

# Public Accounts

VOLUME 2 - AGENCIES AND FUNDS

Province of Nova Scotia

for the fiscal year **2000-2001**

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE



**PROVINCE OF NOVA SCOTIA**  
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## AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
Annapolis Valley District Health Authority

We have audited the statement of financial position of the Annapolis Valley District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority'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 District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP  
Chartered Accountants

June 15, 2001

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY**

**Statement of Operations  
Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Revenue</b>			
Department of Health funding . . . . .	\$ 14,366,415	\$ ---	\$ 14,366,415
Department of Veteran's Affairs . . . . .	379,377	---	379,377
Patient services . . . . .	542,275	---	542,275
Physician funding . . . . .	176,727	---	176,727
Program recoveries and sales . . . . .	389,969	---	389,969
Amortization of deferred capital grants . . . . .	---	864,000	864,000
Other . . . . .	<u>13,312</u>	<u>21,514</u>	<u>34,826</u>
	<u>15,868,075</u>	<u>885,514</u>	<u>16,753,589</u>
<b>Expenses</b>			
Administration and support . . . . .	517,254	---	517,254
Addiction services . . . . .	320,309	---	320,309
Diagnostic imaging . . . . .	772,085	---	772,085
Environmental services . . . . .	720,201	---	720,201
Finance . . . . .	167,457	---	167,457
Food & nutritional services . . . . .	799,854	---	799,854
Health registry . . . . .	390,239	---	390,239
Human resources . . . . .	139,828	---	139,828
Information services . . . . .	279,037	---	279,037
Laboratory . . . . .	1,024,135	---	1,024,135
Materials management . . . . .	403,134	---	403,134
Mental health . . . . .	959,399	---	959,399
Nursing . . . . .	6,705,791	---	6,705,791
Pharmacy . . . . .	150,529	---	150,529
Plant and support services . . . . .	1,144,710	---	1,144,710
Public Health . . . . .	326,974	---	326,974
Rehabilitation services . . . . .	320,478	---	320,478
Other programs . . . . .	266,483	---	266,483
Retirement allowances . . . . .	14,428	---	14,428
Depreciation . . . . .	---	940,149	940,149
Other . . . . .	<u>471,241</u>	<u>---</u>	<u>471,241</u>
	<u>15,893,566</u>	<u>940,149</u>	<u>16,833,715</u>
Deficiency of revenues over expenses . . . . .	\$ <u>(25,491)</u>	\$ <u>(54,635)</u>	\$ <u>(80,126)</u>

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY**

**Statement of Financial Position  
as at March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Current</b>			
Cash and cash equivalents (Page 8) . . . . .	\$ 1,802,580	\$ 1,075,878	\$ 2,878,458
Accounts receivable (Note 4) . . . . .	7,560,925	485,016	8,045,941
Inventory . . . . .	892,845	---	892,845
Prepaid expenses . . . . .	<u>206,252</u>	<u>46,756</u>	<u>253,008</u>
	10,462,602	1,607,650	12,070,252
 Long-term assets (Note 5) . . . . .	 93,619	 ---	 93,619
Property, plant and equipment (Note 6) . . . . .	<u>---</u>	<u>46,448,898</u>	<u>46,448,898</u>
	<u>\$ 10,556,221</u>	<u>\$ 48,056,548</u>	<u>\$ 58,612,769</u>

**LIABILITIES**

<b>Current</b>			
Accounts payable and accrued liabilities (Note 8) . . . . .	\$ 8,287,340	\$ 33,011	\$ 8,320,351
Current portion of long-term debt (Note 9) . . . . .	---	29,440	29,440
Revenue received in advance . . . . .	<u>2,294,372</u>	<u>---</u>	<u>2,294,372</u>
	10,581,712	62,451	10,644,163
<b>Long-term debt (Note 9) . . . . .</b>	<b>---</b>	<b>97,317</b>	<b>97,317</b>
<b>Deferred capital grants (Note 10) . . . . .</b>	<b><u>---</u></b>	<b><u>46,310,183</u></b>	<b><u>46,310,183</u></b>
	<u>10,581,712</u>	<u>46,469,951</u>	<u>57,051,663</u>

**FUND BALANCES**

<b>Restricted (Page 7) . . . . .</b>	<b>---</b>	<b>243,341</b>	<b>243,341</b>
<b>Unrestricted (Page 7) . . . . .</b>	<b><u>(25,491)</u></b>	<b><u>1,343,256</u></b>	<b><u>1,317,765</u></b>
	<u>(25,491)</u>	<u>1,586,597</u>	<u>1,561,106</u>
	---	---	---
	<u>\$ 10,556,221</u>	<u>\$ 48,056,548</u>	<u>\$ 58,612,769</u>

**Commitments (Note 11)**  
**Contingency (Note 15)**

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY**

**Statement of Changes in Fund Balances  
Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Restricted Fund Balances</b>			
Balance, beginning of period. . . . .	\$ ---	\$ ---	\$ ---
Restricted fund balance transferred from Western Regional Health Board (Note 2) . . . . .	---	<u>243,341</u>	<u>243,341</u>
Balance, end of period. . . . .	<u>---</u>	<u>243,341</u>	<u>243,341</u>
<b>Unrestricted Fund Balances</b>			
Balance, beginning of period. . . . .	---	---	---
Unrestricted fund balance transferred from Western Regional Health Board . . . . .	---	1,397,891	1,397,891
Deficiency of revenues over expenses (Page 5). . . . .	<u>(25,491)</u>	<u>(54,635)</u>	<u>(80,126)</u>
<b>Balance, end of period . . . . .</b>	<u>(25,491)</u>	<u>1,343,256</u>	<u>1,317,765</u>
<b>Total Fund Balances. . . . .</b>	<u><u>\$ (25,491)</u></u>	<u><u>\$ 1,586,597</u></u>	<u><u>\$ 1,561,106</u></u>

**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY**

**Statements of Cash Flows  
Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>			
<b>Operating</b>			
Deficiency of revenues over expenses (page 5) . . . . .	\$ (25,491)	\$ (54,635)	\$ (80,126)
Adjusted for:			
Depreciation (Page 5) . . . . .	---	940,149	940,149
Amortization (Page 5) . . . . .	---	(864,000)	(864,000)
Changes in working capital items (Note 13) . . . . .	<u>1,921,690</u>	<u>(498,761)</u>	<u>1,422,929</u>
	<u>1,896,199</u>	<u>(477,247)</u>	<u>1,418,952</u>
<b>Financing</b>			
Assumption of long-term debt from Western Regional Health Board . . . . .	---	134,119	134,119
Proceeds from capital grants (Note 10) . . . . .	---	47,174,183	47,174,183
Repayment of long-term debt . . . . .	---	(7,362)	(7,362)
Net increase in restricted fund balances from Western Regional Health Board . . . . .	---	243,341	243,341
Net increase in unrestricted fund balances from Western Regional Health Board . . . . .	---	<u>1,397,891</u>	<u>1,397,891</u>
	---	<u>48,942,172</u>	<u>48,942,172</u>
<b>Investing</b>			
Investment in long-term assets from Western Regional Health Board . . . . .	(92,328)	---	(92,328)
Investment in long-term assets . . . . .	(1,291)	---	(1,291)
Net capital assets of the Western Regional Health Board . . . . .	---	(47,267,628)	(47,267,628)
Acquisition of property, plan and equipment . . . . .	---	(190,816)	(190,816)
Proceeds on disposal of property, plant and equipment . . . . .	---	69,397	69,397
	<u>(93,619)</u>	<u>(47,389,047)</u>	<u>(47,482,666)</u>
<b>Net cash inflow, being cash and cash equivalents at end of period . . . . .</b>	<u>\$ 1,802,580</u>	<u>\$ 1,075,878</u>	<u>\$ 2,878,458</u>



**ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. DESCRIPTION OF ORGANIZATION**

The Annapolis Valley District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000. The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. The District Health Authority's mission is to maintain and improve the health and well-being of those we service throughout an integrated and accessible health system.

The facilities owned and operated by the District Health Authority are Annapolis Community Health Centre, Eastern Kings Memorial Community Health Centre, Soldiers Memorial Hospital and Valley Regional Hospital. In addition, the District Health Authority leases space to operate certain programs at the Western Kings Memorial Health Centre and other locations throughout Annapolis and Kings counties for the delivery of certain programs and services and supports five (5) Community Health Boards.

**2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES**

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the Annapolis Valley District Health Authority effective January 1, 2001, as follows:

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Cash and cash equivalents. . . . .	\$ 2,404,604	\$ 385,851	\$ 2,790,455
Accounts receivable. . . . .	5,615,847	478,170	6,094,017
Inventory . . . . .	1,013,301	---	1,013,301
Prepaid expenses. . . . .	345,465	52,899	398,364
Long-term assets . . . . .	92,328	---	92,328
Property, plant and equipment (net book value). . . . .	---	47,267,628	47,267,628
Accounts payable and accrued liabilities. . . . .	(7,265,388)	(512,020)	(7,777,408)
Current portion of long-term debt . . . . .	---	(29,440)	(29,440)
Revenue received in advance. . . . .	(2,206,157)	---	(2,206,157)
Long-term debt . . . . .	---	(104,679)	(104,679)
Deferred capital grants . . . . .	---	(45,897,177)	(45,897,177)
Restricted fund balance. . . . .	---	(243,341)	(243,341)
Unrestricted fund balance. . . . .	---	(1,397,891)	(1,397,891)
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**3. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

**a) Fund Accounting**

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the Annapolis Valley District Health Authority's capital assets and special purposes and endowment funds.

**b) Revenue Recognition**

The Annapolis Valley District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**c) Property, Plant and Equipment**

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

**d) Deferred Capital Grants**

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

**e) Inventory**

Inventories are recorded at the lower of average cost and replacement cost, and include medical/surgical, drugs, and other general inventory.

**4. ACCOUNTS RECEIVABLE**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Department of Health			
Operating funding . . . . .	\$ 5,948,360	\$ ---	\$ 5,948,360
Transition support program . . . . .	211,463	---	211,463
Capital grants . . . . .	---	357,324	357,324
Department of Veteran's Affairs . . . . .	42,856	---	42,856
Patient Care . . . . .	572,153	---	572,153
HST rebates . . . . .	305,505	24,186	329,691
Homecare/VON . . . . .	110,266	---	110,266
Charitable foundations . . . . .	63,747	103,506	167,253
Psychiatric recoveries . . . . .	143,504	---	143,504
Federal grant funding . . . . .	33,164	---	33,164
Other . . . . .	129,907	---	129,907
	<u>\$ 7,560,925</u>	<u>\$ 485,016</u>	<u>\$ 8,045,941</u>

**5. LONG-TERM ASSETS**

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land and land improvements . . . . .	\$ 381,421	\$ 202,035	\$ 179,386
Building and building service equipment . . . . .	58,171,341	17,375,017	40,796,324
Equipment . . . . .	30,174,259	24,885,983	5,288,276
Equipment under capital lease . . . . .	716,308	531,396	184,912
	<u>\$ 89,443,329</u>	<u>\$ 42,994,431</u>	<u>\$ 46,448,898</u>

**7. BANK INDEBTEDNESS**

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling \$4.1 million. As well, the District Health Authority has available a capital line of credit in the amount of \$1,025,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade payables . . . . .	\$ 1,366,915	\$ 18,297	\$ 1,385,212
Accrued liabilities . . . . .	695,679	14,714	710,393
Vacation pay . . . . .	3,547,114	---	3,547,114
Salary and benefits . . . . .	2,426,952	---	2,426,952
Other . . . . .	250,680	---	250,680
	<u>\$ 8,287,340</u>	<u>\$ 33,011</u>	<u>\$ 8,320,351</u>

**9. LONG-TERM DEBT**

Obligations Under Capital Leases - interest at 0%, maturing in 2006 . . . . .	\$ 126,757
Current portion . . . . .	<u>(29,440)</u>
	<u>\$ 97,317</u>

Estimated minimum principal repayments over the next five years are expected to be as follows:

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>
	\$ 29,440	\$	29,441	\$	29,441	\$	29,441	\$	8,994

**10. DEFERRED CAPITAL GRANTS**

Balance, beginning of year . . . . .	\$	---
Transferred from Western Regional Health Board. . . . .		45,897,177
Grant received for:		
Capital assets purchased. . . . .		150,757
Future capital asset purchases . . . . .		<u>1,126,249</u>
		47,174,183
Amortization of deferred capital grants . . . . .		<u>(864,000)</u>
Balance, end of year. . . . .	\$	<u><u>46,310,183</u></u>

**11. COMMITMENTS**

**Leases and Purchase Commitments**

The Annapolis Valley District Health Authority has committed funds from operations for the purchase of film, occupancy and equipment leases. Estimated minimum lease payments and film purchases over the next five years are expected to be as follows:

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>
	\$ 319,650	\$	302,828	\$	269,753	\$	167,929	\$	167,929

**12. PENSION PLAN**

The Annapolis Valley District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of \$nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of \$nil. The Annapolis Valley District Health Authority bears no financial responsibility for any unfunded liability of either plan.

**13. CHANGES IN WORKING CAPITAL ITEMS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Accounts receivable . . . . .	\$ (7,560,925)	\$ (485,016)	\$ (8,045,941)
Inventory. . . . .	(892,845)	---	(892,845)
Prepaid expenses. . . . .	(206,252)	(46,756)	(253,008)
Accounts payable and accrued liabilities . . . . .	8,287,340	33,011	8,320,351
Revenue received in advance. . . . .	<u>2,294,372</u>	---	<u>2,294,372</u>
	<u>\$ 1,921,690</u>	<u>\$ (498,761)</u>	<u>\$ 1,422,929</u>

**14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES**

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year. . . . .	\$ 7,611,700	\$ 6,578,200	\$ 5,655,800
Current Service Costs . . . . .	445,500	413,600	382,400
Interest on Liability. . . . .	528,600	458,700	396,100
Current Year (Gain) Loss . . . . .	---	161,200	143,900
Liability, March 31, End of Year. . . . .	<u>\$ 8,585,800</u>	<u>\$ 7,611,700</u>	<u>\$ 6,578,200</u>

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

**15. CONTINGENCY**

The Annapolis Valley District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount can not be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the Annapolis Valley District Health Authority.

