April 1, 2032. The Bonds will bear interest at an annual real rate, compounded annually, equivalent to 4.50% compounded semi-annually. Irrespective of any decline in the level of the consumer price index over any period after May 27, 1992, the aggregate payment to be made on the Bonds on May 31, 1997 will not be less than \$35,012,328 and on April 1, 1998 will equal at least \$41,900,000. On any subsequent Payment Date, the aggregate payment to be made on the Bonds will be not less than the highest payment made on any previous Payment Date, except for the payment made on April 1, 2032. No interest payments are required on the Bonds until May 31, 1997. Commencing May 31, 1997 and thereafter on April 1st of each year, 36 annual payments are due on account of principal and interest, such that all interest and principal will be fully repaid as of April 1, 2032.

#### (b) Subsidy Agreement and Assignment:

Also on October 7, 1993, SC Finance entered into a Subsidy Agreement with the Government of Canada whereby Canada agreed to make payments to SC Finance which correspond in timing and amount with the payments required on the Bonds, as described above. On the same date, SC Finance irrevocably assigned its rights to receive payments under the Subsidy Agreement to the Bond Trustee. The recourse of the Bondholders is limited to the Bond Trustee's right to receive payments under the Subsidy Agreement. Since an obligation of the Government of Canada has been irrevocably assigned to a trust, solely to satisfy the scheduled interest and principal repayment requirements of the Bonds, the Bonds are considered extinguished for financial reporting purposes. Accordingly, the Bonds payable and the amounts receivable under the Subsidy Agreement have been removed from the Company's statement of financial position.

Notes to Financial Statements, continued

Year ended October 30, 1996

#### (c) Developer Loan Agreement:

The proceeds from the issuance of Bonds were loaned by SC Finance to SC Development pursuant to a Developer Loan Agreement (the "Agreement") dated October 7, 1993. The Promissory Note from SC Development is unsecured and bears interest at a rate equivalent to that owing on the Bonds. The Promissory Note cannot be assigned or transferred by SC Finance without the consent of SC Development. The repayment terms of the Promissory Note are matched exactly with the payments required on the Bonds.

Under the terms of the Agreement, when the Bond Trustee receives a payment from the Government of Canada under the Subsidy Agreement, SC Finance must, on the same day, make a Contribution in the same amount to SC Development provided that SC Finance has received the required payment from SC Development under the Promissory Note.

Since the Promissory Note from SC Development is exactly matched by SC Finance's obligation to make Contributions to SC Development, and SC Finance and SC Development intend to settle these assets and liabilities simultaneously, the Promissory Note from SC Development and the Contributions due to SC Development have been removed from the Company's statement of financial position.

#### (d) Financial Maintenance Fee:

Under the Developer Loan Agreement, SC Finance is entitled to receive a Financial Maintenance Fee from SC Development to compensate SC Finance for on-going financial services. The Financial Maintenance Fee is to be equal to the costs SC Finance incurs with respect to the maintenance of records, including the fees and expenses of the Bond Trustee, less any other net revenues received.

#### FINANCIAL STATEMENTS

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

**31 DECEMBER 1996** 

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### **BALANCE SHEET**

#### December 31, 1996

Assets	1996 (\$000)	1995 (\$000)
Receivables (Note 4)	5,900	7,415
Recoverable benefits liabilities (Note 2)	59,044	58,082
Investments (Note 5)	403,773	375,164
Capital assets (Note 6)	8,762	9,078
Other assets	354_	234
	477,833	449,973
LIABILITIES AND NET FUND SURPLUS (DEFIC	IENCY)	
Payables and accruals (Note 7) Benefits liabilities (Notes 8 and 9)	9,914 461,871	23,170 445,664
•	*	
Benefits liabilities (Notes 8 and 9)  Total liabilities  Contingency reserves	461,871	445,664
Benefits liabilities (Notes 8 and 9)  Total liabilities	461,871	445,664 468,834

Gilles Cormier Board Member

Jim MacDonald Board Member

Médard Collette

Chairperson, Board of Directors

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#### **AUDITORS' REPORT**

To the Honourable Minister of Advanced Education and Labour of the Province of New Brunswick

We have audited the balance sheet of the Workplace Health, Safety and Compensation Commission of New Brunswick as at December 31, 1996 and the statements of operations and fund balance (unfunded liability) and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Workplace Health, Safety and Compensation Commission of New Brunswick as at December 31, 1996 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Saint John, New Brunswick February 28, 1997

