



# Public Accounts

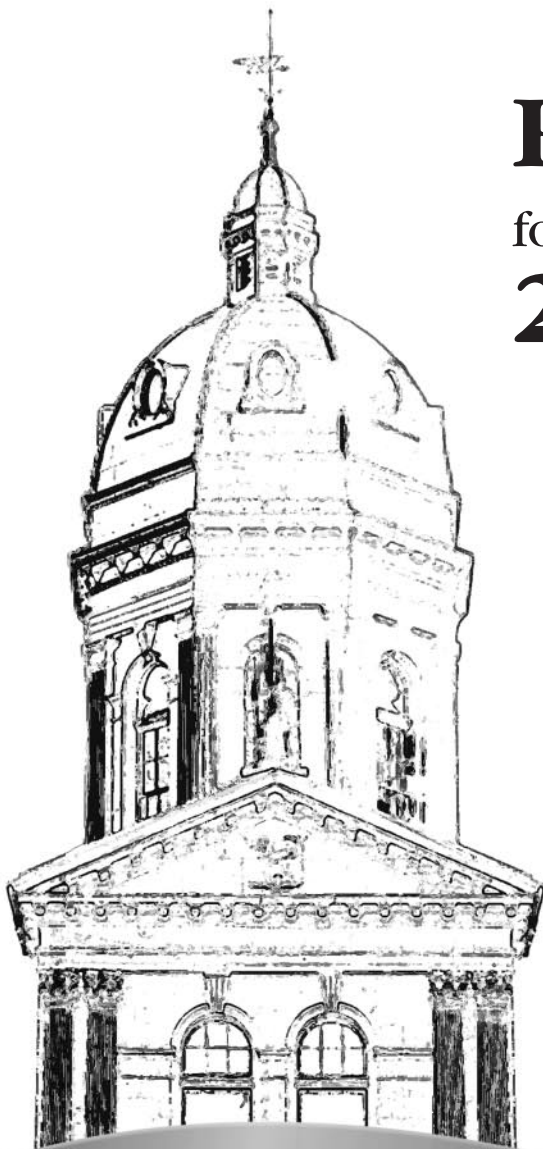
for the fiscal year ended 31 March  
**2000**

## Volume 3

Financial Statements of  
Crown Corporations,  
Boards, Commissions

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





# Public Accounts

for the fiscal year ended 31 March  
**2000**

**Volume 3**  
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Crown Corporations,  
Boards, Commissions

Printed by  
Authority of the Legislature  
Fredericton, N.B.  
ISSN 0382-1277



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## INTRODUCTION VOLUME III

The Public Accounts of the Province of New Brunswick are presented in five 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, Statement of Responsibility and a variance analysis.

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. This volume 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.**

Volume IV contains the financial statements of various trust funds which the Province administers as Trustee.

Volume V contains salary listings of certain government organizations, including regional hospital corporations, New Brunswick Power Corporation, New Brunswick Liquor Corporation and the Workplace Health, Safety and Compensation Commission of New Brunswick. The salary listings are for employees who received earnings during the year ended 31 December 1999 in excess of \$40,000.

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**FINANCIAL STATEMENTS**  
**ADVISORY COUNCIL ON THE STATUS**  
**OF WOMEN**  
**31 MARCH 2000**

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Office of the  
Auditor General

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 2000 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Daryl C. Wilson'.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
15 May 2000




**ADVISORY COUNCIL ON THE STATUS OF WOMEN  
BALANCE SHEET  
31 MARCH 2000**

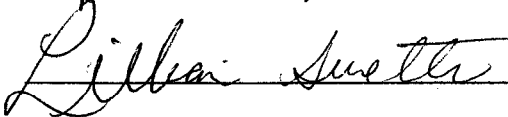
	2000	1999
<b>ASSETS</b>		
Cash	\$ 4,296	\$ 1,164
Accounts receivable - Province of New Brunswick	36,097	-
- Other	-	3,900
	<u>\$40,393</u>	<u>\$ 5,064</u>

**LIABILITIES AND SURPLUS**

Accounts payable - Due to Province of New Brunswick	\$ -	\$ 5,064
Surplus	40,393	-
	<u>\$40,393</u>	<u>\$ 5,064</u>

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 2000**

	2000 Budget	2000	1999
<b>REVENUE</b>			
Grants			
Province of New Brunswick	\$427,100	\$429,100	\$431,500
HRD Canada	-	7,312	9,628
Other	-	63	797
	<u>427,100</u>	<u>436,475</u>	<u>441,925</u>
<b>EXPENSES</b>			
Personal services	212,500	188,747	214,939
Other services	174,600	178,176	175,581
Materials and supplies	15,000	8,102	10,624
Property and equipment	5,000	10,111	32,213
Contributions and grants	20,000	10,900	900
Debt and other charges	-	46	189
	<u>427,100</u>	<u>396,082</u>	<u>434,446</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ Nil</u>	40,393	7,479
Surplus, beginning of year		-	-
Surplus, transferred to consolidated fund		-	(7,479)
<b>SURPLUS, end of year</b>		<u>\$ 40,393</u>	<u>\$ Nil</u>

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**ADVISORY COUNCIL ON THE STATUS OF WOMEN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Purpose of the organization**

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The Advisory Council on the Status of Women advises the New Brunswick government on matters relating to the status of women and brings before the public issues of concern to women.

**2. Significant accounting policies**

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

**3. Expenses not included in these financial statements**

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

The Department of Finance has assumed responsibility for most of the costs of the financial administration of the Council.



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**FINANCIAL STATEMENT**  
**ALGONQUIN GOLF LIMITED**  
**31 DECEMBER 1999**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Shareholder of  
Algonquin Golf Limited

I have audited the balance sheet of Algonquin Golf Limited as at 31 December 1999. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement 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, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at 31 December 1999 in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

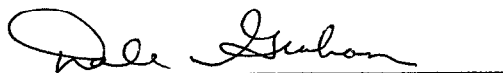
Daryl C. Wilson, FCA  
Auditor General

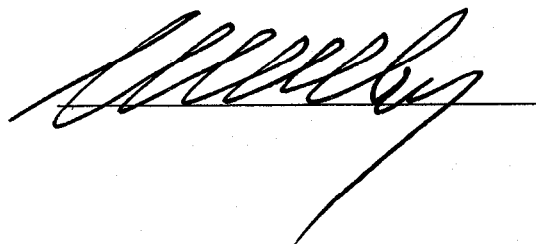
Fredericton, N.B.  
8 March 2000

**ALGONQUIN GOLF LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 1999**

<b>ASSETS</b>	<b>1999</b>	<b>1998</b>
Capital Assets (Note 3)		
Land	\$209,631	\$209,631
Golf Course Buildings	1,296,522	97,134
Golf Course Improvements	4,828,147	3,036,155
Golf Course Equipment	378,657	0
Furniture and Fixtures	70,536	0
	<u>\$6,783,493</u>	<u>\$3,342,920</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1999</b>	<b>1998</b>
Liabilities		
Accounts Payable	\$323,514	\$230,213
Deferred Contributions Related to Capital Assets (Note 5)	2,135,936	2,135,936
Due to Province of New Brunswick (Note 4)	4,266,627	976,770
Interest on Construction Loan	57,415	0
	<u>6,783,492</u>	<u>3,342,919</u>
Shareholder's Equity		
Capital Stock (Issued and Fully Paid. 1 Common Share)	1	1
	<u>\$6,783,493</u>	<u>\$3,342,920</u>

Approved by the Board

 Director

 Director

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**ALGONQUIN GOLF LIMITED**  
**NOTES TO FINANCIAL STATEMENT**  
**31 DECEMBER 1999**

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**1. Description of Operations**

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Algonquin Golf Limited was incorporated on 29 May 1998 under the New Brunswick Business Corporations Act. Its purpose is to re-develop and operate the golf course currently owned by Algonquin Properties Limited.

Algonquin Golf Limited is currently in the pre-operating stage which includes design, re-development and construction of the golf course. While in the pre-operating stage, all transactions are capitalized. Accordingly, a statement of revenue and expenses has not been prepared. A statement of cash flows has not been prepared as it would not provide any additional information.

The first year of operations is scheduled for the year 2000. At that time, the golf course assets owned by Algonquin Properties Limited - building, equipment and land - will be transferred from Algonquin Properties Limited to Algonquin Golf Limited. After this transfer of assets, revenues and expenses of the golf course will then be recorded in the Algonquin Golf Limited financial statements.

**2. Summary of Significant Accounting Policies**

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Capital Assets

All costs incurred to date have been capitalized under "Capital Assets". Amortization will start in the first year of operations.

**3. Golf Course Construction**

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Work on the redesign, construction and furnishings of the new signature golf course at the Algonquin golf course site began in January of 1998. The work is expected to be completed and the course opened for operation in the summer of 2000. As of 31 December 1999, the following costs had been incurred:

Land	\$209,631
Golf Course Buildings	1,296,522
Golf Course Improvements	4,828,147
Golf Course Equipment	378,657
Furniture and Fixtures	<u>70,536</u>
Capital Assets	<u>\$6,783,493</u>



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**ALGONQUIN GOLF LIMITED**  
**NOTES TO FINANCIAL STATEMENT**  
**31 DECEMBER 1999**

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**4. Due to Province of New Brunswick**

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The full amount of the loan from the Province totaling \$4,572,514 is to be received over a period of three years with the final amount to be received in the year 2000. This loan is repayable no later than 31 March 2013, through blended payments of principal plus interest each and every year with payments commencing 31 March 2002. The loan shall be for a term of fifteen years. The loan shall bear interest at the rate of 6% compounded semi-annually not in advance, beginning in 1999. Interest accrued on this loan for 1999 was \$57,415.

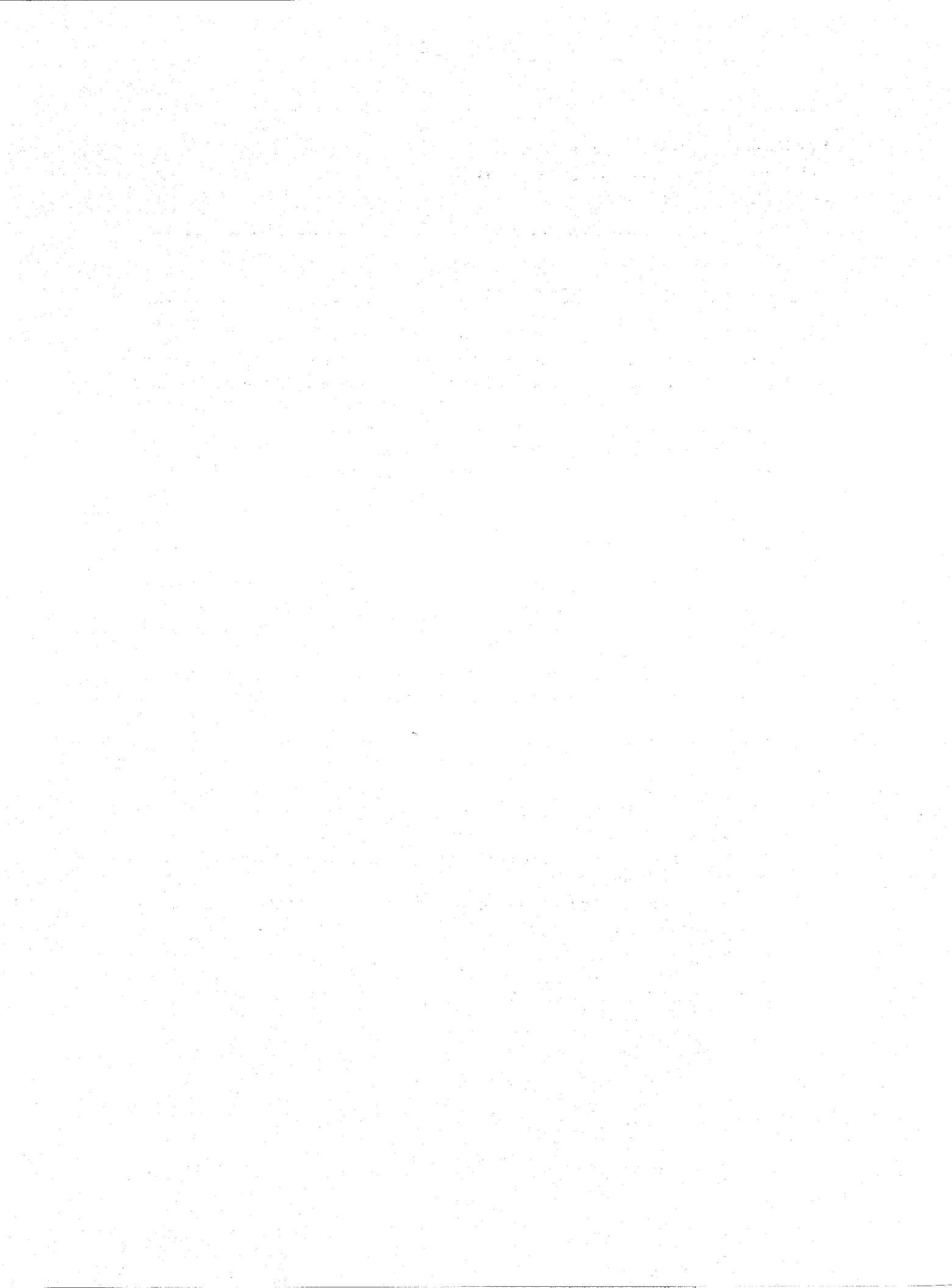
**5. Deferred Contribution**

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In 1998, Algonquin Golf Limited received a non-repayable contribution of \$2,135,936 from the Province of New Brunswick towards costs associated with the redesign, construction, furnishings and equipment for the new signature golf course at the Algonquin golf site. The full amount has been recorded as deferred revenue until the opening of the course. This amount will then be amortized over the same period as the assets which the contribution was used to fund.

Terms and conditions of the government assistance include:

- The Corporation must report to the Department of Economic Development, Tourism and Culture semi-annually on the progress of the project based on predetermined performance indicators.
- The Corporation agrees to fund any and all costs over and above the estimated construction budget of \$6,708,450.
- The Corporation shall not change the project scope without the prior written approval of the Department.
- The Corporation shall provide quarterly cash flow reports of project expenditures as well as a final report on the total project expenditures within 90 days of the completion of the project.



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FINANCIAL STATEMENTS

**ALGONQUIN PROPERTIES LIMITED**

31 DECEMBER 1999

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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 1999 and the statements of revenue, expense and deficit and cash flows 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 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

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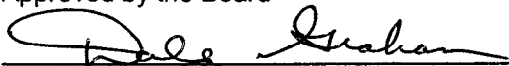
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
16 March 2000

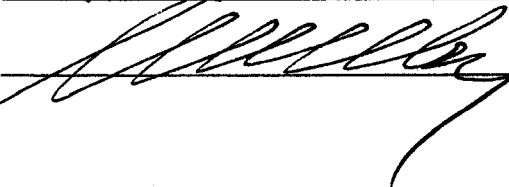
**ALGONQUIN PROPERTIES LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 1999**

	1999	1998
<b>ASSETS</b>		
Current assets		
Cash on hand and in bank	\$ 55,341	\$ -
Accounts receivable (Note 5c)	431,368	349,958
Inventories, at cost	75,862	62,937
Prepaid expenses	57,137	41,177
	<u>619,708</u>	<u>454,072</u>
Capital assets (Note 3)	17,047,635	16,785,785
	<u>\$ 17,667,343</u>	<u>\$ 17,239,857</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities		
Outstanding cheques in excess of bank balance	\$ -	\$ 125,137
Accounts payable and accrued liabilities	368,932	371,825
Due to Fairmont Hotels Inc.	199,888	100,694
Advance deposits	44,614	14,945
	<u>613,434</u>	<u>612,601</u>
Due to Province of New Brunswick (Note 4)	-	29,514,171
Interest on expansion loan (Note 4)	-	6,205,834
	<u>-</u>	<u>35,720,005</u>
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
	<u>300,000</u>	<u>300,000</u>
Contributed Surplus (Note 4)	38,047,960	-
Deficit	(21,294,051)	(19,392,749)
	<u>17,053,909</u>	<u>(19,092,749)</u>
	<u>\$ 17,667,343</u>	<u>\$ 17,239,857</u>

Approved by the Board



Director



Director

**ALGONQUIN PROPERTIES LIMITED**  
**STATEMENT OF REVENUE, EXPENSE AND DEFICIT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 (Budget)	1999	1998
<b>REVENUE</b>			
Room sales	\$ 3,576,308	\$ 3,975,974	\$ 3,569,284
Food sales	2,082,029	2,350,546	2,027,761
Beverage sales	657,629	630,069	599,630
Green fees and rentals	421,457	342,781	302,625
Telephone	88,037	80,297	78,736
Other sport activities	66,800	67,499	69,085
Rent from Community College	-	6,000	27,775
Miscellaneous	115,068	162,598	117,958
Interest	-	12,849	12,882
	<u>7,007,328</u>	<u>7,628,613</u>	<u>6,805,736</u>
<b>EXPENSE</b>			
Direct costs	3,571,597	3,981,859	3,409,764
Administrative and general	735,256	757,312	795,912
Advertising and promotion	583,132	593,138	526,104
Repairs and maintenance	492,283	539,099	511,634
Heat, light and power	343,350	367,766	328,494
Property taxes	347,417	339,891	337,298
Management fees	297,488	373,374	293,453
Interest on expansion loan (Note 4)	1,500,000	1,427,954	1,339,360
Amortization – capital assets	1,150,000	1,149,522	1,036,163
– deferred charges	-	-	15,669
	<u>9,020,523</u>	<u>9,529,915</u>	<u>8,593,851</u>
<b>NET LOSS</b>	<u>\$(2,013,195)</u>	<u>(1,901,302)</u>	<u>(1,788,115)</u>
Deficit, beginning of year		(19,392,749)	(17,604,634)
<b>DEFICIT, end of year</b>		<u>\$(21,294,051)</u>	<u>\$(19,392,749)</u>

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**ALGONQUIN PROPERTIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

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	1999	1998
<b>CASH PROVIDED BY (USED FOR):</b>		
Operations:		
Net loss for the year	\$(1,901,302)	\$ (1,788,115)
Add item not involving cash:		
Amortization	1,149,522	1,051,832
Decrease in non-cash components of working capital	15,676	154,866
	<u>(736,104)</u>	<u>(581,417)</u>
Financing activities:		
Interest to the Province on the loan for expansion	1,427,954	1,339,360
Advances from the Province	1,400,000	(663,000)
Payment to Province – Expansion Loan	(500,000)	-
	<u>2,327,954</u>	<u>676,360</u>
Investing activities:		
Sale of capital assets	-	10,000
Purchases of capital assets – renovations	(1,411,372)	(355,675)
	<u>(1,411,372)</u>	<u>(345,675)</u>
<b>INCREASE (DECREASE) IN CASH</b>	180,478	(250,732)
Cash Position, beginning of year	<u>(125,137)</u>	<u>125,595</u>
<b>CASH POSITION, end of year</b>	<u>\$ 55,341</u>	<u>\$ (125,137)</u>

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**ALGONQUIN PROPERTIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 DECEMBER 1999**

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**1. Description of operations**

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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 Fairmont Hotels Inc.

**2. Summary of significant accounting policies**

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(a) A reserve for replacement of equipment has been established pursuant to the management agreement with Fairmont Hotels Inc. 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 expense in year of purchase pursuant to the management agreement with Fairmont Hotels Inc.

(c) Amortization of capital assets has been approved by management on a straight-line basis at the rates shown in Note 3.

**3. Capital assets**

---

	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	-	\$ 130,282	\$ -	\$ 130,282
Buildings, improvements and equipment	2.5 – 10%	23,502,710	7,624,388	15,878,322
Operating equipment	8 – 20%	3,209,001	2,169,970	1,039,031
		<u>\$ 26,841,993</u>	<u>\$ 9,794,358</u>	<u>\$ 17,047,635</u>

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



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**ALGONQUIN PROPERTIES LIMITED  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**4. Due to Province of New Brunswick**

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	1999	1998
Shareholder's loan	\$ 492,000	\$ 492,000
Loan for expansion	9,214,585	9,714,585
Advances	20,707,586	19,307,586
	\$ 30,414,171	29,514,171
Interest on expansion loan	7,633,789	6,205,834
	38,047,960	35,720,005
Less amount forgiven by the Province of New Brunswick	38,047,960	-
Total	\$ -	\$ 35,720,005

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

The loan for expansion due to the Province was interest bearing. The interest rate on this loan was 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 1999 was \$1,427,954 (1998 - \$1,339,360).

As directed by Board of Management, all loans and advances, including accrued interest, due to the Province of New Brunswick were forgiven. The total amount forgiven as at 31 December 1999 was \$38,047,960. This amount was credited to contributed surplus.

**5. Related party transactions**

---

(a) Employees of the Province and Fairmont Hotels Inc., who are on business in connection with the management and operation of the Algonquin Hotel, are provided reasonable room accommodations, meals, laundry and valet services without charge.

All other goods and services provided by the Hotel to provincial employees are charged to those employees at fair market value.

(b) Under the Management Agreement, Fairmont Hotels Inc. (the Operator) may:

- purchase goods identified as goods of the Operator through the purchasing department of the Operator and the Operator shall charge a purchasing fee in the amount of 5% of the cost;

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**ALGONQUIN PROPERTIES LIMITED  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**5. Related party transactions – continued**

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- contract for advertising and promotional programs for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
- contract for public relations programs and conduct public relations activities for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
- obtain the services of the Operator's reservation facility known as the Global Reservation Centre, at rates mutually agreed to by the parties from time to time; and,
- obtain technical and specialized operational expertise (personnel of the Operator), at rates to be negotiated between both parties. This type of expertise would generally be related to a capital renovation program.

During 1999, Fairmont Hotels Inc. headquarters invoiced the Algonquin Hotel for a total of \$976,207 (1998 - \$645,853) for such services. The Algonquin also paid for \$70,074 (1998 - \$72,556) of goods and services from other Fairmont Hotels during 1999. These amounts have been allocated to the appropriate expense items on the Statement of Revenue, Expense and Deficit.

(c) During 1999, Algonquin Properties Limited incurred development costs on behalf of Algonquin Golf Limited in the amount of \$93,301 (1998 - \$230,213), bringing the total amount receivable to \$323,514.

Grant Thornton LLP  
Chartered Accountants  
Management Consultants  
Canadian Member Firm of  
Grant Thornton International

Grant Thornton 

**Board of Commissioners of  
Public Utilities  
of the Province of New Brunswick  
Financial Statements  
March 31, 2000**

Grant Thornton LLP  
Chartered Accountants  
Management Consultants  
Canadian Member Firm of  
Grant Thornton International

Grant Thornton 

## 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, 2000 and the statements of revenue and expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 2000 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies set out in the notes to the financial statements.



Chartered Accountants

Saint John, New Brunswick  
June 6, 2000

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 Electric Utilities  
Statements of Revenue and Expenditures and Surplus**

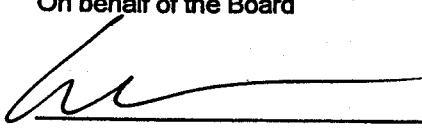
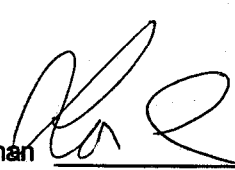
Year Ended March 31	2000	1999
<b>Revenue</b>		
Assessment on public utilities (Note 7)	\$ 277,507	\$ 268,994
Interest	<u>6,676</u>	<u>10,306</u>
	<u>284,183</u>	<u>279,300</u>
<b>Expenditures</b>		
Depreciation (net of \$9,426 recovery from other funds)	4,712	7,419
Direct expenses	8,943	6,539
Library and publications	4,338	7,400
Office and administration	22,944	22,563
Professional fees	4,700	4,700
Salaries and benefits	88,915	210,351
Training	<u>10,650</u>	<u>29,842</u>
	<u>145,202</u>	<u>288,814</u>
Excess of revenue over expenditures	\$ <u>138,981</u>	\$ <u>(9,514)</u>
<hr/>		
Surplus, beginning of year	\$ 122,493	\$ 132,007
Excess of revenue over expenditures	<u>138,981</u>	<u>(9,514)</u>
Surplus, end of year	\$ <u>261,474</u>	\$ <u>122,493</u>

See accompanying notes to the financial statements.

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

March 31	2000	1999
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 883,588	\$ 51,515
Receivables (Note 3)	20,574	13,085
Prepaid expenses	<u>348</u>	<u>348</u>
	904,510	64,948
Cash held in trust (Note 4)	7,962	5,831
Deferred costs (Note 5)	-	50,239
Equipment (Note 6)	<u>36,534</u>	<u>19,265</u>
	<u>\$ 949,006</u>	<u>\$ 140,283</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 4,500	\$ 11,959
Cash held in trust (Note 4)	7,962	5,831
Due to Insurance Fund	67,442	-
Due to Natural Gas Fund	<u>607,628</u>	<u>-</u>
	687,532	17,790
<b>Surplus</b>	<u>261,474</u>	<u>122,493</u>
	<u>\$ 949,006</u>	<u>\$ 140,283</u>

On behalf of the Board

 Chairman  Secretary

See accompanying notes to the financial statements.

**Board of Commissioners of Public Utilities  
of the Province of New Brunswick - Regulation of Electric Utilities  
Statement of Cash Flows**

Year Ended March 31	2000	1999
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 138,981	\$ (9,514)
Depreciation	<u>14,138</u>	<u>7,419</u>
	153,119	(2,095)
Changes in		
Receivables	(7,489)	(578)
Payables and accruals	<u>(7,459)</u>	<u>7,459</u>
	138,171	4,786
Deferred costs	<u>50,239</u>	<u>(50,239)</u>
	<u>188,410</u>	<u>(45,453)</u>
<b>Financing</b>		
Due to Insurance fund	67,442	-
Due to Natural Gas fund	<u>607,628</u>	<u>-</u>
	<u>675,070</u>	<u>-</u>
<b>Investing</b>		
Purchase of computer equipment	<u>(31,407)</u>	<u>(10,164)</u>
Net Increase (decrease) in cash and cash equivalents	832,073	(55,617)
Cash and cash equivalents, beginning of year	<u>51,515</u>	<u>107,132</u>
Cash and cash equivalents, end of year	\$ <u>883,588</u>	\$ <u>51,515</u>

See accompanying notes to the financial statements.

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

March 31, 2000

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**1. Nature of operations**

The Board of Commissioners of Public Utilities regulates public utilities and automobile insurers in New Brunswick.

On March 12, 1999, the Gas Distribution Act, 1999 was assented to by the Legislature of the Province of New Brunswick. The Act charges the Board with the responsibility for regulation of the local distribution of natural gas in the province, safety inspection from the interprovincial pipeline to the customer's meter and other duties concerning marketers, local producers, etc.

The Board is exempt from income tax under Section 149(1)(d) of the Income Tax Act of Canada.

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**2. 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 and a rate of 33 1/3%.

**Direct expenses**

Direct expenses include hearing costs, travel, training and other out of pocket expenses directly attributable to a specific public utility.

**Statement of Cash Flows**

The Board has adopted new recommendations of the CICA and has presented a "Statement of Cash Flows" instead of a "Statement of Changes in Financial Position".

For the purpose of the statement of cash flows the Board considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings are considered to be financing activities.

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**3. Receivables**

	<u>2000</u>	<u>1999</u>
Accounts receivable	\$ 2,859	\$ 8,823
HST receivable	<u>17,715</u>	<u>4,262</u>
	<u>\$ 20,574</u>	<u>\$ 13,085</u>



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

March 31, 2000

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**4. Cash held in trust**

Cash of \$7,962 (1999 - \$5,831) relating to the regulation of the public motor bus industry in New Brunswick is being held in trust by the Board on behalf of the New Brunswick Department of Transportation.