**16. COMPARATIVE FIGURES**

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

## AUDITORS' REPORT

To the Chairman and Members of  
Annapolis Valley Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Annapolis Valley Regional School Board as at March 31, 2001, and the statements of operations for the year 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. These 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, 2001, and results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

MACKENZIE, MORSE AND BREWSTER  
Chartered Accountants

Berwick, Nova Scotia  
May 29, 2001

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Cash	\$ 610,618	\$ 5,550
Receivables		
Province of Nova Scotia .....	1,389,120	6,233,965
Gov't of Canada .....	1,183,359	792,216
Other school boards .....	214,351	289,886
Other .....	510,862	1,367,241
Current portion of note .....	---	32,627
Due from Trust Funds .....	6,461	18,465
Prepaid expenses .....	7,026	43,159
Inventories .....	<u>121,410</u>	<u>119,459</u>
	4,043,207	8,902,568
Restricted cash & investments (Note 2) .....	76,181	34,560
Fixed assets at cost		
School property & equipment (Note 1) .....	82,550,963	81,796,859
School buses & other vehicles (Note 1) .....	<u>4,884,426</u>	<u>4,592,652</u>
	<u>\$ 91,554,777</u>	<u>\$ 95,326,639</u>

**LIABILITIES**

Current		
Bank Indebtedness .....	\$ ---	\$ 5,310,592
Payables and accruals		
Trade .....	1,128,454	1,386,403
Other .....	1,405,565	840,623
Deferred Revenue .....	<u>794,195</u>	<u>754,166</u>
	3,328,214	8,291,784
Commitment to Early Retirement Program (Note 3) .....	---	18,526,149
Term Debt		
Capital Lease (Note 6) .....	<u>121,887</u>	<u>266,639</u>
	<u>3,450,101</u>	<u>27,084,572</u>

**EQUITY**

Investment in Capital Assets .....	87,313,502	86,122,872
Surplus (Deficit) - Non Restricted .....	104,209	---
Surplus - Restricted (Cafeteria) .....	76,181	34,560
Reserves .....	610,784	610,784
Deficiency in Early Retirement Program .....	---	(18,526,149)
	<u>88,104,676</u>	<u>68,242,067</u>
	<u>\$ 91,554,777</u>	<u>\$ 95,326,639</u>
Contingencies (Note 6)		
Commitments (Note 8)		

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Statement of Operations  
for the year ended March 31, 2001**

		<u>2001</u>			
	<b>Page</b>	<b>Budget</b>	<b>Actual</b>	<b>2000 Actual</b>	
<b>Revenue</b>					
Province of Nova Scotia . . . . .	21	\$ 69,600,972	\$ 70,226,426	\$ 73,798,491	
Government of Canada . . . . .	21	684,946	701,243	665,477	
Appropriations from Councils . . . . .	21	14,532,432	14,532,618	14,528,569	
Board Operations . . . . .	21	2,961,936	4,392,176	3,504,178	
Transfer from Reserves . . . . .		606,071	---	116,385	
		<u>88,386,357</u>	<u>89,852,463</u>	<u>92,613,100</u>	
<b>Expenditures</b>					
Regional Board Management . . . . .	22	2,385,487	2,328,012	2,434,110	
School Admin. & Instruction . . . . .	22	59,204,675	59,445,367	60,528,973	
School Cafeterias . . . . .	23	1,063,481	1,152,538	1,070,626	
Property Services . . . . .	23	7,418,567	7,388,985	8,032,549	
Pupil Transportation . . . . .	23	6,254,172	6,258,323	6,497,591	
Special Education . . . . .	24	9,895,074	9,865,734	9,691,064	
Adult Education . . . . .	24	1,220,741	1,742,476	1,612,278	
Federal Programs . . . . .	24	21,006	47,856	60,968	
Capital Purchases . . . . .	24	923,154	1,518,963	1,605,972	
Debt Service Costs . . . . .	24	---	---	92,797	
Prior Year's Deficit . . . . .		---	---	389,234	
		<u>88,386,357</u>	<u>89,748,254</u>	<u>92,016,162</u>	
Excess of revenue over expenditure before transfer to reserves . . . . .		---	104,209	596,938	
Transfer to reserves . . . . .		---	---	(596,938)	
Excess of revenue over expenditure . . . . .		<u>\$ ---</u>	<u>\$ 104,209</u>	<u>\$ ---</u>	

**Statement of Continuity of Surplus (Deficit)  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of period . . . . .	\$ ---	\$ (389,234)
Transfer to current operations . . . . .	<u>---</u>	<u>389,234</u>
	<u>---</u>	<u>---</u>
Excess of revenue over expenditures . . . . .	<u>104,209</u>	<u>---</u>
Balance, end of period . . . . .	<u>\$ 104,209</u>	<u>\$ ---</u>

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



**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Cash	\$ 610,618	\$ 5,550
Receivables		
Province of Nova Scotia .....	1,220,865	6,058,800
Government of Canada .....	1,183,359	792,216
Due from other Boards .....	214,351	289,886
Other .....	510,862	1,367,241
Note Receivable .....	---	32,627
Due from Capital Fund .....	168,255	175,165
Due from Trust Funds .....	6,461	18,465
Inventories, at cost .....	121,410	119,459
Prepaid expenses .....	7,026	43,159
	<u>4,043,207</u>	<u>8,902,568</u>
Restricted cash & Investments (Note 2) .....	76,181	34,560
	<u>\$ 4,119,388</u>	<u>\$ 8,937,128</u>

**LIABILITIES**

Current		
Bank Indebtedness .....	\$ ---	\$ 5,310,592
Payables and accruals		
Trade .....	1,128,454	1,386,403
Other .....	1,405,565	840,623
Deferred Revenue .....	794,195	754,166
	<u>3,328,214</u>	<u>8,291,784</u>
Due to Reserve Fund .....	610,784	610,784
Commitment of ERP (Note 3) .....	---	18,526,149
	<u>3,938,998</u>	<u>27,428,717</u>

**EQUITY**

Surplus - Restricted (Cafeteria) .....	76,181	34,560
Surplus - Non Restricted .....	104,209	---
Deficiency in ERP .....	---	(18,526,149)
	<u>180,390</u>	<u>(18,491,589)</u>
	<u>\$ 4,119,388</u>	<u>\$ 8,937,128</u>

Contingencies (Note 6)  
Commitments (Note 8)

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Accounts Receivable		
Due from Province of NS . . . . .	\$ 168,255	\$ 175,165
Fixed assets, at cost		
Land, buildings and improvements (Note 1) . . . . .	74,139,146	73,496,635
Equipment and furnishings . . . . .	8,411,817	8,300,224
School buses and other vehicles . . . . .	4,884,426	4,592,652
	<u>\$ 87,603,644</u>	<u>\$ 86,564,676</u>

**LIABILITIES**

Due to operating fund . . . . .	\$ 168,255	\$ 175,165
Term debt		
Capital Lease (Note 4) . . . . .	121,887	266,639

**EQUITY**

Investment in capital assets . . . . .	<u>87,313,502</u>	<u>86,122,872</u>
	<u>\$ 87,603,644</u>	<u>\$ 86,564,676</u>

**Statement of Continuity in Investment in Capital Assets  
for the year ended March 31, 2001**

Balance, beginning of period . . . . .	\$ <u>86,122,872</u>	\$ <u>88,605,935</u>
Capital Expenditures:		
Land, Buildings & Improvements		
Capital Grant, L E Shaw Project . . . . .	---	10,618
Capital Grant Renovation Projects . . . . .	---	76
	<u>---</u>	<u>10,694</u>
Capital expenditures from operating:		
School buses . . . . .	600,600	421,232
Equipment and furnishings . . . . .	256,346	386,792
Land, building & Improvements . . . . .	642,510	768,292
	<u>1,499,456</u>	<u>1,576,316</u>
Retirement of debt:		
Debt . . . . .	---	89,014
	<u>---</u>	<u>89,014</u>
Retirement of fixed assets:		
Disposal of Building . . . . .	---	(4,040,442)
School buses . . . . .	(308,826)	(118,645)
	<u>1,190,630</u>	<u>(2,483,063)</u>
Balance, end of period . . . . .	\$ <u>87,313,502</u>	\$ <u>86,122,872</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Reserve Fund Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Due from Operating Fund .....	\$ 610,784	\$ 610,784
	<u>\$ 610,784</u>	<u>\$ 610,784</u>

**EQUITY**

Special Capital .....	\$ 96,938	\$ 96,938
Reserves for program enhancement:		
School Bus Disposal .....	9,132	9,132
KCDSB History .....	2,000	2,000
Prof. Development - Kings. ....	2,714	2,714
Future Operations. ....	500,000	500,000
	<u>\$ 610,784</u>	<u>\$ 610,784</u>

**Statement of Continuity of Reserves  
For the year ended March 31, 2001**

	Balance at March 31, 2000	Transfers from Operating	Transfers to Operating	Balance at March 31, 2001
Special Capital .....	\$ 96,938	\$ ---	\$ ---	\$ 96,938
School Bus Disposal .....	9,132	---	---	9,132
KCDSB History .....	2,000	---	---	2,000
Prof. Development - Kings. ....	2,714	---	---	2,714
Future Operations. ....	500,000	---	---	500,000
	<u>\$ 610,784</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 610,784</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Trust Funds Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Cash .....	\$ 626,476	\$	554,686
Investments, at cost. ....	3,700		3,700
Due from (to) operating account. ....	(6,461)		(18,465)
	<u>\$ 623,715</u>	\$	<u>539,921</u>

**EQUITY**

Trust funds (Note 5). ....	\$ <u>623,715</u>	\$	<u>539,921</u>
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**Statement of Trust Funds  
for the year ended March 31, 2001**

Balance, beginning of period. ....	\$ 539,921	\$	473,581
Donations received .....	226,907		112,691
Interest earned. ....	34,854		23,737
Disbursements .....	<u>(177,967)</u>		<u>(70,088)</u>
Balance, end of period. ....	\$ <u>623,715</u>	\$	<u>539,921</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Detail of Revenues  
for the year ended March 31, 2001**

	<b>2001</b>		
	Budget	Actual	2000 Actual
<b>PROVINCE OF NOVA SCOTIA</b>			
General Formula . . . . .	\$ 63,068,100	\$ 63,092,673	\$ 62,857,912
Special education . . . . .	4,862,300	4,837,727	4,862,300
Textbook Allocation . . . . .	865,000	865,000	750,600
French special project . . . . .	12,000	13,791	13,439
French Immersion. . . . .	67,972	58,035	37,083
Bus purchase grant . . . . .	600,600	600,600	600,600
Emergency capital grants . . . . .	---	---	140,000
Other. . . . .	125,000	758,600	4,536,557
	\$ 69,600,972	\$ 70,226,426	\$ 73,798,491
 <b>GOVERNMENT OF CANADA</b>			
Human Resources Development . . . . .	\$ 238,476	\$ 231,092	\$ 316,864
Native students . . . . .	200,875	216,764	171,292
Secretary of State:			
Minority Language . . . . .	42,400	26,379	33,024
French Special Projects . . . . .	33,265	81,923	52,809
French Immersion. . . . .	169,930	145,085	92,039
Other. . . . .	---	---	(551)
	\$ 684,946	\$ 701,243	\$ 665,477
 <b>APPROPRIATIONS FROM COUNCILS</b>			
<b>Mandatory</b>			
Town of Annapolis Royal . . . . .	\$ 82,738	\$ 82,738	\$ 80,319
Town of Berwick . . . . .	317,579	317,579	328,055
Town of Bridgetown. . . . .	126,051	126,051	109,501
Town of Hantsport. . . . .	180,508	180,508	182,898
Town of Kentville. . . . .	819,527	689,213	791,591
Town of Middleton . . . . .	235,443	235,443	255,964
Town of Windsor . . . . .	480,434	480,448	480,040
Town of Wolfville. . . . .	427,621	427,793	444,181
Municipality of Annapolis. . . . .	2,332,224	2,332,224	2,333,416
Municipality of Kings . . . . .	7,907,611	8,037,925	7,930,422
Municipality of West Hants. . . . .	1,622,696	1,622,696	1,592,182
	\$ 14,532,432	\$ 14,532,618	\$ 14,528,569
 <b>BOARD OPERATIONS</b>			
Investment interest. . . . .	\$ 35,000	\$ 126,498	\$ 12,798
Cafeterias. . . . .	1,063,481	1,138,524	1,055,873
Adult Education Fees & Revenues. . . . .	811,133	1,461,974	988,210
Facility and Bus Rental . . . . .	5,000	7,286	21,134
Sale of Assets. . . . .	6,500	5,519	576
Other Fees & revenues . . . . .	1,040,822	1,652,375	1,425,587
	\$ 2,961,936	\$ 4,392,176	\$ 3,504,178

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures  
for the year ended March 31, 2001**

**2001**

	<u>Budget</u>	<u>Actual</u>	<u>2000 Actual</u>
<b>REGIONAL BOARD MANAGEMENT</b>			
Salaries and Wages . . . . .	\$ 1,351,508	\$ 1,356,723	\$ 1,250,575
Board Member expense . . . . .	110,400	110,099	107,258
Employee benefits . . . . .	84,982	94,932	172,735
Supplies and materials . . . . .	107,840	99,823	112,338
Telephone . . . . .	36,464	40,936	11,349
Travel and conference - staff . . . . .	44,294	25,035	49,178
Travel and conference - board . . . . .	36,300	33,812	50,740
Insurance . . . . .	114,180	114,180	104,250
Professional fees . . . . .	97,150	94,071	117,010
Contracted Services . . . . .	10,213	9,361	20,914
Office Rental & Maintenance . . . . .	166,847	166,860	150,523
Advertising and Promotion . . . . .	44,100	26,367	48,949
Equipment Contracts . . . . .	4,500	3,566	4,418
NSSBA & Other Dues & Fees . . . . .	48,312	44,545	87,768
In-Service & Prof. Development . . . . .	5,100	6,674	15,447
Occupational Health & Safety . . . . .	16,073	7,378	80,285
Bank charges . . . . .	68,100	69,796	34,843
School Board Elections . . . . .	25,000	8,641	
Other . . . . .	14,124	15,213	15,530
	<u>\$ 2,385,487</u>	<u>\$ 2,328,012</u>	<u>\$ 2,434,110</u>
 <b>SCHOOL ADMINISTRATION &amp; INSTRUCTION</b>			
Salaries and Wages			
Administration . . . . .	\$ 4,787,990	\$ 5,010,776	\$ 4,805,847
Instructional . . . . .	40,959,810	40,286,972	40,436,483
Substitutes . . . . .	1,762,000	1,918,184	1,931,360
Sabbatical . . . . .	222,000	210,000	364,026
Library . . . . .	703,095	700,202	696,382
Guidance . . . . .	876,260	876,260	901,609
Clerical . . . . .	1,682,897	1,803,989	1,586,062
Other . . . . .	1,486,661	1,460,977	1,457,310
Employee Benefits . . . . .	3,218,787	3,119,024	3,109,576
Professional Development . . . . .	434,800	335,441	457,300
Service Awards . . . . .	240,000	278,843	1,071,662
Supplies and Materials . . . . .	1,175,816	1,313,948	1,501,421
Inservice training . . . . .	62,900	89,864	182,526
Conference grants . . . . .	113,000	125,672	88,247
Travel and conferences . . . . .	119,839	116,903	162,239
Telephone . . . . .	248,886	259,252	226,746
Computer Services . . . . .	180,385	189,820	294,486
Textbook Allocation . . . . .	865,000	865,000	865,000
Library books and aids . . . . .	6,094	26,227	60,086
Other . . . . .	58,455	458,013	330,605
	<u>\$ 59,204,675</u>	<u>\$ 59,445,367</u>	<u>\$ 60,528,973</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
for the year ended March 31, 2001**

**2001**

	<u>Budget</u>		<u>Actual</u>		<u>2000 Actual</u>
<b>SCHOOL CAFETERIAS</b>					
Salaries and Wages . . . . .	\$ 333,814	\$	370,440	\$	343,290
Employee Benefits . . . . .	39,667		39,746		38,897
Food and materials. . . . .	690,000		742,352		688,439
	<u>\$ 1,063,481</u>	\$	<u>1,152,538</u>	\$	<u>1,070,626</u>
 <b>PROPERTY SERVICES</b>					
Rental of Facilities P3. . . . .	\$ ---	\$	---	\$	684,000
Salaries and wages. . . . .	2,270,366		2,242,914		2,205,129
Employee benefits . . . . .	347,776		344,361		336,863
Supplies and materials. . . . .	694,000		567,136		778,295
In-Service & Prof. Development . . . . .	90		416		299
Travel and conferences. . . . .	60,487		50,623		59,971
Insurance . . . . .	187,975		188,075		170,887
Utilities. . . . .	2,175,620		2,282,147		1,952,053
Contracted services - Maintenance. . . . .	259,500		216,989		291,398
Contracted services - Custodial. . . . .	1,366,321		1,420,335		1,396,708
Telephone . . . . .	23,544		22,255		45,214
Computer Services. . . . .	300		177		13,190
Other Expenses . . . . .	32,588		53,557		98,542
	<u>\$ 7,418,567</u>	\$	<u>7,388,985</u>	\$	<u>8,032,549</u>
 <b>PUPIL TRANSPORTATION</b>					
Salaries and Wages . . . . .	\$ 1,716,853	\$	1,766,025	\$	1,729,944
Employee benefits . . . . .	267,251		280,272		246,270
Vehicle operating:					
Gas and oil. . . . .	171,883		236,629		160,951
Tires. . . . .	37,400		40,761		37,381
Repairs and maintenance . . . . .	258,312		265,103		157,226
License and insurance. . . . .	43,000		42,728		42,977
Supplies and materials . . . . .	108,082		69,429		110,509
Maintenance and utilities:					
Garages. . . . .	32,850		45,596		32,587
Bus Site maintenance. . . . .	2,300		1,393		2,253
Travel & conferences. . . . .	14,385		17,923		19,207
Contract conveyance. . . . .	3,559,104		3,504,434		3,965,033
Inservice training . . . . .	6,700		7,727		4,870
Extra-curricular (Recoveries) . . . . .	---		(52,804)		(48,709)
Telephone . . . . .	10,752		11,064		11,565
Other . . . . .	25,300		22,043		25,527
	<u>\$ 6,254,172</u>	\$	<u>6,258,323</u>	\$	<u>6,497,591</u>