449,973

477.833

Chartered Accountants

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

### STATEMENT OF OPERATIONS AND FUND BALANCE (UNFUNDED LIABILITY)

Year ended December 31, 1996

		996 900)	1995 (\$000)
_	Budget	Actual	Actual
INCOME			
Assessments (Note 10)	62,185	60,244	69,637
Funding policy assessment (Note 10)	18,500	18,500	10,000
Self-insured employers (Note 11)	15,675	13,027	14,853
Investments and other (Note 5)	28,787	41,253	32,784
Province of New Brunswick	1,650	1,648	1,677
<u>-</u>	126,797	134,672	128,951
EXPENSES			
Claims costs incurred (Notes 8 and 11)			
Short-term disability	16,850	19,461	16,032
Long-term disability	31,300	26,181	13,353
Survivor benefits	9,800	5,457	7,189
Health care	18,546	31,490	22,493
Rehabilitation	4,450	3,651	3,342
	80,946	86,240	62,409
Administration			
Operations (Note 12)	17,113	16,512	16,592
Occupational health and safety (Note 12)	4,573	4,700	4,725
Appeals Tribunal	1,117	1,025	1,023
Legislative obligations (Note 13)	450	494	472
Risk management rebates	550	374	0
Prevention and research	900	418	175
_	105,649	109,763	85,396
Surplus for the year	21,148	24,909	43,555
Fund balance (unfunded liability), beginning of year:			
As previously stated		11,788	(28,102)
Prior period adjustment (Note 3)		(30,928)	(34,593)
As restated		(19,140)	(62,695)
Surplus for the year		24,909	43,555
Transfer from contingency reserves		279	0
Net change in fund balance (unfunded liability)		25,188	43,555
Fund balance (unfunded liability), end of year		6,048	(19,140)

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### STATEMENT OF CASH FLOWS

#### Year ended December 31, 1996

	1996 (\$000)	1995 (\$000)
Cash flow from operating activities:		110
Cash received from:		
Assessed employers	76,276	80,430
Self-insured employers	13,970	11,985
Investments and other	42,224	33,436
Province of New Brunswick	1,641	2,094
	134,111	127,945
Cash paid:		
To injured workers or third parties on their behalf For administration requirements and other goods	70,033	64,909
and services To Minister of Finance re: Regional Hospital	20,554	19,851
Corporations	12,712	0
	103,299	84,760
Net cash provided by operating activities	30,812	43,185
Cash flow from investing activities:		
Cash paid:		
For purchase of capital assets – net of proceeds	2,203	2,095
Net increase in cash and investments	28,609	41,090
Cash and investments, beginning of year	375,164	334,074
Cash and investments, end of year	403,773	375,164

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

1997

#### 1. NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission ("the Commission") was established by the New Brunswick Legislature on January 1, 1995, under the *Workplace Health, Safety and Compensation Commission Act*. This organization assumes all the functions previously performed by the Workers' Compensation Board of the Province of New Brunswick and the New Brunswick Occupational Health and Safety Commission, including the administration of the *Workers' Compensation Act* and the *Occupational Health and Safety Act*.

The Commission is responsible, in accordance with the provisions of these acts, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from employers in amounts sufficient to cover the current and future costs of existing claims; promotion of occupational health and safety; and investing funds.

The Province of New Brunswick has committed to the funding of a grant to the Commission in support of occupational health and safety.

#### 2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

#### Provision for unbilled assessments

As a portion of assessment income for the year is not received until after year-end, the amount shown is an estimate based on statistical analysis of employer payroll data. The difference between this estimate and the actual income received is credited or charged to income in the following year.

#### Investments

Fixed-term investments are carried at amortized cost. Gains and losses realized on disposal of fixed-term investments are amortized on a straight line basis over a seven-year period, which approximates the period to maturity.

Equity investments, option contracts, and unrealized gains and losses on future and forward contracts are stated at moving average market value. Realized and unrealized gains and losses occurring during the year are deferred and amortized on a straight line basis over a five-year period.