During the year, the Board conducted hearings, pursuant to the provisions of the Motor Carrier Act. Direct expenses associated with these hearings were paid by the Board, out of fees collected from licensed motor carriers with the approval of the Department of Transportation. No overhead expenses were paid from these fees.

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**5. Deferred costs**

In accordance with the provisions of the Gas Distribution Act of New Brunswick, the Board is responsible for the regulation of the local distribution of natural gas (effective March 12, 1999).

During the prior year, the Board incurred start-up costs relating to the regulation of natural gas. These costs were deferred and recovered in the current year through assessment of each gas distributor and marketer.

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**6. Equipment**

	<u>2000</u>	<u>1999</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>
	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ <u>59,593</u>	\$ <u>23,059</u>
	\$ <u>36,534</u>	\$ <u>19,265</u>

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

March 31, 2000

**7. 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 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 years.

	<u>2000</u>	<u>1999</u>
Gross public utilities' earnings	<u>\$ 1,207,657,488</u>	<u>\$ 1,143,892,549</u>
Estimate of common expenses	\$ 270,000	\$ 271,000
Less: estimate of interest income	<u>(5,000)</u>	<u>(5,000)</u>
Estimate of net common expenses	265,000	266,000
Estimate of direct expenses	<u>135,000</u>	<u>135,001</u>
	400,000	401,001
Surplus from prior year	<u>(122,493)</u>	<u>(132,007)</u>
Assessment on public utilities	<u>\$ 277,507</u>	<u>\$ 268,994</u>

**8. 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, 2000 and March 31, 1999 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 Automobile Insurers  
Statements of Revenue and Expenditures and Surplus**

Year Ended March 31	2000	1999
<b>Revenue</b>		
Assessment on automobile insurers (Note 2)	\$ 278,599	\$ 144,100
Interest	<u>6,677</u>	<u>3,619</u>
	<u>285,276</u>	<u>147,719</u>
<b>Expenditures</b>		
Actuarial consultant	48,633	113,712
Advertising	-	1,496
Commissioners' per diems	2,141	6,872
Commissioners' travel	853	2,686
Depreciation	-	1,901
Direct expense	92	-
Office and administration	22,944	22,861
Professional fees	2,200	2,200
Salaries	114,213	94,588
Training	3,912	-
Usage fee – office equipment	<u>4,713</u>	<u>-</u>
	<u>199,701</u>	<u>246,316</u>
Excess of revenue over expenditures	\$ <u>85,575</u>	\$ <u>(98,597)</u>
<hr/>		
(Deficit) surplus, beginning of year	\$ (35,134)	\$ 63,463
Excess of revenue over expenditures	<u>85,575</u>	<u>(98,597)</u>
Surplus (deficit), end of year	\$ <u>50,441</u>	\$ <u>(35,134)</u>

See accompanying notes to the financial statements.

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

March 31

2000

1999

**Assets**

## Current

Cash

\$ - \$ 24,406

Receivables (Note 3)

- 4,693

- 29,099

Due from Utility fund

67,442 -\$ 67,442 \$ 29,099**Liabilities**

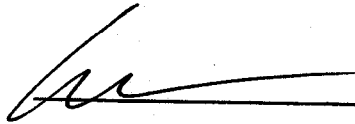
## Current

Payables and accruals

\$ 17,001 \$ 64,233

**Surplus (deficit)**50,441 (35,134)\$ 67,442 \$ 29,099

On behalf of the Board



Chairman



Secretary

See accompanying notes to the financial statements.

**Board of Commissioners of Public Utilities  
of the Province of New Brunswick - Regulation of Automobile Insurers  
Statement of Cash Flows**

Year Ended March 31	2000	1999
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenditures	\$ 85,575	\$ (98,597)
Depreciation	<u>-</u>	<u>1,901</u>
	85,575	(96,696)
Changes in		
Receivables	4,693	(3,563)
Payables and accruals	(47,232)	35,850
Deferred revenue	<u>-</u>	<u>(74,799)</u>
	<u>43,036</u>	<u>(139,208)</u>
<b>Financing</b>		
Due from Utility fund	<u>(67,442)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(24,406)	(139,208)
Cash and cash equivalents, beginning of year	<u>24,406</u>	<u>163,614</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 24,406</u>

See accompanying notes to the financial statements.

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

March 31, 2000

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**1. Summary of significant accounting policies**

**Furniture and fixtures**

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

**Statement of Cash Flows**

The Board has adopted new recommendations of the CICA and has presented a "Statement of Cash Flows" instead of a "Statement of Changes in Financial Position".

For the purpose of the statement of cash flows the Board considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings are considered to be financing activities.

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**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 are 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>2000</u>	<u>1999</u>
Automobile insurers' net receipts	\$ <u>338,038,000</u>	\$ <u>329,137,000</u>
Assessment on receipts		
Assessment for current year	\$ 313,733	\$ 80,637
Adjustment for prior year deficit	<u>(35,134)</u>	<u>63,463</u>
	\$ <u>278,599</u>	\$ <u>144,100</u>

---

**3. Receivables**

	<u>2000</u>	<u>1999</u>
Accrued interest	\$ -	\$ 119
HST receivable	<u>-</u>	<u>4,574</u>
	\$ <u>-</u>	\$ <u>4,693</u>

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**Board of Commissioners of Public Utilities  
of the Province of New Brunswick – Regulation of Natural Gas  
Statements of Revenue and Expenditures and Surplus  
Year Ended March 31, 2000**

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Revenue	
Assessment on natural gas (Note 2)	\$ 800,000
Interest	<u>6,677</u>
	<u>806,677</u>
Expenditures	
Commissioners' per diems	41,996
Commissioners' travel	22,908
Consensus committee expense	42,154
Depreciation – vehicle	1,932
Direct expense	252,243
Library	4,338
Office and administration	22,944
Professional fees	2,500
Repairs & maintenance - board vehicle	3,900
Salaries	265,755
Training	59,729
Usage fee – office equipment	<u>4,713</u>
	<u>725,112</u>
Excess of revenue over expenditures	\$ <u>81,565</u>
<hr/>	
Surplus, beginning of year	\$ -
Excess of revenue over expenditures	<u>81,565</u>
Surplus, end of year	\$ <u>81,565</u>

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See accompanying notes to the financial statements.

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**Board of Commissioners of Public Utilities  
of the Province of New Brunswick – Regulation of Natural Gas  
Balance Sheet  
March 31, 2000**

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**Assets**

Due from Utility fund	\$ 607,628
Equipment (Note 3)	<u>17,391</u>
	\$ <u>625,019</u>

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**Liabilities****Current**

Payables and accruals	\$ 543,454
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**Surplus**

	<u>81,565</u>
	\$ <u>625,019</u>

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On behalf of the Board



Chairman



Secretary

See accompanying notes to the financial statements.



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**Board of Commissioners of Public Utilities  
of the Province of New Brunswick – Regulation of Natural Gas  
Statement of Cash Flows**  
Year Ended March 31, 2000

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Increase (decrease) in cash and cash equivalents

<b>Operating</b>	
Excess of revenue over expenditures	\$ 81,565
Depreciation	<u>1,932</u>
	83,497
Changes in payables and accruals	<u>543,454</u>
	626,951
<b>Financing</b>	
Due from Utility fund	(607,628)
<b>Investing</b>	
Purchases of motor vehicle	<u>(19,323)</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	\$ <u>-</u>

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See accompanying notes to the financial statements.

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**Board of Commissioners of Public Utilities  
of the Province of New Brunswick - Regulation of Natural Gas  
Notes to the Financial Statements**

March 31, 2000

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**1. Summary of significant accounting policies**

**Furniture and fixtures**

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

**Equipment**

Depreciation of vehicles is recorded using the straight line method and a rate of 20%.

---

**2. Assessment on Natural Gas**

In accordance with Section 87 of the Natural Gas Distribution Act, natural gas distributors are assessed each year for their individual direct expenses together with their share of common expenses. Each distributor's share of common expenses is based on the proportion of its gross earnings to the aggregate of gross earnings for all distributors. The assessments are adjusted to recover or return any deficiency or excess of revenue over expenditures of prior years.

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**3. Equipment**

	Cost	Accumulated Depreciation	Net Book Value
Motor Vehicle	\$ <u>19,323</u>	\$ <u>1,932</u>	\$ <u>17,391</u>

*Financial Statements of*

**FOREST PROTECTION LIMITED**

*March 31, 2000*

**Deloitte & Touche LLP**

**Deloitte &  
Touche****Deloitte & Touche LLP**  
Brunswick House  
44 Chipman Hill  
P.O. Box 6549, Station A  
Saint John, New Brunswick  
E2L 4R9Telephone: (506) 632-1080  
Facsimile: (506) 632-1210

## Auditors' Report

To the Shareholders,  
Forest Protection Limited

We have audited the balance sheet of Forest Protection Limited as at March 31, 2000 and the statements of operations and unrestricted net assets, 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations, the changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants

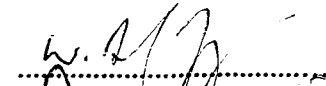
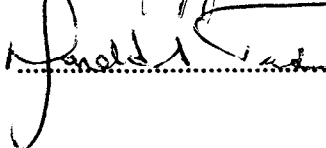
April 28, 2000

**FOREST PROTECTION LIMITED****Balance Sheet**

as at March 31, 2000

	2000	1999
<b>CURRENT ASSETS</b>		
Cash and short term investments	\$ 8,692,702	\$ -
Accounts receivable	69,329	85,872
Inventories - aircraft spare parts	631,525	638,338
- other	6,152	4,105
	<u>9,399,708</u>	<u>728,315</u>
<b>CAPITAL ASSETS</b>		
Property, plant and equipment (Note 2)	1,535,020	1,656,306
	<u>\$ 10,934,728</u>	<u>\$ 2,384,621</u>
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ -	\$ 3,199,000
Accounts payable	149,842	1,012,620
Deferred revenue	82,445	151,866
Current portion of long-term debt (Note 3)	42,954	40,459
	<u>275,241</u>	<u>4,403,945</u>
<b>LONG-TERM DEBT (Note 3)</b>	<u>94,019</u>	<u>136,973</u>
<b>EQUITY</b>		
Capital stock (Note 4)	2,000	2,000
Contributed surplus	715,888	715,888
Net investment in capital assets	1,398,047	1,478,874
Net assets internally restricted for equipment replacement	8,449,533	(4,353,059)
Unrestricted net assets	-	-
	<u>10,565,468</u>	<u>(2,156,297)</u>
	<u>\$ 10,934,728</u>	<u>\$ 2,384,621</u>

APPROVED BY THE BOARD

 Director  
 Director

**FOREST PROTECTION LIMITED**  
**Statement of Operations and Unrestricted Net Assets**  
**year ended March 31, 2000**

	2000	1999
<b>REVENUES</b>		
Contributions from participants		
Province of New Brunswick	\$ 2,121,368	\$ 2,008,321
Industry	307,121	335,917
Nova Scotia Tussock Moth Project	-	2,296,387
Other revenue	588,915	633,188
Interest operating	29,102	333
	<b>3,046,506</b>	<b>5,274,146</b>
<b>OPERATING EXPENSES (Note 5)</b>		
Overhead	670,578	646,767
Pest control	324,225	298,241
Fire suppression	1,553,377	1,334,220
Research and development	502,898	502,558
Other projects	-	2,028,217
	<b>3,051,078</b>	<b>4,810,003</b>
<b>OTHER</b>		
Litigation settlement	(20,000,000)	-
Interest on investments	(472,796)	-
Reimbursement to participants	6,813,472	-
Litigation costs	852,301	2,086,493
Amortization of capital assets	155,252	90,341
Gain on disposal of capital assets	(74,566)	(57,202)
	<b>(12,726,337)</b>	<b>2,119,632</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>		
<b>(EXPENSES OVER REVENUE)</b>	<b>12,721,765</b>	<b>(1,655,489)</b>
Transfer from (to) net investment in capital assets	110,827	(87,836)
Transfer (to) from net assets internally restricted for equipment replacement	(12,832,592)	1,743,325
<b>UNRESTRICTED NET ASSETS</b>		
<b>AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

**FOREST PROTECTION LIMITED**  
**Statement of Changes in Net Assets**  
 year ended March 31, 2000

	2000	1999
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		
Balance at the beginning of the year	\$ 1,478,874	\$ 1,361,038
Transfers from (to) unrestricted operations:		
Acquisition of property, plant and equipment	192,726	556,940
Long-term debt on capital assets	10,459	(177,432)
Proceeds of assets disposed of or retired	(233,326)	(258,533)
Amortization of capital assets	(155,252)	(90,341)
Gain on disposal of capital assets	74,566	57,202
	<b>(110,827)</b>	<b>87,836</b>
Transfer from net assets internally restricted for equipment replacement:		
Acquisition of property, plant and equipment	30,000	30,000
Total transferred (from) to Net Investment in Capital Assets	<b>(80,827)</b>	<b>117,836</b>
Balance at end of year	\$ 1,398,047	\$ 1,478,874

**NET ASSETS INTERNALLY RESTRICTED FOR  
 EQUIPMENT REPLACEMENT**

Balance at the beginning of the year	\$ (4,353,059)	\$ (2,579,734)
Transfers from (to) unrestricted operations:		
Litigation settlement	20,000,000	-
Reimbursement to participants	(6,813,472)	-
Litigation costs	(642,147)	(1,704,655)
Administration costs charged to litigation	(156,322)	(255,698)
Interest on internally restricted funds	(53,832)	(126,140)
Interest earned on funds invested	472,796	-
Transfer from unrestricted assets	25,569	343,168
	<b>12,832,592</b>	<b>(1,743,325)</b>
Transfer to Net Investment in Capital Assets:	<b>(30,000)</b>	<b>(30,000)</b>
	<b>12,802,592</b>	<b>(1,773,325)</b>
Balance at end of year	\$ 8,449,533	\$ (4,353,059)

**FOREST PROTECTION LIMITED****Statement of Cash Flows**

year ended March 31, 2000

	2000	1999
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 12,721,765	\$ (1,655,489)
Amortization of capital assets	155,252	90,341
Gain on disposal of capital assets	(74,566)	(57,202)
Changes in non-cash operating working capital items:		
Accounts receivable	16,543	73,824
Inventories - aircraft spare parts	6,813	5,684
- other	(2,047)	(3,106)
Accounts payable	(862,778)	248,840
Deferred revenue	(69,421)	20,653
	<b>11,891,561</b>	<b>(1,276,455)</b>
<b>FINANCING</b>		
Proceeds from long-term debt	-	215,540
Repayment of long-term debt	(40,459)	(38,108)
	<b>(40,459)</b>	<b>177,432</b>
<b>INVESTING</b>		
Acquisition of property, plant and equipment	(192,726)	(586,940)
Proceeds on sale of property, plant and equipment	233,326	258,533
	<b>40,600</b>	<b>(328,407)</b>
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>11,891,702</b>	<b>(1,427,430)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>(3,199,000)</b>	<b>(1,771,570)</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ 8,692,702</b>	<b>\$ (3,199,000)</b>



# FOREST PROTECTION LIMITED

## Notes to the Financial Statements

### year ended March 31, 2000

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#### 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 pest control, fire suppression and research and development of forest protection activities. The costs of the pest control 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 fire suppression 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. Prior to 1999, the Company did not accrue for vacation pay earned by employees but not taken as at the year end. During the current year, the company began to accrue this liability. Vacation pay earned but not taken as at year end totalled \$9,700.
- d. Property, plant and equipment acquired during the year which remained 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. Consumable supplies, except for pesticides, 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
Aircraft	-	4% straight-line
Equipment	-	20% straight-line

**FOREST PROTECTION LIMITED**  
**Notes to the Financial Statements**  
**year ended March 31, 2000**

**1. ACCOUNTING POLICIES (Continued)**

*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. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated Depreciation	Net Book Value	
			2000	1999
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building and mobile homes	540,312	338,809	201,503	219,046
Aircraft	1,839,025	733,572	1,105,453	1,116,926
Equipment	1,595,579	1,442,515	153,064	245,334
	<b>\$ 4,049,916</b>	<b>\$ 2,514,896</b>	<b>\$ 1,535,020</b>	<b>\$ 1,656,306</b>

**3. LONG-TERM DEBT**

Purchase of building to be paid in 60 equal installments of \$4,167 per month including principal and interest until March 2003. Principal repayments in each of the next 3 years are as follows:

	\$
2001	42,954
2002	45,603
2003	48,416

**FOREST PROTECTION LIMITED**  
**Notes to the Financial Statements**  
**year ended March 31, 2000**

**4. CAPITAL STOCK**

	<u>2000</u>	<u>1999</u>
Authorized		
500 common shares \$10 par value each		
Issued and outstanding		
200 common shares	\$ 2,000	\$ 2,000

**5. OPERATING EXPENSES**

	<u>2000</u>	<u>1999</u>
<b>PROGRAM EXPENDITURES</b>		
Salaries and wages	\$ 1,145,244	\$ 1,218,123
Employer contributions	140,729	145,381
Transportation and communications	130,911	195,019
Consultants' fees, legal fees, audit, contractual, services, insurance, etc.	533,360	1,422,493
Maintenance and repairs (contractual)	735,272	644,933
Non-capitalized parts and equipment	4,235	93,668
Rentals (including aircraft)	137,171	761,221
Insecticides, materials and supplies	224,156	329,165
Expenses charged to operations	3,051,078	4,810,003
Capitalized - property, plant and equipment	233,185	409,508
Total program expenditures	\$ 3,284,263	\$ 5,219,511

**PROGRAM EXPENDITURES BY OPERATIONAL DIVISION**

Overhead expenditures	\$ 716,606	\$ 741,539
Pest control expenditures	326,453	298,241
Research and development expenditures	520,109	530,880
Fire suppression expenditures	1,721,095	1,585,085
Other projects	-	2,063,766
	\$ 3,284,263	\$ 5,219,511



Grant Thornton LLP  
Chartered Accountants  
Management Consultants  
Canadian Member Firm of  
Grant Thornton International

Grant Thornton 

**Kingsbrae Horticultural  
Garden Inc.**  
**Financial Statements**  
March 31, 2000



Grant Thornton LLP  
Chartered Accountants  
Management Consultants  
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, 2000, and the statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the 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, 2000, 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  
June 14, 2000

*Grant Thornton LLP*

Chartered Accountants

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

2000

1999

	Operating Fund	Special Design Fund	Total	Total
<b>Revenues</b>				
Admissions and programs	\$ 82,636	\$ -	\$ 82,636	\$ 78,352
Cafe cost recovery	20,950	-	20,950	-
Private contributions	150,000	170,944	320,944	507,808
Public contributions	8,044	-	8,044	16,330
Provincial government	25,000	-	25,000	50,000
Ticket booth subsidy	16,000	-	16,000	-
Trust fund	48,065	-	48,065	50,360
Employment programs	87,407	-	87,407	84,054
Investment	1,318	-	1,318	867
HST recovery	13,021	-	13,021	-
Other	-	-	-	4,667
	<u>452,441</u>	<u>170,944</u>	<u>623,385</u>	<u>792,438</u>
<b>Expenses</b>				
Advertising and promotion	35,280	-	35,280	5,211
Bank charges	1,567	-	1,567	1,684
Construction, design, and capital equipment	-	146,664	146,664	448,212
Heat, light and power	20,132	-	20,132	15,929
Insurance	3,402	-	3,402	3,564
Maintenance and repair	53,389	-	53,389	17,443
Office supplies and stationery	12,901	-	12,901	12,242
Professional fees	5,130	-	5,130	4,186
Property taxes	37,618	-	37,618	43,733
Salaries and employee benefits	277,510	-	277,510	314,967
Telephone and fax	7,277	-	7,277	6,690
Training	9,253	-	9,253	767
Travel and vehicle operating	5,545	-	5,545	7,854
	<u>469,004</u>	<u>146,664</u>	<u>615,668</u>	<u>882,482</u>
Excess of revenues over expenses (expenses over revenues)	\$ (16,563)	\$ 24,280	\$ 7,717	\$ (90,044)

See accompanying notes to the financial statements.

## Kingsbrae Horticultural Garden Inc. Statement of Changes in Fund Balances

Year Ended March 31	2000			1999	
	Operating Fund	Special Design Fund	Capital Construction Fund	Total	Total
Fund balances, beginning of year			\$ 50,083	\$ 50,083	\$ 140,127
Excess of revenues over expenses (expenses over revenues)	\$ (16,563)	\$24,280	-	7,717	(90,044)
Interfund transfers (Note 7)	27,845	-	(27,845)	-	-
Fund balances, end of year	\$ 11,282	\$24,280	\$ 22,238	\$ 57,800	\$ 50,083

See accompanying notes to the financial statements.

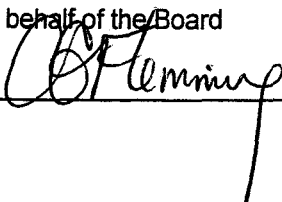
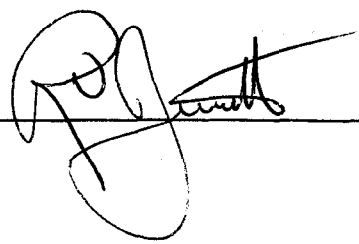


## Kingsbrae Horticultural Garden Inc. Balance Sheet

March 31	2000	1999
<b>Current assets</b>		
Cash	\$ 104,718	\$ 86,778
Receivables	12,423	17,461
Prepays	<u>1,351</u>	<u>1,858</u>
	<b>\$ 118,492</b>	<b>\$ 106,097</b>
<b>Current liabilities</b>		
Payables and accruals	\$ <u>13,244</u>	\$ <u>8,566</u>
<b>Deferred contributions</b>		
Deferred revenues (Note 3)	<u>47,448</u>	<u>47,448</u>
<b>Fund balances</b>		
Unrestricted operating funds	11,282	-
Restricted special design funds	24,280	-
Capital construction funds	<u>22,238</u>	<u>50,083</u>
	<u>57,800</u>	<u>50,083</u>
	<b>\$ 118,492</b>	<b>\$ 106,097</b>

Commitments, contractual obligation and uncertainty (Notes 5 and 6)

On behalf of the Board


 Director
 
 Director

See accompanying notes to the financial statements.

## Kingsbrae Horticultural Garden Inc. Statement of Cash Flows

Year Ended March 31

2000

1999

	2000	1999
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 7,717	\$ (90,044)
Change in non-cash operating working capital		
Receivables	5,038	6,359
Prepays	507	(1,805)
Payables and accruals	4,678	(1,836)
Deferred revenues recognized	-	(18,677)
	<u>17,940</u>	<u>(106,003)</u>
<b>Financing</b>		
Deferred revenues	-	8,155
Increase (decrease) in cash	17,940	(97,848)
Cash and cash equivalents, beginning of year	<u>86,778</u>	<u>184,626</u>
Cash and cash equivalents, end of year	<u>\$ 104,718</u>	<u>\$ 86,778</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	<u>\$ 104,718</u>	<u>\$ 86,778</u>

See accompanying notes to the financial statements.

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## **Kingsbrae Horticultural Garden Inc.**

### **Notes to the Financial Statements**

March 31, 2000

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#### **1. Nature of operations**

Kingsbrae Horticultural Garden Inc. is an organization constructing, managing and operating a horticultural 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.

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#### **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 and special design 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.

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## **Kingsbrae Horticultural Garden Inc.**

### **Notes to the Financial Statements**

March 31, 2000

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

##### **Cash and cash flows**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

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#### **3. Deferred revenues**

The deferred revenues reported in the General Fund represent restricted funding received in prior years for a use to be established.

---

#### **4. Financial instruments**

The carrying values of cash, receivables, and payables and accruals reflected on the balance sheet approximate their respective fair values.

The organization's revenues are dependent on a wide client base and bad debts have not been significant. Concentrations of credit risk are considered to be minimal.

---

#### **5. 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 purposes account ("Trust fund"), be paid to the organization for operation costs;

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

The Town of St. Andrews ("Town") borrow \$450,000, for the organization's use for capital construction;

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

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

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## **Kingsbrae Horticultural Garden Inc. Notes to the Financial Statements**

March 31, 2000

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### **5. Commitments and contractual obligation (continued)**

The Town 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 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 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.

---

### **6. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the organization, including those related to customers, suppliers, or other third parties, have been fully resolved.

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### **7. Interfund transfers**

In 1999, the Kingsbrae Horticultural Garden Inc. board of directors approved the transfer of funds from the Capital Construction Fund to the General Fund to eliminate the General Fund deficiency otherwise arising as at March 31, 1999. The board also approved the transfer of a further \$27,845 from the Capital Construction Fund to the General Fund for the year ended March 31, 2000.



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**FINANCIAL STATEMENTS**  
**KINGS LANDING CORPORATION**  
**31 MARCH 2000**

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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 statement of financial position of Kings Landing Corporation as at 31 March 2000 and the statements of operations and changes in net assets 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 2000 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "D. Wilson".

Daryl C. Wilson, FCA  
Auditor General


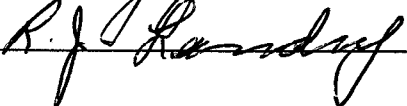
Fredericton, N. B.  
23 May 2000



**KINGS LANDING CORPORATION  
STATEMENT OF FINANCIAL POSITION  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Current assets		
Accounts receivable		
Province of New Brunswick	\$ 39,304	\$ 37,819
Other	28,532	23,730
Prepaid expenses	21,170	19,833
Inventories (Note 1(c))	81,672	82,855
	<u>170,678</u>	<u>164,237</u>
Publications fund assets (Note 3)	11,606	11,933
Kings Landing Collection (Note 1 (d))	1	1
Capital assets, net (Note 1 (e))	1,868,435	1,945,776
	<u>\$ 2,050,720</u>	<u>\$ 2,121,947</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank overdraft and outstanding cheques	\$ 14,096	\$ 34,449
Accounts payable and accrued liabilities	166,994	151,026
Deferred revenue	14,089	4,660
	<u>195,179</u>	<u>190,135</u>
Deferred contributions related to capital assets (Note 1 (g))	1,827,235	1,906,668
Net assets		
Net assets internally restricted for publications (Note 3)	11,606	11,933
Net assets invested in capital assets	41,200	39,108
Unrestricted net assets	(24,500)	(25,897)
	<u>28,306</u>	<u>25,144</u>
	<u>\$ 2,050,720</u>	<u>\$ 2,121,947</u>

Approved by the Board

  
 \_\_\_\_\_ Chairperson  
  
 \_\_\_\_\_ Member

**KINGS LANDING CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED 31 MARCH 2000**

	Budget 2000	Actual 2000	Actual 1999
<b>REVENUE</b>			
Admissions	\$ 357,000	\$ 336,602	\$ 299,011
Emporium	251,000	228,821	221,271
Food services	480,200	475,701	425,213
Education	69,000	75,735	70,162
Other operating revenue	53,000	124,232	105,005
	<u>1,210,200</u>	<u>1,241,091</u>	<u>1,120,662</u>
Grants			
Provincial Operating	1,350,000	1,502,258	1,476,051
Provincial Capital	-	115,000	19,855
Federal Operating	-	10,002	13,565
Amortization of deferred contributions (Note 1(g))	-	104,433	105,192
	<u>1,350,000</u>	<u>1,731,693</u>	<u>1,614,663</u>
	<u>2,560,200</u>	<u>2,972,784</u>	<u>2,735,325</u>
<b>EXPENSES</b>			
Interpretation			
Operations	596,000	643,373	605,270
Education	74,000	91,039	74,605
Fabrics	99,000	113,390	105,456
	<u>769,000</u>	<u>847,802</u>	<u>785,331</u>
Curatorial			
Maintenance (Note 1(d))	300,000	485,080	417,314
Security	149,000	156,719	145,743
Curatorial	214,000	207,607	179,831
	<u>663,000</u>	<u>849,406</u>	<u>742,888</u>
Emporium and visitor services	329,000	333,893	297,596
Public relations	209,000	209,757	210,860
Administration	277,000	290,093	276,165
Food services	410,200	438,671	398,044
	<u>1,225,200</u>	<u>1,272,414</u>	<u>1,182,665</u>
	<u>2,657,200</u>	<u>2,969,622</u>	<u>2,710,884</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (97,000)</u>	<u>\$ 3,162</u>	<u>\$ 24,441</u>

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**KINGS LANDING CORPORATION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 MARCH 2000**

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	<b>Net Assets Internally Restricted for Publications</b>	<b>Net assets invested in capital assets</b>	<b>Unrestricted Net Assets</b>	<b>Total 2000</b>	<b>Total 1999</b>
Balance, beginning of year	\$11,933	\$39,108	\$(25,897)	\$25,144	\$ 703
Excess (deficiency) of revenue over expenses	(327)	(1,958)	5,447	3,162	24,441
Investment in Capital assets	-	4,050	(4,050)	-	-
Balance, end of year	<u>\$11,606</u>	<u>\$41,200</u>	<u>\$(24,500)</u>	<u>\$28,306</u>	<u>\$25,144</u>

---

**KINGS LANDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Summary of significant accounting policies**

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**(a) General comments on operations**

Kings Landing Corporation is a provincial Crown agency incorporated by an Act of the New Brunswick Legislature. The Corporation serves the people of New Brunswick and visitors to the province by operating a living historical village as a dynamic, progressive outdoor museum.