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

**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
for the year ended March 31, 2001**

**2001**

	Budget		Actual		2000 Actual
	<u>          </u>		<u>          </u>		<u>          </u>
<b>SPECIAL EDUCATION</b>					
Salaries and Wages . . . . .	\$ 8,978,868	\$	8,916,325	\$	8,851,038
Employee benefits . . . . .	783,347		811,937		667,382
Supplies and materials. . . . .	61,843		41,831		75,073
Travel and conferences. . . . .	42,550		50,222		63,096
Telephone. . . . .	14,116		12,255		10,435
In Service & Prof. Development. . . . .	4,350		2,334		13,740
Other . . . . .	10,000		30,830		10,300
	<u>\$ 9,895,074</u>	\$	<u>9,865,734</u>	\$	<u>9,691,064</u>
 <b>ADULT EDUCATION</b>					
Salaries and wages. . . . .	\$ 854,479	\$	1,060,030	\$	1,054,383
Employee benefits . . . . .	62,650		80,724		80,426
Supplies and materials. . . . .	90,100		225,483		191,374
Travel and conferences. . . . .	23,800		43,190		48,458
Facility Rental . . . . .	86,000		126,365		125,099
Telephone. . . . .	19,712		30,004		38,320
Inservice & Prof. Development . . . . .	6,000		40,025		21,816
Computer Services. . . . .	6,800		9,065		6,084
Advertising & Promotion. . . . .	19,200		23,824		46,298
Other . . . . .	52,000		103,766		20
	<u>\$ 1,220,741</u>	\$	<u>1,742,476</u>	\$	<u>1,612,278</u>
 <b>FEDERAL PROGRAMS</b>					
Co-op Education. . . . .	\$ 21,006	\$	47,856	\$	8,232
Reading Recovery . . . . .	---		---		52,736
	<u>\$ 21,006</u>	\$	<u>47,856</u>	\$	<u>60,968</u>
 <b>DEBT SERVICE COSTS</b>					
Principal . . . . .	\$ ---	\$	---	\$	89,014
Interest. . . . .	---		---		3,783
	<u>\$ ---</u>	\$	<u>---</u>	\$	<u>92,797</u>
 <b>CAPITAL PURCHASES</b>					
Repair and renovations. . . . .	\$ 129,262	\$	642,510	\$	768,292
Furniture and equipment. . . . .	193,292		275,853		416,448
Transportation - buses. . . . .	600,600		600,600		421,232
	<u>\$ 923,154</u>	\$	<u>1,518,963</u>	\$	<u>1,605,972</u>

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



**ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD**

**Notes to the Financial Statements  
March 31, 2001**

**1. Summary of significant accounting policies**

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Department of Education School Board Financial Handbook.

**Financial statement presentation**

The financial statements to the Board have been prepared in accordance with the fund basis of accounting.

**Basis of accounting**

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis. Teachers' salaries and those of non-teaching employees are recorded on the cash basis. No provision is made for the accrual of service award credits earned. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

**School property, equipment, buses and other vehicles**

School property, equipment and buses taken over from the Kings County District School Board which were previously transferred from the Kings County Amalgamated School Board and the Town of Hantsport have been recorded at costs to the Amalgamated Board and the Town respectively. Assets taken over from the Annapolis District School Board and Hants West District School Board which were formerly held by municipal units are recorded at their transferred amount.

Under the previous district school board agreements for the Annapolis and Hants West District School Boards, all school buildings and land on hand at December 31, 1981 remain assets of the municipal units but are under the operational control of the Board until such time as the Board no longer requires the asset for school board purposes. At that time control will revert back to the municipal units.

All major capital additions to school buildings on hand at December 31, 1981 and any new school construction commencing after that date are assets of the Board. As a result, the Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the school board under the circumstances noted above, a portion of the proceeds will be payable to the school board. In the event of the destruction of a building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the school board.

All capital additions and acquisitions since December 31, 1981 have been recorded at actual cost. Depreciation is not being recorded on the school buildings, equipment, buses or other vehicles.

**2. Restricted cash and investments**

Schedule of restricted cash and investments:	2001	2000
Operating fund (pg. 17)		
Surplus - Restricted (Cafeterias) .....	\$ <u>76,181</u>	\$ <u>34,560</u>

**3. Early Retirement Program**

During the 2000-2001 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

**4. Board Lease Liability**

Lease Liability

During 1998-99 the Annapolis Valley Regional School Board entered into two Capital Lease Agreements for equipment purchases. The remaining commitments for subsequent years are as follows:

2001-2002	\$ 121,887
-----------	------------

**5. Trust funds**

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. The following is a summary of the trusts and their activity during the year. Effective April 1, 1997 the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.

Managed Trust Funds:

	March 31, <u>2000</u>	<u>Additions</u>	<u>Interest</u>	<u>Disburse- ments</u>	March 31, <u>2001</u>
ACES Trust . . . . .	\$ 3,151	\$ ---	\$ 159	\$ 1,000	\$ 2,310
ARRA Library Trust . . . . .	5,793	70	334	---	6,197
Atkinson Trust . . . . .	2,212	125	124	350	2,111
Barteau Trust . . . . .	---	5,082	206	500	4,788
Bateman Trust . . . . .	1,097	---	63	---	1,160
Beals Trust . . . . .	120,137	21,939	7,510	5,300	144,286
Beattie Trust . . . . .	10,491	---	596	425	10,662
Bergevin Trust . . . . .	---	1,204	47	200	1,051
Blackburn Trust . . . . .	44	---	2	---	46
Borden Trust . . . . .	3,394	---	194	150	3,438
Brannon Trust . . . . .	---	870	24	---	894
Carter Trust . . . . .	6,796	---	375	500	6,671
Clarke . . . . .	---	6,191	165	---	6,356
Coldwell Trust . . . . .	5,170	---	291	225	5,236
Cummings Trust . . . . .	12,640	---	718	500	12,858
Dalton Trust . . . . .	15,499	---	886	625	15,760
DeEll Trust . . . . .	52,518	---	3,020	---	55,538
Evans Trust . . . . .	---	973	35	150	858
Haskell Trust . . . . .	22,036	1,000	1,286	1,000	23,322
Hibbard Trust . . . . .	10,513	---	594	400	10,707
Horton Alumni . . . . .	2,328	---	126	250	2,204
Hudgins Trust . . . . .	415	---	23	18	420
Inglis Trust . . . . .	21,203	---	1,195	950	21,448
Jones - BRES . . . . .	4,693	---	295	---	4,988
Jones-BRHS . . . . .	14,113	2,599	926	4,455	13,183
Johnson Trust . . . . .	11,198	---	630	450	11,378
KCA Closing . . . . .	---	5,000	212	---	5,212
KCDSB Trust(Warner). . . . .	5,051	64	291	---	5,406
Lockhart Trust . . . . .	---	1,999	75	500	1,574
Lyons Trust . . . . .	4,745	---	267	220	4,792
Margeson . . . . .	---	2,302	3	---	2,305
MacFarlane . . . . .	---	8,407	244	---	8,651
MacNutt Trust . . . . .	32,108	800	1,860	1,000	33,768
Mitchell Trust . . . . .	1,327	---	76	60	1,343
MRHS 40 th Ann. Trust . . . . .	10,720	4	607	400	10,931
Neily Trust . . . . .	408	---	23	8	423
Nixon Trust . . . . .	4,948	500	300	250	5,498
Harry E. Parker Trust . . . . .	2,789	1,580	224	200	4,393
Rena B. Parker Trust . . . . .	37,659	---	2,120	1,740	38,039
Quartermain Trust . . . . .	333	1,464	56	600	1,253
Rainforth Trust . . . . .	413	---	24	---	437
Sinnott Trust . . . . .	10,799	---	609	500	10,908
Earle Spicer Trust . . . . .	22,341	---	1,056	850	22,547
Worthylake Trust . . . . .	---	15,648	617	2,000	14,265
Funds held temporarily for redistribution:					
Foundation . . . . .	<u>80,839</u>	<u>149,086</u>	<u>6,366</u>	<u>152,191</u>	<u>84,100</u>
	<u>\$ 539,921</u>	<u>\$ 226,907</u>	<u>\$ 34,854</u>	<u>\$ 177,967</u>	<u>\$ 623,715</u>

**6. Contingencies**

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

**7. Pension Plan**

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf on the non-teaching employees. The Boards teachers are covered by a pension plan established by the Province pursuant to the Teacher's Pension Act.

**8. Commitments**

Facility Rental

On March 5, 1997 the Annapolis Valley Regional School Board accepted a proposal from the Western Kings Memorial Health Centre for the provision of 17,000 square feet of office space to house the regional school board's administrative operations. Subsequently the Board also approved the acquisition of a further 1,000 square feet. The Board has entered into a 10 year lease for the facility and is committed to the following lease payments:

2001-2002	\$ 135,000
2002-2003	\$ 144,000 + prior year CPI
2003-2004	Prior year rate + prior year CPI
2004-2005	Prior year rate + prior year CPI
2005-2006	Prior year rate + prior year CPI
2006-2007	Prior year rate + prior year CPI

Addition

During 1999-2000, the Board acquired 1,248 square feet of storage space in the building basement for an annual flat rate of \$5,000. As well, 2,160 additional square feet were acquired and renovated on the second floor for the duration of the original lease term. This additional space is at the rate of \$10.00 per square foot with a minimum 3% annual increase.

P-3 Schools

The Board currently has three schools which were built and are operated under the Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are made by the Province to the Private Partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the Board. The recovery amount is deducted from the Board's annual funding allocation before the funding is distributed. The recovery amount for the 2000-01 fiscal year was \$883,900. The recovery amount for 1999-2000 was \$684,000.

## AUDITOR'S REPORT

To the Governors and Members of the  
**Art Gallery of Nova Scotia**

We have audited the financial statements of the Art Gallery of Nova Scotia consisting of the following:

Art Gallery of Nova Scotia	- Combined Balance Sheet as at March 31, 2001
Gallery, Gallery Shop, Product Development and Western Branch	- Balance Sheet as at March 31, 2001
Gallery	- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2001
Gallery Shop	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001
Product Development	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001
Western Branch	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001
Endowment Fund	- Balance Sheet as at March 31, 2001 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001
Phase II Expansion Fund	- Balance Sheet as at March 31, 2001 - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2001
Acquisition Fund	- Balance Sheet as at March 31, 2001 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

These financial statements are the responsibility of the Gallery'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 common with many charitable organizations, the Art Gallery of Nova Scotia derives revenues from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible of conclusive audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenues might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit).

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Art Gallery of Nova Scotia as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP  
Chartered Accountants

Halifax, Canada  
May 11, 2001

**ART GALLERY OF NOVA SCOTIA**

**Combined Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents.....	\$ 1,048,260	\$ 614,524
Accounts receivable .....	99,546	140,044
Inventory .....	194,767	147,240
	<u>1,342,573</u>	<u>901,808</u>
Investments (market value - \$3,007,982; 2000 - \$3,517,977) (note 5).....	2,527,573	3,072,107
	<u>\$ 3,870,146</u>	<u>\$ 3,973,915</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable and accrued liabilities .....	\$ 2,401,538	\$ 2,223,340
Deferred revenue .....	66,140	48,800
	<u>2,467,678</u>	<u>2,272,140</u>
(Deficit) Surplus - Gallery .....	(142,958)	3,763
Surplus - Gallery Shop .....	166,085	159,293
Surplus - Product Development .....	3,876	---
Surplus - Western Branch .....	2,750	197,168
Surplus - Endowment Fund .....	2,023,576	2,142,734
Deficit - Phase II Expansion Fund .....	(654,875)	(783,009)
Surplus (deficit) - Acquisition Fund .....	4,014	(18,174)
	<u>1,402,468</u>	<u>1,701,775</u>
	<u>\$ 3,870,146</u>	<u>\$ 3,973,915</u>

**Gallery, Gallery Shop, Product Development and Western Branch  
Balance Sheet  
as at March 31, 2001**

<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents.....	\$ 177,269	\$ 346,507
Accounts receivable.....	98,169	138,042
Due from Acquisition Fund .....	10,000	5,000
Due from Endowment Fund .....	18,900	19,608
Due from Phase II Expansion Fund.....	26,800	7,500
Inventory .....	194,767	147,240
	<u>\$ 525,905</u>	<u>\$ 663,897</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable and accrued liabilities .....	\$ 430,012	\$ 254,873
Deferred revenue .....	66,140	48,800
	<u>496,152</u>	<u>303,673</u>
(Deficit) Surplus - Gallery .....	(142,958)	3,763
Surplus - Gallery Shop .....	166,085	159,293
Surplus - Product Development .....	3,876	---
Surplus - Western Branch .....	2,750	197,168
	<u>29,753</u>	<u>360,224</u>
	<u>\$ 525,905</u>	<u>\$ 663,897</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Gallery  
Statement of Revenue, Expenditures and Deficit  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Province of Nova Scotia (note 3) . . . . .	\$ 1,003,050	\$ 1,180,000
Sponsorships . . . . .	330,760	168,646
Contribution from Endowment Fund . . . . .	215,000	225,000
Other income (note 2) . . . . .	175,813	88,516
Special grants (note 3) . . . . .	171,900	176,900
Admission . . . . .	47,420	38,924
Memberships . . . . .	42,753	39,264
Donations - AGNS appeal, major gifts. . . . .	42,372	35,288
Public Education Programs . . . . .	40,243	46,323
Special events. . . . .	27,740	34,195
Corporate campaign. . . . .	20,340	15,841
Contribution from Gallery Shop. . . . .	10,000	7,000
Interest. . . . .	8,715	10,108
Phase II expansion fees . . . . .	---	7,500
	<u>2,136,106</u>	<u>2,073,505</u>
 <b>Expenditures (Schedule)</b>		
Salaries and benefits . . . . .	793,110	783,006
Building operations. . . . .	602,121	578,787
Exhibitions and Programming . . . . .	600,497	435,251
Administration . . . . .	153,230	147,622
Development/public relations. . . . .	101,724	105,007
Printing and publication . . . . .	15,219	11,619
Technology. . . . .	10,081	4,335
Miscellaneous . . . . .	6,845	7,275
	<u>2,282,827</u>	<u>2,072,902</u>
 <b>Excess of expenditures over revenue for the year. . . . .</b>	 (146,721)	 603
 Surplus, beginning of year . . . . .	 3,763	 3,160
<b>(Deficit) surplus, end of year. . . . .</b>	<b>\$ <u>(142,958)</u></b>	<b>\$ <u>3,763</u></b>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Gallery  
Schedule of Expenditures  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Salaries and Benefits</b>		
Salaries and employee benefits .....	\$ 793,110	\$ 783,006
	<u>793,110</u>	<u>783,006</u>
 <b>Building Operations</b>		
Utilities .....	209,061	205,751
Security .....	174,376	170,165
Climate control .....	133,188	124,941
Building maintenance and cleaning .....	46,275	43,669
Insurance .....	26,237	23,384
Elevator maintenance .....	9,063	10,031
Building repairs .....	3,921	846
	<u>602,121</u>	<u>578,787</u>
 <b>Exhibitions and Programming</b>		
Programs .....	576,092	398,807
Workshop supplies .....	8,625	14,705
Vehicle .....	7,722	5,515
Collections management and gallery services .....	6,454	14,855
Conservation lab .....	1,604	1,369
	<u>600,497</u>	<u>435,251</u>
 <b>Administration</b>		
Stationery and postage .....	57,188	51,935
Telephone .....	28,312	26,178
Travel .....	26,946	25,534
Professional fees .....	16,302	19,105
Equipment rental .....	13,890	14,458
Memberships .....	5,535	5,208
Equipment maintenance .....	4,134	2,866
Delivery administration .....	923	2,338
	<u>153,230</u>	<u>147,622</u>
 <b>Development/public relations</b>		
Development/public relations .....	101,724	105,007
	<u>101,724</u>	<u>105,007</u>
 <b>Printing and Publication</b>		
Printing and publication .....	13,200	11,291
Photography .....	2,019	328
	<u>15,219</u>	<u>11,619</u>
 <b>Technology</b>		
Technology .....	7,861	2,771
Training and development .....	2,220	1,564
	<u>10,081</u>	<u>4,335</u>
 <b>Miscellaneous</b>		
Bank charges .....	4,031	3,434
Miscellaneous .....	2,814	3,841
	<u>6,845</u>	<u>7,275</u>
 <b>Total Expenditures</b> .....	\$ <u>2,282,827</u>	\$ <u>2,072,902</u>