#### Capital assets

Capital assets are reported at cost and are depreciated on a straight line basis over their estimated useful lives. The rates used are as follows:

Buildings 25 or 40 years
Office furniture and equipment 5 years
Computer software and hardware 3 years

Motor vehicles 3 years, 35% residual value

#### Benefits liabilities

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. Benefits liabilities also include the estimated liability for latent occupational diseases, and a provision for future administration costs of existing claims. It is the Commission's policy to have an independent consulting actuary complete a valuation of the benefits liabilities of the Commission every two years. Such a valuation was performed as at December 31, 1996. In interim years, the Commission's staff actuary completes an estimate of the benefits liabilities. This estimate is reviewed with the Commission's consulting actuary, but not at the same level of detail as when a full independent valuation is performed. Actual future costs could vary from those amounts presented in the financial statements.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

#### Workers' Rehabilitation Centre

Included in health care costs is \$6.0 million (1995 – \$6.0 million) for services provided by the Workers' Rehabilitation Centre, a department of the Commission.

#### **Funding policy**

The Commission's funding policy states its goal is to attain a funded ratio of assets to liabilities of 105%. Consequently, the assessment revenue raised each year from assessed employers includes a certain amount designed to allow the Commission to attain its target funded ratio. In 1996, this amount was \$18.5 million (1995 – \$10.0 million). The revenue raised with respect to the funding policy is shown separately in the Statement of Operations.

#### Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers (Federal and certain Provincial Government bodies) who directly bear the cost of their incurred claims and an appropriate share of administration costs.

The benefits liabilities recorded in these financial statements include obligations to injured workers of self-insured employers, excluding those injured workers and dependents receiving benefits under the *Government Employees Compensation Act* or the *Silicosis Compensation Act*. These obligations represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year, or in any prior year, for these self-insured employers. As these liabilities will be borne by these employers when paid in future years, an offsetting receivable in an amount equal to the benefits liabilities exists and is shown as recoverable benefits liabilities on the Commission's balance sheet. Self-insured employers who are Crown Corporations are required to provide the Commission with an irrevocable letter of credit or a guarantee from the Province of New Brunswick as security for the receivable.

#### Agreements with respect to certain employer assessments

The Commission has entered into agreements with certain employers which require these employers to provide funding to cover the specific costs of benefits to their injured workers. Three years following the end of a fiscal year or, depending on the agreement, the conclusion of a specific project, an actuarial determination is made of the future benefits payments expected for claims identified with each employer and a final settlement is reached with each employer. Subsequent adjustments to the actuarial determination of benefits liabilities associated with these agreements would be the responsibility of, or for the benefit of, the Commission.

#### 3. CHANGES IN ACCOUNTING POLICIES

During 1996, the following changes in accounting policies were adopted and applied retroactively:

a) Benefits liabilities include the estimated liability for latent occupational diseases. In previous years, the existence of this liability was disclosed in the notes to the financial statements, but was not included in the benefits liabilities reported since a reasonable estimate of the amount was not available. This change resulted in an increase in recoverable benefits liabilities of \$2.1 million, an increase in benefits liabilities of \$16.2 million, and a decrease in the fund balance of \$14.1 million at January 1, 1996. As a result of this change, the balance of \$6.0 million in the occupational disease reserve (previously included in contingency reserves on the balance sheet) has been transferred to the fund balance.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### **December 31, 1996**

#### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

b) Benefits liabilities include the estimated liability for future administration costs of existing claims. As disclosed in previous years, these liabilities were not included in benefits liabilities. This change resulted in an increase in recoverable benefits liabilities of \$3.4 million, an increase in benefits liabilities of \$26.2 million, and a decrease in the fund balance of \$22.8 million at January 1, 1996.

The prior years' results have been restated to reflect these changes in accounting policies. The impact of these changes for assessed employers on the 1995 statement of operations was as follows:

	Increase (decrease) (\$000)		
	Claims costs incurred	Surplus for the year	
a) Occupational disease liability	(634)	634	
b) Liability for future administration costs	(1,031)	1,031	
Total	(1,665)	1,665	

For self-insured employers, these changes resulted in an increase in revenue and claims costs incurred of \$1.5 million for 1995.

#### 4. RECEIVABLES

	1996 (\$000)	1995 (\$000)
Assessments	2,488	1,602
Provision for unbilled assessments	3,000	3,300
Self-insured employers	268	2,169
Other	144	344
	5,900	7,415

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 5. Investments

The Commission has established policies for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with these investment policies is monitored on a regular basis.