**(b) Revenue recognition**

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

**(c) Inventories**

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

	2000	1999
Emporium	\$ 50,680	\$ 57,274
Less: Provision for obsolescence	(2,200)	(2,200)
	<hr/> 48,480	<hr/> 55,074
Fabrics	16,057	19,188
Food and liquor	11,122	7,598
Other	6,013	995
	<hr/> \$ 81,672	<hr/> \$ 82,855

**(d) The Kings Landing Collection**

The Kings Landing Collection is composed of some 70 major historical structures and thousands of individual artifacts from the period between 1780 and 1900. The structures and artifacts are not replaceable as each piece represents a unique aspect of New Brunswick history. In recognition of this, the collection is valued at \$1 and individual pieces purchased by the Corporation are expensed in the year of acquisition. Similarly, costs of maintaining the collection are expensed as incurred. During the year, \$ 421 (1999 - \$7,500) was spent on additions to the collection and artifacts worth an estimated \$ 106,751 (1999 - \$321,194) were donated.

Expenditures related to capital improvements of the historical structures are expensed as incurred. The current year historical capital expenditures amounted to \$ 85,419 (1999 - \$ 63,213).

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**KINGS LANDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

---

**(e) Other capital assets**

Purchased or contributed capital assets, except those of an historical nature, are recorded at cost or appraised value where cost is not determinable. Amortization is taken using the fixed percentage on declining base method. The exception is computer equipment which is amortized on a straight line basis over five years, the estimated useful life of the assets.

Amortization charged for the current year amounted to \$ 106,391 (1999 -\$ 107,438). This amount has been allocated to the appropriate expense categories in the statement of operations.

Kings Landing Corporation has 91.5 acres of land spread on both sides of the St. John River. Approximately 40 acres are used for site purposes. Because its purpose is to serve as a site for the collection, the land has been recorded at a value of \$1.

Details of capital assets are as follows:

	Amortization Rate	2000	1999
Land		\$ 1	\$ 1
Buildings	5%	2,148,988	2,144,938
Computer hardware	-	10,000	10,000
Equipment	10%	25,964	25,964
Automotive equipment	20%	86,486	61,486
		<u>2,271,439</u>	<u>2,242,389</u>
Less: Accumulated amortization		403,004	296,613
Total capital assets, net		<u>\$1,868,435</u>	<u>\$1,945,776</u>

**(f) Contributed services**

Volunteers contribute about 8,000 hours per year to assist Kings Landing Corporation in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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**KINGS LANDING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Summary of significant accounting policies – continued**

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**(g) Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent capital assets which are not part of the historical collection and were donated to Kings Landing Corporation. The changes in the deferred contributions balance of the period are as follows:

	2000	1999
Beginning balance	\$1,906,668	\$1,561,859
Add contributed assets	25,000	450,001
	1,931,668	2,011,860
Less amounts amortized to revenue	104,433	105,192
Ending balance	<u>\$1,827,235</u>	<u>\$1,906,668</u>

**2. Income tax status**

---

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

**3. Restrictions on net assets**

---

The publications fund was established in 1977 and represents amounts set aside for purposes of publication of approved historical literature. The fund assets represent books held for sale to the public and accounts receivable.

**4. Budget**

---

The budget figures, as shown in the statement of operations, have been approved by the Board of Directors of the Corporation. They have not been audited.

**5. Statement of cash flows**

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

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**FINANCIAL STATEMENTS**

**LOTTERIES COMMISSION OF NEW BRUNSWICK**

**31 MARCH 2000**

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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 2000 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
26 June 2000



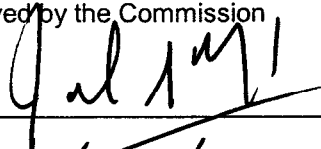
**LOTTERIES COMMISSION OF NEW BRUNSWICK  
BALANCE SHEET  
31 MARCH 2000**

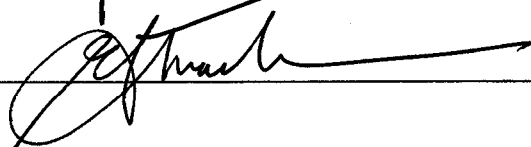
	2000	1999
<b>ASSETS</b>		
Current assets		
Due from Atlantic Lottery Corporation Inc.	\$ 1,264,204	\$ 6,556,174
Other assets		
Investment in share capital of Atlantic Lottery Corporation Inc.	100	100
Investment in share capital of Interprovincial Lottery Corporation	1	1
	<u>101</u>	<u>101</u>
	<u>\$ 1,264,305</u>	<u>\$ 6,556,275</u>

**LIABILITIES AND CONTRIBUTED SURPLUS**

Current liabilities		
Due to Province of New Brunswick (Note 4)	\$ 1,264,204	\$ 6,556,174
Contributed surplus (Note 2)	101	101
	<u>\$ 1,264,305</u>	<u>\$ 6,556,275</u>

Approved by the Commission

  
 \_\_\_\_\_ Member

  
 \_\_\_\_\_ Member

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**LOTTERIES COMMISSION OF NEW BRUNSWICK  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000		1999
	Budget	Actual	Actual
<b>REVENUE</b>			
Share of net profit of Atlantic Lottery Corporation Inc. (Note 1)	\$ 86,244,100	\$ 86,784,737	\$ 86,879,001
Other revenue (Note 3)	25,000	28,370	33,115
	86,269,100	86,813,107	86,912,116
<b>EXPENDITURE</b>			
To the Province of New Brunswick (Note 1)			
Ordinary account revenue	73,000,000	73,198,043	73,289,584
Environmental Trust Fund	10,000,000	10,000,000	10,000,000
Sport Development Trust Fund	500,000	500,000	400,000
Arts Development Trust Fund	700,000	700,000	700,000
Agreements with First Nations	-	513,285	615,552
Commission inspection expenses	1,136,800	1,118,305	976,111
Administrative costs	175,300	199,904	150,158
Department of Health and Community Services (Gambling addiction; education and treatment)	757,000	558,570	505,711
Contract dispute (Note 5)	-	25,000	275,000
	86,269,100	86,813,107	86,912,116
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**LOTTERIES COMMISSION OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Summary of significant accounting policies**

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

The profit of Atlantic Lottery Corporation Inc. is distributed to each of the four Atlantic Provinces or their lottery agencies. The Lotteries Commission of New Brunswick's share for the current year represents the calculated profit of the Atlantic Lottery Corporation in New Brunswick as determined by the Amended and Restated Unanimous Shareholders' Agreement signed August 8, 2000.

**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. Beginning in 1999, Atlantic Lottery Corporation began advancing these funds during the month rather than paying the full amount in the subsequent month.

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 seven hundred thousand dollars and five hundred thousand dollars respectively. 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 First Nations may be paid 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 2000, five First Nations have signed agreements involving lottery revenues: Fort Folly, Oromocto, Woodstock, St. Mary's and Burnt Church. The Province has one other signed agreement which is with Madawaska-Maliseet. It does not, however, receive any lottery revenues by way of the agreement.

**Investments**

The New Brunswick government does not operate any lottery 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.

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**LOTTERIES COMMISSION OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**2. Contributed surplus**

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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**

---

	2000	1999
Current liability		
Balance, beginning of year	\$ 6,556,174	\$ 7,685,156
Income for the year	86,784,737	86,879,001
	<hr/>	<hr/>
Funds available to Province of New Brunswick	93,340,911	94,564,157
Less remittances during the year	92,076,707	88,007,983
Balance, end of year	<u>\$ 1,264,204</u>	<u>\$ 6,556,174</u>

**5. Contract dispute**

---

The New Brunswick Court of Appeal overturned a Court of Queens Bench decision which had favoured the Lotteries Commission in a court action brought about by another party. The amount recorded is the actual amount of the costs of the award, damages, interest and disbursements.

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FINANCIAL STATEMENTS

**NB AGRIEXPORT INC.**

31 MARCH 2000

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## AUDITOR'S REPORT

To the Shareholder of  
NB Agriexport Inc.

I have audited the balance sheet of NB Agriexport Inc. as at 31 March 2000 and the statement of income and deficit 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
13 June 2000

**NB AGRIEXPORT INC.  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Current assets		
Cash and short-term investments	\$ 205,273	\$ 613,606
Accounts receivable	102,654	860,668
Prepays	250,100	184,200
	<u>558,027</u>	<u>1,658,474</u>
Investment (Note 2)	500,000	-
Less: Provision for loss	<u>500,000</u>	<u>-</u>
	-	-
	<u>\$ 558,027</u>	<u>\$ 1,658,474</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities		
Accounts payable	\$ 18,195	\$ 22,953
Due to the Province of New Brunswick	1,068,081	1,698,454
Less: Provision for loss	<u>500,000</u>	<u>-</u>
	<u>568,081</u>	<u>1,698,454</u>
Capital stock		
Authorized and issued:		
One common share, no par value	-	-
Deficit	<u>(28,249)</u>	<u>(62,933)</u>
	<u>\$ 558,027</u>	<u>\$ 1,658,474</u>

Approved by the Board

*Claire LeBlond*

Director

*John A. Cormier*

Director

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**NB AGRIEXPORT INC.  
STATEMENT OF INCOME AND DEFICIT  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
Export sales	\$ 211,666	\$ 188,928
Cost of sales	194,665	172,354
Gross profit	<u>17,001</u>	<u>16,574</u>
Other income		
Recovery of write-down on investment (Note 2)	500,000	-
Loan guarantee fees	15,000	15,000
Interest	61,777	79,449
Grant revenues	108,737	22,170
Administration fees	-	18,000
Recovery	13,878	15,080
Other	1,595	29,910
	<u>700,987</u>	<u>179,609</u>
Total Income	<u>717,988</u>	<u>196,183</u>
Expenses		
Write-down on investment (Note 2)	500,000	-
Interest (Note 3)	69,627	71,134
Office	5,359	10,472
Project	108,318	6,946
	<u>683,304</u>	<u>88,552</u>
Total Expenses	<u>683,304</u>	<u>88,552</u>
<b>NET INCOME FOR THE YEAR</b>	<b>34,684</b>	<b>107,631</b>
Deficit, beginning of year	<u>(62,933)</u>	<u>(170,564)</u>
<b>DEFICIT, end of year</b>	<b><u>\$ (28,249)</u></b>	<b><u>\$ (62,933)</u></b>



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**NB AGRIEXPORT INC.  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Description of operations**

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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.

**2. Investment**

---

During the 1999/2000 fiscal year, the Corporation purchased 500 Class B, non-voting, preferred shares of Méga-Bleu Inc. for \$500,000. Funding for this investment was provided by the Province of New Brunswick by way of an interest-free working capital advance. This investment has been fully provided for by the Province as of 31 March 2000.

**3. Correction of an error related to interest charges**

---

The Board of Management approved the business plan of NB Agriexport Inc. in 1996. Included in the business plan was a requirement for the Corporation to make interest payments to the Province on funds advanced to the Corporation.

Until 2000 no such interest charges had been billed to the Corporation and none had been recorded in the financial statements. The first billing was issued by the Province, subsequent to 31 March 2000, in the amount of \$180,081.

The appropriate interest charges have been recorded on the financial statements of the 1999-2000 year and the correction of this error has been made retroactively. As a result, the financial statements of the 1998-99 year have been restated to include an amount of \$71,134 as interest expense. The amount of \$39,320 relating to the periods before the 1998-99 year has been posted as an adjustment to the opening balance of surplus/deficit for the 1998-99 year. The interest charges for the 1999-2000 year are \$69,627.

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**NB AGRIEXPORT INC.  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**4. Contingencies**

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a) Guaranteed loans

The Corporation has guaranteed loans of certain companies involved in the export of agricultural products. At 31 March 2000, the contingent liability in respect of these guarantees was \$1,000,000. Any resulting losses will be borne by the Province of New Brunswick.

b) Legal actions

The Corporation is taking 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 \$160,402.

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

**5. Statement of cash flows**

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

**6. Expenses not included in these financial statements**

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Most of the direct and indirect costs of operating the corporate office are absorbed by the Department of Agriculture and Rural Development. 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 salary costs and most travel expenses associated with these employees are paid by the Province.

**7. Comparative figures**

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Certain 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

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**FINANCIAL STATEMENTS**

**NEW BRUNSWICK CREDIT UNION**

**DEPOSIT INSURANCE CORPORATION**

**31 DECEMBER 1999**

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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 1999 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 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N.B.  
23 March 2000

**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
BALANCE SHEET  
31 DECEMBER 1999**

	1999	1998
<b>ASSETS</b>		
Cash	\$ 31,573	\$ 15,168
Accounts Receivable	2,073	33
Assets held in trust funds (note 4)	1,799,753	-
	<u>\$ 1,833,399</u>	<u>\$ 15,201</u>
<b>LIABILITIES</b>		
Accounts payable (Note 7)	\$ 45,449	\$ 90
Advances - stabilization boards (Note 2)	17,750	15,111
	<u>63,199</u>	<u>15,201</u>
<b>NET ASSETS OF THE DEPOSIT INSURANCE FUND (Note 5)</b>	<u>1,770,200</u>	<u>-</u>
	<u>\$ 1,833,399</u>	<u>\$ 15,201</u>

Approved by the Board

*Denise LeBlanc* Chairperson

*Paul Church* Director

**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999		1998
	Budget	Actual	Actual
<b>REVENUE (Note 2)</b>			
Contributions - stabilization boards	\$ 25,000	\$ 1,787,560	\$ 15,023
<b>EXPENDITURE (Note 2)</b>			
Professional services and other	22,000	14,990	12,255
Board of Directors	3,000	2,370	2,768
	25,000	17,360	15,023
<b>EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	-	1,770,200	-
<b>NET ASSETS OF THE DEPOSIT INSURANCE FUND- BEGINNING OF YEAR</b>	-	-	-
<b>NET ASSETS OF THE DEPOSIT INSURANCE FUND- END OF YEAR</b>	\$ -	\$ 1,770,200	\$ -

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**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**1. Authority and objective**

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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 in New Brunswick. The Corporation may also assist stabilization boards in providing financial assistance to credit unions.

The *Credit Unions Act* provides that the Corporation may levy credit unions 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 is responsible for the administration of the *Credit Unions Act* and is the Chairperson of the Board. Each stabilization board appoints two representatives to the Board of Directors of the Corporation.

**2. Significant accounting policies**

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(a) Contributions - Administrative expenses

The Corporation receives advances from the stabilization boards to cover its administrative expenses. The Corporation records portions of the advances as revenue when expenses are incurred. An unspent balance of \$17,750 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 which are recovered by the Branch directly from credit unions.

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**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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

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(b) Contributions - Deposit insurance fund

Contributions to the deposit insurance fund are recorded as revenue as they become due for payment. The contribution of 1999 represents a transfer of funds from the two stabilization boards to set up the deposit insurance fund.

(c) Accrual for deposit insurance losses

The Corporation accrues expenses for any known or likely losses from specific credit unions, which it expects cannot be paid or assumed by the stabilization board of which the credit union is a member. No such expenditures have been recorded by the Corporation since it began operations in 1994.

(d) Assets held in trust funds

Assets held in trust funds are recorded by the Corporation at the same value as they are recorded on the financial statements of the trust funds. The financial statements of the two trust funds are prepared in accordance with Generally Accepted Accounting Principles.

Investments held in the trust funds are recorded at cost except when a decline in value has occurred that is other than temporary. Premiums and discounts arising at the time of purchase of marketable securities are amortized over the period to maturity. Revenue from investments includes interest income as well as capital gains and losses on disposition of investments.

**3. Income taxes**

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The Corporation is subject to income taxes under the Income Tax Act. The provisions of the Act generally exclude assessments contributed to the deposit insurance fund from taxable income.



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**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**4. Assets held in trust funds**

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The trust funds held the following assets at 31 December 1999:

	Book Value	Market Value
Cash	\$ 41,448	\$ 41,448
Interest Receivable	24,153	24,153
Government of Canada Bonds	759,572	742,725
Provincial and Municipal Bonds	974,580	964,199
Total	<u>\$ 1,799,753</u>	<u>\$ 1,772,525</u>

**5. Deposit Insurance Fund**

---

Section 223 of the Credit Unions Act requires that the Corporation establish and maintain a deposit insurance fund. The Corporation is required by the Act to maintain the fund in two separate accounts. Each account consists of the amount paid into the fund by one of the stabilization boards together with investment income, less any expenditures charged to the account.

The Corporation has entered into a trust agreement with each stabilization board for the administration and investment of the funds in their respective account. Under the terms of the agreements, each stabilization board will invest the funds in accordance with the investment policy of the Corporation. Each trust fund agreement provides that the Corporation may, at its sole discretion, obtain assets from the trust fund to fulfill the obligations of its statutory purposes.

The two trust fund agreements contain provisions regarding the return of the deposit insurance fund to the two stabilization boards. Such termination can only occur by amending the *Credit Unions Act* to remove the requirement for the deposit insurance fund and all the deposit insurance obligations of the Corporation.

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**NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**5. Deposit Insurance Fund (cont.)**

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The Net Assets of the Deposit Insurance Fund must be maintained at a level determined annually by a formula approved by the Board of Directors of the Corporation. The formula requires that a risk rating be given to each caisse populaire and credit union.

The amount of assets of the trust funds is adjusted annually based on the requirement of the formula.

At 31 December 1999 the balance in the trust fund account administered by l'Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée was \$1.24 million. The balance in the trust fund account administered by the Brunswick Credit Union Federation Stabilization Board Limited at the same date was \$0.53 million.

**6. Deposit protection for credit union members**

---

As described in Note 1 it is the mandate of the Corporation to provide deposit insurance coverage for members of credit unions in New Brunswick. Currently, a maximum basic coverage of \$60,000 is provided for insured deposits of each credit union member.

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. The Corporation has established a deposit insurance fund as explained in Note 5.

The current legislation provides for the continued existence of the 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.

As at 31 December 1999, l'Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée reported audited net assets of \$36.8 million. Of this total, an amount of \$1.8 million represents investments in caisses populaires for the purpose of stabilization.

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NEW BRUNSWICK CREDIT UNION  
DEPOSIT INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999

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6. Deposit protection for credit union members (cont.)

As at 31 December 1999, the Brunswick Credit Union Federation Stabilization Board Limited reported audited net assets of \$9.1 million. Each stabilization board is responsible to carry out inspections and monitor the financial condition and business practices of its member credit unions on an ongoing basis.

Both the stabilization boards and the Corporation have responsibilities for the protection of deposits of credit union members.

7. Related parties

Transactions with the two stabilization funds are considered related party transactions. Each of the two stabilization boards nominates two directors to sit as directors of the Corporation. Each stabilization board therefore exercises significant influence on the activities of the Corporation.

During the year, contributions of \$1,770,200 were made by the two stabilization boards for the establishment of a deposit insurance fund. This contribution included a transfer of \$1,734,152 of investments in marketable securities. These assets which are held in two trust funds were recorded in the books of the Corporation at the book value recorded by the stabilization boards prior to their transfer. Book values approximated market values at that date. Additional contributions of \$17,360 were also made by the two stabilization boards for the payment of professional services and Board expenses.

At year end, the Corporation has included in accounts payable an amount of \$29,553 owed to the two stabilization boards. This payable represents the value of excess assets transferred to the Corporation for the establishment of the deposit insurance fund.



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**FINANCIAL STATEMENTS**  
**NEW BRUNSWICK CROP INSURANCE**  
**COMMISSION**  
**31 MARCH 2000**

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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 2000 and the statements of revenue and expense, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 July 2000

**NEW BRUNSWICK CROP INSURANCE COMMISSION  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Accounts receivable		
Province of New Brunswick	\$ -	\$ 5,659
Canada	83,011	202,851
Insured producers - crop insurance component of GRIP	-	2,035
- revenue protection component of GRIP	-	7,112
Other	5,022	12,530
	<u>88,033</u>	<u>230,187</u>
Crop Insurance Fund (Note 2)	3,423,237	2,424,422
	<u>\$3,511,270</u>	<u>\$2,654,609</u>
<b>LIABILITIES AND SURPLUS</b>		
Accounts Payable		
Indemnities - crop insurance	\$ 735,207	\$ 493,328
Province of New Brunswick	2,024	-
Crop Reinsurance Fund of New Brunswick	-	3,409
Crop Reinsurance Fund of Canada for New Brunswick	1,224	114,045
	<u>738,455</u>	<u>610,782</u>
Deferred revenue (Note 4)	43,808	32,659
Surplus	2,729,007	2,011,168
	<u>\$3,511,270</u>	<u>\$2,654,609</u>

Approved by the Commission

Léopold Bourgeois Chairman

Jeanne Dugas Member

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**NEW BRUNSWICK CROP INSURANCE COMMISSION  
STATEMENT OF REVENUE AND EXPENSE  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
<b>REVENUE</b>		
Premiums from producers (Schedule A)	\$ 530,416	\$ 801,607
Premium contributions		
- Province of New Brunswick	1,327,122	1,365,847
- Canada	1,327,122	1,365,847
	<u>3,184,660</u>	<u>3,533,301</u>
Contributions for administration		
- Province of New Brunswick	569,501	654,043
- Canada	569,501	654,043
Interest from producers	2,738	6,992
Other	32,532	18,082
	<u>4,358,932</u>	<u>4,866,461</u>
<b>EXPENSE</b>		
Indemnities (Schedule B)	1,381,110	981,996
Administration (Schedule C)	1,139,002	1,308,085
Crop Reinsurance Fund of New Brunswick	557,313	618,328
Crop Reinsurance Fund of Canada for New Brunswick	557,313	618,328
Other	6,355	-
	<u>3,641,093</u>	<u>3,526,737</u>
<b>EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR</b>	<u>\$ 717,839</u>	<u>\$1,339,724</u>



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**NEW BRUNSWICK CROP INSURANCE COMMISSION  
STATEMENT OF SURPLUS  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
Surplus, beginning of year	\$2,011,168	\$ 671,444
Excess of revenue over expense for the year	717,839	1,339,724
<b>SURPLUS, END OF YEAR</b>	<b>\$2,729,007</b>	<b>\$2,011,168</b>

---

**NEW BRUNSWICK CROP INSURANCE COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2000**

---

	2000	1999
<b>CASH PROVIDED BY (USED FOR):</b>		
Operations		
Excess of revenue over expense for the year	\$ 717,839	\$ 1,339,724
Decrease (increase) in accounts receivable	142,154	(192,462)
Increase (decrease) in accounts payable	127,673	(160,031)
Increase (decrease) in deferred revenue	11,149	(6,814)
Increase in reserve fund	(998,815)	(981,700)
Decrease in prepaid expenses	-	31,644
Cash provided by operations	-	30,361
Financing activities		
Decrease in advance from the Province of New Brunswick	-	(30,361)
Cash used for financing activities	-	(30,361)
<b>CASH POSITION AT BEGINNING AND AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

---

**NEW BRUNSWICK CROP INSURANCE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**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 95-122 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 to provide insurance protection against losses of production. This plan is funded through producer premiums and through contributions from the Province of New Brunswick and the Government of Canada.

All accounting transactions are recorded through the Consolidated Fund of the Province of New Brunswick. Administrative expenses provided by the Province are allocated to the Commission.

**2. Crop Insurance Fund**

---

Under the terms of the Federal-Provincial Agreement a Crop Insurance fund must be maintained for the crop insurance plan. All insurance premiums and interest received, including the premium contributions of both governments, are put in the reserve fund. 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. Assets corresponding to the fund balance are held by the Province of New Brunswick

**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 are as follows:

Coverage Level	Producer Share	Province Share	Federal Share
50%	Free	50%	50%
65%	50% of buy up	25% of buy up	25% of buy up
80%	80% of incremental buy up	10% of incremental buy up	10% of incremental buy up

---

**NEW BRUNSWICK CROP INSURANCE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

---

**3. Revenue - Province of New Brunswick and Government of Canada - continued**

---

**(b) Administrative expense contributions**

The Province of New Brunswick and Canada each pay 50% of all costs incurred in the administration of the crop insurance program.

**(c) Crop Reinsurance Funds**

On an annual basis a reinsurance premium of 17.5% 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.

**Crop Reinsurance Fund of Canada for New Brunswick**

	2000	1999
Excess of claims over premiums, 1 April	\$3,013,905	\$3,632,233
Premiums submitted	(557,313)	(618,328)
Excess of claims over premiums, 31 March	<u>\$2,456,592</u>	<u>\$3,013,905</u>

**Crop Reinsurance Fund of New Brunswick**

	2000	1999
Excess of premiums over claims, 1 April	\$(1,246,736)	\$ (628,408)
Premiums submitted	(557,313)	(618,328)
Excess of premiums over claims, 31 March	<u>\$(1,804,049)</u>	<u>\$(1,246,736)</u>

**4. Deferred revenue**

---

The deferred revenue represents premiums paid in advance by the producers.