See accompanying notes



**ART GALLERY OF NOVA SCOTIA**

**Gallery Shop  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Art and craft sales .....	\$ 237,144	\$ 203,509
Art and craft sales on consignment .....	115,991	122,272
Books, notes and posters .....	38,983	57,240
	<u>392,118</u>	<u>383,021</u>
Cost of sales .....	225,591	207,421
<b>Gross profit</b> .....	<u>166,527</u>	<u>175,600</u>
 <b>Expenditures</b>		
Salaries and employee benefits .....	96,165	76,769
Office and administration .....	51,629	43,721
Promotional .....	1,941	15,715
	<u>149,735</u>	<u>136,205</u>
 <b>Excess of gross profit over expenditures for the year</b> .....		
	16,792	39,395
Surplus, beginning of year .....	159,293	149,548
Contribution to Gallery .....	(10,000)	(7,000)
Contribution to Acquisition Fund .....	---	(22,650)
<b>Surplus, end of year</b> .....	<u>\$ 166,085</u>	<u>\$ 159,293</u>

**Product Development  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2001**

<b>Revenue</b> .....	\$ 43,494	\$ ---
<b>Cost of sales</b> .....	<u>18,206</u>	<u>---</u>
<b>Gross profit</b> .....	<u>25,288</u>	<u>---</u>
 <b>Expenditures</b>		
Salaries and employee benefits .....	14,880	---
Office and administration .....	3,240	---
Promotional .....	2,685	---
Members' discount .....	607	---
	<u>21,412</u>	<u>---</u>
 <b>Excess of gross profit over expenditures for the year</b> .....		
	3,876	---
Surplus, beginning of year .....	---	---
<b>Surplus, end of year</b> .....	<u>\$ 3,876</u>	<u>\$ ---</u>

See accompanying notes

**Western Branch  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Special grants (note 3) . . . . .	\$ 220,000	\$ 723,334
Donations . . . . .	94,082	47,055
Fundraising . . . . .	13,206	---
Interest . . . . .	8,548	15,463
	<u>335,836</u>	<u>785,852</u>
<b>Expenditures</b>		
Building capital cost . . . . .	474,935	419,874
Office and miscellaneous . . . . .	28,730	10,693
Building fundraising . . . . .	21,085	20,337
Building operations . . . . .	5,504	4,713
	<u>530,254</u>	<u>455,617</u>
<b>Excess of expenditures revenue for the year</b> . . . . .	(194,418)	330,235
Surplus (deficit), beginning of year . . . . .	197,168	(133,067)
<b>Surplus, end of year</b> . . . . .	<u>\$ 2,750</u>	<u>\$ 197,168</u>

**Endowment Fund  
Balance Sheet  
as at March 31, 2001**

**ASSETS (note 4)**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 9,669	\$ 262,117
Accounts receivable . . . . .	812	1,129
Due from Acquisition Fund . . . . .	23,132	18,892
	<u>33,613</u>	<u>282,138</u>
Investments (market value - \$3,007,982; 2000 - \$2,817,977) (note 5) . . . . .	2,527,573	2,372,106
	<u>\$ 2,561,186</u>	<u>\$ 2,654,244</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable . . . . .	\$ 5,218	\$ 8,586
Due to Gallery . . . . .	18,900	19,608
	<u>24,118</u>	<u>28,194</u>
Due to Phase II . . . . .	<u>513,492</u>	<u>483,316</u>
<b>Surplus</b>		
Restricted . . . . .	300,000	300,000
Unrestricted . . . . .	1,723,576	1,842,734
	<u>2,023,576</u>	<u>2,142,734</u>
	<u>\$ 2,561,186</u>	<u>\$ 2,654,244</u>

See accompanying notes

ART GALLERY OF NOVA SCOTIA

**Endowment Fund  
Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue (Note 4)</b>		
Investment income . . . . .	\$ 154,985	\$ 170,599
Life memberships . . . . .	26,500	22,000
Marian deWitt Endowment . . . . .	1,000	18,294
Oyler project . . . . .	7,500	5,000
Restricted donations . . . . .	150	10,507
Gallery endowments . . . . .	---	4,117
	<u>190,135</u>	<u>230,517</u>
 <b>Expenditures (note 4)</b>		
Trustee fees . . . . .	24,762	21,183
Administration . . . . .	16,049	13,116
Promotion and public relations . . . . .	14,880	6,646
Donor restricted projects . . . . .	7,921	2,329
Printing and postage . . . . .	7,440	3,500
Life membership servicing . . . . .	5,615	5,356
Gallery Endowment expenses . . . . .	2,265	13,122
Receptions . . . . .	300	822
Miscellaneous . . . . .	61	4,581
	<u>79,293</u>	<u>70,655</u>
<b>Excess of revenue over expenditures for the year . . . . .</b>	110,842	159,862
Surplus, beginning of year . . . . .	2,142,734	2,215,872
	<u>2,253,576</u>	<u>2,375,734</u>
 Contribution to Gallery . . . . .	(215,000)	(225,000)
Contribution to Acquisition Fund . . . . .	(15,000)	(8,000)
	<u>(230,000)</u>	<u>(233,000)</u>
 <b>Surplus, end of year . . . . .</b>	2,023,576	2,142,734
Less: restricted surplus . . . . .	(300,000)	(300,000)
 <b>Unrestricted surplus, end of year . . . . .</b>	<u>\$ 1,723,576</u>	<u>\$ 1,842,734</u>

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Phase II Expansion Fund  
Balance Sheet  
as at March 31, 2001

ASSETS	2001	2000
<b>Current</b>		
Cash .....	\$ 819,046	\$ ---
Investments (market value - \$nil; 2000 - \$700,000) (note 5) .....	---	700,000
	<u>819,046</u>	<u>700,000</u>
Due from Endowment Fund .....	513,492	483,316
	<u>\$ 1,332,538</u>	<u>\$ 1,183,316</u>
 <b>LIABILITIES AND DEFICIT</b>		
<b>Current</b>		
Accounts payable .....	\$ 1,960,613	\$ 1,958,825
Due to Gallery .....	26,800	7,500
	<u>1,987,413</u>	<u>1,966,325</u>
Deficit .....	(654,875)	(783,009)
	<u>\$ 1,332,538</u>	<u>\$ 1,183,316</u>

Phase II Expansion Fund  
Statement of Revenue, Expenditures and Deficit  
for the year ended March 31, 2001

<b>Revenue</b>		
Pledges and donations .....	\$ 176,390	\$ 286,920
Investment income .....	71,910	59,508
	<u>248,300</u>	<u>346,428</u>
 <b>Expenditures</b>		
Capital expenses .....	103,391	113,700
Fundraising expenses .....	10,189	9,844
Trustee fees .....	6,326	6,689
Furniture and fixtures .....	260	18,856
Miscellaneous .....	---	567
	<u>120,166</u>	<u>149,656</u>
<b>Excess of revenue over expenditures for the year</b> .....	128,134	196,772
Deficit , beginning of year .....	(783,009)	(979,781)
<b>Deficit, end of year</b> .....	<u>\$ (654,875)</u>	<u>\$ (783,009)</u>

See accompanying notes

**ART GALLERY OF NOVA SCOTIA**

**Acquisition Fund  
Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 42,276	\$ 5,900
Accounts receivable .....	566	874
	<u>\$ 42,842</u>	<u>\$ 6,774</u>

**LIABILITIES AND SURPLUS**

<b>Current</b>		
Accounts payable .....	\$ 5,696	\$ 1,056
Due to Endowment Fund .....	23,132	18,892
Due to Gallery .....	10,000	5,000
	<u>38,828</u>	<u>24,948</u>
Surplus (deficit) .....	4,014	(18,174)
	<u>\$ 42,842</u>	<u>\$ 6,774</u>

**Statement of Revenue, Expenditures and Surplus  
for the year ended March 31, 2001**

<b>Revenue</b>		
Donations:		
Art Sales and Rental Society .....	\$ 45,000	\$ 35,560
Other .....	21,790	32,625
Friends of the Gallery .....	6,000	7,083
Grants (note 3) .....	22,870	65,855
Contribution from Endowment Fund .....	15,000	8,000
AGNS Appeal .....	14,522	15,988
Interest .....	159	446
Contribution from Gallery Shop .....	---	22,650
	<u>125,341</u>	<u>188,207</u>
<b>Expenditures</b>		
Acquisitions .....	56,795	167,587
Appraisal and professional fees .....	30,808	15,249
Insurance .....	10,000	5,000
Promotion .....	2,009	4,228
Administration .....	2,000	10,543
Shipping .....	827	1,413
Miscellaneous .....	649	11,779
Bank charges .....	65	112
Permanent collection exhibit .....	---	1,663
Maud Lewis House .....	---	125
	<u>103,153</u>	<u>217,699</u>
<b>Excess of revenue over expenditures for the year .....</b>	22,188	(29,492)
(Deficit) surplus, beginning of year .....	(18,174)	11,318
<b>Surplus (deficit), end of year .....</b>	<u>\$ 4,014</u>	<u>\$ (18,174)</u>

See accompanying notes

## ART GALLERY OF NOVA SCOTIA

### Notes to Financial Statements for the year ended March 31, 2001

#### 1. Purpose of the Organization

The Art Gallery of Nova Scotia's ("AGNS") mandate is to preserve the provinces's unique visual and cultural history through the acquisition, conversation and display of art, and the provision of art education to learners of all ages.

The Art Gallery of Nova Scotia is registered as a charitable organization under the Income Tax Act and, s 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 AGNS must meet certian requirements within the Act. In the opinion of management, these requirements have been met.

#### 2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable limits of materiality and within the framework of the accounting policies summarized below:

##### **Fund accounting**

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the AGNS, the accounts of the AGNS 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.

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

The AGNS Gallery Fund supports the day to day operations of the Gallery including all programming, exhibitions, development, public relations, conservation, and collections management.

The purpose of the AGNS Acquisition Fund is to purchase works of art for the Gallery and cover costs associated with acquiring these works.

The AGNS Endowment Fund exists to support and manage all of the investments for the long term survival of the Gallery. The investments are managed by a professional fund manager and the Investment Committee is responsible for monitoring the fund on behalf of the Board of Governors.

The AGNS Phase II Fund was established in 1998 when the Gallery began expansion into the Provincial Building. This fund will cease to exist when all pledges towards the project have been received.

The AGNS Western Branch Fund is primarily a capital fund with the purpose of completing the construction of the Western Branch in Yarmouth. The expected date of completion is 2002.

The AGNS Gallery Shop serves dual purposes, firstly it is an excellent showcase for AGNS branded products developed around major traveling exhibitions. Secondly, to extend the educational experience of our visitors exposing them to the best that Nova Scotia has to offer in fine craft and art. The sale of products also provides financial support to artists and craftspeople. Funds generated support acquisitions of art work for the Gallery and other special need projects.

AGNS Product Development is a new initiative this year for the Gallery to develop and market AGNS branded projects under various copyrights and provide an opportunity for AGNS to license its intellectual property. Potential revenues from this fund will be directed to special projects as determined by the Gallery.

##### **Cash and equivalents**

Cash and equivalents are cash and short term liquid investments with a maturity of 90 days or less.

**Inventory**

Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value.

**Investments**

Investments are recorded at cost. Income is recognized on the settlement date.

**Revenue recognition**

Revenue from donations is recognized when received. All other revenue, with the exception of investment income, is recognized on the accrual basis of accounting.

**Acquisitions**

Acquisitions of works of art, including donated works, become the property of the province of Nova Scotia. Accordingly, acquisitions paid for by the Art Gallery of Nova Scotia are expensed in the year acquired. Acquisitions expensed in the current year amounted to \$56,795 (2000 - \$167,587).

**Other income**

Other income includes revenue from rental spaces, catalogue sales, advertising and gallery services.

**Contributed service**

Volunteers contribute approximately 10,000 hours per year to assist the Art Gallery of Nova Scotia in carrying out its mandate. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

**3. Government Assistance**

During the year the Art Gallery of Nova Scotia recognized revenue from provincial, federal and other grants which are recorded as follows:

	<b>2001</b>	<b>2000</b>
<b>Gallery Fund:</b>		
Nova Scotia Department of Tourism and Culture . . . . .	\$ 1,003,050	\$ 1,180,000
Canada Council for the Arts . . . . .	165,900	165,900
Halifax Regional Municipality . . . . .	6,000	6,000
Federal Department of Canadian Heritage . . . . .	---	5,000
	<u>1,174,950</u>	<u>1,356,900</u>
<b>Western Branch Fund:</b>		
Nova Scotia Department of Tourism and Culture . . . . .	80,000	---
Town of Yarmouth. . . . .	50,000	---
Municipal District of Yarmouth. . . . .	10,000	---
Department of Economic Development and Tourism . . . . .	80,000	720,000
District of Argyle . . . . .	---	3,334
	<u>220,000</u>	<u>723,334</u>
<b>Acquisition Fund:</b>		
Canada Council for the Arts . . . . .	22,870	29,382
Federal Department of Canadian Heritage . . . . .	---	36,473
	<u>22,870</u>	<u>65,855</u>
	<u>\$ 1,417,820</u>	<u>\$ 2,146,089</u>

**4. Endowment Fund**

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the fund, or a portion thereof as determined by the Board of Governors, after a balance of \$500,000 has been accumulated shall be available for the purpose of:

- a) the acquisition of artworks for the permanent collection;
- b) the expansion of exhibition and art education programs; and
- c) other special projects.

The funds which will be placed in the Endowment Fund will be:

- a) donations designated as such by the donor;
- b) special types of donations which are stipulated to go to the Fund, such as Life Member's fees; and
- c) any funds specifically designated by the Board of Governors.

Expenses relating to the activities of the Endowment Fund will be charged to the Endowment Fund.

**5. Investments**

The investments included in the Art Gallery of Nova Scotia's financial statements are comprised of the following:

	2001		2002	
	Cost	Market Value	Cost	Market Value
<b>Endowment Fund</b>				
Money market .....	\$ ---	\$ ---	\$ 37,661	\$ 37,661
Equity.....	<u>2,527,573</u>	<u>3,007,982</u>	<u>2,334,446</u>	<u>2,780,316</u>
	<u>2,527,573</u>	<u>3,007,982</u>	<u>2,372,107</u>	<u>2,817,977</u>
<b>Phase II Expansion Fund</b>				
GIC.....	---	---	700,000	700,000
	<u>\$ 2,527,573</u>	<u>\$ 3,007,982</u>	<u>\$ 3,072,107</u>	<u>\$ 3,517,977</u>

**6. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.



## AUDITORS' REPORT

To The Directors of  
Bedford Waterfront Development Corporation Limited

We have audited the balance sheet of Bedford Waterfront Development Corporation Limited as at March 31, 2001 and the statements of earnings 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 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, 2001 and the results of operations and cash flows of the Corporation for the year ended, in accordance with generally accepted accounting principles.