South   Sout		1996	1995
Money Market         45,320         52,282           Fixed-term investments (Market 1996 - \$143,182; 1995 - \$112,684)         134,302         105,274           Equities (Market 1996 - \$292,320; 1995 - \$256,180)         258,389         236,765           Accrued interest         2,627         2,455           440,638         396,776           Deferred realized investment gains         (36,865)         (21,612)           403,773         375,164           b) Deferred Realized Investment Gains         33,710         11,702           Balance, beginning of year         21,612         21,124           Realized net investment gains for the year         33,710         11,702           Amortization to investment income         (18,457)         (11,214)           Balance, end of year         36,865         21,612           c) Investment Income         2         2           Earned during the year         19,421         20,030           Amortization of deferred realized investment gains         18,457         11,214           Amortization of deferred unrealized investment gains         6,662         3,720           Less: Portfolio management expenses         (3,287)         (2,180)	a) Portfolio Investments	(\$000)	(\$000)
Fixed-term investments (Market 1996 - \$143,182; 1995 - \$112,684)         134,302         105,274           Equities (Market 1996 - \$292,320; 1995 - \$256,180)         258,389         236,765           Accrued interest         2,627         2,455           440,638         396,776           Deferred realized investment gains         (36,865)         (21,612)           403,773         375,164           b) Deferred Realized Investment Gains         21,612         21,124           Realized net investment gains for the year         21,612         21,124           Amortization to investment income         (18,457)         (11,214)           Balance, end of year         36,865         21,612           c) Investment Income         20,030           Earned during the year         19,421         20,030           Amortization of deferred realized investment gains         18,457         11,214           Amortization of deferred unrealized investment gains         6,662         3,720           Less: Portfolio management expenses         (3,287)         (2,180)	,	45.220	50.000
Equities (Market 1996 - \$292,320; 1995 - \$256,180)         258,389         236,765           Accrued interest         2,627         2,455           440,638         396,776           Deferred realized investment gains         (36,865)         (21,612)           403,773         375,164           b) Deferred Realized Investment Gains         33,710         11,702           Balance, beginning of year         21,612         21,124           Realized net investment gains for the year         33,710         11,702           Amortization to investment income         (18,457)         (11,214)           Balance, end of year         36,865         21,612           c) Investment Income         Earned during the year         19,421         20,030           Amortization of deferred realized investment gains         18,457         11,214           Amortization of deferred unrealized investment gains         6,662         3,720           Less: Portfolio management expenses         (3,287)         (2,180)		,	
Accrued interest         2,627         2,455           440,638         396,776           Deferred realized investment gains         (36,865)         (21,612)           403,773         375,164           b) Deferred Realized Investment Gains         21,612         21,124           Balance, beginning of year         21,612         21,124           Realized net investment gains for the year         33,710         11,702           Amortization to investment income         (18,457)         (11,214)           Balance, end of year         36,865         21,612           c) Investment Income         2         2           Earned during the year         19,421         20,030           Amortization of deferred realized investment gains         18,457         11,214           Amortization of deferred unrealized investment gains         6,662         3,720           Less: Portfolio management expenses         (3,287)         (2,180)		,	,
Deferred realized investment gains   396,776		•	,
Deferred realized investment gains   (36,865)   (21,612)	Accrued interest	2,021	2,433
b) Deferred Realized Investment Gains  Balance, beginning of year 21,612 21,124 Realized net investment gains for the year 33,710 11,702  Amortization to investment income (18,457) (11,214)  Balance, end of year 36,865 21,612  c) Investment Income  Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  Less: Portfolio management expenses (3,287) (2,180)		440,638	396,776
b) Deferred Realized Investment Gains  Balance, beginning of year 21,612 21,124 Realized net investment gains for the year 33,710 11,702  Amortization to investment income 55,322 32,826  Amortization to investment income (18,457) (11,214)  Balance, end of year 36,865 21,612  c) Investment Income  Earned during the year 19,421 20,030  Amortization of deferred realized investment gains 18,457 11,214  Amortization of deferred unrealized investment gains 6,662 3,720  Less: Portfolio management expenses (3,287) (2,180)	Deferred realized investment gains	(36,865)	(21,612)
Balance, beginning of year       21,612       21,124         Realized net investment gains for the year       33,710       11,702         Amortization to investment income       55,322       32,826         Amortization to investment income       (18,457)       (11,214)         Balance, end of year       36,865       21,612         c) Investment Income       Earned during the year       19,421       20,030         Amortization of deferred realized investment gains       18,457       11,214         Amortization of deferred unrealized investment gains       6,662       3,720         Less: Portfolio management expenses       (3,287)       (2,180)		403,773	375,164
Realized net investment gains for the year       33,710       11,702         55,322       32,826         (18,457)       (11,214)         Balance, end of year       36,865       21,612         c) Investment Income         Earned during the year       19,421       20,030         Amortization of deferred realized investment gains       18,457       11,214         Amortization of deferred unrealized investment gains       6,662       3,720         Less: Portfolio management expenses       (3,287)       (2,180)	b) Deferred Realized Investment Gains	-	
Realized net investment gains for the year       33,710       11,702         55,322       32,826         (18,457)       (11,214)         Balance, end of year       36,865       21,612         c) Investment Income         Earned during the year       19,421       20,030         Amortization of deferred realized investment gains       18,457       11,214         Amortization of deferred unrealized investment gains       6,662       3,720         Less: Portfolio management expenses       (3,287)       (2,180)	Balance, beginning of year	21.612	21.124
Amortization to investment income 55,322 32,826 (18,457) (11,214)  Balance, end of year 36,865 21,612  c) Investment Income  Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  Less: Portfolio management expenses (3,287) (2,180)			•
Amortization to investment income       (18,457)       (11,214)         Balance, end of year       36,865       21,612         c) Investment Income <ul> <li>Earned during the year</li> <li>Amortization of deferred realized investment gains</li> <li>18,457</li> <li>11,214</li> <li>Amortization of deferred unrealized investment gains</li> <li>6,662</li> <li>3,720</li> </ul> Less: Portfolio management expenses       (3,287)       (2,180)			
Balance, end of year 36,865 21,612  c) Investment Income  Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  Less: Portfolio management expenses (3,287) (2,180)			
c) Investment Income  Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  Less: Portfolio management expenses (3,287) (2,180)	Amortization to investment income	(18,457)	(11,214)
Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  44,540 34,964 Less: Portfolio management expenses (3,287) (2,180)	Balance, end of year	36,865	21,612
Earned during the year 19,421 20,030 Amortization of deferred realized investment gains 18,457 11,214 Amortization of deferred unrealized investment gains 6,662 3,720  44,540 34,964 Less: Portfolio management expenses (3,287) (2,180)	e) Investment Income		
Amortization of deferred realized investment gains Amortization of deferred unrealized investment gains Amortization of deferred unrealized investment gains 44,540 Less: Portfolio management expenses (3,287) 11,214 44,540 34,964 (2,180)		19 421	20.030
Amortization of deferred unrealized investment gains 6,662 3,720  44,540 34,964  Less: Portfolio management expenses (3,287) (2,180)			
Less: Portfolio management expenses (3,287) (2,180)		· ·	
		44,540	34,964
<u>41,253</u> 32,784	Less: Portfolio management expenses	(3,287)	(2,180)
		41,253	32,784