---

**SCHEDULE A****NEW BRUNSWICK CROP INSURANCE COMMISSION  
SCHEDULE OF PRODUCER PREMIUMS  
FOR THE YEAR ENDED 31 MARCH 2000**

---

	2000	1999
Potatoes	\$449,740	\$710,458
Spring grain	32,195	37,438
Apples	12,604	15,093
Blueberries	19,643	16,396
Strawberries	16,234	22,222
	<hr/>	<hr/>
	\$530,416	\$801,607

---

**SCHEDULE B****NEW BRUNSWICK CROP INSURANCE COMMISSION  
SCHEDULE OF INDEMNITIES  
FOR THE YEAR ENDED 31 MARCH 2000**

---

	2000	1999
Potatoes	\$1,022,163	\$699,758
Spring grain	93,565	73,781
Apples	16,735	63,094
Blueberries	138,235	121,670
Strawberries	110,412	23,693
	<hr/>	<hr/>
	\$1,381,110	\$981,996

---

**SCHEDULE C****NEW BRUNSWICK CROP INSURANCE COMMISSION  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
Personnel	\$ 778,006	\$ 758,305
Data information processing costs	7,548	14,616
Transportation & communication	119,360	132,952
Utilities, material & supplies	15,708	11,573
Professional services	119,480	197,697
Repairs & maintenance	8,770	9,461
Office accommodations and equipment rentals	39,740	38,941
Capital equipment	15,646	114,067
Other	34,744	30,473
	<hr/> \$1,139,002	<hr/> \$1,308,085





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FINANCIAL STATEMENTS

**NEW BRUNSWICK HIGHWAY CORPORATION**

31 MARCH 2000

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

The Chairperson and Directors  
New Brunswick Highway Corporation  
Fredericton, New Brunswick

I have audited the balance sheet of the New Brunswick Highway Corporation as at 31 March 2000 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 March 2000 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
1 August 2000

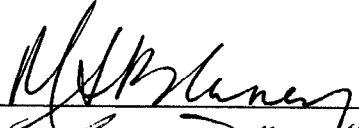
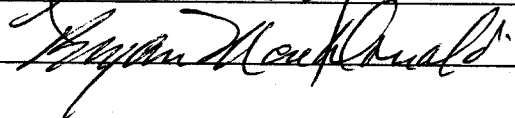
**NEW BRUNSWICK HIGHWAY CORPORATION  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Due from Province of New Brunswick	\$875,883,198	\$6,227,169
Accounts receivable (Note 4)	1,993,550	743,814
Prepaid operations and maintenance	-	236,216
Land (Note 5)	1	1
	<b>\$877,876,749</b>	<b>\$7,207,200</b>

**LIABILITIES AND EQUITY**

Accounts payable	\$ 1,365,338	\$ 117,511
Deferred revenue (Note 6)	4,511,410	7,089,688
Capital lease obligation (Note 7)	872,000,000	-
Contribution from Province of New Brunswick (Note 5)	1	1
	<b>\$877,876,749</b>	<b>\$7,207,200</b>

Approved by the Board

Chairperson

Member

---

**NEW BRUNSWICK HIGHWAY CORPORATION  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2000**

---

	2000	1999
<b>REVENUE</b>		
Province of New Brunswick	\$909,364,819	\$4,397,990
Other (Note 9)	715,000	-
	<hr/> 910,079,819	<hr/> 4,397,990
<b>EXPENDITURE</b>		
Fredericton-Moncton Highway (Note 7)	872,000,000	-
Highway operations and maintenance (Note 8)	3,031,260	2,229,464
Tolling system operations and maintenance (Note 8)	2,961,789	1,152,270
Reserve fund – toll-based debt (Note 9)	-	715,000
Removal of ramp tolls	-	208,329
Removal of tolls (Note 10)	31,974,800	-
Costs related to transponder sales and distribution	111,970	92,927
	<hr/> 910,079,819	<hr/> 4,397,990
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<hr/> \$ Nil	<hr/> \$ Nil

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**NEW BRUNSWICK HIGHWAY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2000**

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**1. New Brunswick Highway Corporation**

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The New Brunswick Highway Corporation (NBHC) is a provincial Crown Corporation incorporated by an Act of the New Brunswick Legislature effective 29 March 1995.

NBHC is the signatory for the Province in all agreements relating to the Fredericton-Moncton highway project. As such, NBHC is responsible for monitoring, controlling and administering those agreements to ensure that agreement terms are respected by other signatories and that provincial commitments are met. This includes ensuring that construction of the highway and any required refurbishments are completed as required in those agreements. It also includes ensuring that the ongoing operation, management, and maintenance of the Fredericton-Moncton highway are conducted in accordance with agreement terms.

**2. Summary of significant accounting policies**

---

**Accrual Accounting**

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

**Physical Assets**

The cost of acquiring physical assets is expensed in the year of acquisition.

**Deferred Revenue**

Amounts received but not earned by the end of the fiscal year are recorded as deferred revenue.

**Leases**

Long term leases, under which the Corporation, as lessee, assumes substantially all the benefits and risks of ownership of leased property, are classified as capital leases. The present value of a capital lease is accounted for as an expenditure and an obligation at the inception of the lease.

**3. Fredericton-Moncton Highway**

---

In January 1998, the Province through NBHC entered into agreements with a private sector consortium and the New Brunswick (F-M) Project Company Inc., a not-for-profit company, to develop, design, build, operate, manage, maintain and rehabilitate a four lane toll highway between Longs Creek and Moncton. Effective 1 March 2000, the agreements were amended to eliminate tolling on the highway. It is estimated that total capital costs of the project including construction financing will be \$872.0 million at the 30 November 2001 full traffic availability date.

NBHC will lease land to the New Brunswick (F-M) Project Company Inc. which will own all improvements to these lands, in particular the four lane highway, and sublease the improvements back to NBHC. NBHC is responsible for making the sublease payments to the New Brunswick (F-M) Project Company Inc.

---

**NEW BRUNSWICK HIGHWAY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

---

**3. Fredericton-Moncton Highway – continued**

---

NBHC will also be responsible for making monthly traffic volume payments to the New Brunswick (F-M) Project Company Inc. The traffic volume payments will be used to repay principal and interest on the toll-based debt after 30 November 2001, full traffic availability date. Any amount in excess of that required to repay the debt will be returned to NBHC. Until the full traffic availability date is reached, the traffic volume payments are being accumulated in the tolling reserve account.

**4. Accounts receivable**

---

The accounts receivable balance at 31 March 2000 of \$1,993,550 is comprised of amounts paid by NBHC to the New Brunswick (F-M) Project Company Inc. to establish a tolling reserve fund as required in the agreements with toll-based lenders. A total of \$938,370 of this amount is comprised of direct payments into the tolling reserve fund as specified in the agreements. The remaining \$1,055,180 is the traffic volume payment related to the month of March 2000.

The accounts receivable balance at 31 March 1999 of \$743,814 relates to facility lands acquisition costs that had been incurred by the Corporation but not yet paid for by the New Brunswick (F-M) Project Company Inc. as required under terms of the agreements.

**5. Land**

---

By deed dated 21 January 1998, the Province, through the Department of Transportation, transferred approximately seventy percent of the land corridor necessary for the Fredericton-Moncton highway project to NBHC.

The transfer of land by the Province has been treated as an equity contribution for financial statement purposes and has been recorded at the nominal amount of one dollar.

**6. Deferred revenue**

---

The deferred revenue amount of \$4,511,410, (1999 - \$7,089,688) represents payments received from the New Brunswick (F-M) Project Company Inc., for which related Crown completed construction costs had not been incurred by 31 March 2000.

**7. Capital lease obligation**

---

Under the agreements NBHC will be required to make total lease payments to the New Brunswick (F-M) Project Company Inc. of approximately \$1.513 billion, including principal and interest. This amount will be paid through 49 equal semi-annual payments of \$30.9 million, starting in the fiscal year 2003-2004. Additionally, commencing 1 March 2000, NBHC is required to make monthly traffic volume payments to New Brunswick (F-M) Project Company Inc., based upon the usage of the highway.

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**NEW BRUNSWICK HIGHWAY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2000**

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**7. Capital lease obligation - continued**

---

Due to the elimination of tolls under the 1 March 2000 amendments to the agreements, the payment arrangements are now being accounted for as a capital lease in accordance with the recommendations of the Canadian Institute of Chartered Accountants. Consequently, a capital lease obligation was accrued during the 1999-2000 fiscal year. The net present value of that capital lease obligation at 31 March 2000 was \$872.0 million.

**8. Revenue and expenditure**

---

Under the terms of the Operation, Management, Maintenance and Rehabilitation Agreement that was in effect up to 1 March 2000, NBHC was responsible to make scheduled payments for the operation, management, maintenance and rehabilitation of the highway and tolling systems. Under the new agreement responsibility for tolling system costs has been replaced by responsibility for costs relating to the new traffic volume monitoring system.

During the year an asset representing Crown completed construction costs of \$6,811,503 (1999 - \$8,986,365) was purchased by NBHC from the Department of Transportation. The asset was then sold at cost to the New Brunswick (F-M) Project Company Inc. These amounts have not been recorded on the Statement of Revenue and Expenditure.

A total of \$119,857,000 in assets representing Crown completed construction costs will be purchased and sold by 1 April 2001.

**9. Other revenue**

---

The other revenue figure of \$715,000 relates to an amount that was expensed as reserve fund - toll-based debt during the year ended 31 March 1999. All payments into the reserve fund for toll-based debt are now being treated as deposits and have therefore been included in the accounts receivable balance at 31 March 2000. Therefore, the 31 March 1999 expense was reversed during the fiscal year ended 31 March 2000.

**10. Removal of tolls**

---

Certain direct costs associated with the removal of tolls from the Fredericton-Moncton highway were incurred by NBHC as detailed in the 1 March 2000 amendments to the agreements. These costs have all been recognized during the year ended 31 March 2000.

Fee paid to the Maritime Road Development Corporation	\$30,000,000
Legal expenses of the Maritime Road Development Corporation	400,000
Fee paid to the toll-based lenders	1,000,000
Legal and other associated costs	574,800
	<hr/>

<b>Total direct costs associated with the removal of tolls</b>	<b>\$31,974,800</b>
	<hr/>

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**NEW BRUNSWICK HIGHWAY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**11. Staff resources**

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The Corporation has no employees. Staff support is provided by the Department of Transportation and the Department of Finance.

**12. Statement of cash flows**

---

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

**13. Comparative figures**

---

Certain 1999 comparative figures have been restated to conform with the financial statement presentation adopted for 2000.



**Financial Statements**

**NEW BRUNSWICK INVESTMENT  
MANAGEMENT CORPORATION**

**Year ended March 31, 2000**

## MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements of the New Brunswick Investment Management Corporation 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.

The New Brunswick Investment Management Corporation maintains books of account, systems of information and 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 report of the external auditors.



**Dan Goguen**  
Vice-President, Finance and Administration



**E. L. MacKinnon**  
President and Chief Executive Officer

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of New Brunswick Investment Management Corporation as at March 31, 2000 and the statement of revenue and expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



**KPMG LLP**  
Chartered Accountants

Fredericton, NB, Canada  
April 11, 2000

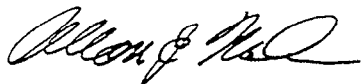
**NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION****Statement of Financial Position**

March 31, 2000, with comparative figures for 1999

	2000	1999
<b>Assets</b>		
Current assets:		
Cash	\$ 2,121	\$ 87,387
Accounts receivable:		
Pension Funds	325,520	209,424
Harmonized Sales Tax rebates (note 2)	-	147,762
Prepaid expenses	26,998	21,481
	354,639	466,054
Capital assets (note 3)	418,609	427,390
	\$ 773,248	\$ 893,444
<b>Liabilities and Deferred Contributions</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 354,639	\$ 466,054
Deferred contributions related to capital assets	418,609	427,390
Commitments (note 4)		
	\$ 773,248	\$ 893,444

See accompanying notes to financial statements.

Approved on behalf of the Board:



Chairman of the Board



President and Chief Executive Officer

**NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION****Statement of Revenue and Expenses**

March 31, 2000, with comparative figures for 1999

	2000	1999
<b>Revenue:</b>		
Fees:		
Public Service Superannuation Fund	\$ 2,228,057	\$ 1,711,189
Teachers' Pension Fund	2,140,207	1,654,704
Judges' Superannuation Fund	14,882	15,573
Province of New Brunswick	-	80,020
Amortization of deferred contributions related to capital assets	112,094	140,445
Other	124,475	15,911
	4,619,715	3,617,842
<b>Expenses:</b>		
Salaries and benefits	2,242,817	1,739,111
Other services (note 5)	1,845,241	1,697,605
Materials and supplies	60,329	40,681
Amortization of capital assets	112,094	140,445
Provision for potential uncollectible HST rebates (note 2)	359,234	-
	4,619,715	3,617,842
	\$ -	\$ -

See accompanying notes to financial statements.

## **NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**

### **Notes to Financial Statements**

Year ended March 31, 2000

---

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;
- have regard to investment opportunities in the Province in developing its investment policies, 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.

#### **1. Significant accounting policies:**

**(a) Accounting entity:**

The Corporation is an entity separate from the pension funds for which it is trustee. Expenses of the Corporation are fully funded, primarily by the Funds but also from fees for services and through recovery of expenses.

**(b) Basis of accounting:**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

**(c) Capital assets:**

Capital assets are recorded at cost and amortization is calculated on a straight-line basis using the annual rates shown in note 3.

**(d) Revenue recognition:**

The Corporation follows the deferral method of accounting for contributions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related capital assets.

**NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION****Notes to Financial Statements (continued)**

Year ended March 31, 2000

**2. Harmonized Sales Tax:**

	2000	1999
HST rebates receivable	\$ 359,234	\$ 147,762
Allowance for potential uncollectible amounts	(359,234)	-
Net receivable	\$ -	\$ 147,762

In order to recover HST paid on its expenditures the Corporation has claimed rebates. Management believes the Corporation is entitled to these rebates but has not been able to collect the receivable from Canada Customs and Revenue Agency. While the Corporation intends to continue to file claims and to pursue collection it has established an allowance to provide for the possibility that its efforts may not be successful.

**3. Capital assets:**

			2000	1999
	Rate	Cost	Accumulated amortization	Net book value
Computer equipment	33 1/3%	\$ 328,341	\$ 277,507	\$ 50,834
Furniture and equipment	8%	304,359	85,256	219,103
Leasehold improvements	10%	217,010	68,338	148,672
		\$ 849,710	\$ 431,101	\$ 418,609
				\$ 427,390

**4. Commitments:**

The Corporation leases premises and equipment under various operating leases which expire at various dates between 2001 and 2006.

Future minimum payments, by year and in aggregate, are as follows:

2001	\$ 162,700
2002	171,300
2003	171,300
2004	171,300
2005	171,300
2006	142,800
	\$ 990,700

**NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION****Notes to Financial Statements** *(continued)*

Year ended March 31, 2000

**5. Other services:**

	2000	1999
Investment counsel	\$ 640,141	\$ 663,081
Custodial services	100,692	138,225
Travel	169,581	163,284
Office rent	155,367	98,965
Professional services	195,252	90,221
Information systems	437,030	432,618
Other	147,178	111,211
	<u>\$ 1,845,241</u>	<u>\$ 1,697,605</u>





**NEW BRUNSWICK LIQUOR CORPORATION  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2000**



# 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.

Richard A. Smith, C.G.A., C.M.A.  
Controller & Director of Finance

May 19, 2000



KPMG LLP  
Chartered Accountants  
Frederick Square  
77 Westmorland Street Suite 700  
Fredericton NB E3B 6Z3  
Canada

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

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of the New Brunswick Liquor Corporation as at March 31, 2000 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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.

*KPMG LLP*

Chartered Accountants

Fredericton, NB, Canada  
May 19, 2000



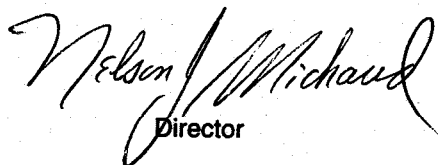
**BALANCE SHEET**

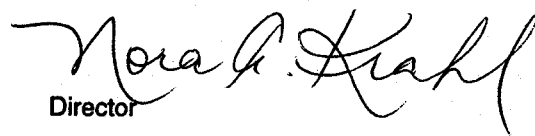
<b>Assets</b>	<b>MARCH 31</b>	
	<b>2000</b>	<b>1999</b>
<i>Current Assets</i>		
Cash	\$ 194 383	\$ 182 335
Accounts receivable	1 187 741	1 240 887
Inventories (note 1)	14 520 341	10 279 675
Prepaid expenses	410 184	411 518
Total current assets	<u>16 312 649</u>	<u>12 114 415</u>
<i>Deferred Charges</i>		
Deferred pension costs	<u>3 456 242</u>	<u>3 949 994</u>
<i>Fixed Assets</i>		
Property, plant and equipment (note 2)	<u>10 669 563</u>	<u>11 268 106</u>
Total Assets	<u><u>\$30 438 454</u></u>	<u><u>\$27 332 515</u></u>
 <b>Liabilities</b>		
<i>Current Liabilities</i>		
Outstanding cheques in excess of funds on deposit	\$ 2 646 846	\$ 2 490 691
Accounts payable and accrued liabilities	<u>8 721 592</u>	<u>6 237 278</u>
Total current liabilities	<u>11 368 438</u>	<u>8 727 969</u>
<i>Long Term Debt</i>		
Pension liability (note 3)	<u>6 476 352</u>	<u>6 779 698</u>
 <b>Equity of the Province of New Brunswick</b>		
Balance at beginning of year	11 824 848	11 910 257
Net income	<u>100 771 674</u>	<u>92 724 022</u>
	112 596 522	104 634 279
Payments to the Province of New Brunswick	<u>100 002 858</u>	<u>92 809 431</u>
Balance at end of year	<u>12 593 664</u>	<u>11 824 848</u>
Total Liabilities and Equity	<u><u>\$30 438 454</u></u>	<u><u>\$27 332 515</u></u>

Commitments (note 4)

See accompanying notes to financial statements

**APPROVED BY THE BOARD:**

  
Director

  
Director

## INCOME STATEMENT

Year ended March 31

	Budget 2000	Actual 2000	Actual 1999
Total sales (note 5)	\$256 966 783	\$273 821 052	\$254 626 601
Less: commissions	3 618 100	3 874 690	3 629 012
Net sales	<u>253 348 683</u>	<u>269 946 362</u>	<u>250 997 589</u>
Cost of sales	134 349 685	143 411 356	133 278 247
Gross profit	<u>118 998 998</u>	<u>126 535 006</u>	<u>117 719 342</u>
Other income	829 769	925 699	844 082
	<u>119 828 767</u>	<u>127 460 705</u>	<u>118 563 424</u>
Operating expenses	25 147 761	26 005 473	25 109 306
Pension expense	737 086	683 558	730 096
Total expenses	<u>25 884 847</u>	<u>26 689 031</u>	<u>25 839 402</u>
Net income	<u>\$ 93 943 920</u>	<u>\$ 100 771 674</u>	<u>\$ 92 724 022</u>

See accompanying notes to financial statements

## STATEMENT OF CASH FLOWS

Year ended March 31

	2000	1999
<b>Cash from Operations</b>		
Net income	\$ 100 771 674	\$ 92 724 022
Items not involving cash:		
Depreciation and amortization	1 832 200	1 738 703
Pension amortization	493 752	493 752
Amortization of experience gains	(336 000)	(336 000)
Loss on sale of property, plant, and equipment	32 301	83 153
Change in non-cash working capital	(1 545 717)	(33 222)
Increase in pension liability	32 654	101 682
Cash available from operations	<u>101 280 864</u>	<u>94 772 090</u>
<b>Net Capital Investments</b>		
Additions to property, plant, and equipment	(1 316 384)	(2 264 643)
Proceeds from sale of property, plant, and equipment	50 426	123 123
Net cash used for capital investments	<u>(1 265 958)</u>	<u>(2 141 520)</u>
<b>Payments to the Province of New Brunswick</b>	<u>(100 002 858)</u>	<u>(92 809 431)</u>
<b>Increase (Decrease) in Cash</b>	12 048	(178 861)
<b>Cash at Beginning of Year</b>	<u>182 335</u>	<u>361 196</u>
<b>Cash at End of Year</b>	<u>\$ 194 383</u>	<u>\$ 182 335</u>

See accompanying notes to financial statements

**Schedule of Sales**

Year ended March 31

	Budget 2000	Actual 2000	Actual 1999
Spirits	\$ 65 360 573	\$ 67 591 737	\$ 65 645 587
Wine	24 969 595	28 447 723	24 951 036
Other beverages	9 221 566	9 956 776	8 112 410
Beer	157 415 049	167 824 816	155 917 568
	<u>\$256 966 783</u>	<u>\$273 821 052</u>	<u>\$254 626 601</u>

**Schedule of Cost of Sales**

Year ended March 31

	Spirits	Wine	Other beverages	Beer	2000 Total	1999 Total
Inventories at beginning of year	\$ 4 390 525	\$ 2 537 270	\$ 773 215	\$ 2 443 036	\$ 10 144 046	\$ 9 904 052
Purchases	15 585 233	13 508 036	4 978 976	98 797 270	132 869 515	119 100 586
Freight	507 719	872 985	215 095	166 595	1 762 394	1 442 007
Duty and excise tax	11 946 328	833 600	122 475	147 539	13 049 942	12 975 648
	<u>32 429 805</u>	<u>17 751 891</u>	<u>6 089 761</u>	<u>101 554 440</u>	<u>157 825 897</u>	<u>143 422 293</u>
Inventories at end of year	5 529 076	4 960 225	1 029 844	2 895 396	14 414 541	10 144 046
	<u>\$ 26 900 729</u>	<u>\$ 12 791 666</u>	<u>\$ 5 059 917</u>	<u>\$ 98 659 044</u>	<u>\$ 143 411 356</u>	<u>\$ 133 278 247</u>

**Schedule of Other Income**

Year ended March 31

	Budget 2000	Actual 2000	Actual 1999
Merchandising programs	\$ 689 000	\$ 725 989	\$ 668 717
Private importation revenue	58 468	51 221	42 378
Commission on collection of Liquor Licensing Branch charges	37 500	44 068	40 447
Beer voucher administration fees	4 500	16 771	19 208
Unredeemed beverage container deposits	65 000	70 617	72 538
Rentals			4 174
Subscriptions to sales reports	9 000	8 120	6 468
Handling charges on special events refunds	10 000	3 259	11 793
Loss on sale of property, plant, and equipment	(88 699)	(32 301)	(83 153)
Sundry	45 000	37 955	61 512
	<u>\$ 829 769</u>	<u>\$ 925 699</u>	<u>\$ 844 082</u>

**Schedule of Operating Expenses**

Year ended March 31

	Budget 2000	Actual 2000	Actual 1999
Salaries - stores, warehouse and maintenance	\$ 11 000 105	\$ 11 307 050	\$ 11 140 861
- administration	2 525 799	2 497 923	2 421 905
Employee benefits	2 572 193	2 551 544	2 537 221
Rent	2 742 400	2 746 505	2 691 298
Heat and light	881 189	918 091	864 330
Depreciation and amortization	1 671 661	1 832 200	1 738 703
Training programs	89 300	88 167	73 539
Trucking	291 300	349 553	301 552
Repairs to property, plant, and equipment	265 482	343 976	287 687
Taxes	417 200	413 753	406 483
Minor equipment and supplies	375 684	379 076	343 318
Security	218 365	196 165	177 432
Retail automation system maintenance	156 880	169 764	173 199
Travel	193 513	191 749	180 237
Beverage container redemption costs	281 000	350 511	310 258
Shopping bags	155 000	159 986	140 422
Data processing	252 458	232 364	196 405
Telecommunications	249 640	262 710	267 229
Motor vehicle operation	21 154	26 686	31 856
Cleaning	159 284	152 470	133 445
Shortages	34 000	47 790	50 384
Bad debt		26 429	
Management meetings	31 368	28 553	14 771
Postage	50 000	47 253	48 432
Professional services	76 700	83 500	123 242
Bank charges	283 000	383 237	310 579
Warehouse maintenance and supplies	23 700	30 480	19 578
Insurance	11 000	15 905	11 671
Advertising and promotions	28 600	33 891	32 975
Directors' remuneration	38 060	35 925	31 520
Other	51 726	102 267	48 774
	<u>\$ 25 147 761</u>	<u>\$ 26 005 473</u>	<u>\$ 25 109 306</u>

## NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2000

### General

This Crown Corporation is incorporated under the New Brunswick Liquor Corporation Act and its primary 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:

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

Leasehold improvements are amortized on the straight-line basis over the remaining 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

	2000	1999
Spirits, wine, other beverages and beer	\$ 14 414 541	\$ 10 144 046
Supplies	105 800	135 629
	<u>\$ 14 520 341</u>	<u>\$ 10 279 675</u>



**2. Property, Plant and Equipment**

	Cost	Accumulated Depreciation	2000 Net	1999 Net
Land	\$ 209 621		\$ 209 621	\$ 211 100
Paving	443 378	\$ 406 467	36 911	67 139
Buildings	10 093 956	6 193 269	3 900 687	4 023 460
Leasehold improvements	3 710 359	2 577 783	1 132 576	1 160 830
Furniture, fixtures and equipment	6 089 795	5 173 914	915 881	669 209
Automotive equipment	175 740	126 427	49 313	71 952
Retail automation equipment	1 547 791	616 184	931 607	1 226 506
Software and services	2 656 673	545 853	2 110 820	2 289 594
Refrigeration equipment	3 433 904	2 051 757	1 382 147	1 548 316
	<u>\$28 361 217</u>	<u>\$17 691 654</u>	<u>\$10 669 563</u>	<u>\$11 268 106</u>

Depreciation and amortization for the year is \$1 832 200; 1999 \$1 738 703.

Net property, plant and equipment additions (disposals) for the year are \$1 157 067; 1999 \$(1 244 317).

**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 2001 is \$512 878 and increases each year at the rate of the Canadian Consumer Price Index plus 2%, maturing March 2016.

	2000	1999
Pension liability	<u>\$6 476 352</u>	<u>\$6 779 698</u>

Since the annual payment will be insufficient to pay the interest in 2001, the pension liability will increase by \$15 592.

Subsequent to 2001 the principal payments in each of the following five years on the long-term debt will be approximately as follows:

2002	\$ 3 651
2003	25 285
2004	49 537
2005	76 656
2006	106 911

### 3. Pension Liability (continued)

Actuarial valuations of the Public Service Superannuation Plan were completed as at April 1, 1992, 1993 and 1997. 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, 2000 the Corporation has realized \$1 903 700 of these experience gains; 1999 \$1 567 700. Experience gains are being amortized over the estimated remaining service life of active contributors. The unamortized portion of experience gains as at March 31, 2000 is \$3 059 650; 1999 \$3 395 650.

The pension expense of \$683 558; 1999 \$730 096 includes the amortization of past service costs and interest costs, less experience gains realized.

### 4. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2001 and 2011. 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, 2000, initial lease terms in excess of one year:

2001	\$2 334 511
2002	1 875 907
2003	1 676 052
2004	1 546 150
2005	1 360 464
2006 to 2011	<u>4 173 911</u>
	<u><u>\$12 966 995</u></u>

### 5. 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.

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FINANCIAL STATEMENTS

NEW BRUNSWICK

MUNICIPAL FINANCE CORPORATION

31 DECEMBER 1999

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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 1999 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

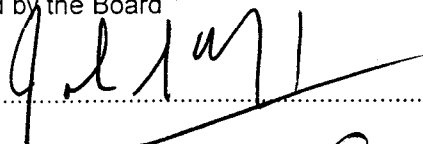
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
28 February 2000

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION  
BALANCE SHEET  
31 DECEMBER 1999**

<b>ASSETS</b>	<b>1999</b>	<b>1998</b>
Cash and short-term investments	\$ 137,094	\$ 784,113
Accrued interest receivable from municipalities and municipal enterprises	4,143,032	3,976,679
Accrued investment income receivable	15,649	-
	<u>4,295,775</u>	<u>4,760,792</u>
Long term investments	520,000	-
Add: Unamortized premium	62,787	-
	<u>582,787</u>	<u>-</u>
Loans to municipalities and municipal enterprises (Note 2)	346,213,000	334,527,000
	<u>\$ 351,091,562</u>	<u>\$ 339,287,792</u>
 <b>LIABILITIES AND RETAINED EARNINGS</b>		
Accounts payable	\$ 14,753	\$ 93,700
Accrued interest payable on debenture debt	4,143,032	3,976,679
Debenture debt (Note 3)	346,213,000	334,527,000
	<u>350,370,785</u>	<u>338,597,379</u>
Retained earnings	720,777	690,413
	<u>\$ 351,091,562</u>	<u>\$ 339,287,792</u>

Approved by the Board

  
..... Director

  
..... Director

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**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 1999**

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	1999	1998
<b>REVENUE</b>		
Interest from municipalities and municipal enterprises	\$ 24,216,997	\$ 25,059,909
Retained for debenture issue expenses	102,812	84,606
Investment income	41,179	35,611
	<u>24,360,988</u>	<u>25,180,126</u>
<b>EXPENSE</b>		
Interest paid on debentures	24,216,997	25,059,909
Amortization of premium	4,709	-
Other expenses	108,918	110,119
	<u>24,330,624</u>	<u>25,170,028</u>
<b>NET INCOME FOR THE YEAR</b>	30,364	10,098
Retained earnings, beginning of year	690,413	680,315
<b>RETAINED EARNINGS, end of year</b>	<u>\$ 720,777</u>	<u>\$ 690,413</u>

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999	1998
<b>CASH PROVIDED BY (USED FOR):</b>		
Operations:		
Net income for the year	\$ 30,364	\$ 10,098
Add (deduct)		
Amortization of premium	4,709	-
Decrease (increase) in non-cash components of working capital	( 94,596)	13,002
	<u>( 59,523)</u>	<u>23,100</u>
Financing activities:		
Proceeds on sale of debentures	64,783,424	55,828,453
Funds retained for debenture issues expenses	( 102,812)	( 84,606)
Principal paid on debenture debt	( 53,522,000)	( 50,389,000)
	<u>11,158,612</u>	<u>5,354,847</u>
Investing activities:		
Loans to municipalities and municipal enterprises	( 64,680,612)	( 55,743,847)
Principal repayments made by municipalities and municipal enterprises	53,522,000	50,389,000
Long term investments	( 587,496)	-
	<u>( 11,746,108)</u>	<u>( 5,354,847)</u>
<b>INCREASE (DECREASE) IN CASH</b>	( 647,019)	23,100
Cash position, beginning of year	784,113	761,013
<b>CASH POSITION, end of year</b>	<u>\$ 137,094</u>	<u>\$ 784,113</u>

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**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**1. Summary of significant accounting policies**

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

**2. Loans to municipalities and municipal enterprises**

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- (a) Loans to municipalities and municipal enterprises 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 and municipal enterprises are identical to those on the debenture debt outstanding.