WHITE BURGESS LANGILLE INMAN  
Chartered Accountants

Bedford, Nova Scotia  
May 30 2001

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Balance Sheet**  
**as at March 31, 2001**

	2001	2000
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash . . . . .	\$ 131,594	\$ 1,303
Accounts receivable . . . . .	629,326	742,187
Prepaid expenses . . . . .	366	2,837
Mortgages receivable (note 4) . . . . .	<u>1,400,000</u>	<u>1,985,000</u>
	2,161,286	2,731,327
 <b>REAL ESTATE AND DEVELOPMENT PROJECT -</b>		
PHASE 1 (note 5) . . . . .	---	---
 <b>REAL ESTATE AND DEVELOPMENT PROJECT -</b>		
PHASE 2 (note 6) . . . . .	680,840	948,200
JETTY BREAKWATER PROJECT (note 7) . . . . .	471,021	394,377
CAPITAL ASSETS (note 8) . . . . .	<u>6,667</u>	<u>8,350</u>
	<u>\$ 3,319,814</u>	<u>\$ 4,082,254</u>
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities . . . . .	\$ 40,962	\$ 396,684
LONG-TERM DEBT (note 9) . . . . .	<u>3,155,363</u>	<u>3,562,081</u>
	<u>3,196,325</u>	<u>3,958,765</u>
 <b>SHAREHOLDERS' EQUITY</b>		
RETAINED EARNINGS . . . . .	<u>123,489</u>	<u>123,489</u>
	<u>123,489</u>	<u>123,489</u>
	<u>\$ 3,319,814</u>	<u>\$ 4,082,254</u>
 CONTINGENCY (note 10)		
SUBSEQUENT EVENTS (note 11)		

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Statement of Earnings and Retained Earnings**  
**for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>REVENUE</b>		
Grants - Province of Nova Scotia . . . . .	\$ 140,200	\$ 165,000
Other income . . . . .	<u>63,341</u>	<u>965</u>
	<u>203,541</u>	<u>165,965</u>
<b>EXPENSES</b>		
Chairman's fees . . . . .	---	13,400
Professional fees . . . . .	13,946	---
Directors' fees . . . . .	4,600	11,026
Insurance . . . . .	3,720	4,873
Interest and bank charges . . . . .	54	204
Office expenses . . . . .	9,542	10,171
Depreciation and amortization . . . . .	<u>1,683</u>	<u>2,109</u>
	<u>33,545</u>	<u>41,783</u>
 EXCESS OF REVENUE OVER EXPENDITURES . . . . .	 169,996	 124,182
<b>TRANSFER TO REAL ESTATE AND DEVELOPMENT PROJECTS . . . . .</b>		
	<u>(169,996)</u>	<u>(124,182)</u>
 <b>NET EARNINGS FOR THE YEAR . . . . .</b>	 <u>---</u>	 <u>---</u>
 RETAINED EARNINGS - beginning of year . . . . .	 <u>123,489</u>	 <u>123,489</u>
 RETAINED EARNINGS - end of year . . . . .	 <u>\$ 123,489</u>	 <u>\$ 123,489</u>

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Statement of Cash Flows**  
**for the year ended March 31, 2001**

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash provided from (used in) operations		
Net earnings for the year . . . . .	\$ ---	\$ ---
Items in earnings not involving cash		
Excess of revenue over expenditures . . . . .	169,996	124,182
Depreciation and amortization . . . . .	<u>1,683</u>	<u>2,109</u>
	<u>171,679</u>	<u>126,291</u>
 Change in noncash working capital balances		
Accounts receivable . . . . .	112,861	(649,752)
Prepaid expenses . . . . .	2,471	(158)
Mortgages receivable . . . . .	585,000	(1,685,000)
Accounts payable and accrued liabilities . . . . .	<u>(355,722)</u>	<u>209,289</u>
	<u>516,289</u>	<u>(1,999,330)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt . . . . .	<u>(406,718)</u>	<u>---</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of real estate and construction projects - Phase 1 . . . . .	---	(32,032)
Acquisition of real estate and construction projects - Phase2, net of related revenues of \$292,175 (2000 - 451,098) . . . . .	97,364	(594,226)
Acquisition of jetty breakwater project . . . . .	(76,644)	(52,137)
Net proceeds on disposal of land . . . . .	<u>---</u>	<u>2,472,083</u>
	<u>20,720</u>	<u>1,793,688</u>
 CHANGE IN CASH DURING THE YEAR . . . . .	130,291	(205,642)
 CASH - beginning of year . . . . .	<u>1,303</u>	<u>206,945</u>
 CASH - end of year . . . . .	<u>\$ 131,594</u>	<u>\$ 1,303</u>

**BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED**  
**(Formerly Bedford Waterfront Development Corporation)**

**Notes to Financial Statements**  
**for the year ended March 31, 2001**

**1. BASIS OF ACCOUNTING**

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

**2. GENERAL**

**Waterfront Development Project**

The Corporation was created by a statute of the Legislature of Nova Scotia.

The principal objective of the Corporation is the development of the Bedford waterfront. During the year the Corporation continued development of the project.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Capital Assets**

Capital assets are stated at cost. Depreciation is provided by the diminishing balance method at the following annual rates:

Office equipment	20%
Computer hardware	30%
Computer software	100%
Information booth	20%
Silt curtain	20%

**Capitalization**

All expenditures directly related to acquisition, renovation, development and administration are included in the cost of real estate and development projects or the cost of the jetty breakwater project.

Real estate and development projects are recorded at the lower of cost and net realizable value. The jetty breakwater project is recorded at cost.

**Income taxes**

The Corporation is exempt from income taxes under subsection 149(1) of The Income Tax Act.

**4. MORTGAGES RECEIVABLE**

	<b>2001</b>		<b>2000</b>
Mortgage receivable - site 3.8 . . . . .	\$ ---	\$	300,000
Mortgage receivable - site 4.4 A1 - YB1 . . . . .	---		215,000
Mortgage receivable - site 4.5 . . . . .	<u>1,400,000</u>		<u>1,470,000</u>
	<u>\$ 1,400,000</u>	\$	<u>1,985,000</u>

The amended vendor take-back mortgage on the sale of Site 4.5 accrues interest at 12 % per annum up to December 1, 2000, and at 8.5% per annum thereafter. The first payment of \$70,000 was received in May 2000. The second payment of \$725,000 is to be received on the earlier of June 30, 2001 or the date of the first draw received by the purchaser on its builders' first mortgage. The final payment of \$675,000 is due on September 15, 2001.

5. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1

	2001	2000
Real estate and development projects, at cost . . . . .	\$ 23,040,665	\$ 23,132,813
Property taxes. . . . .	---	4,589
Professional fees . . . . .	---	11,685
Advertising. . . . .	---	1,475
Rockfill . . . . .	---	14,285
	---	32,034
TRANSFER OF EXCESS OF REVENUE OVER EXPENDITURES . . . . .	---	(124,182)
	23,040,665	23,040,665
Less: Capital grants		
Federal. . . . .	5,000,000	
Provincial . . . . .	4,631,203	
Municipal . . . . .	999,250	
	<u>10,630,453</u>	<u>10,630,453</u>
	12,410,212	12,410,212
Less: Asset conveyance to the Town of Bedford. . . . .	6,783,307	6,783,307
Land Sales. . . . .	4,108,035	4,108,035
Non-refundable deposits on land sales. . . . .	71,692	71,692
Write down to realizable value. . . . .	1,093,204	1,093,204
Transfer of costs to Real Estate and Development Project - Phase 2. . . . .	353,974	353,974
	<u>12,410,212</u>	<u>12,410,212</u>
	\$ <u>---</u>	\$ <u>---</u>

Interest in the cumulative amount of \$3,057,704 (2000 - \$3,057,704) and dredging costs of \$1.7 million are included in the total cost of real estate and development projects.

During a prior period, the Corporation conveyed the following assets at its cost to the Town of Bedford:

- (a) parkland and open spaces including improvements thereto;
- (b) boardwalks including improvements thereto;
- (c) all streets and roads completed to Town standards;
- (d) sidewalks and curbs completed to Town standards;
- (e) sanitary and storm sewers and water devices built to Town standards; and
- (f) certain municipal or civic parking areas to be controlled by the Town.

The cost allocated to these assets conveyed amounted to \$6,783,307 and was determined on the basis of the specific contract cost of the bridge, approach road, services and walkways conveyed, landscaping costs specifically for the land conveyed plus the average cost per acre of the remaining land developed for Phase 1 times the number of acres conveyed.

**6. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2**

	<b>2001</b>	<b>2000</b>
Transfer of costs from Real Estate and Development Project - Phase 1. . . . .	\$ 353,974	\$ 353,974
Add: Construction and engineering. . . . .	1,240,135	1,045,324
Less: Other revenues related to the completion of Phase 2. . . . .	(743,273)	(451,098)
Less: Transfer of excess of revenues over expenditures . . . . .	(169,996)	---
Real Estate and Development projects - Phase 2, at cost. . . . .	<u>\$ 680,840</u>	<u>\$ 948,200</u>

**7. JETTY BREAKWATER PROJECT**

The Corporation is completing the south side of their lands by building a jetty breakwater, running southerly off Site 3.2. This jetty breakwater will provide pedestrian and public marine access to the Bedford Basin as well as weather protection for a large public marina.

The project is funded jointly by the Federal, Provincial and Municipal levels of governments as well as a contribution from the Corporation directly for a total cost of \$2,266,433.

The project started in February 1997 and work on the north jetty breakwater has been substantially completed.

	<b>2001</b>	<b>2000</b>
Project, at cost		
Construction and engineering. . . . .	\$ 2,150,204	\$ 2,094,948
Surveying and management fees . . . . .	38,768	38,768
Marketing. . . . .	15,660	15,660
Legal . . . . .	61,801	40,413
	<u>2,266,433</u>	<u>2,189,789</u>
Less: Capital Grants		
Provincial . . . . .	(450,000)	(450,000)
Federal. . . . .	(400,000)	(400,000)
Municipal . . . . .	(390,640)	(390,640)
	<u>(1,240,640)</u>	<u>(1,240,640)</u>
Less:		
Other revenues related to completion of the jetty project. . . . .	(554,772)	(554,772)
	<u>\$ 471,021</u>	<u>\$ 394,377</u>

**8. CAPITAL ASSETS**

	<u>2001</u>			<u>2000</u>	
	Cost	Accumulated Depreciation	Net	Net	
Office equipment. . . . .	\$ 37,097	\$ 34,499	\$ 2,598	\$	3,248
Computer hardware . . . . .	6,469	6,383	86		123
Computer software . . . . .	1,158	1,158	---		---
Information booth. . . . .	8,588	8,023	565		706
Silt curtain. . . . .	9,272	5,854	3,418		4,273
	<u>\$ 62,584</u>	<u>\$ 55,917</u>	<u>\$ 6,667</u>	<u>\$</u>	<u>8,350</u>

**9. LONG-TERM DEBT**

	<b>2001</b>	<b>2000</b>
Department of Economic Development Loan		
Balance - beginning of the year . . . . .	\$ 3,562,081	\$ 3,562,081
Additional advances made during the year . . . . .	---	---
Repayment from land sales . . . . .	<u>406,718</u>	<u>---</u>
Balance - end of year . . . . .	<u>\$ 3,155,363</u>	<u>\$ 3,562,081</u>

The above loan is to be repaid using excess funds from sales of the real estate developments, therefore no known current portion of long-term debt exists.

**10. CONTINGENCY**

A mechanic's lien action has been registered by Waterworks Construction Inc. claiming \$918,077, being the cost to raise a cement caisson which sunk during construction of the north jetty referenced in note 7. It is the opinion of legal counsel that the claim will be defeated.

Nousha Investments Limited has commenced action against the Corporation claiming a proprietary interest in Site 4.5 (Phase 1) as a result of a letter of intent entered into with the Corporation during the year. It is the opinion of legal counsel that the claim will be defeated. This site has subsequently been sold to another purchaser, under which the agreement of purchase and sale required the Corporation to enter into an indemnity agreement to protect the purchaser against possible legal expenses and claims arising from this action.

**11. SUBSEQUENT EVENT**

Effective April 1, 2001, the Articles of Incorporation were amended to approve amalgamation with Waterfront Development Corporation.



## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Cape Breton District Health Authority

We have audited the statement of financial position of the Cape Breton District Health Authority as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the three months then ended. These financial statements are the responsibility of the Hospital'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 Authority as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
September 10, 2001

**CAPE BRETON DISTRICT HEALTH AUTHORITY**

**Statement of Financial Position**

**ASSETS**

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
<b>Current Assets:</b>		
Cash .....	\$ 5,479,900	\$ 6,373,632
Internally restricted cash .....	160,945	160,945
Accounts receivable (note 2) .....	18,603,267	15,175,535
Inventories (note 4) .....	2,339,853	2,549,859
Prepaid expenses .....	<u>502,352</u>	<u>350,201</u>
	<u>27,086,317</u>	<u>24,610,172</u>
Capital assets (note 5)		
Cost .....	246,682,272	243,673,060
Less accumulated amortization .....	<u>80,970,913</u>	<u>78,712,523</u>
	165,711,359	164,960,537
Other assets (note 7)		
Due from Department of Health for retirement allowance. ....	<u>10,176,924</u>	<u>9,880,021</u>
	<u>\$ 202,974,600</u>	<u>\$ 199,450,730</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payables and accrued liabilities(note 6) .....	\$ 28,067,819	\$ 23,717,609
Deferred contributions for capital assets (note 8) .....	164,048,366	165,121,925
Other liabilities:		
Retirement allowance payable (note 7) .....	10,176,924	9,880,021
Net assets :		
Unrestricted (deficiency) .....	(1,142,447)	---
Restricted (note 1 (c)) .....	160,945	160,945
Invested in capital assets (note 9) .....	<u>1,662,993</u>	<u>570,230</u>
	681,491	731,175
	<u>\$ 202,974,600</u>	<u>\$ 199,450,730</u>

Contingency (note 12)

See accompanying notes to the financial statements.

**CAPE BRETON DISTRICT HEALTH AUTHORITY**

**Statement of Operations  
Three months ended March 31, 2001**

Income:

Net patient income:			
Provincial plan.....	\$	35,942,704	
Other.....		2,744,020	
Medical service insurance.....		1,933,246	
Net differential.....		372,918	
Dietary recoveries.....		294,762	
Miscellaneous.....		142,721	
Investment income.....		70,370	
Referred in work.....		11,360	
Equipment grant.....		9,627	\$ 41,521,728

Expenses:

Nursing inpatient services.....		14,600,792	
Support services.....		11,710,706	
Diagnostic and therapeutic services.....		7,373,979	
Ambulatory care services.....		6,108,140	
Addiction services.....		868,791	
Public health.....		714,828	
Education.....		144,492	41,521,728

Excess of revenue over expenditures before below noted items..... ---

Amortization of deferred contributions related to capital assets.....		2,208,706	
Amortization of capital assets.....		(2,258,390)	
Retirement allowance.....		296,903	
Department of Health funding for retirement allowance.....		(296,903)	(49,684)

Excess of expenditure over revenue..... \$ (49,684)

**Statement of Changes in Net Assets  
Three months ended March 31, 2001**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Investment in capital assets</b>	<b>Total</b>
Balance, beginning of period.....	\$ ---	\$ ---	\$ ---	\$ ---
Acquired from predecessor entities.....	---	160,945	570,230	731,175
Excess of expenditure over revenue.....	---	---	(49,684)	(49,684)
Net change in investment in capital assets (note 9).....	<u>(1,142,447)</u>	---	1,142,447	---
Balance, end of period.....	\$ <u>(1,142,447)</u>	\$ <u>160,945</u>	\$ <u>1,662,993</u>	\$ <u>681,491</u>

See accompanying notes to the financial statements.

**CAPE BRETON DISTRICT HEALTH AUTHORITY**

**Statement of Cash Flows  
Three months ended March 31, 2001**

Cash provided by (used in):

**Operation activities:**

Excess of expenditure over revenue. . . . .	\$	(49,684)	
Items not involving cash:			
Amortization of capital assets. . . . .		2,258,390	
Amortization of deferred contributions related to capital assets. . .		(2,208,706)	
Retirement allowance. . . . .		(296,903)	
Department of Health funding for retirement allowance. . . . .		296,903	
Change in non-cash operating working capital:			
Increase in accounts receivable. . . . .		(3,427,732)	
Decrease in inventories. . . . .		210,006	
Increase in prepaid expenses. . . . .		(152,151)	
Increase in accounts payable and accrued liabilities . . . . .		4,350,210	\$ 980,333

**Financing and investing activities:**

Purchases of capital assets. . . . .	(3,009,212)		
Contribution for capital assets. . . . .	1,135,147	<u>(1,874,065)</u>	
Decrease in cash. . . . .			(893,732)
Cash, beginning of period. . . . .			<u>6,534,577</u>
Cash, end of period. . . . .		\$	<u><u>5,640,845</u></u>

Cash is represented by the following:

Cash internally restricted. . . . .	\$	160,945	
Cash. . . . .		<u>5,479,900</u>	
	\$	<u><u>5,640,845</u></u>	

See accompanying notes to the financial statements.

**CAPE BRETON DISTRICT HEALTH AUTHORITY**

**Notes to Financial Statements  
Three months ended March 31, 2001**

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with Health Authorities. The effects on the former Cape Breton Healthcare Complex are as follows: Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital, Northside Harbour View Hospital, Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre form District Health Authority #8. As a result of this legislation, the Cape Breton Healthcare Complex ceased operations effective December 31, 2000 and was replaced by District Health Authority #8 on January 1, 2001.

District Health Authority #8 changed its name to operate as Cape Breton District Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and provide other health related activities to the residents of Cape Breton.

**1. Significant accounting policies:**

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

(a) Revenue Recognition

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) Inventories

Inventories are stated at cost.