#### d) Derivative Financial Instruments

Certain of the Commission's external investment portfolio managers utilize derivative financial instruments where appropriate to increase portfolio diversification, reduce interest rate and foreign currency volatility and enhance overall investment returns.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 5. Investments (continued)

Included in equities are option contracts with a cost of \$1.3 million and market value of \$1.5 million. The Commission's unrecorded contractual commitments and the corresponding market values relating to future and forward contracts at December 31, 1996 are as follows:

1996

	(\$000)	
	Unrecorded Contractual Commitments	Market Value
Long position future and forward contracts	60,700	60,000
Short position future and forward contracts	16,700	16,800

For the year ending December 31, 1996, total realized gains on derivative financial instruments amounted to \$1.9 million (1995 – nil).

#### 6. CAPITAL ASSETS

		1996 (\$000)		1995 (\$000)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	162	0	162	144
Buildings	10,231	4,205	6,026	6,064
Office furniture and equipment	3,803	3,163	640	758
Computer software and hardware	9,672	7,852	1,820	1,974
Motor vehicles	283	169	114	138
	24,151	15,389	8,762	9,078

### 7. PAYABLES AND ACCRUALS

	1996 (\$000)	1995 (\$000)
Accounts payable and accruals	4,261	3,725
Due to Minister of Finance	0	12,000
Employer deposits	4,729	5,722
Province of New Brunswick	410	417
Risk Management Demonstration Project	514	1,306
	9,914	23,170

The employer deposits represent funds deposited with the Commission in accordance with the agreements with certain employers referred to in note 2 to these financial statements.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

8. Benefits liabilities

	1996 (\$000)				1995 (\$000)		
	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabili- tation	Total	Total
Balance, beginning of year	32,193	232,323	91,243	70,194	19,711	445,664	448,164
Add Claims costs incurred Current year injuries Prior years' injuries	: 15,443 4,018	12,929 13,252	2,672 2,785	19,194 12,296	3,447 204	53,685 32,555	43,793 18,616