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**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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**3. Debenture debt**

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- (a) The following debenture debt outstanding at 31 December 1999 is in Canadian funds and is fully guaranteed by the Province of New Brunswick.

<u>Series</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding</u>
"H"	01 Dec. 1986	01 Dec. 1987 to 2001	9% to 10 1/8%	\$ 18,610,000	\$ 983,000
* "O"	22 Aug. 1990	22 Aug. 1991 to 2000	11 1/2% to 12 3/4%	8,989,000	2,431,000
* "P"	11 Dec. 1990	11 Dec. 1991 to 2000	11 1/2% to 11 3/4%	29,344,000	5,667,000
* "Q"	27 June 1991	27 June 1992 to 2001	9 1/4% to 10 5/8%	17,947,000	4,930,000
"R"	16 Dec. 1991	16 Dec. 1992 to 2001	7 3/8% to 9 3/8%	35,221,000	9,331,000
"S"	14 July 1992	14 July 1993 to 2002	6 1/2% to 9%	24,076,000	8,711,000
* "T"	30 Dec. 1992	30 Dec. 1993 to 2002	7 1/2% to 8 7/8%	22,171,000	9,126,000
"U"	29 July 1993	29 July 1994 to 2008	5 1/2% to 8 3/8%	34,442,000	14,188,000
"V"	23 Dec. 1993	23 Dec. 1994 to 2003	4 3/4% to 7 1/2%	23,856,000	11,379,000
* "W"	09 Aug. 1994	09 Aug. 1995 to 2004	8% to 9 3/4%	30,860,000	16,527,000
* "X"	21 Dec. 1994	21 Dec. 1995 to 2004	7 1/4% to 9 1/2%	14,243,000	7,922,000
"Y"	07 June 1995	07 June 1996 to 2005	7 1/8% to 8 1/8%	13,611,000	9,684,000
* "Z"	20 Dec. 1995	20 Dec. 1996 to 2005	6 1/4% to 7 7/8%	39,032,000	25,606,000
"AA"	24 July 1996	24 July 1997 to 2006	5 5/8% to 7 7/8%	19,028,000	14,874,000
"AB"	02 Dec. 1996	02 Dec. 1997 to 2006	3 5/8% to 6 5/8%	38,610,000	29,451,000
* "AC"	16 Oct. 1997	16 Oct. 1998 to 2007	4 1/8% to 6%	36,187,000	30,280,000
"AD"	18 Dec. 1997	18 Dec. 1998 to 2007	4 1/4% to 5 3/4%	34,346,000	28,256,000
"AE"	25 Aug. 1998	25 Aug. 1999 to 2008	5 1/4% to 5 5/8%	26,566,000	24,062,000
"AF"	15 Dec. 1998	15 Dec. 1999 to 2008	5 1/8% to 5 1/2%	29,838,000	27,597,000
"AG"	11 Aug. 1999	11 Aug. 2000 to 2009	5 1/5% to 5 3/4%	31,633,000	31,633,000
**"AH"	14 Dec. 1999	14 Dec. 2000 to 2009	5 7/10% to 6 1/2%	33,575,000	33,575,000
				<u>\$ 562,185,000</u>	<u>\$ 346,213,000</u>

\* 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:

2000	\$54,993,000
2001	\$49,717,000
2002	\$45,468,000
2003	\$40,372,000
2004	\$34,530,000



**CONSOLIDATED FINANCIAL STATEMENTS**

**THE NEW BRUNSWICK MUSEUM**

**March 31, 2000**

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## AUDITORS' REPORT

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To the Directors of  
**The New Brunswick Museum**

We have audited the consolidated balance sheet of **The New Brunswick Museum** as at March 31, 2000 and the related consolidated 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 auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2000 and the results of its operations and the changes in fund balances for the year then ended in accordance with accounting principles generally accepted in Canada.

Saint John, Canada,  
May 26, 2000.

*Ernst & Young LLP*  
Chartered Accountants

**The New Brunswick Museum**  
**CONSOLIDATED BALANCE SHEET**

As at March 31

	General Fund \$	Endowment Fund \$	Market Square Fund \$	2000 \$	1999 \$
<i>(restated)</i>					
<b>ASSETS</b>					
Cash	273,564	2,577	—	276,141	77,036
Accounts receivable	88,846	42,721	—	131,567	46,747
Prepaid expenses	9,057	—	—	9,057	10,415
Inventory	29,360	—	—	29,360	25,186
Due from Province of New Brunswick	34,804	—	—	34,804	68,761
	435,631	45,298	—	480,929	228,145
Investments [note 2]	208,327	771,438	109,154	1,088,919	798,507
Interfund loan	(4,027)	1,797	2,230	—	—
Property and equipment [note 3]	132,790	—	20,607	153,397	105,100
Collection and accessions	2	—	—	2	2
	772,723	818,533	131,991	1,723,247	1,131,754
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	323,013	1,000	—	324,013	234,489
	323,013	1,000	—	324,013	234,489
<b>Fund balances [note 4]</b>					
Unrestricted	15,000	17,310	—	32,310	140,464
Internally Restricted	131,783	152,265	—	284,048	84,370
Externally Restricted	170,137	50,175	111,384	331,696	25,327
Endowments	—	597,783	—	597,783	542,004
Property and Equipment	132,790	—	20,607	153,397	105,100
	449,710	817,533	131,991	1,399,234	897,265
	772,723	818,533	131,991	1,723,247	1,131,754

See accompanying notes

On behalf of the Board:

Director

Director

**The New Brunswick Museum**

**CONSOLIDATED**  
**STATEMENT OF FINANCIAL OPERATIONS**  
**AND CHANGES IN FUND BALANCES**

Year ended March 31

	General Fund \$	Endowment Fund \$	Market Square Fund \$	2000 \$	1999 \$
<b>Revenue</b>					
<b>Grants</b>					
Provincial	1,828,602	—	—	1,828,602	1,594,944
Federal	30,904	—	—	30,904	44,129
Dept. of Canadian Heritage	24,500	—	—	24,500	39,500
Investment income	5,841	61,641	—	67,482	46,245
Webster Foundation	—	40,225	—	40,225	40,300
Museum services [note 5]	164,367	—	—	164,367	162,065
Other grants & bequests	—	28,491	—	28,491	116,531
Donations [note 6]	6,725	2,774	225,518	235,017	332,261
Sale of equipment	—	—	—	—	6,000
	2,060,939	133,131	225,518	2,419,588	2,381,975
<b>Expenditures</b>					
Salaries and benefits	1,175,655	—	—	1,175,655	1,316,996
Materials, supplies and services	685,886	—	—	685,886	628,252
Amortization of property and equipment	43,152	—	11,851	55,003	42,930
Acquisitions	48,113	6,741	—	54,854	46,774
Scholarships	—	1,000	—	1,000	3,000
	1,952,806	7,741	11,851	1,972,398	2,037,952
Excess of revenues over expenditures	108,133	125,390	213,667	447,190	344,023
Fund balance, beginning of year	281,327	697,614	(81,676)	897,265	553,242
Fund balance before transfers	389,460	823,004	131,991	1,344,455	897,265
Endowment fund transfer	60,250	(60,250)	—	—	—
Gain on sale of investments	—	54,779	—	54,779	—
<b>Fund balance, end of year</b>	449,710	817,533	131,991	1,399,234	897,265

See accompanying notes

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## The New Brunswick Museum

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2000

#### 1. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada, 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.

These consolidated financial statements include the accounts of The New Brunswick Museum and the New Brunswick Museum Foundation, Inc.

For financial reporting purposes, the accounts have been classified into the following three groupings:

##### General 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.

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**The New Brunswick Museum****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2000

**1. SIGNIFICANT ACCOUNTING POLICIES [Continued]**

*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.

*Internally restricted fund* — 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.

***Market Square Fund***

The Market Square expansion is a significant project which has been accounted for separately and funded by the proceeds of the capital campaign conducted by the New Brunswick Museum Foundation, Inc.

**(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. Endowment fund capital gains are recorded directly into the endowment fund equity.

**(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. Government grants received for the publishing of certain books are applied against the publishing costs.



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**The New Brunswick Museum****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2000

**1. SIGNIFICANT ACCOUNTING POLICIES [Continued]****(d) Collection and accessions**

Collections and accessions are recorded at a nominal value. Additions to the collections are expensed in the year of acquisition.

The collections of the Museum comprise a wide range of subject matter from the humanities and natural science, which are relevant to New Brunswick and have been continually acquired since the institution's foundation in 1842. The humanities holdings, numbering about 100,000 artifacts, include history and technology artifacts, fine and decorative arts and archival material. The natural science holdings, numbering about 300,000 specimens or specimen lots, include botanical, palaeontology and zoological collections.

**(e) Property & equipment**

Furniture and equipment is stated at cost and is amortized on a straight line basis over the estimated useful life of the assets: computer equipment 33%, vehicles and equipment 20%, furniture 10%.

**(f) Government and private grants**

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

**(g) Contributed services**

Volunteers contributed approximately 7,000 hours to assist the Museum in carrying out its service delivery activities.

**The New Brunswick Museum**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2000

**2. INVESTMENTS**

The investments included in the General and Endowment Funds are comprised of the following:

	2000		1999	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Bonds	666,842	655,612	343,724	328,928
GIC's	5,000	5,000	298,828	334,036
Treasury bills	317,481	318,067	109,566	109,661
Equity	99,596	378,789	46,389	340,186
	<b>1,088,919</b>	<b>1,357,468</b>	<b>798,507</b>	<b>1,112,811</b>

**3. PROPERTY AND EQUIPMENT**

	2000		1999	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Computers	150,431	78,737	71,694	25,102
Vehicles & equipment	107,791	65,429	42,362	38,799
Furniture	56,784	17,443	39,341	41,199
	<b>315,006</b>	<b>161,609</b>	<b>153,397</b>	<b>105,100</b>

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**The New Brunswick Museum**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2000

**4. FUND BALANCES**

A summary of the changes in the various fund balances for fiscal 2000 is as follows:

	Balance, beginning of year \$	Revenue \$	Expenditures \$	Fund Transfer In (Out) \$	Balance, end of year \$
Unrestricted general	13,706	1,676,499	1,676,955	1,750	15,000
Unrestricted endowment	126,758	42,817	—	(152,265)	17,310
	140,464	1,719,316	1,676,955	(150,515)	32,310
Internal restricted general	84,370	2,802	13,889	58,500	131,783
Internal restricted endowment	—	—	—	152,265	152,265
	84,370	2,802	13,889	210,765	284,048
External restricted general	110,609	393,402	333,874	—	170,137
External restricted endowment	28,852	81,573	—	(60,250)	50,175
External restricted Market Square	(114,134)	225,518	—	—	111,384
	25,327	700,493	333,874	(60,250)	331,696
Endowments	542,004	55,779	—	—	597,783
Property and equipment	105,100	103,302	55,005	—	153,397
<b>Total</b>	<b>897,265</b>	<b>2,581,692</b>	<b>2,079,723</b>	<b>—</b>	<b>1,399,234</b>

Opening fund balances have been restated to reflect the proper allocation of Endowment Fund balances between restricted, internal or external, and Endowments.

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**The New Brunswick Museum**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2000

**5. 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:

	2000 \$	1999 \$
Revenue	286,292	317,516
Expenditures	121,925	155,451
	<u>164,367</u>	<u>162,065</u>

**6. 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 \$2,000,000. As at May 26, 2000 the New Brunswick Museum Foundation, Inc. has received pledges in total through a capital campaign of \$2,000,000 of which \$1,917,532 has been received in cash.

**7. STATEMENT OF CASH FLOWS**

A separate statement of cash flows is not presented since cash flows from investment and financing activities are readily apparent from the other financial statements.

**8. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

**NEW BRUNSWICK POWER CORPORATION  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2000**



**Deloitte &  
Touche****Deloitte & Touche LLP**

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**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, 2000 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants

May 12, 2000

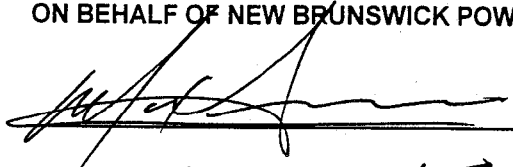
**NEW BRUNSWICK POWER CORPORATION**  
**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**  
Year ended March 31, 2000  
(in millions)

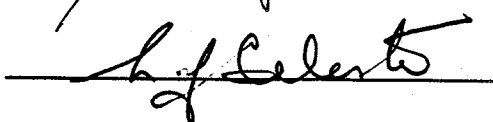
	2000	1999
<b>REVENUES</b>		
Sales of power (Note 3)		
In-province	\$ 888	\$ 872
Out-of-province	330	304
Miscellaneous	<u>30</u>	<u>28</u>
	1,248	1,204
<b>EXPENDITURES</b>		
Purchased power	170	98
Fuel	225	276
Operation, maintenance and administration	315	277
Amortization and decommissioning (Note 4)	<u>190</u>	<u>189</u>
	<u>900</u>	<u>840</u>
Income before finance charges	348	364
Finance charges (Note 5)	<u>331</u>	<u>346</u>
Income before transfer and write-off	17	18
Transfer from fuel channel removal account (Note 6)	<u>-</u>	<u>9</u>
Income before write-off	17	27
Write-off of deferred cost - nuclear generating station (Note 7)	<u>-</u>	<u>450</u>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	17	(423)
<b>RETAINED EARNINGS</b>		
<b>BEGINNING OF YEAR</b>	<u>2</u>	<u>425</u>
<b>END OF YEAR</b>	<u>\$ 19</u>	<u>\$ 2</u>

**NEW BRUNSWICK POWER CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
as at March 31, 2000  
(in millions)

	2000	1999
<b>PROPERTY, PLANT AND EQUIPMENT (Note 8)</b>		
Land, buildings, plant and equipment, at cost	\$ 5,329	\$ 5,263
Less: accumulated amortization	<u>2,333</u>	<u>2,133</u>
	<u>2,996</u>	<u>3,130</u>
<b>LONG-TERM ASSETS</b>		
Sinking fund investments (Note 12)	<u>17</u>	<u>56</u>
<b>CURRENT ASSETS</b>		
Cash and short-term investments	34	7
Accounts receivable	170	191
Materials, supplies and fuel	78	74
Prepaid expenses	<u>3</u>	<u>3</u>
	<u>285</u>	<u>275</u>
<b>DEFERRED CHARGES</b>		
Unrealized foreign exchange differences, less amounts amortized (Note 9)	106	155
Debenture and note discount and issue expenses, less amounts amortized	22	25
Deferred pension benefit (Note 10)	<u>38</u>	<u>25</u>
	<u>166</u>	<u>205</u>
	<u>\$ 3,464</u>	<u>\$ 3,666</u>

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Director



**NEW BRUNSWICK POWER CORPORATION  
CONSOLIDATED BALANCE SHEET**

as at March 31, 2000

(in millions)

	2000	1999
<b>LONG-TERM DEBT (Note 12)</b>		
Debentures and other loans	\$ 2,907	\$ 3,250
Less: sinking funds	<u>329</u>	<u>305</u>
	<u>2,578</u>	<u>2,945</u>
<b>CURRENT LIABILITIES</b>		
Short-term indebtedness (Note 13)	176	159
Accounts payable and accruals	139	128
Accrued interest	79	84
Current portion of long-term debt (Note 12)	<u>234</u>	<u>130</u>
	<u>628</u>	<u>501</u>
<b>DEFERRED LIABILITIES</b>		
Irradiated fuel management and plant decommissioning (Note 14)	209	197
Other (Note 15)	<u>30</u>	<u>21</u>
	<u>239</u>	<u>218</u>
<b>EQUITY</b>		
Retained earnings	<u>19</u>	<u>2</u>
	<u>\$ 3,464</u>	<u>\$ 3,666</u>

**NEW BRUNSWICK POWER CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
Year ended March 31, 2000  
(in millions)

	2000	1999
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :</b>		
<b>OPERATING</b>		
Net income (loss) for the year	\$ 17	\$ (423)
Amounts charged or credited to operations not requiring a current cash payment (Note 16)	<u>226</u>	<u>670</u>
	243	247
Net change in non-cash working capital balances	<u>21</u>	<u>21</u>
	<u>264</u>	<u>268</u>
<b>FINANCING</b>		
Debt retirements	(175)	(81)
Sinking fund payments	(61)	(70)
Long-term debt obligations issued	50	-
Increase (decrease) in short-term indebtedness	<u>17</u>	<u>(35)</u>
	<u>(169)</u>	<u>(186)</u>
<b>INVESTING</b>		
Expenditure on property, plant and equipment	(95)	(68)
Proceeds on disposal and customer contributions	41	3
Deferred pension benefit	(13)	(14)
Increase in other deferred charges	<u>(1)</u>	<u>-</u>
	<u>(68)</u>	<u>(79)</u>
<b>NET CASH INFLOW</b>	27	3
<b>CASH AND SHORT-TERM INVESTMENTS</b>		
<b>BEGINNING OF YEAR</b>	<u>7</u>	<u>4</u>
<b>END OF YEAR</b>	<u>\$ 34</u>	<u>\$ 7</u>

**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**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, 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). The Corporation must also apply to the Public Utilities Board before making any expenditure greater than \$75 million in relation to upgrading, maintaining or decommissioning of a generating facility.

**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.

Interest during construction is capitalized monthly based on the cost of long-term borrowings. When significant 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.

Contributions in aid of construction which include amounts received from customers as well as research and development grants in respect of new facilities, are netted against the cost of related assets. Amounts received from customers are being amortized over the estimated service lives of the related assets.

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



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended March 31, 2000

(in millions)

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Amortization 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. Amortization is suspended when significant assets are taken out of service for extended periods for refurbishment. Amortization is provided on certain mining equipment on an increasing charge basis, the amortization amount being based on the amount of related debt retirement required during the year. All other assets are amortized on a straight-line basis. Amortization 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 been amortized based on the following estimated service lives:

Assets	Years
Hydro Generating Stations	100
Thermal Generating Stations	35
Nuclear Generating Station	25
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 amortized over service lives shorter than their related main asset categories.

**c. Cash and Short Term Investments**

Cash and short term investments consist of balances with banks and investments in money market instruments which mature within three months from date of acquisition.

**d. Inventories**

Inventories of materials and supplies, and fuel, other than nuclear fuel, are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method.

**e. 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.



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f. Foreign exchange transactions**

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian (Cdn) 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.

**g. Financial instruments**

**Long-term debt**

Long-term debt is recorded on 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.

**Derivative financial products**

The Corporation enters into forward exchange contracts to manage exchange risk related to interest obligations on US denominated long-term debt for terms up to eighteen months. The Corporation also enters into interest rate agreements to reduce exposure to changes in interest rates on planned refinancing of debt. The Corporation also enters into oil swap agreements to reduce exposure to changes in the cost of oil used in the operations of its plants.

**h. 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.

**i. 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



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Irradiated fuel management and plant decommissioning (continued)**

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.

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.

**j. 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. N.B. Coal maintains a private contributory defined benefit pension plan for its employees.

Under both plans, pension costs are actuarially determined using the projected benefit method, pro-rated on services 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 groups.



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Retiring allowance**

The Corporation has a retiring allowance program for employees that provides a lump-sum payment equal to one week of pay for each full year of continuous employment to a maximum of 26 weeks of pay. The actuarial present value of accrued retiring allowance obligations for past service is amortized on a straight line basis over the expected average remaining service life of the employee group.

**l. 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.

**m. Use of estimates**

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

**2. CASH AND SHORT TERM INVESTMENTS**

	2000	1999
Cash	\$ 31	\$ 6
Short term investments	<u>3</u>	<u>1</u>
	<u>\$ 34</u>	<u>\$ 7</u>

**3. SALES**

- a) Power 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 \$223 million (1999 - \$183 million) to utilities in the United States.



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 Year ended March 31, 2000  
 (in millions)

**4. AMORTIZATION AND DECOMMISSIONING**

	2000	1999
Amortization expense	\$ 188	\$ 186
Charges for decommissioning	<u>2</u>	<u>3</u>
	<u>\$ 190</u>	<u>\$ 189</u>

**5. FINANCE CHARGES**

	2000	1999
Interest expense -- on debentures and other loans	\$ 309	\$ 321
- on deferred liabilities	<u>15</u>	<u>14</u>
	324	335
Less: Income from sinking funds and other investments	<u>28</u>	<u>35</u>
	296	300
Provincial government guarantee fee	20	21
Amortization of debenture discount and expense	5	4
Amortization of unrealized foreign exchange	<u>12</u>	<u>22</u>
	333	347
Less: Interest capitalized	<u>2</u>	<u>1</u>
	<u>\$ 331</u>	<u>\$ 346</u>

Interest paid on debt during the year was \$314 million (1999 - \$322 million). Interest received on investments during the year was \$28 million (1999 - \$30 million).

**6. FUEL CHANNEL REMOVAL**

The Corporation eliminated the fuel channel removal liability account over a three year period which commenced October 1, 1995 and ended September 30, 1998.





**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**7. WRITE-OFF OF DEFERRED COST - NUCLEAR GENERATING STATION**

In 1997/98 the carrying value of the nuclear generating station was reduced by \$450 million and an offsetting deferred charge was recorded. This was in recognition of efforts to identify a potential new revenue stream to recover the \$450 million. In 1998/99 the Corporation was not able to identify the necessary revenue stream and the deferred charge was written off against net income.

**8. PROPERTY, PLANT AND EQUIPMENT**

	<u>2000</u>		<u>1999</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Power generating stations	\$ 3,731	\$ 1,648	\$ 3,728	\$ 1,492
Transmission system	252	111	249	106
Terminals and substations	389	185	390	175
Distribution system	651	256	636	240
Buildings and properties	56	24	57	24
Communications and computer systems	59	19	32	17
Mining equipment and related assets	74	50	74	44
Motor vehicles	45	29	38	27
Miscellaneous assets	18	11	17	8
Construction-in-progress	54	-	42	-
	<u>\$ 5,329</u>	<u>\$ 2,333</u>	<u>\$ 5,263</u>	<u>\$ 2,133</u>

**9. UNREALIZED FOREIGN EXCHANGE DIFFERENCES, LESS AMOUNTS AMORTIZED**

	<u>2000</u>	<u>1999</u>
Exchange adjustment at balance sheet date	\$ 167	\$ 204
Less: accumulated amortization	<u>61</u>	<u>49</u>
	<u>\$ 106</u>	<u>\$ 155</u>



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 Year ended March 31, 2000  
 (in millions)

**10. DEFERRED PENSION BENEFIT**

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan (Public Service Plan) as described in Note 1j. Actuarial valuations are prepared periodically to determine the costs of the pension benefits and the appropriate amounts of contributions to the fund. The latest actuarial valuation done on the Public Service Plan was April 1, 1997.

The actuarial method used incorporates management's or the plan owner's best estimate assumptions to determine the present value of accrued pension benefit obligations based on projections of salaries and wages to normal retirement dates. The interest rate on accrued pension benefits and the rate of return on assets used in these calculations was 8.42%.

The status of the costs and obligations of the Corporation's share of the Public Service Plan and N.B. Coal's private plan as at March 31, 2000 was as follows:

	2000	1999
Pension fund assets (market value)	<u>\$ 654</u>	<u>\$ 540</u>
Accrued pension obligations	<u>\$ 554</u>	<u>\$ 512</u>
Determination of pension expense for the year is summarized below:		
Cost of benefits for the year	\$ 8	\$ 6
Interest cost on accrued benefits	44	40
Interest on pension fund assets	(45)	(45)
Amortization of transitional surplus	(1)	(1)
Amortization of gains/losses	<u>(3)</u>	<u>1</u>
Pension expense	<u>\$ 3</u>	<u>\$ 1</u>

Total contributions to the plans in excess of pension expense, in the amount of \$38 million (1999 - \$25 million) have been set up as an asset under deferred charges.



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 Year ended March 31, 2000  
 (in millions)

**11. RETIRING ALLOWANCE LIABILITY**

The Corporation has a retiring allowance program for employees as described in Note 1k. Actuarial calculations are prepared to determine the amount of the Corporation's obligations for retiring allowances. The actuarial method used incorporates management's best estimate assumptions to determine the present value of the accrued retiring allowance obligation based on projections of salaries and wages to normal retirement dates. The interest rate used in the calculation of this obligation was 6%. The latest actuarial calculation was done as at April 1, 1998.

The retiring allowance obligation as at March 31, 2000 is \$25 million (1999 - \$23 million). The retiring allowance expense for the year ended March 31, 2000 was \$4 million (1999 - \$4 million). The cumulative amount expensed in excess of amounts paid out under the retirement allowance program has been set up as a liability under deferred liabilities.

**12. LONG-TERM DEBT**

	2000	1999
Debentures guaranteed by the Province of New Brunswick	\$ 211	\$ 363
Debentures held by the Province of New Brunswick	<u>2,930</u>	<u>3,017</u>
	<u>3,141</u>	<u>3,380</u>
Less: Payments due within one year	<u>234</u>	<u>130</u>
	<u><u>\$ 2,907</u></u>	<u><u>\$ 3,250</u></u>



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**12. LONG-TERM DEBT (continued)**

**Debentures and notes**

Date of maturity	Average Interest Rate	Canadian	US	2000	1999
Years ending:					
March 31, 2000	-	-	-	-	100
March 31, 2001	10.6%	251	-	251	251
March 31, 2002	9.6%	250	-	250	250
March 31, 2003	8.0%	500	174	674	681
March 31, 2004	7.5%	100	-	100	100
March 31, 2005	-	-	-	-	-
1-5 Years	8.8%	1,101	174	1,275	1,382
6-10 years	9.5%	570	-	570	620
11-30 Years	8.7%	500	785	1,285	1,365
Debentures and notes		\$2,171	\$959	\$3,130	\$3,367
Loan payable in annual installments of principal and interest at rates varying from 4.5% to 8.25% per annum to the year 2011.				11	13
<b>Total long-term debt</b>				<b>\$3,141</b>	<b>\$3,380</b>

The US\$ debenture balance outstanding at March 31, 2000 is US\$ 660 million.

The weighted average interest rate on all debentures and notes outstanding at March 31, 2000 is 8.88% (1999 - 9.07%).