(c) Restricted

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

(d) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rates</u>
Land improvements	5%
Buildings and service equipment	2% - 5%
Major equipment	5% - 20%
Equipment under capital lease	10% - 20%

**2. Accounts receivable:**

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Patients (less allowance for doubtful accounts) . . . . .	\$ 771,373	\$ 818,068
Medical service insurance . . . . .	493,500	304,061
Department of Community Services . . . . .	44,310	84,000
Level 11 Care (less allowance for doubtful accounts) . . . . .	526,859	446,131
Harmonized sales tax . . . . .	1,067,218	714,386
Hospital Foundations (note 11) . . . . .	1,073,858	1,538,592
Veterans . . . . .	259,153	260,664
Sundry . . . . .	1,652,950	1,023,621
Guysborough Antigonish Strait Health Authority . . . . .	---	338,845
Department of Health (note 3):		
Estimated year end adjustment . . . . .	4,234,172	115,585
Capital Funding . . . . .	2,658,698	3,347,788
Vacation accrual . . . . .	5,608,548	6,124,947
Addiction Services and Public Health . . . . .	212,628	58,847
	<u>\$ 18,603,267</u>	<u>\$ 15,175,535</u>

**3. Accounts with the Department of Health:**

The Health Authority has the following accounts with the Department of Health:

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Accounts receivable:		
Retirement allowance (note 7) . . . . .	\$ 10,176,924	9,880,021
Estimated year end adjustment . . . . .	4,234,172	115,585
Capital funding . . . . .	2,658,698	3,347,788
Vacation accrual . . . . .	5,608,548	6,124,947
Addiction Services and Public Health . . . . .	212,628	58,847
	<u>\$ 22,890,970</u>	<u>\$ 19,527,188</u>

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period which settlement occurs.

**4. Inventories:**

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Medical and surgical . . . . .	\$ 490,567	\$ 560,355
Drugs . . . . .	961,643	1,039,041
Food . . . . .	53,947	68,406
General . . . . .	833,696	882,057
	<u>\$ 2,339,853</u>	<u>\$ 2,549,859</u>

**5. Capital assets:**

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Land .....	\$ 570,230	\$ 570,230
Land improvements .....	2,434,109	2,470,225
Buildings and service equipment .....	143,522,420	144,189,686
Equipment .....	19,184,600	17,730,396
	<u>\$ 165,711,359</u>	<u>\$ 164,960,537</u>

**6. Accounts payable and accrued liabilities:**

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Accounts payable .....	\$ 9,238,975	\$ 7,282,180
Due to Department of Health:		
Advances by Provincial Plan - current .....	5,549,989	4,722,739
Employee deductions payable .....	126,618	19,328
Accrued salaries:		
Salaries .....	4,939,568	4,164,165
Vacation pay accrual .....	6,842,374	6,123,601
Other accruals .....	167,709	383,400
Payable for equipment .....	73,820	83,447
Department of Health new hospital construction .....	938,749	938,749
Guysborough Antigonish Strait Health Authority .....	190,017	---
	<u>\$ 28,067,819</u>	<u>\$ 23,717,609</u>

**7. Retirement allowance:**

In the prior year, the Department of Health requested that Nova Scotia Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards, the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request, the former Cape Breton Healthcare Complex had recorded a net gain of \$8,764,100 in respect of retiring allowance accrued up to December 31, 2000:

	Distribution to DHA#8	Distribution from DHA#7	Total
Balance as at January 1, 2001 .....	\$ 8,764,100	\$ 1,115,921	\$ 9,880,021
Retiring allowance expense computed with reference to the actuarial projection of expense for the period .....	<u>264,000</u>	<u>32,903</u>	<u>296,903</u>
	<u>\$ 9,028,100</u>	<u>\$ 1,148,824</u>	<u>\$ 10,176,924</u>

**8. Deferred contributions related to capital assets:**

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the period are as follows:

Transferred from Cape Breton Healthcare Complex .....	\$ 145,506,715
Transferred from District Health Authority #7 .....	19,615,210
Additional contributions received .....	1,135,147
Less amounts amortized to revenue .....	<u>(2,208,706)</u>
	<u>\$ 164,048,366</u>

**9. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

Capital assets . . . . .	\$	165,711,359
Amounts financed by: Deferred contributions. . . . .		<u>164,048,366</u>
	\$	<u><u>1,662,993</u></u>

b) Change in net assets invested in capital assets is calculated as follows:

Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets . . . . .	\$	2,208,706
Amortization of capital assets. . . . .		<u>2,258,390</u>
	\$	<u><u>(49,684)</u></u>
Net change in investment in capital assets:		
Purchase of capital assets . . . . .	\$	3,009,212
Amounts funded by : Deferred contributions . . . . .		<u>1,866,765</u>
	\$	<u><u>1,142,447</u></u>

**10. Acquisition of assets:**

As a result of dissolution, the former Cape Breton Healthcare Complex and the former Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Distribution from Cape Breton Healthcare Complex January 1, 2001	Distribution from Eastern Regional Health Board January 1, 2001	Balance January 1, 2001
Assets distributed:			
Cash. . . . .	\$ 6,149,648	\$ 223,984	\$ 6,373,632
Internally restricted cash . . . . .	160,945	---	160,945
Accounts receivable. . . . .	12,816,855	2,019,835	14,836,690
Inventories . . . . .	2,286,542	263,317	2,549,859
Prepaid expenses. . . . .	260,932	89,269	350,201
Capital assets . . . . .	145,575,962	19,384,575	164,960,537
Other receivable - retirement allowance. . . . .	8,764,100	1,115,921	9,880,021
Inter authority accounts . . . . .	---	338,845	338,845
	<u>176,014,984</u>	<u>23,435,746</u>	<u>199,450,730</u>
Less liabilities assumed:			
Accounts payable and accrued liabilities. . . . .	21,222,017	\$ 2,435,158	\$ 23,657,175
Deferred revenue. . . . .	---	60,434	60,434
Deferred contributions for capital assets . . . . .	145,506,715	19,615,210	165,121,925
Other liability - retirement allowance. . . . .	8,764,100	1,115,921	9,880,021
	<u>175,492,832</u>	<u>23,226,723</u>	<u>198,719,555</u>
Net assets distributed. . . . .	\$ <u><u>522,152</u></u>	\$ <u><u>209,023</u></u>	\$ <u><u>731,175</u></u>
Consisting of:			
Restricted. . . . .	\$ 160,945	---	\$ 160,945
Invested in capital assets . . . . .	<u>361,207</u>	<u>209,023</u>	<u>570,230</u>
	<u><u>522,152</u></u>	<u><u>209,023</u></u>	<u><u>731,175</u></u>

**11. Related party transactions:**

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation, Glace Bay Healthcare Corporation Charitable Foundation, Buchanan Memorial Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.



As at March 31, 2001 the following amounts were due from the Foundations with comparative figures:

	<b>March 31, 2001</b>		<b>January 1, 2001</b>
Cape Breton Regional Hospital Foundation . . . . .	\$ 408,861	\$	532,114
Northside Hospital Charitable Foundation. . . . .	36,327		---
Inverness Consolidated Memorial Hospital Foundation. . . . .	49,639		46,401
Sacred Heart Hospital Foundation . . . . .	---		80,000
Buchanan Memorial Hospital Foundation. . . . .	579,031		880,077
	<u>\$ 1,073,858</u>	\$	<u>1,538,592</u>

**12. Contingency:**

Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contact settlement with the Nova Scotia Nurses Union (NSNU) in respect of retroactive amounts owing from November 1, to March 31, 2001. The estimate transferred from the predecessor entity was based on a directive from the Department of Health to accrue a 1.9% increase. The estimate transferred from DHA#7 was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

**13. Comparative figures:**

As this was the first three months of operation for the Health Authority, comparative figures are not available.

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Cape Breton Healthcare Complex

We have audited the statement of financial position of Cape Breton Healthcare Complex as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital'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 Complex as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
September 10, 2001

**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Financial Position**

**ASSETS**

	<b>March 31, 2001</b>	<b>December 31, 2000</b>	<b>March 31, 2000</b>
Current assets:			
Cash . . . . .	---	\$ 6,149,648	\$ 7,732,202
Internally restricted cash. . . . .	---	160,945	160,945
Accounts receivable (note 2). . . . .	---	12,816,855	14,359,121
Inventories (note 4). . . . .	---	2,286,542	2,307,551
Prepaid expenses . . . . .	---	260,932	466,510
	---	<u>21,674,922</u>	<u>25,026,329</u>
Capital assets (note 5):			
Cost. . . . .	---	211,922,589	210,423,832
Less accumulated amortization. . . . .	---	66,346,627	60,438,741
	---	<u>145,575,962</u>	<u>149,985,091</u>
Other assets (note 8):			
Due from Department of Health for retirement allowance. . .	---	8,764,100	---
	---	<u>8,764,100</u>	<u>---</u>
	<u>---</u>	<u>\$ 176,014,984</u>	<u>\$ 175,011,420</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)**

Current liabilities:			
Accounts payable and accrued liabilities (note 6) . . . . .	---	\$ 21,222,017	\$ 25,094,157
Current portion of long-term debt (note 7). . . . .	---	---	197,591
	---	<u>21,222,017</u>	<u>25,291,748</u>
Deferred contributions for capital assets (note 9). . . . .	---	145,506,715	149,208,179
Other liabilities:			
Retirement allowance payable (note 8). . . . .	---	8,764,100	11,390,778
Net assets (deficiency):			
Unrestricted. . . . .	---	---	(11,817,142)
Restricted (note 1(c)). . . . .	---	160,945	160,945
Invested in capital assets (note 10). . . . .	---	361,207	776,912
	---	<u>522,152</u>	<u>(10,879,285)</u>
	<u>---</u>	<u>\$ 176,014,984</u>	<u>\$ 175,011,420</u>

Contingency (note 13)

See accompanying notes to financial statements

**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Operations  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
Operations:		
Income:		
Net patient income:		
Provincial plan .....	\$ 84,168,764	\$ 112,387,246
Other .....	7,010,278	8,587,059
Dietary recoveries .....	770,649	1,050,570
Medical service insurance .....	4,747,779	6,675,658
Referred in work .....	117,762	145,300
Miscellaneous .....	255,454	433,372
Net differential .....	1,250,587	1,289,461
Investment income .....	226,750	140,297
Equipment grant .....	28,881	38,508
	<u>98,576,904</u>	<u>130,747,471</u>
Expenses:		
Administrative and support services .....	24,707,028	33,106,356
Nursing inpatient services .....	38,351,057	51,270,928
Ambulatory care services .....	16,228,290	20,408,194
Diagnostic and therapeutic services .....	18,887,373	24,840,606
Education .....	403,156	821,868
Salaries - vacation .....	---	318,965
Capital debt assistance .....	---	(19,446)
	<u>98,576,904</u>	<u>130,747,471</u>
Excess of revenue over expenditures before below noted items .....	---	---
Amortization of deferred contributions related to capital assets .....	5,918,545	9,394,080
Amortization of capital assets .....	(5,907,886)	(9,404,739)
Retirement allowance (note 8) .....	(792,000)	(1,201,138)
Department of Health funding for retirement allowance (note 8) .....	792,000	---
Gain on funding for and quantification of retirement allowance (note 8) .....	11,390,778	---
	<u>11,401,437</u>	<u>(1,211,797)</u>
Excess of revenue over expenditure (expenditure over revenue) .....	\$ <u>11,401,437</u>	\$ <u>(1,211,797)</u>

**Statement of Changes in Net Assets  
Year ended March 31, 2001, with comparative figures for 2000**

	Unrestricted	Restricted	Investment in capital assets	2001 Total	2000 Total
Balance, beginning of year .....	\$ (11,817,142)	\$ 160,945	\$ 776,912	\$ (10,879,285)	\$ (9,667,488)
Excess of revenue over expenditure (expenditure over revenue) .....	11,390,778	---	10,659	11,401,437	(1,211,797)
Net change in investment in capital assets (note 10) ..	426,364	---	(426,364)	---	---
Balance at December 31, 2000 prior to distribution .....	<u>---</u>	<u>160,945</u>	<u>361,207</u>	<u>522,152</u>	<u>(10,879,285)</u>
Distribution of net assets to successor entity (note 11): Cape Breton District Health Authority .....	<u>---</u>	<u>(160,945)</u>	<u>(361,207)</u>	<u>(522,152)</u>	<u>---</u>
Balance, end of year .....	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>(10,879,285)</u>

See accompanying notes to financial statements.

**CAPE BRETON HEALTHCARE COMPLEX**

**Statement of Cash Flows  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditure (expenditure over revenue) . . . . .	\$ 11,401,437	\$ (1,211,797)
Items not involving cash:		
Amortization of capital assets . . . . .	5,907,886	9,404,739
Amortization of deferred contributions related to capital assets . . . . .	(5,918,545)	(9,394,080)
Gain on funding for and quantification of retirement allowance . . . . .	(11,390,778)	---
Increase in retirement allowance . . . . .	792,000	---
Increase in Department of Health payable for retirement allowance . . . . .	(792,000)	---
Change in non-cash operating working capital:		
Decrease in accounts receivable . . . . .	1,542,266	78,697,540
Decrease in inventories . . . . .	21,009	70,939
Decrease in prepaid expenses . . . . .	205,578	1,150,645
Increase (decrease) in accounts payable and accrued liabilities . . . . .	(3,872,140)	4,829,735
Decrease in due to Department of Health . . . . .	---	(75,779,345)
	<u>(2,103,287)</u>	<u>7,768,376</u>
Financing and investing activities:		
Repayment of long-term debt . . . . .	(197,591)	(19,446)
Purchases of capital assets . . . . .	(1,498,757)	(9,218,191)
Contribution for capital assets . . . . .	2,217,081	8,791,827
	<u>520,733</u>	<u>(445,810)</u>
Other activities		
Increase in retirement allowance . . . . .	---	1,201,138
Distribution of cash and internally restricted cash to successor entity . . . . .	(6,310,593)	---
Increase (decrease) in cash position . . . . .	<u>(7,893,147)</u>	<u>8,523,704</u>
Cash position, beginning of year . . . . .	7,893,147	(630,557)
Cash position, end of year . . . . .	<u><u>---</u></u>	<u><u>7,893,147</u></u>
Cash is represented by the following:		
Cash internally restricted . . . . .	---	\$ 160,945
Cash . . . . .	---	7,732,202
	<u><u>---</u></u>	<u><u>7,893,147</u></u>

See accompanying notes to financial statements.

**CAPE BRETON HEALTHCARE COMPLEX**

**Notes to Financial Statements  
Year ended March 31, 2001**

Effective April 1, 1996, the Governor in Council of the Province of Nova Scotia approved "An Act to Incorporate Cape Breton Healthcare Complex". Under this Act the Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital and the Northside Harbour View Hospital were amalgamated and continued as one corporate body under the name Cape Breton Healthcare Complex.

The Hospital's principal activity is providing acute and psychiatric health care to the residents of Industrial Cape Breton and surrounding areas.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with Health Authorities. The effects on the former Cape Breton Healthcare Complex are as follows: Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital, Northside Harbour View Hospital, Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre form District Health Authority #8. As a result of this legislation, the Cape Breton Healthcare Complex ceased operation effective December 31, 2000. All assets and liabilities of the former Cape Breton Healthcare Complex were transferred to the District Health Authority #8 resulting in no assets or liabilities at March 31, 2001.

**1. Significant accounting policies:**

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

**(a) Revenue recognition:**

The Complex follows the deferral method of accounting for contributions which include donations and government grants.