86,240 62,409 19,461 26,181 5,457 31,490 3,651 Less Claims payments made: Current year injuries 5,933 12,885 11,307 6,814 56 56 26 Prior years' injuries 12,967 19,011 6,969 15,218 2,983 57,148 53,602 19,781 19,067 7,025 21,151 3,009 70,033 64,909 Balance, end of year 31,873 239,437 89,675 80,533 20,353 461,871 445,664

Significant changes in the expected cost of prior years' injuries arising from the actuarial valuation of the benefits liabilities performed as at year-end included the following:

Increase (decrease) in benefits liabilities and claims costs incurred 1996 (\$000)2,200 Unfavourable experience on short-term disability claims 3,000 Unfavourable experience on health care costs (2,100)Favourable experience on other benefits Favourable inflation experience (5,000)Reduction in assumed indexing rate for CPI-indexed benefits (4,900)Increased cost per claim assumption for future long-term disability claims 7,200

In 1995, total actuarial adjustments resulted in a net decrease in benefits liabilities of \$13.1 million.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 9. ACTUARIAL ASSUMPTIONS

The actuarial valuation of the benefits liabilities is based on assumptions that reflect both short-term and long-term forecasts. The table below lists the principal economic assumptions used:

	1996		1995
	CPI-indexed benefits	Other payments	All payments
Gross rate of return	8.00%	8.00%	8.00%
Inflation – Year 1	1.80%	4.35%	4.35%
<ul> <li>subsequent years</li> </ul>	4.35%	4.35%	4.35%
Net rate of return – Year 1	6.09%	3.50%	3.50%
<ul> <li>subsequent years</li> </ul>	3.50%	3.50%	3.50%
10. Assessments			
	1996		1995
	(\$000		(\$000)
	Budget	<u>Actual</u>	Aetual
Assessments earned	79,200	77,347	77,509
Interest and penalties	1,000	801	853
Risk Management Demonstration Project	985	<b>792</b>	402
Minister of Finance	0	0	1,129
Assessments written off	(500)	(196)	(256)
	80,685	78,744	79,637
Shown as:			
Assessments	62,185	60,244	69,637
Funding policy assessment	18,500	18,500	10,000
	80,685	78,744	79,637

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### **December 31, 1996**

11. SELF-INSURED EMPLOYERS			
	199		1995
	(\$00		(\$000)
	Budget	Actual	Actual
Assessment revenue	15,675	13,027	14,853
Claims costs incurred:			
Short-term disability	3,050	2,040	2,198
Long-term disability	4,800	3,435	4,550
Survivor benefits	1,100	<b>538</b>	319
Health care	3,325	4,782	2,916
Rehabilitation	600	(294)	1,997
	12,875	10,501	11,980
Administration	2,800	2,526	2,873
	15,675	13,027	14,853
12. Administration			
	199	96	1995
	(\$00		(\$000)
	Budget	Actual	Actual
Salaries and employee benefits	14,957	14,744	14,360
Depreciation	2,400	2,415	2,322
Professional fees	722	664	561
Office and communications	1,315	1,435	1,450
Building operations	1,979	1,900	1,934
Travel and vehicle operations	782	906	993
Education and training	433	231	210
Other	935	676	427
	23,523	22,971	22,257
Corporate restructuring	763	509	1,380
	24,286	23,480	23,637
Recovery of costs	(2,600)	(2,268)	(2,320)
	21,686	21,212	21,317
Shown as:			
Operations	17,113	16,512	16,592
Occupational health and safety	4,573	4,700	4,725
	21,686	21,212	21,317

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 12. ADMINISTRATION (CONTINUED)

Corporate restructuring costs consist primarily of salaries and benefits for employees in positions which have been determined to be redundant but whom the Commission continues to employ due to contractual obligations or Commission policy. Also included in 1995 are the costs of an early retirement program.

The recovery of costs consists of costs incurred by the Commission on behalf of the Workers' Rehabilitation Centre which are properly reflected as health care costs.

#### 13. RELATED PARTY TRANSACTIONS

The Commission is required by legislation to reimburse the Provincial Government for all operating costs of the Workers' and Employers' Advocates. During the year, payments made were as follows:

	(\$000)	(\$000)
Workers' Advocate Employers' Advocate	345 149	338 134
	494	472

Included in these statements are amounts resulting from normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations with which the Commission may be considered related. Account balances arising from these transactions are included in the financial statements.