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 Year ended March 31, 2000  
 (in millions)

**12. LONG-TERM DEBT (continued)**

**Long-term debt payments**

Long-term debt maturities and sinking fund requirements in respect of debt outstanding at March 31, 2000 are as follows for the five years ending March 31, 2005:

	<b>Debt maturities and sinking fund obligations (in millions)</b>
Year ending March 31, 2001	\$ 234
Year ending March 31, 2002	243
Year ending March 31, 2003	603
Year ending March 31, 2004	106
Year ending March 31, 2005	19

Exchange rates in effect at March 31, 2000 are used for debt denominated in foreign currencies.

**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, totaling \$17 million (1999 - \$56 million), have been reclassified as investments.

**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.



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**13. SHORT-TERM INDEBTEDNESS**

The Corporation borrows funds for temporary purposes from the Province of New Brunswick. The short-term borrowings from the Province of New Brunswick are \$176 million at March 31, 2000 (1999 - \$159 million).

The Corporation may also borrow from banks from time to time. Such borrowings are payable on demand. The Corporation has bank lines of credit, guaranteed by the Province of New Brunswick, for short-term borrowings totaling \$104 million.

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

**14. IRRADIATED FUEL MANAGEMENT AND PLANT DECOMMISSIONING**

	2000	1999
Irradiated fuel management	\$ 109	\$ 104
Nuclear decommissioning	86	82
Thermal decommissioning	14	11
	<u>\$ 209</u>	<u>\$ 197</u>

The obligation is not funded.

**15. DEFERRED LIABILITIES - OTHER**

	2000	1999
Early retirement programs	\$ 27	\$ 20
Retirement allowance program	6	4
	33	24
Less: Amounts due within one year	<u>3</u>	<u>3</u>
	<u>\$ 30</u>	<u>\$ 21</u>



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended March 31, 2000

(in millions)

**16. AMOUNTS CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CURRENT CASH PAYMENT**

	2000	1999
Amortization and decommissioning	\$ 190	\$ 189
Amortization of debenture discount and expense	5	4
Amortization of unrealized foreign exchange	12	22
Disposal of nuclear fuel consumed during the year	(2)	(1)
Interest on plant decommissioning and irradiated fuel management	12	11
Early retirement and retirement allowance programs	9	4
	226	229
Write-off of deferred cost – nuclear generating station	-	450
Transfer from fuel channel removal account	-	(9)
	\$ 226	\$ 670

**17. FINANCIAL INSTRUMENTS**

**Foreign exchange risk management**

At March 31, 2000, the Corporation had outstanding forward exchange contracts representing a net commitment to purchase US\$ 105 million (1999 – US\$ 71 million). The weighted average rate of exchange protected by these contracts is Cdn \$1.4521.

The fair value of forward exchange contracts as at March 31, 2000 is \$151 million (1999 - \$108 million). If the contracts had been closed out at March 31, 2000 the loss would have been immaterial.

**Fuel price risk management**

At March 31, 2000, the Corporation had outstanding oil swap contracts totaling \$20 million (1999 - \$40 million) maturing over the next year. In 1999, \$18 million of these contracts, with a fair value of \$14 million, constituted swap contracts entered into on behalf of a customer. Any gains or losses associated with this contract accrued to the customer.

The fair market value of the fuel price swap agreements as at March 31, 2000 is \$24 million (1999 - \$37 million).

Under the agreements, the Corporation exchanges monthly payments based on the differential between a fixed price and a monthly cumulative floating price for the associated fuel. The differential to be paid or received is reflected in the cost of fuel.

If the outstanding swap contracts for which gains or losses accrue to the Corporation had been closed out at March 31, 2000, the gain would have been \$4 million (1999 - \$1 million).



**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year ended March 31, 2000  
(in millions)

**17. FINANCIAL INSTRUMENTS (continued)**

**Interest rate risk management**

The Corporation has entered into an interest rate swap agreement with an effective date of October 1, 2002 and termination date of October 1, 2012. The agreement has a notional principal amount of \$50 million. The Corporation will pay a fixed rate of 6.521%. If the agreement had been closed out at March 31, 2000 the loss would have been immaterial.

**Fair value of debt and sinking funds**

The estimated fair value of long-term debt as at March 31, 2000 is \$3,448 million compared to a book value of \$3,141 million (1999 - \$3,970 million compared to \$3,380 million). The estimated fair value of all sinking funds as at March 31, 2000 is \$362 million compared to a book value of \$346 million (1999 - \$395 million compared to \$361 million).

**18. COMMITMENTS**

**Belvedere 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 Belvedere. This lease provides for annual charges of approximately \$4.5 million.

**Courtenay Bay Generating Station**

The Corporation has entered into a twenty year site lease agreement, expiring in 2021, with a five year option to extend, for lease of the existing site infrastructure to a third party to re-power an existing 100MW unit to a 280 MW combined-cycle natural gas unit.

The Corporation has also entered into a related twenty year power purchase and transmission access agreement, expiring in 2021, with a five year option to extend with the same third party. The Corporation will purchase all the electrical energy produced by the re-powered 280 MW combined cycle natural gas unit during the winter period, November 1 to March 31, and from time to time, some or all of the electrical energy produced during the summer period.

**Gas Transportation Agreement**

The Corporation has entered into a fifteen year agreement for firm natural gas transportation service to the re-powered Courtenay Bay Generating Station. The cost of transportation, commencing on November 1<sup>st</sup>, 2000 or the date when the transportation facilities are placed in service, will be recovered from the tenant, referred to in the lease, of the generating station.





**NEW BRUNSWICK POWER CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 Year ended March 31, 2000  
 (in millions)

**18. COMMITMENTS (Continued)**

**Computer Equipment**

During the year, the Corporation entered into operating leases relating to computer equipment. The future minimum lease payments under these leases are as follows:

	2000	1999
2001	\$ 4	\$ -
2002	3	-
	<u>\$ 7</u>	<u>\$ -</u>

**19. CONTINGENCY**

N.B. Coal has an ongoing environmental responsibility to treat acidic water drainage from an inactive mine. Ongoing cost of treatment is approximately \$0.5 million per year.

**20. COMPARATIVE FIGURES**

Certain 1999 figures have been reclassified to conform with 2000 financial statement presentation.





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FINANCIAL STATEMENTS  
NEW BRUNSWICK PUBLIC LIBRARIES  
FOUNDATION  
31 MARCH 2000

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Chairperson and Directors  
New Brunswick Public Libraries Foundation

I have audited the statement of financial position of the New Brunswick Public Libraries Foundation as at 31 March 2000 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the organization derives revenue from the general public, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to public donations, excess of revenues over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself 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 Foundation as at 31 March 2000 and the results of its operations and changes in net assets for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".


Daryl C. Wilson, FCA  
Auditor General

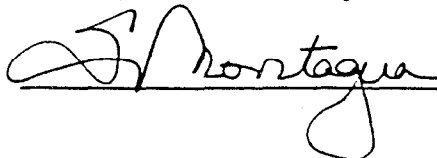
Fredericton, N. B.  
23 October 2000

NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
31 MARCH 2000

ASSETS	2000	1999
Current Assets		
Cash (Trust Account)	\$ 24,423	\$ -
Accounts receivable	137	22,983
	<u>\$ 24,560</u>	<u>\$ 22,983</u>
<b>LIABILITIES AND DEFICIT</b>		
Account payable	\$ 50,000	\$ -
(Deficit) Net assets	<u>(25,440)</u>	<u>22,983</u>
	<u>\$ 24,560</u>	<u>\$ 22,983</u>

Approved by the Board

  
 \_\_\_\_\_ Chairperson

  
 \_\_\_\_\_ Director

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**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 MARCH 2000**

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<b>REVENUES</b>	<b>2000</b>	<b>1999 (13 months)</b>
Public donations	\$ 720	\$ 30,332
Grants from the Department of Municipalities	720	30,332
Bank interest	347	2,678
	<u>1,787</u>	<u>63,342</u>
 <b>EXPENSES</b>		
Library expenditures	50,210	30,193
Professional services	-	9,813
Miscellaneous	-	353
	<u>50,210</u>	<u>40,359</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE PERIOD</b>	<b>(48,423)</b>	<b>22,983</b>
Net assets, beginning of period	22,983	-
<b>NET ASSETS (DEFICIT), end of period</b>	<b>\$ (25,440)</b>	<b>\$ 22,983</b>

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**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Authority and Objective**

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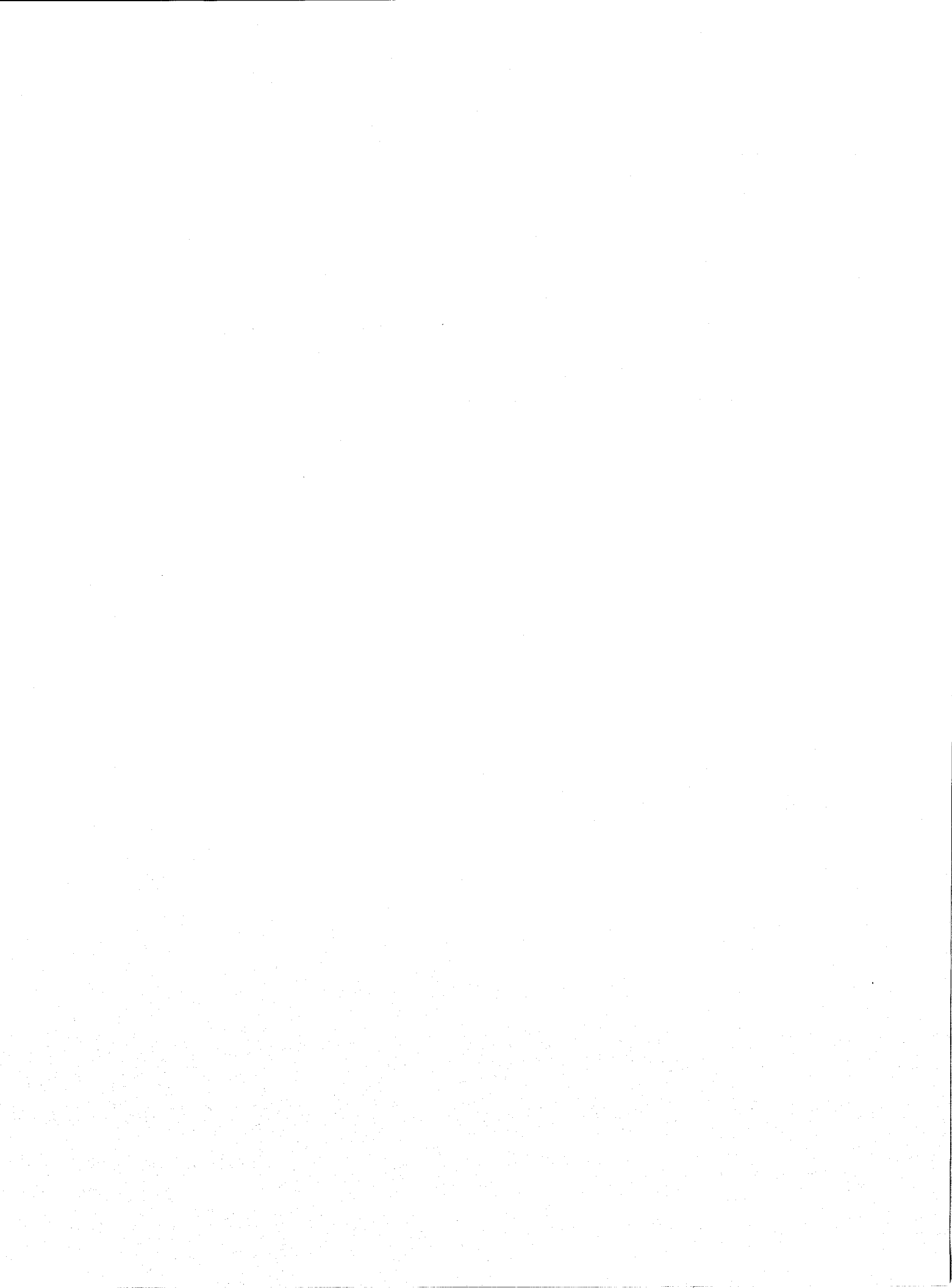
The New Brunswick Public Libraries Foundation is an independent entity created under the provisions of the New Brunswick Public Libraries Foundation Act proclaimed 1 March 1998. The mandate of the Foundation is

- (1) to receive gifts of real and personal property, including money, to support public library services in the Province, including support for capital projects for public library facilities, purchase of materials, equipment and supplies for public libraries and support for such library services as may be delivered through the public library system in the Province,
- (2) to invest and administer the property received,
- (3) to encourage, facilitate and carry out programs and activities that will directly or indirectly increase the financial support of or confer a benefit on public libraries in the Province,
- (4) to make grants and gifts in support of the public library system in the Province,
- (5) to promote the use and benefits of public libraries in the Province, and
- (6) to assist public library boards in raising funds for public libraries in the Province.

**2. Financial position of Foundation**

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At 31 March 2000 the Foundation's liabilities exceeded its assets by \$25,440. The Foundation's continued operations will be dependent upon future contributions from the Province and donors in amounts sufficient to discharge its liabilities.





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**CONSOLIDATED FINANCIAL STATEMENTS**

**NEW BRUNSWICK**

**RESEARCH AND PRODUCTIVITY COUNCIL**

**31 MARCH 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

The Honourable Bernard Lord  
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 2000 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 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



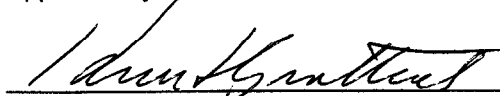
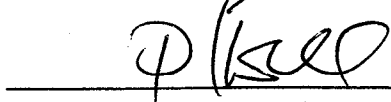
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N.B.  
2 June 2000

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 MARCH 2000**

	Operating Fund	Capital Fund	2000 Total	Restated 1999 Total
<b>ASSETS</b>				
Current assets				
Cash and term deposits	\$ 572,998	\$ -	\$ 572,998	\$ 2,212,977
Accounts receivable	1,735,681	-	1,735,681	1,893,565
Work in progress (Note 2 (b))	125,148	-	125,148	281,466
Prepaid expenses	27,206	-	27,206	7,376
	<u>2,461,033</u>	<u>-</u>	<u>2,461,033</u>	<u>4,395,384</u>
Long term investments, at cost (Note 4)	198,068	1,550,932	1,749,000	-
Capital assets, net (Note 5)	-	2,241,734	2,241,734	2,094,797
	<u>\$ 2,659,101</u>	<u>\$ 3,792,666</u>	<u>\$ 6,451,767</u>	<u>\$ 6,490,181</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 771,697	\$ -	\$ 771,697	\$ 789,145
Deferred revenue (Note 2 (b))	100,305	-	100,305	230,891
	<u>872,002</u>	<u>-</u>	<u>872,002</u>	<u>1,020,036</u>
Deferred contributions (Note 6)	-	55,473	55,473	38,216
Fund balances				
Unrestricted (Note 3)	1,787,099	-	1,787,099	1,953,316
Board restricted (Note 7)	-	1,550,932	1,550,932	1,422,032
Invested in capital assets	-	2,186,261	2,186,261	2,056,581
	<u>1,787,099</u>	<u>3,737,193</u>	<u>5,524,292</u>	<u>5,431,929</u>
	<u>\$ 2,659,101</u>	<u>\$ 3,792,666</u>	<u>\$ 6,451,767</u>	<u>\$ 6,490,181</u>

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 2000**

	Operating Fund	Capital Fund	2000 Total	Restated 1999 Total
<b>REVENUE</b>				
Operations	\$ 7,478,794	\$ -	\$ 7,478,794	\$ 6,895,899
Operating grant				
Province of New Brunswick	740,701	-	740,701	758,600
Interest	121,332	-	121,332	128,001
Demutualization of insurance policies	63,635	-	63,635	-
Sundry	34,368	-	34,368	29,232
Gain on sale of capital assets	-	-	-	11,321
	<u>8,438,830</u>	<u>-</u>	<u>8,438,830</u>	<u>7,823,053</u>
<b>EXPENSES</b>				
Operations	6,391,055	-	6,391,055	5,949,978
General and administrative	1,516,376	-	1,516,376	1,448,716
Amortization (Notes 5, 6 and 7)	341,420	-	341,420	346,286
Bad debts	97,616	-	97,616	(7,126)
	<u>8,346,467</u>	<u>-</u>	<u>8,346,467</u>	<u>7,737,854</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	92,363	-	92,363	85,199
Fund balances, beginning of year	1,953,316	3,478,613	5,431,929	5,346,730
Interfund adjustment (Note 7)	(258,580)	258,580	-	-
<b>FUND BALANCES, end of year</b>	<u>\$ 1,787,099</u>	<u>\$ 3,737,193</u>	<u>\$ 5,524,292</u>	<u>\$ 5,431,929</u>

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2000**

	Operating Fund	Capital Fund	2000 Total	Restated 1999 Total
<b>CASH PROVIDED BY (USED FOR):</b>				
Operating activities				
Excess of revenue over expenses	\$ 92,363	\$ -	\$ 92,363	\$ 85,199
Amortization	341,420	-	341,420	346,286
Gain on sale of capital assets	-	-	-	(11,321)
Net change in non-cash working capital	146,338	-	146,338	(450,231)
Net cash provided by operating activities	580,121	-	580,121	(30,067)
Financing and investing activities				
Conversion of short-term investments to long-term investments (Note 4)	(198,068)	(550,932)	(749,000)	-
Purchase of long-term investment	-	(1,000,000)	(1,000,000)	-
Proceeds on disposal of capital assets	-	-	-	11,321
Acquisition of capital assets	-	(526,747)	(526,747)	(541,628)
Deferred contributions towards capital assets	-	55,647	55,647	-
Net cash used in financing and investing activities	(198,068)	(2,022,032)	(2,220,100)	(530,307)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>382,053</b>	<b>(2,022,032)</b>	<b>(1,639,979)</b>	<b>(560,374)</b>
Cash and term deposits, beginning of year	790,945	1,422,032	2,212,977	2,773,351
Interfund transfer (Note 7)	(600,000)	600,000	-	-
<b>CASH AND TERM DEPOSITS, end of year</b>	<b>\$ 572,998</b>	<b>\$ -</b>	<b>\$ 572,998</b>	<b>\$ 2,212,977</b>

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**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Purpose of the organization**

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The New Brunswick Research and Productivity Council is a non-profit organization incorporated under the Research and Productivity Council Act 1962. The objectives of the Council are to promote, stimulate and expedite continuing improvement in productive efficiency and expansion in the various sectors of the New Brunswick economy. 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**

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**(a) Fund accounting**

Revenue and expenses 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 on a percentage of completion basis 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.

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**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2000**

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**3. Change in accounting policy**

During the fiscal year, the Council adopted the policy of accruing a liability for unused vacation and banked overtime. The Council was previously recognising this as an expense in the year when the time was used or paid out. The effect of this change is an increase in the 1999 liabilities and decrease in the opening 1999 unrestricted operating fund balance of \$165,709. An additional \$9,983 was accrued and expensed in 2000 in accordance with the new accounting policy.

**4. Long-term investments**

In 1999, investments with a cost of \$2,097,616 were considered short-term. Similar investments are held in 2000, however, due to fluctuating interest rates, the options attached are being exercised by the issuers and the investments have effectively become long-term in nature. The fundamental source of uncertainty to which these investments are exposed is interest rate risk. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates.

	Units	Unit Value	2000
Fixed Income			
Bank of Nova Scotia notes, due 26 June 2000, extendable at issuer's option until 2010. Interest at 6.00% is paid annually.	2,490	100	\$ 249,000
Export Development Corporation notes, due 17 April 2000, extendable at issuer's option until 2012. In 2000, interest at 5.650% is paid semi-annually, increasing incrementally to 7.00% in the final year.	5,000	100	500,000
Province of Nova Scotia notes, due 27 April 2000, extendable at issuer's option until 2010. Interest at 5.500% is paid annually	10,000	100	1,000,000
			<u>\$ 1,749,000</u>

Investments held at 31 March 2000 have a market value of \$1,649,399.

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**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2000**

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**5. Capital assets**

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	Amortization Rates	2000	1999
Vehicles	25 percent	\$ 14,343	\$ 14,343
Computer equipment	25 percent	950,162	781,380
Other equipment	12.5 percent	4,908,288	4,617,056
Building	3 percent	1,941,456	1,874,724
Cost		<u>7,814,249</u>	<u>7,287,503</u>
Less: accumulated amortization		5,572,515	5,192,706
Capital assets, net		<u>\$ 2,241,734</u>	<u>\$ 2,094,797</u>

Amortization expense is comprised of the following amounts:

	2000	1999
Amortization of assets	\$ 379,809	\$ 370,764
Amortization of deferred contributions	(38,389)	(24,478)
	<u>\$ 341,420</u>	<u>\$ 346,286</u>

**6. 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.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

Deferred contributions at 31 March 1999	\$ 38,216
Contributions to the cost of equipment	55,646
Amortization of deferred contributions	(38,389)
Deferred contributions at 31 March 2000	<u>\$ 55,473</u>



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**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2000**

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**6. Deferred contributions - continued**

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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.

**7. Inter-fund transfers and internally restricted fund balances**

---

The board of directors of the New Brunswick Research and Productivity Council internally restricted resources amounting to \$1,550,932 as at 31 March 2000. 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 2000 transfer of \$600,000 from the Operating Fund to the Capital Fund.

**8. Related party transactions**

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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.

	2000	1999
Revenue from services provided for the year		
Government departments and agencies	\$1,405,465	\$1,587,858
Accounts receivable at 31 March		
Government departments and agencies	\$248,035	\$472,939



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FINANCIAL STATEMENTS

**PREMIER'S COUNCIL ON THE  
STATUS OF DISABLED PERSONS**

**31 MARCH 2000**

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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 2000 and the statements of revenue and expenditure 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N.B.  
12 May 2000

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS  
BALANCE SHEET  
31 MARCH 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current assets		
Cash	\$ 34,885	\$ 31,118
Accounts receivable	1,697	1,314
Prepaid expenses (Note 2)	7,625	8,461
	<u>\$ 44,207</u>	<u>\$ 40,893</u>

**LIABILITIES AND SURPLUS**

Current liabilities		
Accounts payable and accrued liabilities	\$ 10,223	\$ 6,976
Surplus		
Unappropriated	21,901	21,841
Appropriated (Note 1 (c))	12,083	12,076
	<u>33,984</u>	<u>33,917</u>
	<u>\$ 44,207</u>	<u>\$ 40,893</u>

Approved by the Council

*J. Hales*

Chairperson

*Oliver Meeble*

Member

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000 Budget	2000 Actual	1999 Actual
<b>REVENUE</b>			
Grants - Province of New Brunswick	\$227,300	\$ 229,600	\$228,900
Cost recoveries	8,943	2,450	1,275
Interest revenue	-	7	7
Disability Awareness Week (Note 2)	-	7,443	-
	<u>236,243</u>	<u>239,500</u>	<u>230,182</u>
<b>EXPENDITURE</b>			
Salaries and employee benefits	182,500	176,349	167,953
Furniture and equipment	6,500	4,854	1,640
Office supplies	4,700	3,531	3,331
Telephone	4,500	3,505	3,296
Printing	10,000	9,111	7,399
Translation	7,500	276	1,942
Honoraria	7,250	5,325	5,501
Travel expenses	7,125	4,455	5,787
Postage	5,900	7,933	4,064
Maintenance	2,250	1,477	1,810
Hotel expenses	4,150	3,946	2,068
Parking	3,360	2,671	3,150
Council meetings	6,500	1,487	1,430
Consultations and seminars	-	132	3,383
Meals	1,750	1,219	975
Library and subscriptions	2,000	1,709	1,796
Office equipment rental	3,000	2,537	110
Insurance	450	732	378
Miscellaneous	2,000	715	105
Bank charges	145	26	70
Disability Awareness Week (Note 2)	2,916	7,443	-
	<u>264,496</u>	<u>239,433</u>	<u>216,188</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<u>\$ (28,253)</u>	<u>\$ 67</u>	<u>\$ 13,994</u>
Allocated as follows:			
Unappropriated surplus	\$ (28,253)	\$ 60	\$ 13,987
Appropriated surplus	-	7	7
	<u>\$ (28,253)</u>	<u>\$ 67</u>	<u>\$ 13,994</u>

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**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS  
STATEMENT OF SURPLUS  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
Unappropriated surplus:		
Balance, beginning of year	\$ 21,841	\$ 7,854
Allocation of excess of revenue over expenditure for the year	<u>60</u>	<u>13,987</u>
Balance, end of year	<u>21,901</u>	<u>21,841</u>
Appropriated surplus:		
Balance, beginning of year	12,076	12,069
Allocation of excess of revenue over expenditure for the year (Note 1 (c))	<u>7</u>	<u>7</u>
Balance, end of year	<u>12,083</u>	<u>12,076</u>
<b>TOTAL SURPLUS, end of year</b>	<u><u>\$ 33,984</u></u>	<u><u>\$ 33,917</u></u>

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**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Summary of significant accounting policies**

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**(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.

**2. Other activities – Disability Awareness Week**

---

The Council acts as a co-ordinator for Disability Awareness Week (D.A.W.). The Council pays for some costs incurred in holding this event on behalf of the provincial D.A.W. committee. These funds are expected to be reimbursed to the Council from grants received by the provincial D.A.W. committee from Human Resources Development Canada (H.R.D.C.). Should the committee not receive sufficient funding from H.R.D.C. the Council is responsible for expenditures not reimbursed.

The Council paid \$6,365 on behalf of the provincial D.A.W. committee relating to next year's event. These costs are included in the prepaid expense on the financial statements. All the prepaid costs paid on behalf of the provincial D.A.W. committee for the June 1999 event were reimbursed and are included in the Statement of Revenue and Expenditure.



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FINANCIAL STATEMENTS  
**PROVINCIAL HOLDINGS LTD.**

31 MARCH 2000

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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 2000 and the statements of income and retained earnings and cash flows 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 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
31 August 2000

**PROVINCIAL HOLDINGS LTD.  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Current assets		
Cash and short-term investments	\$ 2,106,374	\$ 2,033,340
Interest receivable	70,431	27,636
Prepaid	48,203	-
Accounts receivable	19,080	-
	<u>2,244,088</u>	<u>2,060,976</u>
Industrial development projects (Notes 2(a) and 3)		
Loans to client companies	15,582,661	18,187,807
Shares in client companies	6,419,602	9,100,373
Mining rights	-	1,575,000
	<u>22,002,263</u>	<u>28,863,180</u>
Less: Provision for loss	12,558,304	19,847,255
	<u>9,443,959</u>	<u>9,015,925</u>
Capital assets (Note 2(b))		
Land and building, at cost	1,511,309	-
Less: Accumulated amortization	52,337	-
	<u>1,458,972</u>	<u>-</u>
	<u>\$13,147,019</u>	<u>\$11,076,901</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 3,757	\$ 6
Due to Province of New Brunswick	1,558	1,558
	<u>5,315</u>	<u>1,564</u>
Long-term debt		
Due to Province of New Brunswick (Note 3)	16,927,207	22,500,735
Less: Provision for loss on industrial development projects (Note 2(a))	6,465,751	13,948,893
	<u>10,461,456</u>	<u>8,551,842</u>
Capital stock		
Authorized: 500 common shares, par value of \$10 each	5,000	5,000
Issued and fully paid: 500 shares	2,675,248	2,518,495
Retained earnings	2,680,248	2,523,495
	<u>\$13,147,019</u>	<u>\$11,076,901</u>

Approved by the Board

Director

Director

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**PROVINCIAL HOLDINGS LTD.  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000	1999
<b>REVENUE</b>		
Bad debts recovery – Provincially funded (Note 2(a))	\$ 300,000	\$2,378,766
Interest income	146,816	118,604
Dividend income	37,500	-
Rental income	25,001	-
	<hr/> 509,317	<hr/> 2,497,370
 <b>EXPENSE</b>		
Bad debts – Provincially funded (Note 2(a))	300,000	2,378,766
– Other	-	130,883
Amortization on building (Note 2(b))	52,337	-
Miscellaneous	227	95
	<hr/> 352,564	<hr/> 2,509,744
 <b>NET INCOME (LOSS) FOR THE YEAR</b>	 156,753	 (12,374)
Retained earnings, beginning of year	<hr/> 2,518,495	<hr/> 2,530,869
<b>RETAINED EARNINGS, end of year</b>	<hr/> <b>\$2,675,248</b>	<hr/> <b>\$2,518,495</b>

**PROVINCIAL HOLDINGS LTD.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>CASH PROVIDED BY (USED FOR):</b>		
Operations:		
Net income (loss) for the year	\$ 156,753	\$ (12,374)
Add items not requiring, or generating cash		
Amortization	52,337	-
Bad debt expense	-	130,883
	<u>209,090</u>	<u>118,509</u>
Changes in non-cash working capital components*	(106,327)	396,890
	<u>102,763</u>	<u>515,399</u>
Investing activities:		
Industrial development projects - recoveries	229,466	812,307
Industrial development projects - investments		
Loans	-	(1,798,383)
Shares	(945,000)	-
Building purchase	(1,511,309)	-
	<u>(2,226,843)</u>	<u>(986,076)</u>
Financing activities:		
Advance from the Province	2,445,000	1,780,000
Repayments to the Province	(247,886)	(1,212,307)
	<u>2,197,114</u>	<u>567,693</u>
<b>INCREASE IN CASH</b>	73,034	97,016
Cash position, beginning of year	<u>2,033,340</u>	<u>1,936,324</u>
<b>CASH POSITION, end of year</b>	<u>\$2,106,374</u>	<u>\$2,033,340</u>

\*Non-cash working capital components includes accounts receivable, interest receivable, prepaid and current liabilities.