The Complex is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

**(b) Inventories:**

Inventories are stated at cost

**(c) Restricted**

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

**(d) Capital assets:**

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rates</u>
Land improvements	5%
Buildings and service equipment	2%-5%
Major equipment	5%-20%
Equipment under capital lease	10%-20%

**2. Accounts receivable:**

	March 31, 2001	December 31, 2000	March 31, 2000
Patients (less allowance for doubtful accounts) . . . . .	\$ ---	\$ 741,115	\$ 916,922
Medical service insurance . . . . .	---	304,061	255,121
Department of Community Services . . . . .	---	84,000	71,610
Level II Care (less allowance for doubtful accounts) . .	---	446,131	735,623
Harmonized sales tax . . . . .	---	642,254	590,950
Hospital Foundations (note 12) . . . . .	---	532,114	236,167
Veterans . . . . .	---	260,664	---
Sundry . . . . .	---	850,180	405,442
Department of Health (note 3):			
Estimated year end adjustment . . . . .	---	---	238,401
Capital Funding . . . . .	---	3,347,788	5,300,337
Vacation accrual . . . . .	---	5,608,548	5,608,548
	<u>---</u>	<u>\$ 12,816,855</u>	<u>\$ 14,359,121</u>

**3. Accounts with the Department of Health:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts receivable:			
Retirement allowance (note 8) . . . . .	\$ ---	\$ 8,764,100	\$ ---
Estimated year end adjustment . . . . .	---	---	238,401
Capital funding . . . . .	---	3,347,788	5,300,337
Vacation accrual . . . . .	---	5,608,548	5,608,548
	<u>---</u>	<u>\$ 17,720,436</u>	<u>\$ 11,147,286</u>

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

**4. Inventories:**

	March 31, 2001	December 31, 2000	March 31, 2000
Medical and surgical . . . . .	\$ ---	\$ 489,710	\$ 519,175
Drugs . . . . .	---	883,463	819,844
Food . . . . .	---	68,406	60,080
General . . . . .	---	844,963	908,452
	<u>---</u>	<u>\$ 2,286,542</u>	<u>\$ 2,307,551</u>

**5. Capital assets:**

	Net book value		March 31, 2000
	March 31, 2001	December 31, 2000	
Land . . . . .	\$ ---	\$ 361,207	\$ 361,207
Land improvements . . . . .	---	2,470,225	2,598,140
Buildings and service equipment . . . . .	---	127,129,824	128,962,426
Equipment . . . . .	---	15,614,706	18,063,318
	<u>---</u>	<u>\$ 145,575,962</u>	<u>\$ 149,985,091</u>

**6. Accounts payable and accrued liabilities:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts payable . . . . .	---	\$ 6,627,090	\$ 9,086,598
Due to Department of Health:			
Advances by Provincial Plan - current . . . . .	---	4,662,305	4,698,500
Employee deductions payable. . . . .	---	19,328	1,032,166
Accrued salaries:			
Salaries. . . . .	---	4,118,728	3,603,641
Wage parity accrual . . . . .	---	---	401,071
Vacation pay accrual. . . . .	---	5,501,889	5,927,519
Other accruals . . . . .	---	209,230	232,332
Payable for equipment . . . . .	---	83,447	112,330
	<u>---</u>	<u>\$ 21,222,017</u>	<u>\$ 25,094,157</u>

**7. Long-term debt:**

	March 31, 2001	December 31, 2000	March 31, 2000
Department of Health:			
Capital debt assistance loan. . . . .	---	---	\$ 197,591
Current portion of long-term debt . . . . .	---	---	(197,591)
	<u>---</u>	<u>---</u>	<u>\$ ---</u>

**8. Retirement allowance:**

During the year the Department of Health requested that Nova Scotia Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards, the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request, the Cape Breton Healthcare Complex, in the current fiscal period, has recorded a net gain of \$11,390,778 in respect of retiring allowances accrued up to March 31, 2000 which gain comprises the following:

• Funding receivable from the Department for the actuarially determined liability at March 31, 2000. . . . .	\$ 7,972,100
• Adjustment to reduce the previously estimated liability at March 31, 2000 of \$11,390,778 to the actuarially determined liability of \$7,972,100. . . . .	3,418,678
	<u>\$ 11,390,778</u>

In addition, the Complex has included in income from the Department of Health an additional receivable of \$792,000 to match the retiring allowance expense computed with reference to the actuarial projection of expense for the year.

**9. Deferred contributions related to capital assets:**

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Balance, beginning of period. . . . .	\$ 145,506,715	\$ 149,208,179	\$ 149,810,432
Additional contributions received. . . . .	---	2,217,081	8,791,827
Less amounts amortized to revenue . . . . .	---	(5,918,545)	(9,394,080)
Distributed to successor entity. . . . .	(145,506,715)	---	---
Balance, end of period . . . . .	<u>---</u>	<u>\$ 145,506,715</u>	<u>\$ 149,208,179</u>



The balance of unamortized capital contributions related to capital assets consists of the following:

	March 31, 2001	December 31, 2000	March 31, 2000
Unamortized capital contribution used to purchase assets . . . . .	\$ ---	\$ 145,214,755	\$ 149,208,179
Unspent contributions . . . . .	---	291,960	---
Balance, end of period . . . . .	<u>---</u>	<u>\$ 145,506,715</u>	<u>\$ 149,208,179</u>

**10. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Capital assets . . . . .	\$ ---	\$ 145,575,962	\$ 149,985,091
Amounts financed by:			
Deferred contributions . . . . .	---	145,214,755	149,208,179
	<u>---</u>	<u>\$ 361,207</u>	<u>\$ 776,912</u>

b) Change in net assets invested in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Excess of expenses over revenue:			
Amortization of deferred contributions related to capital assets . . . . .	\$ ---	\$ 5,918,545	\$ 9,394,080
Amortization of capital assets . . . . .	---	(5,907,886)	(9,404,739)
	<u>---</u>	<u>\$ 10,659</u>	<u>\$ (10,659)</u>
Net change in investment in capital assets:			
Purchase of capital assets . . . . .	\$ ---	\$ 1,498,757	\$ 9,218,191
Amounts funded by:			
Deferred contributions . . . . .	---	(1,925,121)	(8,791,827)
Net capital assets distributed to successor entity . . . . .	(361,207)	---	---
	<u>(361,207)</u>	<u>\$ (426,364)</u>	<u>\$ 426,364</u>

**11. Transfer of assets on dissolution:**

As a result of dissolution, the Cape Breton Healthcare Complex has distributed its net assets (consisting of deferred contributions) to the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Balance December 31, 2000	Distribution to District Health Authority #8
Assets distributed:		
Cash . . . . .	\$ 6,149,648	\$ 6,149,648
Internally restricted cash . . . . .	160,945	160,945
Accounts receivable . . . . .	12,816,855	12,816,855
Inventories . . . . .	2,286,542	2,286,542
Prepaid expenses . . . . .	260,932	260,932
Capital assets . . . . .	145,575,962	145,575,962
Other receivable - retirement allowances . . . . .	8,764,100	8,764,100
	<u>176,014,984</u>	<u>176,014,984</u>
Less liabilities assumed:		
Accounts payable and accrued liabilities . . . . .	21,222,017	21,222,017
Deferred contributions for capital assets . . . . .	145,506,715	145,506,715
Other liability - retirement allowance . . . . .	8,764,100	8,764,100
	<u>175,492,832</u>	<u>175,492,832</u>
Net assets distributed . . . . .	<u>\$ 522,152</u>	<u>\$ 522,152</u>

Consisting of:

Internally restricted. ....	\$	160,945	\$	160,945
Investment in capital assets .....		361,207		361,207
	\$	<u>522,152</u>	\$	<u>522,152</u>

**12. Related party transactions:**

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation and the Glace Bay Healthcare Corporation Charitable Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

The following amounts were due from the Foundations as at the dated indicated:

		December 31, 2000		March 31, 2000
Cape Breton Regional Hospital Foundation .....	\$	<u>532,114</u>	\$	<u>236,167</u>

The following amounts represent the transfer from the Foundations as at the dates indicated:

		Nine months ended December 31, 2000		Year ended March 31, 2000
Cape Breton Regional Hospital Foundation .....	\$	---	\$	490,765
New Waterford Consolidated Charitable Foundation .....		---		117,933
Glace Bay Healthcare Corporation Charitable Foundation .....		---		283,555
	\$	<u>---</u>	\$	<u>892,253</u>

**13. Contingency:**

Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contact settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1, to March 31, 2001. The estimate was based on a directive from the Department of Health to accrue a 1.9% increase. The actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

## AUDITORS' REPORT

To the Chairperson and Members  
Cape Breton Victoria Regional School Board  
George Street  
Sydney, Nova Scotia

We have audited the balance sheets of the Cape Breton-Victoria Regional School Board as at March 31, 2001, and the statement of operations for the year then ended. These financial statements are the responsibility of the Cape Breton-Victoria Regional School 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 Cape Breton-Victoria Regional School Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

ROACH PERRY ANDERSON  
Chartered Accountants

Sydney, Nova Scotia  
June 20, 2001

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Accounts receivable		
First Nation. . . . .	\$ 194,195	\$ 496,520
Government of Canada (Note 2). . . . .	385,566	638,528
Province of Nova Scotia (Note 3) . . . . .	1,426,172	4,057,063
Other. . . . .	773,266	290,628
Prepaid expenses . . . . .	63,830	69,249
Inventories. . . . .	156,450	144,395
	<u>2,999,479</u>	<u>5,696,383</u>
Restricted assets		
Cash and investments . . . . .	383,515	382,637
Other assets		
Deferred Early Retirement Plan expenditures (Note 4) . . . . .	---	36,135,440
Cash restricted for teachers' service awards. . . . .	3,874	3,874
	<u>3,874</u>	<u>36,139,314</u>
Fixed assets (Note 5)		
School buildings. . . . .	56,096,216	56,096,216
Interest in properties. . . . .	14,421,084	14,054,180
Equipment and furnishings. . . . .	12,268,199	11,598,548
School buses and maintenance vehicles . . . . .	8,393,049	8,041,458
Assets under capital lease. . . . .	137,151	137,151
	<u>91,315,699</u>	<u>89,927,553</u>
	<u>\$ 94,702,567</u>	<u>\$ 132,145,887</u>

**LIABILITIES**

Current		
Cheques issued in excess of funds on deposit. . . . .	\$ 2,057,198	\$ 515,427
Accounts payable and accrued liabilities . . . . .	737,956	3,655,052
Advances payable to Department of Education . . . . .	---	620,000
Deferred revenue . . . . .	1,150,154	663,904
	<u>3,945,308</u>	<u>5,454,383</u>
Other liabilities		
Obligation under Early Retirement Plan (Note 4). . . . .	---	36,135,440
Teachers' service awards, in trust . . . . .	3,874	3,874
Teacher retraining fund . . . . .	50,000	50,000
	<u>53,874</u>	<u>36,189,314</u>

**EQUITY**

Reserves		
Scholarship trust fund reserve. . . . .	383,515	382,637
Reserve for future operations (Note 7). . . . .	---	500,000
	<u>383,515</u>	<u>882,637</u>
Deficit . . . . .	(995,829)	(308,000)
Investment in capital assets. . . . .	91,315,699	89,927,553
	<u>90,319,870</u>	<u>89,619,553</u>
	<u>\$ 94,702,567</u>	<u>\$ 132,145,887</u>

See accompanying notes to financial statements.

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Accounts receivable:		
First Nation. . . . .	\$ 194,195	\$ 496,250
Government of Canada (Note 2). . . . .	385,566	638,528
Province of Nova Scotia (Note 3) . . . . .	1,426,172	4,057,063
Other. . . . .	773,266	290,628
Prepaid expenses . . . . .	63,830	69,249
Inventories. . . . .	156,450	144,395
	<u>2,999,479</u>	<u>5,696,113</u>
Other assets		
Deferred Early Retirement Plan expenditures (Note 4) . . . . .	---	36,135,440
Cash restricted for teachers' service awards. . . . .	3,874	3,874
	<u>3,874</u>	<u>36,139,314</u>
	<u>\$ 3,003,353</u>	<u>\$ 41,835,427</u>

**LIABILITIES**

Current		
Cheques issued in excess of funds on deposit. . . . .	\$ 2,057,198	\$ 515,427
Accounts payable and accrued liabilities . . . . .	737,956	3,655,052
Advances payable to Department of Education . . . . .	---	620,000
Deferred revenue . . . . .	1,150,154	663,904
	<u>3,945,308</u>	<u>5,454,383</u>
Other Liabilities:		
Obligation under Early Retirement Plan (Note 4). . . . .	---	36,135,440
Teachers' service awards, in trust . . . . .	3,874	3,874
Teacher retraining fund . . . . .	50,000	50,000
	<u>53,874</u>	<u>36,189,314</u>

**EQUITY**

Reserve:		
Reserve for future operations (Note 7) . . . . .	---	500,000
Deficit . . . . .	(995,829)	(308,000)
	<u>\$ 3,003,353</u>	<u>\$ 41,835,697</u>

See accompanying notes to financial statements.

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year ended March 31, 2001**

	<b>2001</b>	<b>2001</b>	<b>2000</b>
	Budget	Actual	Actual
<b>Revenue</b>			
Province of Nova Scotia			
Formula funding (Schedule A) . . . . .	\$ 93,856,100	\$ 93,284,900	\$ 94,133,758
Other (Schedule A) . . . . .	642,275	1,209,426	1,920,106
Deficit assistance . . . . .	---	---	1,662,572
Contribution for future operations (Note 7) . .	---	---	500,000
Transfer from Reserve (Note 7) . . . . .	500,000	500,000	---
	<u>94,998,375</u>	<u>94,994,326</u>	<u>98,216,436</u>
First Nation Tuition Revenue . . . . .	609,950	699,905	736,967
Government of Canada (Schedule A) . . . . .	211,000	210,696	345,911
Appropriation from Councils (Schedule A) . . . . .	12,001,800	12,001,752	12,175,800
Board operations (Schedule A) . . . . .	2,321,347	2,433,408	1,171,666
	<u>110,142,472</u>	<u>110,340,087</u>	<u>112,646,780</u>
<b>Expenditures (Schedule B):</b>			
Board management . . . . .	2,641,962	2,687,609	3,369,957
School administration and instruction . . . . .	85,403,109	85,760,294	84,997,588
Property service . . . . .	9,780,716	10,592,426	10,352,404
Pupil transportation . . . . .	4,727,927	4,995,234	4,729,517
Special education . . . . .	4,692,525	4,875,475	4,048,999
Adult education . . . . .	141,371	128,208	136,678
Summer school . . . . .	12,800	9,348	10,417
Cafeteria . . . . .	611,502	642,037	629,271
Adult day school . . . . .	356,785	392,318	398,436
Capital equipment and repairs . . . . .	1,763,775	1,243,520	2,817,493
Special initiatives . . . . .	---	---	192,976
Board of pupils . . . . .	10,000	9,447	10,987
Deferred service awards . . . . .	---	---	570,443
Debt servicing - operating loans . . . . .	---	---	158,133
Deficit of prior year . . . . .	---	---	31,481
	<u>110,142,472</u>	<u>111,335,916</u>	<u>112,454,780</u>
Excess of revenue over expenditures (expenditures over revenue) before below noted . . . . .	---	(995,829)	192,000
Transfer to reserve for future operations (Note 7) . . . .	---	---	(500,000)
Excess of expenditures over revenue . . . . .	<u>\$ ---</u>	<u>\$ (995,829)</u>	<u>\$ (308,000)</u>

See accompanying notes to financial statements.

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Deficit  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Deficit, beginning of year. . . . .	\$ (308,000)	\$ (31,481)
Deficit transferred to current operations . . . . .	---	31,481
Deficit transferred to accounts receivable (Note 6) . . . . .	<u>308,000</u>	<u>---</u>
	---	---
Excess expenditures over revenue . . . . .	(995,829)	(308,000)
Deficit, end of year. . . . .	<u><u>\$ (995,829)</u></u>	<u><u>\$ (308,000)</u></u>

**Statement of Reserve for Future Operations  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year. . . . .	\$ 500,000	\$ ---
Transfer (to) from operations (Note 7). . . . .	(500,000)	500,000
Balance, end of year. . . . .	<u><u>\$ ---</u></u>	<u><u>\$ 500,000</u></u>

**Capital Fund Balance Sheet  
March 31, 2001**

<b>ASSETS</b>		
	<b>2001</b>	<b>2000</b>
Fixed assets (Note 5)		
School buildings, land . . . . .	\$ 56,096,216	\$ 56,096,216
Interest in properties. . . . .	14,421,084	14,054,180
Equipment and furnishings. . . . .	12,268,199	11,598,548
School buses and maintenance vehicles. . . . .	8,393,049	8,041,458
Assets under capital leases. . . . .	137,151	137,151
	<u><u>\$ 91,315,699</u></u>	<u><u>\$ 89,927,553</u></u>
<b>EQUITY</b>		
Investment in Capital Assets. . . . .	<u><u>\$ 91,315,699</u></u>	<u><u>\$ 89,927,553</u></u>

See accompanying notes to financial statements.