The following investments held by the Commission are issued by the Province or its agencies, or are issued by municipalities and guaranteed by the Province:

	(\$000)	(\$000)
Province of New Brunswick Municipalities or Municipal Finance Corporation	5,172 545	244 2,007
	5,717	2,251

#### 14. EMPLOYEE PENSION PLAN

The Commission and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick, which provides pensions based on the length of service and best average earnings.

An actuarial valuation prepared as at April 1, 1989 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available to provide for these benefits. The Commission's portion of the shortfall was determined to be \$2.6 million. The unfunded liability is being funded through 25 annual escalating payments which commenced in 1992.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### NOTES TO FINANCIAL STATEMENTS

#### December 31, 1996

#### 14. EMPLOYEE PENSION PLAN (CONTINUED)

Using the 1989 valuation, annual payments (including interest) in each of the next five years, bearing interest at CPI plus 2% (assuming an average rate of 6.5%) amortized to 2016, are as follows:

	(\$000)
1997	179
1998	190
1999	203
2000	216
2001	230

An actuarial valuation was prepared as at April 1, 1993. This valuation also indicates that the present value of the accumulated plan benefits continues to exceed the market value of the net assets available to provide these benefits. No change was made to the funding based on this valuation.

#### 15. POOLED INVESTMENT FUND

Effective March 1, 1995, the Commission entered into a Pooled Investment Fund arrangement for the management of its investment assets and of the investment assets of the Workers' Compensation Board of Prince Edward Island. These financial statements report the Commission's proportionate share of the investment assets held in the pooled fund which was 91.7% at December 31, 1996 (1995 – 95.2%). The Commission receives a fee for the administration of the Workers' Compensation Board of Prince Edward Island's share of the fund.

#### 16. BUDGET

The 1996 budget figures which are presented for comparison with the actual figures were approved by the board of directors in December 1995 and have not been audited.

#### 17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted for 1996.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

#### **ACTUARIAL STATEMENT OF OPINION**

With respect to the Workers' Compensation Act of New Brunswick, I state that in my opinion:

- 1. The total benefit liabilities as at December 31, 1996 for benefit payments of all types expected to be made after December 31, 1996 (including capitalized awards and the effect of future indexing, occupational diseases and future administrative costs on existing claims) in respect of accidents of 1996 and prior years amount to \$402,694,741 for assessed employers and \$59,177,115 for self-insured employers (excluding benefits covered under the *Government Employees Compensation Act* and the *Silicosis Compensation Act*) for a total of \$461,871,856. The amount for assessed employers includes a reduction of \$4,900,000 as a result of a change in the inflation assumption for 1997 and an increase of \$1,200,000 due to a change in valuation approach for pre-1982 disability awards.
- 2. The liability as at December 31, 1996 for pension contributions and interest already set aside by the Commission up to December 31, 1996 for purposes of providing pension benefits at age 65 to dependent spouses of deceased workers is included in item 1. above and was obtained from the Commission's financial department staff. Also included in item 1. is an amount of \$791,069 which was due and payable to the Workers' Rehabilitation Centre as at December 31, 1996, and is included with claim payments in the Commission's annual statement.
- 3. The data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
- 4. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate, and the methods used are in accordance with generally accepted actuarial practice. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the basis of asset valuation adopted by the Commission. The discount rates used are disclosed in note 9 to the financial statements.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial report as at December 31, 1996, of which this statement of opinion forms part.

March 17, 1997

Confad Ferguson

Fellow of the Canadian Institute of Actuaries

Sobeco Ernst & Young

FINANCIAL STATEMENTS
YOUTH COUNCIL OF NEW BRUNSWICK
31 MARCH 1997

Office of the Auditor General

Bureau du vérificateur général



#### **AUDITOR'S REPORT**

To the Chairperson and Members Youth Council of New Brunswick

I have audited the balance sheet of the Youth Council of New Brunswick as at 31 March 1997 and the statement of revenue, expenses and surplus for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 1997 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

K. D. Robinson, CA Acting Auditor General

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Fredericton, N. B. 3 June 1997

#### YOUTH COUNCIL OF NEW BRUNSWICK BALANCE SHEET 31 MARCH 1997

ASSETS	1997	1996
Current assets		
Cash	\$1,079	\$2,587
Accounts receivable (note 3)	6,317	3,895
Prepaid expenses		382
	\$7,396	\$6,864

LIABILITIES	AND	SURP	LUS

Current liabilities		
Accounts payable	\$5,402	\$8,305
Accrued salaries payable	5,543	4,339
	10,945	12,644
Surplus (deficit)	(3,549)	(5,780)
	\$7,396	\$6,864