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**PROVINCIAL HOLDINGS LTD.  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Description of operations**

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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 is responsible for administering 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**

---

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 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 4% per annum on a declining balance 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.

**4. Outstanding commitments**

---

At 31 March 2000, the Company had outstanding commitments in respect of investments in industrial development projects and grants to industry of \$5,452,272 (31 March 1999 - \$4,729,355).

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**PROVINCIAL HOLDINGS LTD.  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**5. Related party transactions**

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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 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 the 1999-2000 year, \$177,501 (1999 - \$330,544) was advanced to the Company and \$179,857 (1999 - \$322,903) was paid out under the terms of the Program. There will be no further advances under this program after 31 March 2000.

**6. Contingent liabilities**

---

The Company has guaranteed loans of certain companies under the Self Start Program. At 31 March 2000, the contingent liability in respect of these guarantees was \$1,084,301 (31 March 1999 - \$1,604,653). The Company has also guaranteed a loan to a client company. Under the agreement, the amount guaranteed shall not exceed the lesser of \$7,500,000 or 50% of the balance of the loan. The contingent liability in respect of this guarantee was \$6,230,047 (31 March 1999 - \$6,534,291) at 31 March 2000. In both cases, any resulting losses will be borne by the Province of New Brunswick and will not be reflected as expenses of the Company.

**7. Events subsequent to year end**

---

a) Dividend declared

Subsequent to year end, a dividend of \$1.5 million was declared to be paid to the Province of New Brunswick out of the Company's retained earnings.

b) Assignment or receivables

Subsequent to year end, loans, investments and interest receivable of approximately \$9,500,000 were transferred from Provincial Holdings Ltd. to the Province of New Brunswick.





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**FINANCIAL STATEMENTS**  
**REGIONAL DEVELOPMENT CORPORATION**  
**31 MARCH 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

Lieutenant-Governor in Council  
- and -  
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 2000 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 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 July 2000

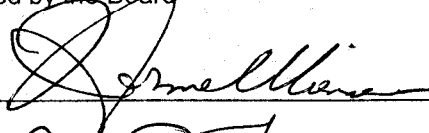
**REGIONAL DEVELOPMENT CORPORATION  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,286,262	\$ 513,338
Accounts receivable		
Canada - Regional Economic Development Agreement	8,286,424	5,516,862
- Other agreements	1,461,338	2,487,516
Province of New Brunswick – operating and capital funds	2,143,805	1,691,590
Other	66,494	5,338
	<u>13,244,323</u>	<u>10,214,644</u>
Other assets		
Advance to Fundy Trail Endowment Fund - In Trust (Note 2)	3,000,000	2,800,000
	<u>\$16,244,323</u>	<u>\$13,014,644</u>

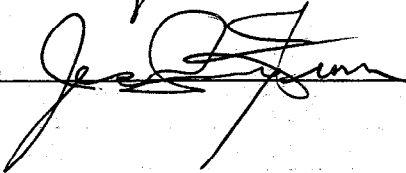
**LIABILITIES**

Current liabilities		
Accounts payable		
Province of New Brunswick - claims on Canada	\$ 9,741,249	\$ 7,997,532
Other	3,503,074	2,217,112
	<u>13,244,323</u>	<u>10,214,644</u>
Due to Province of New Brunswick		
Fundy Trail Endowment Fund - In Trust (Note 2)	3,000,000	2,800,000
	<u>\$16,244,323</u>	<u>\$13,014,644</u>

Approved by the Board



Chairperson



Director

**REGIONAL DEVELOPMENT CORPORATION  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>REVENUE</b>		
Federal contribution (Schedule 1)	\$19,878,484	\$22,089,237
Provincial contribution (Schedule 2)	40,631,961	47,105,507
Other revenue	-	15,506
	60,510,445	69,210,250
<b>EXPENDITURE</b>		
Regional Economic Development Agreement		
Economic Diversification - Cooperation	2,177,711	2,226,642
Economic Development - Cooperation	3,175,114	3,380,657
Entrepreneurship & Human Resources Development - Cooperation	-	264,421
New Framework	15,810,562	17,864,696
	21,163,387	23,736,416
Other Agreements and Programs		
Economic Development Fund	17,175,447	17,369,188
Youth Futures Agreement	5,921,451	6,158,415
Development Assistance Program	2,194,846	2,450,076
Northern Special Projects Fund	1,275,516	1,111,939
Atlantic Canada Tourism Partnership	531,531	580,333
International Business Development Agreement	68,736	33,550
Aboriginal Economic Development Program	186,355	244,749
Acadian Peninsula Economic Development Fund	117,542	-
	27,471,424	27,948,250
Other Activities		
Official Languages and Intergovernmental Cooperation	3,246,122	2,656,604
Centres scolaires communautaires	1,682,369	1,371,170
Special projects approved by Order In Council	736,173	520,614
Other special projects (Schedule 3)	3,692,730	4,422,841
Atlantic Sires Stakes	111,000	111,000
Regional planning	21,727	65,058
Grant to RDC Special Operating Agency	500,000	6,503,000
Operations	1,885,513	1,875,297
	11,875,634	17,525,584
	60,510,445	69,210,250
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>\$ Nil</b>	<b>\$ Nil</b>

**REGIONAL DEVELOPMENT CORPORATION  
SCHEDULES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>Schedule 1 - Revenue - Federal contribution</b>		
Regional Economic Development Agreement	\$14,989,912	\$16,916,469
Other activities		
Tracadie Two Rivers Link Project	384,635	1,615,365
N. B. Works - Training Development	-	641,002
Official Languages	1,933,636	1,513,925
Centres scolaires communautaires	282,500	-
Fisheries Research and Training Initiative	1,407,082	1,304,713
Tobacco Sales Enforcement	123,594	97,763
Cultural Strategy Program	757,125	-
	<u>\$19,878,484</u>	<u>\$22,089,237</u>

**Schedule 2 - Revenue - Provincial contribution**

Regional Economic Development Agreement	\$ 6,173,475	\$ 6,819,947
Other Agreements and Programs		
Economic Development Fund	17,175,447	17,369,188
Youth Futures	5,921,451	6,158,415
N. B. Works - Training Development	-	(641,002)
Development Assistance Program	2,194,846	2,450,076
Northern Special Projects Fund	1,275,516	1,111,939
Atlantic Canada Tourism Partnership	531,531	580,333
International Business Development Agreement	68,736	33,550
Aboriginal Economic Development Program	186,355	244,749
Acadian Peninsula Economic Development Fund	117,542	-
	<u>27,471,424</u>	<u>27,307,248</u>
Other Activities		
Official Languages and Intergovernmental Cooperation	1,312,486	1,142,679
Centres scolaires communautaires	1,399,869	1,371,170
Special projects approved by Order in Council	736,173	520,614
Other special projects	1,020,294	1,405,000
Atlantic Sires Stakes	111,000	111,000
Regional planning	21,727	65,058
Grant to RDC Special Operating agency	500,000	6,503,000
Operations	1,885,513	1,859,791
	<u>6,987,062</u>	<u>12,978,312</u>
	<u>\$40,631,961</u>	<u>\$47,105,507</u>

**Schedule 3 - Expenditure - Other Special Projects**

Beaverbrook Auditorium	\$ 200,000	\$ 230,000
Miramichi Multi-Purpose Complex	-	200,000
Greater Moncton Airport Authority	-	250,000
Fundy Trail Development Authority Inc.	-	125,000
Tracadie Two Rivers Link Project	384,635	2,215,365
Eel River Bar Access Ramp	233,882	-
Cultural Strategy Program	1,343,537	-
Fisheries Research and Training Initiative	1,407,082	1,304,713
Tobacco Sales Enforcement	123,594	97,763
	<u>\$ 3,692,730</u>	<u>\$ 4,422,841</u>

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**REGIONAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. General comments on operations**

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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 statement 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.

**2. Fundy Trail Endowment Fund**

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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. 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.

Loans such as these that are significantly concessionary because they earn a low rate of return are originally recorded as assets at the net present value of the expected future cash flows. The net present value is calculated at each year end using the Province's borrowing rate at the time the loan was issued.

**3. Commitments**

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Under the Regional Economic Development Agreement, the provincial government has committed funds subsequent to 31 March 2000 totalling approximately \$22.8 million.

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

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**REGIONAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**4. Contingent liabilities**

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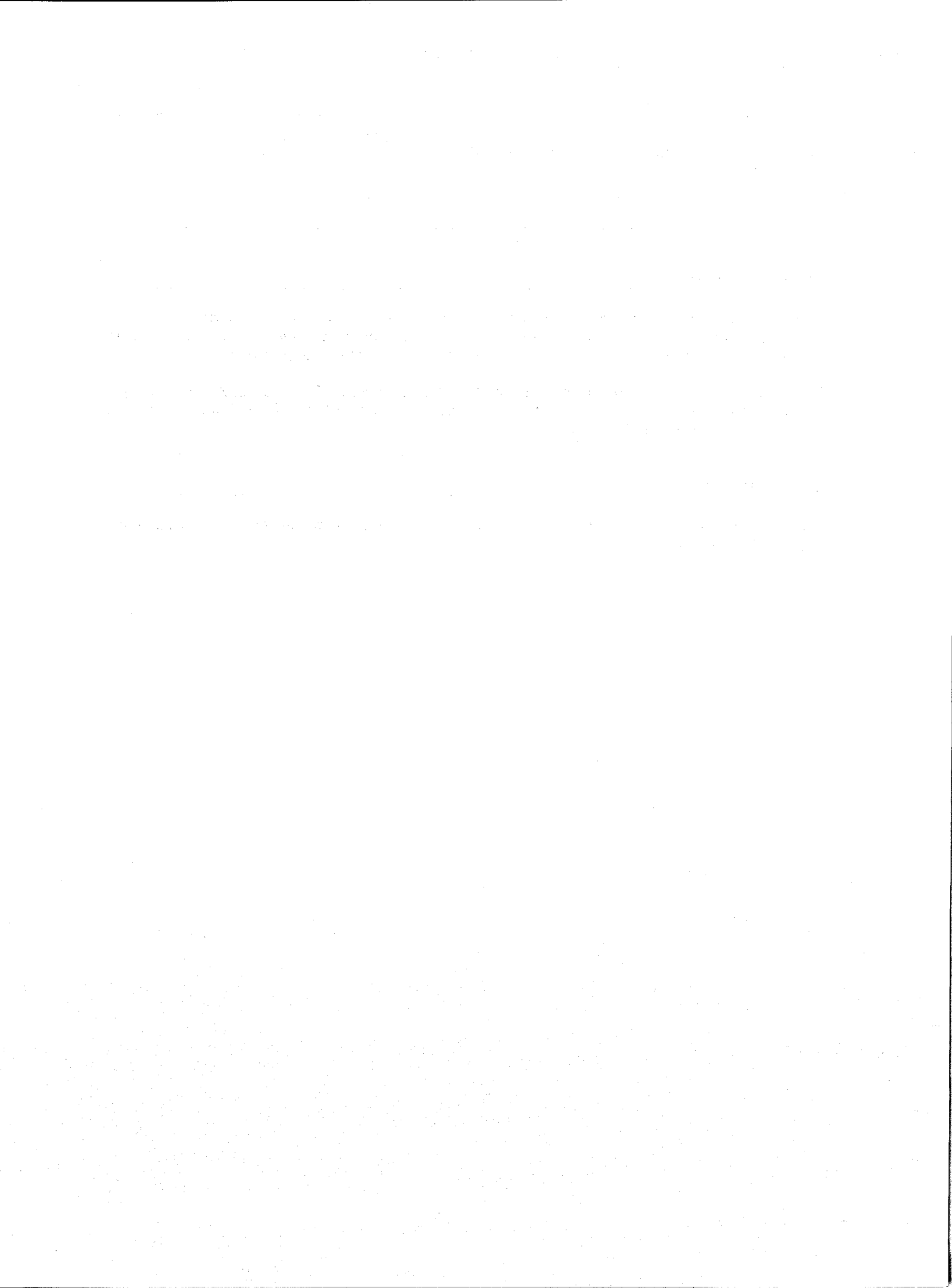
Contributions received from the federal government under federal/provincial cost sharing agreements are subject to adjustment following audits by federal authorities. Adjustments as a result of federal audits will be reflected in the financial statements of the Corporation in the period of settlement.

The Corporation has guaranteed loans of certain organizations. At 31 March 2000 the contingent liability in respect of these guarantees was \$4,035,000 (31 March 1999 - \$4,150,000). Any resulting losses will be borne by the Corporation.

**5. Comparative figures**

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Certain 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.





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**FINANCIAL STATEMENTS**  
**REGIONAL DEVELOPMENT CORPORATION**  
**SPECIAL OPERATING AGENCY**  
**31 MARCH 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

Lieutenant Governor in Council  
- and -  
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 2000 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

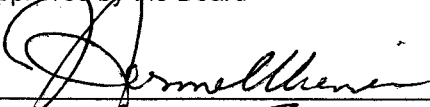
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 July 2000

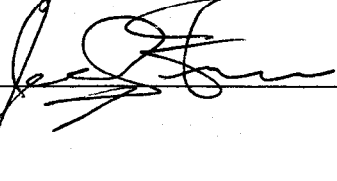
**REGIONAL DEVELOPMENT CORPORATION  
SPECIAL OPERATING AGENCY  
BALANCE SHEET  
31 MARCH 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current assets		
Accounts receivable		
Canada		
- Infrastructure Agreement	\$ 356,901	\$ 723,118
Province of New Brunswick		
- Operating and capital funds	2,004,360	4,858,337
	<u>\$2,361,261</u>	<u>\$5,581,455</u>
 <b>EQUITY</b>		
Equity	<u>\$2,361,261</u>	<u>\$5,581,455</u>

Approved by the Board



Chairperson



Director

**REGIONAL DEVELOPMENT CORPORATION  
SPECIAL OPERATING AGENCY  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>REVENUE</b>		
Federal contribution		
- Community Pride Program	\$ 5,953,064	\$ 4,383,369
- Infrastructure Agreement	2,577,187	6,254,453
- Rural Experience Program	4,406,936	5,000,000
	<u>12,937,187</u>	<u>15,637,822</u>
Provincial contribution		
- Infrastructure Agreement	2,577,212	6,254,453
- Other	4,774,418	7,899,249
	<u>7,351,630</u>	<u>14,153,702</u>
	<u>20,288,817</u>	<u>29,791,524</u>
<b>EXPENDITURE</b>		
Community Pride Program	6,564,652	5,003,781
Rural Experience Program	11,223,622	12,804,409
Infrastructure Agreement	5,154,399	12,508,906
Appalachian Range Initiative	159,694	464,418
Fisheries Facilities Expansion	130,229	170,000
Village Historique Acadien	276,415	-
Fundy Trail Parkway	-	244,929
	<u>23,509,011</u>	<u>31,196,443</u>
<b>EXCESS OF EXPENDITURE OVER REVENUE</b>	(3,220,194)	(1,404,919)
Equity, beginning of year	5,581,455	6,986,374
<b>EQUITY, end of year</b>	<u>\$ 2,361,261</u>	<u>\$ 5,581,455</u>

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**REGIONAL DEVELOPMENT CORPORATION  
SPECIAL OPERATING AGENCY  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. General comments on operations**

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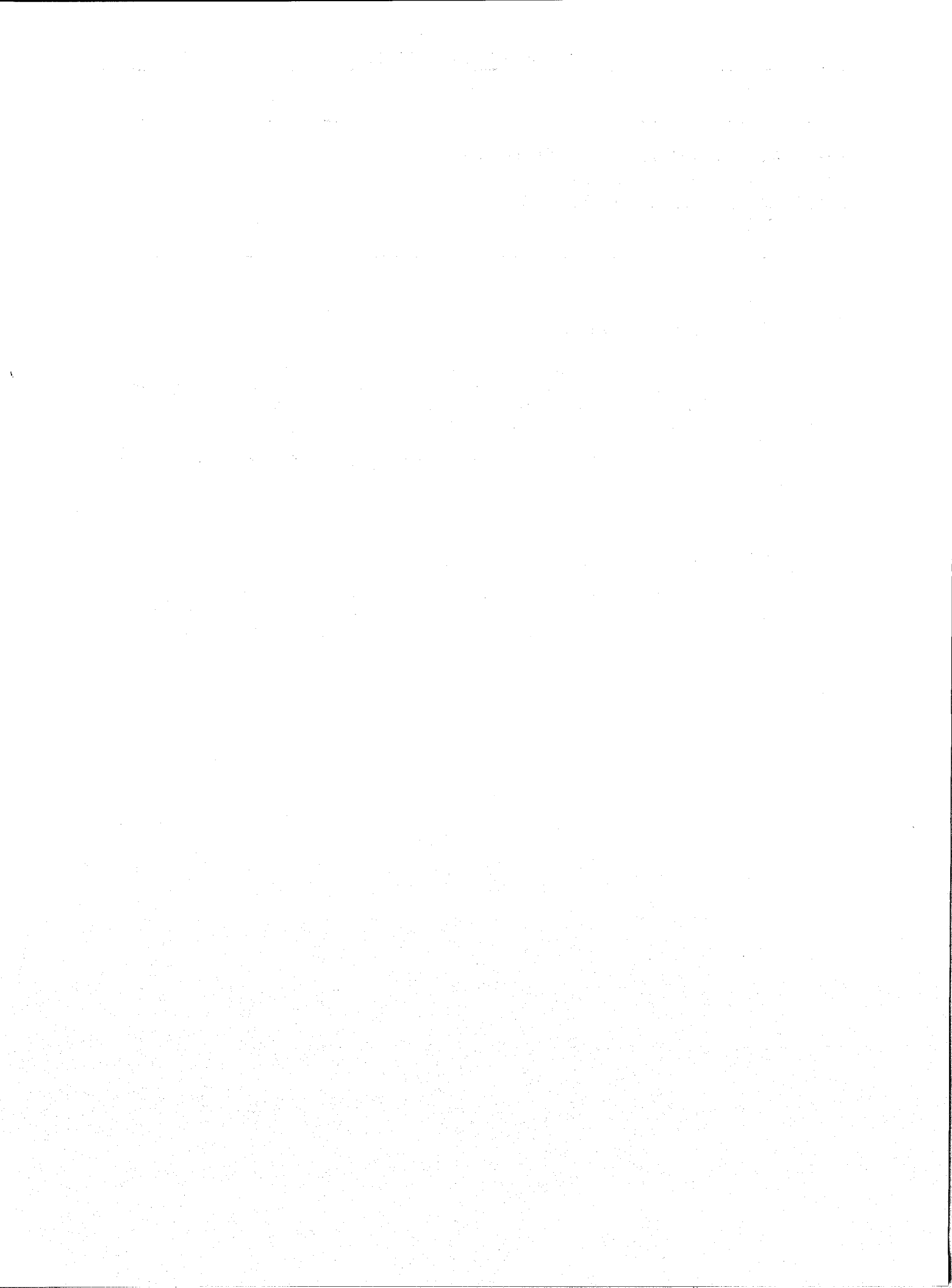
The Regional Development Corporation Special Operating Agency (SOA) was established effective 31 March 1994. The SOA was formed initially for the purpose of providing financial management for the Canada - New Brunswick Infrastructure Agreement. The Agency is now also responsible for a number of other projects assigned to it by the Province.

The equity balance for the SOA represents amounts funded by the Province for future expenditures by the SOA.

**2. Contingent liabilities - federal contributions**

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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.





*Service New Brunswick*  
*Services Nouveau-Brunswick*

**Financial Statements**

**March 31, 2000**

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**Service New Brunswick**

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**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 Audit Committee, these financial statements are approved by the Board of the Corporation.



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Robert W. Gamble, CMA, FCMA  
President



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Carol Macdonald, CA  
Vice President Corporate Services

Fredericton, N B Canada  
June 5, 2000



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**Service New Brunswick**

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**AUDITORS' REPORT**

To the Members of the Board:

We have audited the balance sheet of Service New Brunswick as at March 31, 2000 and the statements of income and changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fredericton, N B Canada  
June 5, 2000

KPMG LLP  
KPMG LLP  
Chartered Accountants


## Service New Brunswick

### BALANCE SHEET As at March 31, 2000

ASSETS	1999/00	1998/99
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 6,233,822	\$ 8,166,813
Accounts receivable (Note 3)	1,784,714	1,371,531
Prepaid expenses	85,035	977,885
	8,103,571	10,516,229
<b>LONG TERM ASSETS</b>		
Accounts receivable (Note 3)	738,677	610,895
Equipment and leasehold improvements (Note 4)	5,431,474	4,100,176
Intangible assets (Note 4)	9,608,602	7,158,427
	15,778,753	11,869,498
	<b>\$23,882,324</b>	<b>\$22,385,727</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,869,473	\$ 4,944,607
Deferred revenue	124,962	222,790
Deferred liability (Note 5)	1,198,970	283,353
	6,193,405	5,450,750
<b>LONG TERM LIABILITIES</b>		
Deferred liability (Note 5)	-	1,288,564
	-	1,288,564
<b>EQUITY</b>		
	17,688,919	15,646,413
	<b>\$23,882,324</b>	<b>\$22,385,727</b>

Commitments Note 6

  
 J. Raymond Frenette  
 Chairman

  
 Robert W. Gamble  
 President

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**Service New Brunswick**


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**STATEMENT OF INCOME AND CHANGES IN EQUITY**  
For the year ended March 31, 2000

	1999/00	1998/99
<b>REVENUES</b>		
Provincial services	\$ 24,572,600	\$ 23,835,248
Municipal services	5,771,034	5,650,463
Regional Development Corporation (Note 7)	500,000	500,000
Registry and mapping	7,566,481	7,575,314
Service transactions	201,878	32,095
Software sales	521,850	177,588
Other	246,896	162,066
Interest	620,863	647,916
	<b>40,001,599</b>	<b>38,580,690</b>
<b>EXPENSES</b>		
Personnel services	\$ 23,222,965	\$ 21,897,177
Professional services	4,155,450	2,978,329
Space and equipment services	3,293,816	2,962,827
Amortization	2,982,289	2,548,695
Communications and computer services	2,151,002	1,957,513
Travel and meetings	924,675	917,111
Materials and supplies	779,306	724,263
Other	449,590	411,344
(Note 7)	<b>37,959,093</b>	<b>34,397,259</b>
<b>NET INCOME</b>	<b>\$ 2,042,506</b>	<b>\$ 4,183,431</b>
<b>OPENING EQUITY</b>	<b>15,646,413</b>	<b>11,462,982</b>
<b>ENDING EQUITY</b>	<b>\$17,688,919</b>	<b>\$15,646,413</b>

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## Service New Brunswick

### STATEMENT OF CASH FLOWS For the year ended March 31, 2000

	1999/00	1998/99
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net income	\$ 2,042,506	\$ 4,183,431
Items not involving cash:		
Amortization	2,982,289	2,548,695
Change in non-cash working capital	306,705	281,709
	<b>5,331,500</b>	<b>7,013,835</b>
<b>Financing:</b>		
Decrease in deferred liability	(372,947)	(310,379)
Decrease (increase) in long term accounts receivable	(127,782)	320
	<b>(500,729)</b>	<b>(310,059)</b>
<b>Investments:</b>		
Additions to equipment and leasehold improvements	(2,888,376)	(1,830,032)
Additions to intangible assets	(3,875,386)	(2,752,226)
Proceeds from disposal of capital assets	-	3,182
	<b>(6,763,762)</b>	<b>(4,579,076)</b>
<b>Increase (decrease) in cash</b>	<b>(1,932,991)</b>	<b>2,124,700</b>
<b>Cash, beginning of year</b>	<b>8,166,813</b>	<b>6,042,113</b>
<b>Cash, end of year</b>	<b>\$ 6,233,822</b>	<b>\$ 8,166,813</b>

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**Service New Brunswick**


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**NOTES TO FINANCIAL STATEMENTS**

 For the year ended March 31, 2000
 

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**1. SERVICE NEW BRUNSWICK**

Service New Brunswick is a Crown Corporation established under the *Service New Brunswick Act*. Its mandate is:

- 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;
- to promote the development of the private sector geomatics industry in New Brunswick, and
- to provide one-stop multi-channel delivery of government services.

**2. ACCOUNTING POLICIES****General**

The Corporation follows generally accepted accounting principles (GAAP).

**Temporary Investments**

Temporary investments are recorded at the lower of cost and market value.

**Capital Assets**

Amortization is computed on a straight-line basis on original cost with rates as follows:

Databases and system development	10 years
Furniture and equipment	10 years
Leasehold improvements	10 years
Computers and software	4 years

No valuation has been made for assets transferred into the Corporation at inception or on the transfer of responsibility for Service New Brunswick.

**3. ACCOUNTS RECEIVABLE**

	Year Ended 2000	Year Ended 1999
<b>Current:</b> Receivables from non-related entities		
• Trade	\$ 591,590	\$ 594,623
• Software sales	323,359	148,575
Receivables from related entities	869,765	628,333
	<u>\$ 1,784,714</u>	<u>\$ 1,371,531</u>
<b>Long Term:</b> Receivables from non-related entities		
• Software sales	\$ 738,677	\$ 610,895

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**Service New Brunswick**


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**4. CAPITAL ASSETS**

	Year Ended 2000			Year Ended 1999
	Cost	Accumulated Amortization	Net	Net
<b>Equipment and Leasehold Improvements</b>				
Computers and software	\$ 6,902,526	\$ 2,949,690	\$ 3,952,836	\$ 2,857,731
Furniture and equipment	1,621,912	679,354	942,558	791,742
Leasehold improvements	1,025,560	503,177	522,383	433,415
Vehicles	18,604	4,907	13,697	17,288
	<u>\$ 9,568,602</u>	<u>\$ 4,137,128</u>	<u>\$ 5,431,474</u>	<u>\$ 4,100,176</u>
<b>Intangible Assets</b>				
System development	\$ 12,964,947	\$ 3,590,625	\$ 9,374,322	\$ 6,822,343
Databases	1,018,040	783,760	234,280	336,084
	<u>\$ 13,982,987</u>	<u>\$ 4,374,385</u>	<u>\$ 9,608,602</u>	<u>\$ 7,158,427</u>

**5. DEFERRED LIABILITY**

The Corporation entered into an agreement in 1995 to pay \$2,300,000 to the developer of one of its major systems over a five-year period ending November 2000. Payments are made based on transaction volumes with all outstanding amounts payable by the ending date.