Approved by the Council

Chairperson

Member

#### YOUTH COUNCIL OF NEW BRUNSWICK STATEMENT OF REVENUE, EXPENSES AND SURPLUS FOR THE YEAR ENDED 31 MARCH 1997

	1997 Budget (Note 2)	1997	1996
REVENUE			
Grants			
Province of New Brunswick	\$113,400	\$113,400	\$111,200
Other (note 4)	12,000	12,000	8,000
Miscellaneous	•	620	827
	125,400	126,020	120,027
EXPENSES			
Salaries and benefits	89,600	91,668	87,054
Furniture and equipment	2,600	3,480	5,491
Professional development	600	295	874
Professional services	800	922	712
Printing and photocopying	13,950	9,143	4,051
Travel, accommodations and meals	9,000	8,371	11,800
Telephone	4,600	4,341	4,504
Office supplies	2,400	2,438	2,465
Postage	900	879	918
Public relations and advertising	650	-	653
Honoraria	1,800	1,500	2,508
Conference and meeting	100	60	· -
Publications and subscriptions	400	520	574
Repairs and maintenance	250	94	267
Bank charges	100	212	237
Miscellaneous	50	•	31
_	127,800	123,923	122,139
Excess (deficiency) of revenue over expenses			
before Youth Connexions Jeunesse	\$ (2,400)	2,097	(2,112)
Youth Connexions Jeunesse (Schedule A)		134	(5,409)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		2.224	(7.504)
Surplus (deficit), beginning of year		2,231	(7,521)
	···	(5,780)	1,741
SURPLUS (DEFICIT), end of year	<del></del>	\$ (3,549)	\$ (5,780)

#### YOUTH COUNCIL OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

The Council was established by a cabinet decision in May 1986 and the appointment of the Council was announced in March 1987. The Council began operations in May 1987.

The Youth Council's mission statement reads as follows:

The Youth Council of New Brunswick is the provincial body representative of youth which voices the interests, needs, concerns and perspectives of young people aged 15 - 24, and presents recommendations to government and the public. This is achieved by acting as an advisory and advocacy body, through resource co-ordination and by research and consultation. Through its actions, the Youth Council of New Brunswick strives to be a catalyst for increasing youth involvement in society.

#### 1. Capital assets

It is the policy of the Council to charge all capital asset purchases to expense in the period in which the expenditure is incurred.

#### 2. Budget information

The budget information for 1997 deals only with the general operations of the Council. During the year, the Council received additional revenues to defray the cost of operations of Youth Connexions Jeunesse. The revenues and expenses of this activity are not included in the budget information provided for general operations.

#### 3. Employee loans

Youth Council of New Brunswick has provided interest free loans to personnel for the purchase of personal computers. Two computers were purchased at a cost of \$5,658. These loans are being repaid through payroll deductions of \$100 per month. The balance owing as at 31 March 1997 of \$1,400 has been recorded as a receivable in the financial statements.

#### 4. Grants - Other

An amount of \$12,000 was received during the period ended 31 March 1997 to defray the cost of publishing the Youth Council's Bulletin Journal.

#### YOUTH COUNCIL OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 1997

## 5. Services provided by the Province of New Brunswick

The Council uses an office building owned by the Province of New Brunswick and there are no rental charges.

Youth Connexions Jeunesse operates from a location provided free of rental charges at the Regent Mall in Fredericton.

#### 6. Comparative figures

The 1996 figures have been restated to conform with the 1997 presentation.

#### YOUTH COUNCIL OF NEW BRUNSWICK SCHEDULE OF YOUTH CONNEXIONS JEUNESSE REVENUE AND EXPENSES FOR THE YEAR ENDED 31 MARCH 1997

**SCHEDULE A** 

	1997	1996
REVENUE		
Province of New Brunswick	\$52,979	\$80,536
Government of Canada	29,482	
	82,461	80,536
EXPENSES		
Salaries and benefits		
Administration	31,914	29,586
Casuals	41,824	42,646
Furniture and equipment	-	761
Professional services	145	1,579
Printing and photocopying	1,333	1,256
Travel, accommodations and meals	692	322
Telephone	1,822	3,824
Office supplies	3,978	2,457
Postage	4	19
Public relations and advertising	600	3,223
Conference and meeting	-	144
Repairs and maintenance	15	128
	82,327	85,945
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 134	\$ (5,409)