**6. LEASE COMMITMENTS**

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

2001	\$ 2,108,111
2002	1,634,069
2003	1,525,699
2004	1,164,812
2005	1,107,336
	<u>\$ 7,540,027</u>

**7. ASSISTANCE FROM THE REGIONAL DEVELOPMENT CORPORATION**

The Corporation received \$500,000 in the year ended March 31, 2000 and the year ended March 31, 1999 from the Regional Development Corporation for development projects. Both related revenue and expenses are included in these statements.

**8. COMPARATIVE FIGURES**

Certain 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

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Financial Statements

**STRAIT CROSSING FINANCE INC.**

Year ended October 30, 1999



**KPMG LLP**  
**Chartered Accountants**

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

Telephone (506) 452-8000  
Telefax (506) 450-0072  
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, 1999 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 30, 1999 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Fredericton, NB, Canada  
March 21, 2000





**STRAIT CROSSING FINANCE INC.**

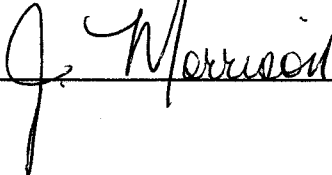
## Statement of Financial Position

October 30, 1999, with comparative figures for 1998

	1999	1998
<b>Assets</b>		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	5,027	120,779
	<b>\$ 5,028</b>	<b>\$ 120,780</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 5,027	\$ 120,779
Shareholders' equity:		
Share capital:		
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
1 Share	1	1
	<b>\$ 5,028</b>	<b>\$ 120,780</b>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

**STRAIT CROSSING FINANCE INC.**

## Statement of Earnings and Retained Earnings

Year ended October 30, 1999, with comparative figures for 1998

	1999	1998
Revenue:		
Financial maintenance fee (note 2(d))	\$ 16,541	\$ 119,950
Expenses:		
Goods and Services Tax reassessment (note 3)	-	91,800
Trustee fees	14,480	26,750
Professional services	1,811	1,150
Filing fees	250	250
	16,541	119,950
Net earnings, being retained earnings, end of year	\$ -	\$ -

See accompanying notes to financial statements.

# STRAIT CROSSING FINANCE INC.

Notes to Financial Statements

Year ended October 30, 1999

---

## 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.

# STRAIT CROSSING FINANCE INC.

Notes to Financial Statements, continued

Year ended October 30, 1999

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## 2. Transactions and agreements (continued):

### (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.

## 3. Goods and Services Tax reassessment:

SC Development has been reassessed Goods and Services Tax on financing fees paid on behalf of SC Finance relating to the year ended October 31, 1994.

## 4. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.



**FINANCIAL STATEMENTS**

**WORKPLACE HEALTH, SAFETY AND COMPENSATION  
COMMISSION OF NEW BRUNSWICK**

**31 DECEMBER 1999**



The financial statements of the Workplace Health, Safety and Compensation Commission of New Brunswick were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments, estimates and actuarial assumptions. This responsibility includes selecting and applying appropriate accounting principles and actuarial assumptions consistent with those generally accepted in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The Commission's Board of Directors has reviewed and approved these financial statements. To assist the Commission in meeting its responsibilities, it has appointed an Audit Committee. This Committee meets periodically with management, internal audit, other staff, the external auditors and the external consulting actuary. The purpose is to discuss internal controls over financial activities, auditing matters, actuarial assumptions, financial reporting issues and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee reviews the financial statements and recommends approval to the Board of Directors.

Every two years, independent consulting actuaries complete an actuarial valuation of the benefits liabilities included in the financial statements of the Commission, issue a report thereon and state that the actuarial valuation has been prepared, in accordance with generally accepted actuarial practices. In the interim years, the Commission's internal actuary completes an estimate of the benefits liabilities of the Commission. This estimate is reviewed with the Commission's consulting actuary, but not in the same level of detail as when a full independent valuation is performed.

The external auditors for the Commission have performed an independent audit of the financial statements of the Commission in accordance with generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and states the opinion expressed on the financial statements.



Francis D. Chevrier  
Vice-President, Finance & Administration Services  
and  
Chief Financial Officer

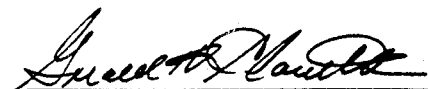
WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK  
BALANCE SHEET

December 31, 1999

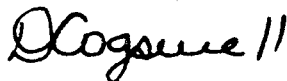
	1999 (000s)	1998 (000s)
<b>ASSETS</b>		
Receivables (Note 3)	\$ 8,789	\$ 6,574
Recoverable benefits liabilities (Note 2)	63,128	61,284
Investments (Note 4)	510,489	482,878
Capital assets (Note 5)	9,217	8,272
Other assets	3,836	412
	<u>\$ 595,459</u>	<u>\$ 559,420</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Payables and accruals (Note 6)	\$ 7,340	\$ 10,839
Benefits liabilities (Notes 7 and 8)	539,084	516,876
Total liabilities	546,424	527,715
Fund balance	49,035	31,705
	<u>\$ 595,459</u>	<u>\$ 559,420</u>

Contingent liability and uncertainty (Notes 14 and 15)

On behalf of the Board:



Gérald Clavette  
Audit Committee, Board of Directors



Darline Cogswell  
Audit Committee, Board of Directors



Raymond Campbell  
Chairperson, Board of Directors

**AUDITORS' REPORT**

To the Honourable Minister of 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, 1999 and the statements of operations and fund balance 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, 1999 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 25, 2000



Chartered Accountants

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK  
STATEMENTS OF OPERATIONS AND FUND BALANCE

For the Year ended December 31, 1999

	OPERATIONS		1998 (000s) Actual
	1999 (000s)		
	Budget	Actual	
<b>INCOME</b>			
Assessments (Note 9)	\$ 82,200	\$ 90,834	\$ 78,272
Funding policy assessment	-	-	500
Self-insured employers (Note 10)	17,450	18,013	12,966
Investments (Note 4)	37,200	43,856	50,401
Province of New Brunswick	900	900	900
	137,750	153,603	143,039
<b>EXPENSES</b>			
Claims costs incurred (Note 7)			
Short-term disability and rehabilitation	33,500	37,729	35,724
Long-term disability	36,500	31,064	23,932
Survivor benefits	10,000	9,185	11,908
Health care	30,500	31,916	29,192
	110,500	109,894	100,756
Administration			
Operations (Note 11)	18,183	18,196	16,354
Occupational health and safety (Note 11)	6,068	6,251	5,405
Appeals Tribunal	1,186	1,137	1,007
Legislative obligations (Note 12)	530	534	540
Risk Management Services – rebates	350	227	76
Projects and research	40	34	19
	26,357	26,379	23,401
Total expenses	136,857	136,273	124,157
Excess of income over expenses for the year	\$ 893	\$ 17,330	\$ 18,882

FUND BALANCE

Fund balance, beginning of year	\$ 31,705	\$ 12,823
Excess of income over expenses for the year	17,330	18,882
Fund balance, end of year	\$ 49,035	\$ 31,705



WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK  
 STATEMENT OF CASH FLOWS  
 Year ended December 31, 1999

	1999 (000s)	1998 (000s)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from:		
Assessed employers	\$ 82,840	\$ 77,480
Self-insured employers	15,956	15,521
Investments	43,683	50,382
Province of New Brunswick	-	900
	<u>142,479</u>	<u>144,283</u>
Cash paid to:		
Injured workers or third parties on their behalf	87,686	82,579
Suppliers, for administrative and other goods and services	24,776	21,086
	<u>112,462</u>	<u>103,665</u>
Net cash provided by operating activities	<u>30,017</u>	40,618
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash paid for:		
Purchase of capital assets	2,406	2,075
	<u>27,611</u>	<u>38,543</u>
Net increase in investments	27,611	38,543
Investments, beginning of year	482,878	444,335
Investments, end of year	<u>\$ 510,489</u>	<u>\$ 482,878</u>

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1999**

**1. NATURE OF OPERATIONS**

The Workplace Health, Safety and Compensation Commission ("the Commission") was established by the New Brunswick Legislature effective January 1, 1995, under the *Workplace Health, Safety and Compensation Commission Act*. The Commission is responsible for the administration of the *Workers' Compensation Act* and the *Occupational Health and Safety Act* and, in accordance with the provisions of these acts, for promoting accident prevention; 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; promoting 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**

**Unbilled assessments**

A portion of assessment income for the year is not billed or received until after year end. Part of the amount receivable is an estimate based on an analysis of payroll data of assessed employers and on other information. The remainder is determined based on amounts billed and received subsequent to year end. Any difference between unbilled assessments and the actual assessment income received is credited or charged to income in the following year.

**Recoverable benefits liabilities and self-insured employers**

These financial statements include the effects of transactions carried out for self-insured employers (Federal and certain Provincial Government institutions) 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 on behalf of self-insured employers expected to be made for claims which occurred in the current fiscal year, or in any prior year. As these liabilities will be borne by the self-insured 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.

**Investments**

**a) Fixed-term 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.

**b) Equities**

Equity investments and option 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.

**c) Fair values**

Fair values of investments are determined as follows:

- Fixed-term investments and equities are valued at year-end quoted prices.
- Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which, together with accrued interest, approximates fair value.

**d) Foreign currencies**

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

Exchange gains or losses resulting from the translation of foreign currency denominated equity balances are amortized into investment income in the same manner as other equity gains or losses.

**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
Furniture and equipment	5 years
Computer software and hardware	3 years
Motor vehicles	3 years, 35% residual value

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1999**

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

**Post-employment benefits**

In 1999, the Commission adopted an accounting policy to record its liability for post-employment benefits. Based on a December 31, 1999 actuarial valuation, the accumulated liability of \$2.1 million has been included in the financial statements, in the current year.

**Benefits liabilities**

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 disease and a provision for future administration costs of existing claims. Due to the nature of the estimated liability for latent occupational disease and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

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, 1998. In interim years, the Commission's internal actuary completes an estimate of the benefits liabilities. This estimate is reviewed with the Commission's consulting actuary, but not in 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.

Included in benefits liabilities is an amount for pensions established to compensate injured workers and surviving spouses for the loss of retirement income due to an industrial accident, as provided in Sections 38.22, 38.54 and 38.7 of the *Workers' Compensation Act*. At year end, \$9.2 million (1998 - \$7.3 million) is included in benefits liabilities, representing the applicable pension on eligible compensation payments already made, plus interest calculated at the accounting rate of return on the Commission's investment portfolio. Future costs relating to these benefits are provided for as part of the benefits liabilities determined by actuarial valuation or review.

**Funding policy**

The Commission's funding policy permits a range for its funded ratio of assets to liabilities between 100% and 110% and specifies a funding goal of 105%. This permitted excess of assets over liabilities reduces the impact of year-to-year fluctuations, disasters and other unanticipated events, therefore providing rate stabilization. The assessment revenue raised in any year from assessed employers may include or be reduced by an amount designed to allow the Commission to attain a funded ratio considered financially advisable. The funded ratio at December 31, 1999 is 109.0% (1998 - 106.0%).

**Workers' Rehabilitation Centre**

Included in health care payments is \$7.1 million (1998 - \$5.9 million) for services provided by the Workers' Rehabilitation Centre, a department of the Commission.

**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. At a predetermined point in time, an actuarial determination is made of the future benefits payments expected for claims identified with each employer and a final settlement is reached. Subsequent adjustments to the actuarial determination of benefits liabilities associated with these agreements are the responsibility of, or for the benefit of, the Commission.

**3. RECEIVABLES**

	1999 (000s)	1998 (000s)
Assessments billed	\$ 1,340	\$ 1,231
Unbilled assessments	6,243	5,033
Self-insured employers - receivable	1,584	1,371
Self-insured employers - deposits	(1,674)	(1,674)
Other	1,296	613
	<u>\$ 8,789</u>	<u>\$ 6,574</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS

December 31, 1999

4. INVESTMENTS

The Commission has an established policy for the management of its investments. As part of its investment process, it utilizes external investment portfolio managers. The compliance of these portfolio managers with the investment policy is monitored on a regular basis.

	1999 (000s)		1998 (000s)	
	Book Value	Fair Value	Book Value	Fair Value
<b>i) Portfolio investments</b>				
Money market	\$ 57,197	\$ 57,197	\$ 66,486	\$ 66,486
Fixed-term investments	181,492	179,310	170,771	168,769
Equities	314,162	378,843	302,782	326,564
	<u>552,851</u>	<u>615,350</u>	<u>540,039</u>	<u>561,819</u>
Deferred realized investment gains	(42,362)	-	(57,161)	-
	<u>\$ 510,489</u>	<u>\$ 615,350</u>	<u>\$ 482,878</u>	<u>\$ 561,819</u>

ii) Credit risk

Concentration of credit risk – 24% (1998 – 34%) of fixed-term investments are direct obligations of a Canadian chartered bank.

iii) Deferred realized investment gains

	1999 (000s)	1998 (000s)
Balance, beginning of year	\$ 57,161	\$ 59,995
Realized net investment gains for the year	16,660	26,033
	<u>73,821</u>	<u>86,028</u>
Amortization to investment income	(31,459)	(28,867)
Balance, end of year	<u>\$ 42,362</u>	<u>\$ 57,161</u>

iv) Investment income

	1999 (000s)	1998 (000s)
Interest and dividends	\$ 14,623	\$ 21,261
Reduction of fixed-term securities	(11,515)	-
Amortization of deferred realized investment gains	31,459	28,867
Amortization of deferred unrealized investment gains	11,030	2,382
	<u>45,597</u>	<u>52,510</u>
Less: Portfolio management expenses	(1,741)	(2,109)
	<u>\$ 43,856</u>	<u>\$ 50,401</u>

## WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

### NOTES TO FINANCIAL STATEMENTS

December 31, 1999

#### 4. INVESTMENTS (CONTINUED)

##### v) Derivative financial instruments

Certain of the Commission's external investment portfolio managers may from time to time utilize derivative financial instruments where appropriate to increase portfolio diversification, reduce interest rate and foreign currency volatility and enhance overall investment returns. At December 31, 1999, no derivative financial instruments were included in the investments. At December 31, 1998, included in equities were option contracts with a cost of \$1.1 million and a market value of \$1.1 million.

##### vi) Investment agreement

The Commission has entered into an investment agreement for the combined management of its investments and those of the Workers' Compensation Board of Prince Edward Island. These financial statements report the Commission's proportional share of the investments held in the fund which was 91.1% at December 31, 1999 (1998 - 91.7%). The Commission receives a fee for the administration of the Workers' Compensation Board of Prince Edward Island's share of the fund.

#### 5. CAPITAL ASSETS

	1999 (000s)			1998 (000s)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 162	\$ -	\$ 162	\$ 162
Buildings	10,807	5,097	5,710	5,850
Furniture and equipment	3,896	3,369	527	327
Computer software and hardware	11,500	8,824	2,676	1,782
Motor vehicles	314	172	142	151
	\$ 26,679	\$ 17,462	\$ 9,217	\$ 8,272

#### 6. PAYABLES AND ACCRUALS

	1999 (000s)	1998 (000s)
Accounts payable and accruals	\$ 4,806	\$ 3,819
Post-employment benefits	2,091	-
Employer deposits	443	7,020
	\$ 7,340	\$ 10,839

Employer deposits represent funds deposited with the Commission in accordance with the agreements with respect to certain employers referred to in Note 2 of these financial statements.

# WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

## NOTES TO FINANCIAL STATEMENTS

December 31, 1999

### 7. BENEFITS LIABILITIES

The categories, short-term disability and rehabilitation, previously disclosed separately, have been combined to more accurately reflect the manner in which costs are accumulated under the Commission's approach to the Case Management of claims. The Case Management approach utilized does not distinguish between short-term disability and rehabilitation.

#### i) Continuity schedule

	1999 (000s)				1998 (000s)	
	Short-term disability and rehabilitation	Long-term disability	Survivor benefits	Health care	Total	Total
Balance, beginning of year	\$ 65,353	\$ 256,910	\$ 102,936	\$ 91,677	\$ 516,876	\$ 498,699
Add claims costs incurred:						
Current year injuries	33,427	16,658	2,564	24,528	77,177	69,479
Prior years' injuries	4,302	14,406	6,621	7,388	32,717	31,277
	37,729	31,064	9,185	31,916	109,894	100,756
Less claims payments made:						
Current year injuries	10,811	59	110	7,243	18,223	16,468
Prior years' injuries	20,060	22,243	7,849	19,311	69,463	66,111
	30,871	22,302	7,959	26,554	87,686	82,579
Balance, end of year	\$ 72,211	\$ 265,672	\$ 104,162	\$ 97,039	\$ 539,084	\$ 516,876

#### ii) Current year injuries

	1999 (000s)			1998 (000s)		
	Claims payments	Expected future costs	Claims costs incurred	Claims payments	Expected future costs	Claims costs incurred
Short-term disability and rehabilitation	\$ 10,811	\$ 22,616	\$ 33,427	\$ 9,389	\$ 18,878	\$ 28,267
Long-term disability	59	16,599	16,658	181	14,072	14,253
Survivor benefits	110	2,454	2,564	181	4,814	4,995
Health care	7,243	17,285	24,528	6,717	15,247	21,964
	\$ 18,223	\$ 58,954	\$ 77,177	\$ 16,468	\$ 53,011	\$ 69,479

## WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

### NOTES TO FINANCIAL STATEMENTS

December 31, 1999

#### 7. BENEFITS LIABILITIES (CONTINUED)

##### iii) Prior years' injuries

Significant changes in benefits liabilities and claims costs incurred for prior years' injuries arising from the estimate of those benefits liabilities, performed as at year end, included the following:

	Increase (decrease) in benefits liabilities and claims costs incurred	
	1999 (000s)	1998 (000s)
(Favourable) unfavourable experience on short-term disability and rehabilitation claims	\$ (1,300)	\$ 1,700
Unfavourable experience on health care costs	2,200	-
Reduction in assumed indexing rate for CPI-indexed benefits	\$ (6,500)	\$ (6,000)

#### 8. ACTUARIAL ASSUMPTIONS

The estimate 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:

	1999		1998	
	CPI-indexed awards	Other payments	CPI-indexed awards	Other payments
Gross rate of return	8.00%	8.00%	8.00%	8.00%
Inflation - Year 1	1.10%	4.35%	1.20%	4.35%
- subsequent years	4.35%	4.35%	4.35%	4.35%
Net rate of return - Year 1	6.82%	3.50%	6.75%	3.50%
- subsequent years	3.50%	3.50%	3.50%	3.50%

#### 9. ASSESSMENTS

	1999 (000s)		1998 (000s)
	Budget	Actual	Actual
	Assessments earned	\$ 81,900	\$ 90,527
Interest and penalties	500	682	631
Assessments written off	(200)	(375)	(257)
	\$ 82,200	\$ 90,834	\$ 78,272

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS

December 31, 1999

10. SELF-INSURED EMPLOYERS

	1999 (000s)		1998 (000s)
	Budget	Actual	Actual
Assessment revenue	\$ 17,450	\$ 18,013	\$ 12,966
Claims costs incurred:			
Short-term disability and rehabilitation	4,700	7,341	5,988
Long-term disability	5,450	4,277	(597)
Survivor benefits	975	1,141	743
Health care	3,475	2,592	4,261
	14,600	15,351	10,395
Administration	2,850	2,806	2,617
Sub-total	17,450	18,157	13,012
Less: Share of investment income	-	(144)	(46)
	\$ 17,450	\$ 18,013	\$ 12,966

11. ADMINISTRATION

i) Categories

	1999 (000s)		1998 (000s)
	Budget	Actual	Actual
Salaries and employee benefits	\$ 17,588	\$ 16,889	\$ 15,872
Depreciation	1,750	1,385	1,540
Professional fees	965	851	1,183
Office and communications	1,650	1,603	1,478
Building operations	2,313	2,154	1,896
Travel and vehicle operations	987	973	941
Education and training	574	490	307
Other	624	643	630
Post-employment benefits	-	1,749	-
	26,451	26,737	23,847
Allocated to health care claims costs	(2,200)	(2,290)	(2,088)
	\$ 24,251	\$ 24,447	\$ 21,759

A portion of the Commission's administration costs represent charges incurred by the Commission on behalf of the Workers' Rehabilitation Centre. These costs, which relate to claims, have been allocated to health care.

ii) Disclosure

Operations	\$ 18,183	\$ 18,196	\$ 16,354
Occupational health and safety	6,068	6,251	5,405
	\$ 24,251	\$ 24,447	\$ 21,759



## WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

### NOTES TO FINANCIAL STATEMENTS

December 31, 1999

#### 12. LEGISLATIVE OBLIGATIONS AND OTHER RELATED PARTY TRANSACTIONS

The Commission is required by legislation to reimburse the Provincial Government for all operating costs of the Workers' and Employers' Advocates. In 1999, the Commission budgeted \$530,000 for these costs and incurred \$534,000 (1998 - \$540,000).

These financial statements include the results of activity from normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations, with which the Commission may be considered related.

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:

	1999 (000s)	1998 (000s)
Province of New Brunswick	\$ 853	\$ 1,748

#### 13. 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 annual escalating payments which commenced in 1992.

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 6.0%) amortized to 2016, are as follows:

	(000s)
2000	\$ 198
2001	210
2002	222
2003	235
2004	250

An actuarial valuation was prepared as at April 1, 1997. This valuation also indicated that the present value of the accumulated plan benefits continued to exceed the market value of the net assets available to provide these benefits. No change has been made to the funding based on this valuation, however, future valuations may change the funding requirements.

#### 14. CONTINGENT LIABILITY

Bill 21, *An Act to Amend the Workers' Compensation Act*, was proclaimed on February 26, 1998. Section 38.81 of this Bill reinstates benefits to surviving spouses who were disentitled on or after April 17, 1985 as a result of remarriage or cohabitation. Benefits liabilities include the future costs for these reinstated benefits. Some survivors who were disentitled prior to April 17, 1985 claim their benefits should be reinstated and have commenced legal action. As the outcome of this action is not determinable, these financial statements do not include a related liability. If it is determined the Commission is held liable for the cost of any reinstatement, these costs will be accounted for as an expense in the year of occurrence.

#### 15. UNCERTAINTY WITH RESPECT TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as the year 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Commission, including those related to customers, suppliers, or other third parties, have been fully resolved.

#### 16. BUDGET

The 1999 budget figures which are presented for comparison with the actual figures were approved by the Commission's Board of Directors and have not been audited.

#### 17. COMPARATIVE FIGURES

Certain of the 1998 figures which are presented for comparative purposes have been reclassified to conform with the presentation adopted in the current year.



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**FINANCIAL STATEMENTS**

**YOUTH COUNCIL OF NEW BRUNSWICK**

**31 MARCH 2000**

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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 2000 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 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Daryl C. Wilson'.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
12 May 2000

**YOUTH COUNCIL OF NEW BRUNSWICK  
BALANCE SHEET  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Current assets		
Cash	\$ 10,218	\$ 9,391
Accounts receivable	3,457	1,226
Prepaid expenses	-	1,724
	<b>\$13,675</b>	<b>\$12,341</b>
<b>LIABILITIES AND SURPLUS</b>		
Current liabilities		
Accounts payable	\$ 8,795	\$ 4,717
Accrued salaries payable	271	9,961
	9,066	14,678
Surplus (Deficit)	4,609	(2,337)
	<b>\$13,675</b>	<b>\$12,341</b>

Approved by the Council

Carlo E. Roy

Chairperson

Laura Batt

Member

**YOUTH COUNCIL OF NEW BRUNSWICK  
STATEMENT OF REVENUE, EXPENSES AND SURPLUS  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000 Budget (Note 3)	2000	1999
<b>REVENUE</b>			
Grants from the Province of New Brunswick			
Operating	\$117,100	\$117,100	\$117,900
Other (note 4)	12,000	9,000	9,000
Miscellaneous	-	4,327	4,231
Youth Connexions Jeunesse (Schedule A)	-	101,185	82,798
	<u>129,100</u>	<u>231,612</u>	<u>213,929</u>
<b>EXPENSES</b>			
Salaries and benefits	82,700	83,435	84,497
Travel, accommodations and meals	14,000	10,138	12,315
Printing and photocopying	13,000	8,650	9,890
Telephone	5,500	5,725	5,384
Office expenses	3,250	3,863	3,121
Public relations and advertising	2,000	2,200	3,414
Honoraria	3,000	2,013	1,880
Furniture and equipment	1,000	1,666	2,372
Professional services	1,000	547	639
Translation	1,000	-	1,636
Professional development	300	354	347
Repairs and maintenance	300	-	335
Bank charges	180	180	209
Conference and meeting	150	303	135
Miscellaneous	50	29	8
Marketing	-	-	1,723
Youth Connexions Jeunesse (Schedule A)	-	105,563	85,861
	<u>127,430</u>	<u>224,666</u>	<u>213,766</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 1,670</u>	6,946	163
Deficit, beginning of year		(2,337)	(2,500)
<b>SURPLUS (DEFICIT), end of year</b>		<u>\$ 4,609</u>	<u>\$ (2,337)</u>

## SCHEDULE A

**YOUTH COUNCIL OF NEW BRUNSWICK  
SCHEDULE OF YOUTH CONNEXIONS JEUNESSE REVENUE AND EXPENSES  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>REVENUE</b>		
Province of New Brunswick		
Operating grant	\$ 60,000	\$ 60,000
Skills program	14,353	21,801
Special projects (Note 7)	25,100	-
Miscellaneous	1,732	997
	<u>101,185</u>	<u>82,798</u>
<b>EXPENSES</b>		
Salaries and benefits		
Administration	36,855	34,521
Casuals	41,902	43,334
Furniture and equipment	18,401	27
Printing and photocopying	1,359	2,272
Office expenses	2,107	2,616
Telephone	2,635	2,009
Miscellaneous – special projects	1,548	-
Professional development	55	112
Professional services	35	-
Conference	57	35
Travel, accommodations and meals	279	106
Public relations and advertising	-	64
Repairs and maintenance	330	765
	<u>105,563</u>	<u>85,861</u>
<b>EXCESS OF EXPENSES OVER REVENUE</b>	<u>\$ (4,378)</u>	<u>\$ (3,063)</u>

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**YOUTH COUNCIL OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**1. Purpose of the organization**

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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.

**2. Capital assets**

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

**3. Budget information**

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The budget information for 2000 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.

**4. Grants - Other**

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An amount of \$9,000 was received during the period ended 31 March 2000 (1999 - \$9,000) to defray the cost of publishing the Youth Council's Bulletin Journal.

**5. Services provided by the Province of New Brunswick and others**

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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.



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**YOUTH COUNCIL OF NEW BRUNSWICK  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**6. Youth Connexions Jeunesse – Purpose of the organization**

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The Council established Youth Connexions Jeunesse (YCJ), a youth information centre, in November 1993.

The YCJ's mission statement reads as follows:

YCJ's mission is to facilitate connections between young people and various agencies / organizations in New Brunswick and beyond, sensitizing the public to youth issues by creating broad partnerships and promoting a sense of community involvement with youth throughout the province.

**7. Revenue – Special projects**

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In 2000, Youth Connexions Jeunesse (YCJ) received additional amounts for special projects from the Department of Human Resources Development - NB. These amounts are as follows:

\$ 8,200	Youth Services Research Project
9,900	Youth Info Line
<u>7,000</u>	YCJ Kiosk
<u>\$25,100</u>	