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Statement of Investment in Capital Assets  
Year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
Balance, beginning of year . . . . .	\$ 89,927,553	\$	87,596,991
Capital purchases funded from operations:			
Interest in properties . . . . .	366,903		800,274
Equipment and furnishings . . . . .	669,652		912,931
School buses and maintenance vehicles . . . . .	738,545		737,554
	<u>1,775,100</u>		<u>2,450,759</u>
Retirement of school buses and vehicles . . . . .	(386,954)		(120,197)
Balance, end of year . . . . .	\$ <u>91,315,699</u>	\$	<u>89,927,553</u>

**Scholarship Trust Fund Balance sheet  
March 31, 2001**

	<b>2001</b>		<b>2000</b>
<b>ASSETS</b>			
Cash and investments . . . . .	\$ <u>383,515</u>	\$	<u>382,637</u>

**RESERVE FOR SCHOLARSHIPS**

Rossetti Scholarship . . . . .	\$ 164,850	\$	164,320
Townsend Scholarship . . . . .	1,007		1,005
McDonagh Scholarship . . . . .	5,064		5,009
Panagiotakos Scholarship . . . . .	9,019		9,016
McQuarrie Scholarship . . . . .	3,206		3,190
Annie Hall Scholarship . . . . .	2,025		2,012
C.J.C.B. Scholarship . . . . .	4,228		3,998
Daniel Munroe Scholarship . . . . .	3,181		3,072
John D. MacLeod Scholarship . . . . .	1,058		1,023
Annie Bell Grady Memorial . . . . .	20,905		21,154
T.L. Sullivan Memorial . . . . .	2,205		2,794
Mary Elizabeth Brennan Scholarship . . . . .	2,414		2,375
William Hillchie Memorial . . . . .	3,124		3,070
Isabel MacDermid Memorial . . . . .	3,246		3,186
Wendell Coldwell Memorial . . . . .	2,123		2,083
Jon David Corbett . . . . .	3,200		3,214
Leonard Matheson . . . . .	1,435		1,427
Ellen Dunn Balah . . . . .	5,188		5,348
George MacKay Bursary . . . . .	145,839		145,160
Dorothy Wilkins . . . . .	198		181
	\$ <u>383,515</u>	\$	<u>382,637</u>

See accompanying notes to financial statements.



## CAPE BRETON DISTRICT SCHOOL BOARD

Statement of Scholarship Trust Fund Reserve  
Year ended March 31, 2001, with comparative figures for 2000

	<u>Rossetti</u>	<u>Townsend</u>	<u>McDonagh</u>	<u>Panagiotakos</u>	<u>McQuarrie</u>	<u>Annie Hall</u>	<u>CJCB</u>	<u>Munro</u>
Balance, beginning of year . . . . .	\$ 164,320	\$ 1,005	\$ 5,009	\$ 9,016	\$ 3,190	\$ 2,012	\$ 3,998	\$ 3,072
Interest earned . . . . .	8,830	47	255	443	186	93	230	179
	<u>173,150</u>	<u>1,052</u>	<u>5,264</u>	<u>9,459</u>	<u>3,376</u>	<u>2,105</u>	<u>4,228</u>	<u>3,251</u>
Scholarship awarded. . . . .	8,300	45	200	440	170	80	---	70
Balance, end of year . . . . .	\$ <u>164,850</u>	\$ <u>1,007</u>	\$ <u>5,064</u>	\$ <u>9,019</u>	\$ <u>3,206</u>	\$ <u>2,025</u>	\$ <u>4,228</u>	\$ <u>3,181</u>

	<u>MacLeod</u>	<u>Grady</u>	<u>Sullivan</u>	<u>Brennan</u>	<u>Hillchie</u>	<u>MacDermid</u>	<u>Coldwell</u>
Balance, beginning of year . . . . .	\$ 1,023	\$ 21,154	\$ 2,794	\$ 2,375	\$ 3,070	\$ 3,186	\$ 2,083
Interest earned . . . . .	60	1,251	161	139	179	185	120
	<u>1,083</u>	<u>22,405</u>	<u>2,955</u>	<u>2,514</u>	<u>3,249</u>	<u>3,371</u>	<u>2,203</u>
Scholarship awarded. . . . .	25	1,500	750	100	125	125	80
Balance, end of year . . . . .	\$ <u>1,058</u>	\$ <u>20,905</u>	\$ <u>2,205</u>	\$ <u>2,414</u>	\$ <u>3,124</u>	\$ <u>3,246</u>	\$ <u>2,123</u>

	<u>Corbert</u>	<u>Matheson</u>	<u>Dunn Balah</u>	<u>MacKay</u>	<u>Wilkins</u>	<u>2001 Total</u>	<u>2000 Total</u>
Balance, beginning of year . . . . .	\$ 3,214	\$ 1,427	\$ 5,348	\$ 145,160	\$ 181	\$ 382,637	\$ 381,521
Interest earned . . . . .	186	83	340	9,979	17	22,963	21,118
	<u>3,400</u>	<u>1,510</u>	<u>5,688</u>	<u>155,139</u>	<u>198</u>	<u>405,600</u>	<u>402,639</u>
Scholarship awarded. . . . .	200	75	500	9,300	---	22,085	20,002
Balance, end of year . . . . .	\$ <u>3,200</u>	\$ <u>1,435</u>	\$ <u>5,188</u>	\$ <u>145,839</u>	\$ <u>198</u>	\$ <u>383,515</u>	\$ <u>382,637</u>

See accompanying notes to financial statements.

**CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD**

**Notes to Financial Statements  
Year ended March 31, 2001**

Pursuant to an act passed by the Province of Nova Scotia, the Cape Breton District School Board and the Northside Victoria District School Board were amalgamated to form the Cape Breton-Victoria Regional School Board. The School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria.

**1. SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(A) Financial Statement Presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(B) Revenue and Expenditures Recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt, which are recorded as an expense when paid. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Accruals for teachers' salaries at the beginning and end of a particular year are netted so that 195 days' salary is recorded as an expense. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(C) Fixed Assets:

Fixed assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The interest in school properties reflects only those capital expenditures made since the formation of the Cape Breton District School Board. Furniture and equipment purchased prior to January 1, 1982 have not been recorded in the capital fund. The School Board does not record depreciation on its fixed assets.

(D) Teacher Service Awards:

Teacher service awards are accounted for an "as paid" basis rather than as the liability is accruing. As at March 31, no estimate has been made of the potential liability for this item.

**2. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA**

	2001		2000
Harmonized sales tax .....	\$ 173,899	\$	324,860
Other .....	211,667		313,668
	<u>\$ 385,566</u>	\$	<u>638,528</u>

**3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA**

	2001	2000
Capital infrastructure . . . . .	\$ ---	\$ 132,333
Special capital projects. . . . .	90,000	417,310
Information Economy Initiative. . . . .	428,133	546,060
P-3 transitional funding . . . . .	100,000	---
Special initiatives. . . . .	---	202,400
P-3 maintenance funding . . . . .	---	393,062
Other . . . . .	176,826	203,326
Library books/ Materials P-3 Schools/Boularderie. . . . .	164,923	1,662,572
Contribution for future operations . . . . .	---	500,000
Fuel rebate . . . . .	399,100	---
Sherwood Park Technology Refresh. . . . .	67,190	---
	<u>\$ 1,426,172</u>	<u>\$ 4,057,063</u>

**4. EARLY RETIREMENT PLAN**

During the 2000-2001 fiscal year, the Province of Nova Scotia assumed full responsibility for the Early Retirement plan (1994-1998).

**5. FIXED ASSETS**

On January 1, 1982, the Municipality of the County of Cape Breton, the City of Sydney and the Towns of Louisbourg, Dominion, New Waterford and Glace Bay formed the Cape Breton District School Board. Under the agreement, all land and school buildings on hand at December 31, 1981 remain assets of the municipal unit but will be under the operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert back to the municipality.

In 1970 the former Northside Victoria District School Board acquired title to certain land and buildings from its supporting municipalities which were to be offered back to the municipalities at no cost if they were ever declared surplus by the Board. With the amalgamation of the two Boards, the agreements with municipalities for land and school buildings remains unchanged.

As a result of improvements made to school buildings, the Cape Breton-Victoria Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the Regional School Board under the circumstances noted above, a portion of the proceeds will be payable to the Regional School Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the Regional School Board.

**6. DEFICIT ASSISTANCE**

During the year, it has been determined that \$308,000 in residual deficit from a prior year should be recoverable pursuant to settlement of litigation between the Nova Scotia School Boards Association and the Nova Scotia Teachers' Union Trustees over a matter involving the teacher Salary Continuation Insurance Program (SALCON). Consequently, this balance was transferred from accumulated deficit to accounts receivable during the fiscal year ended March 31, 2001.

**7. TRANSFER FROM RESERVE**

During the year, the Board was directed to transfer \$500,000 to operations from a Reserve for Future Operations that had been established the previous fiscal year with special funding received from the Department of Education.

**8. DEFERRED TEACHERS' SALARIES**

Under terms of the teachers' contract the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2001, the Board had \$896,820 (\$1,010,490 at March 31, 2000) of such funds on deposit together with a corresponding liability to these teachers which amounts have not been included in these financial statements.

**9. PENSION PLANS**

The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers' Pension Act.

The Board's non-teaching staff are covered by a money-purchase pension plan administered by the Confederation Life Insurance Company.

**10. INSURANCE**

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

**11. RELATED PARTY TRANSACTIONS**

These financial statements do not include certain expenditures paid on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments,
- P-3 school and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

**12. COMPARATIVE FIGURES**

The presentation of certain accounts of the previous year, presented for comparative purposes, has been changed to conform with the presentation adopted for the current year. The year ended March 31, 2000, was audited by another public accounting firm.

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Schedule A - Supplementary Details of Revenue  
Year ended March 31, 2001**

	<b>Budget</b>	<b>Actual</b>
Province of Nova Scotia, formula funding:		
Unrestricted funding . . . . .	\$ 85,984,700	\$ 85,984,700
Restricted funding:		
Special education . . . . .	6,203,200	6,203,200
Capital bus purchase . . . . .	571,200	---
Textbook credit allocation . . . . .	<u>1,097,000</u>	<u>1,097,000</u>
	<u>\$ 93,856,100</u>	<u>\$ 93,284,900</u>
 Province of Nova Scotia, other funding:		
Fuel subsidy . . . . .	\$ ---	\$ 559,100
P-3 Transitional funding . . . . .	100,000	100,000
Capital technology . . . . .	200,000	200,000
Sherwood Park Technology Refresh . . . . .	---	67,189
Correctional program grant . . . . .	34,700	35,918
Information Economy Initiative . . . . .	<u>307,575</u>	<u>247,219</u>
	<u>\$ 642,275</u>	<u>\$ 1,209,426</u>
 First Nation Tuition Revenue . . . . .	<u>\$ 609,950</u>	<u>\$ 699,905</u>
 Government of Canada:		
HRDC Vocation Seat and Grant . . . . .	\$ 9,000	\$ ---
Secretary of State:		
Minority language . . . . .	56,000	45,387
French immersion . . . . .	<u>146,000</u>	<u>165,309</u>
	<u>\$ 211,000</u>	<u>\$ 210,696</u>
 Appropriation from Councils:		
Mandatory:		
Cape Breton Regional Municipality . . . . .	\$ 10,746,614	\$ 10,746,565
County of Victoria . . . . .	<u>1,255,186</u>	<u>1,255,187</u>
	<u>\$ 12,001,800</u>	<u>\$ 12,001,752</u>
 Board operations:		
Insurance proceeds (deferred) . . . . .	\$ 69,338	\$ ---
Cafeterias . . . . .	611,502	642,037
Investment interest . . . . .	150,000	222,698
Adult night school fees . . . . .	65,671	71,418
Adult day school fees . . . . .	91,750	137,735
Rentals (facilities and buses) . . . . .	58,600	62,566
Vocational school revenues . . . . .	26,000	11,409
P-3 property service charges . . . . .	1,188,486	1,154,609
Tuition (over 21) . . . . .	10,000	12,233
Rose Technology . . . . .	---	64,276
Other . . . . .	<u>50,000</u>	<u>54,427</u>
	<u>\$ 2,321,347</u>	<u>\$ 2,433,408</u>

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures  
Year ended March 31, 2001**

	<b>Budget</b>	<b>Actual</b>
<b>Board management:</b>		
Salaries, wages and employee benefits .....	\$ 1,996,856	\$ 1,925,515
Supplies and materials .....	113,206	124,697
Conference/In Service/Meetings.....	67,700	61,277
Fees and dues .....	40,000	40,706
Telephone.....	49,200	41,825
Travel .....	29,500	26,901
Legal fees.....	100,000	164,021
Contracts .....	122,000	141,653
Insurance.....	55,000	55,246
Other.....	68,500	105,768
	<u>\$ 2,641,962</u>	<u>\$ 2,687,609</u>
 <b>School administration and instruction:</b>		
Salaries, wages and employee benefits .....	\$ 82,086,938	\$ 82,496,566
Supplies and materials .....	1,157,536	1,131,918
Professional development.....	316,666	316,666
Net cost for supplementary grants (Schedule C) .....	---	42,377
Telephone.....	329,969	319,237
Travel .....	169,000	159,967
Other.....	190,000	149,273
French minority.....	56,000	47,290
Textbook allocation.....	1,097,000	1,097,000
	<u>\$ 85,403,109</u>	<u>\$ 85,760,294</u>
 <b>Property service:</b>		
Salaries, wages and employee benefits .....	\$ 4,942,420	\$ 5,073,047
Supplies and materials .....	704,500	724,716
Utilities and Fuel.....	3,250,466	3,809,975
Meterage/In Service/Conference/Seminars.....	26,000	15,522
Vehicle operation.....	54,000	67,368
Insurance.....	289,850	289,851
Contracted services .....	426,980	530,499
Rental of facilities .....	86,500	81,448
	<u>\$ 9,780,716</u>	<u>\$ 10,592,426</u>

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures (continued)**  
**Year ended March 31, 2001**

	<b>Budget</b>	<b>Actual</b>
<b>Pupil transportation:</b>		
Salaries, wages and employee benefits .....	\$ 3,358,589	\$ 3,363,272
Vehicle operation .....	855,188	1,101,131
Vehicle registration .....	67,000	73,094
Insurance .....	46,000	44,520
Garage operation .....	75,000	92,709
Meterage/In Service/Conference/Seminars .....	8,000	15,335
Contract conveyance .....	256,150	256,956
Transit subsidy .....	51,000	10,628
Other .....	11,000	37,589
	<u>\$ 4,727,927</u>	<u>\$ 4,995,234</u>
<b>Special education:</b>		
Salaries, wages and employee benefits .....	\$ 4,622,787	\$ 4,809,190
Supplies and materials .....	67,738	64,709
Fees and contracts .....	2,000	1,576
	<u>\$ 4,692,525</u>	<u>\$ 4,875,475</u>
<b>Adult education:</b>		
Salaries, wages and employee benefits .....	\$ 132,871	\$ 120,668
Supplies and materials .....	8,500	7,540
	<u>\$ 141,371</u>	<u>\$ 128,208</u>
<b>Summer school:</b>		
Salaries, wages and employee benefits .....	\$ 12,000	\$ 8,100
Supplies and materials .....	800	1,248
	<u>\$ 12,800</u>	<u>\$ 9,348</u>

**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures (continued)**  
**Year ended March 31, 2001**

	<b>Budget</b>	<b>Actual</b>
School cafeterias and lunchrooms:		
Salaries, wages and employee benefits .....	\$ 250,504	\$ 242,370
Supplies and materials .....	360,998	364,326
Profit share .....	---	35,341
	<u>\$ 611,502</u>	<u>\$ 642,037</u>
Adult day school:		
Salaries, wages and employee benefits .....	\$ 348,000	\$ 347,972
Supplies and materials .....	5,000	8,832
Rentals .....	---	32,829
Telephone .....	3,785	2,685
	<u>\$ 356,785</u>	<u>\$ 392,318</u>
Capital equipment and repairs:		
Information Economy Initiative .....	\$ 307,575	\$ 247,219
Board technology initiative .....	375,000	375,000
Equipment, furniture and renovations .....	510,000	510,818
Busses/service vehicles .....	571,200	43,293
Sherwood Park Technology Refresh .....	---	67,190
	<u>\$ 1,763,775</u>	<u>\$ 1,243,520</u>



**CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD**

**Schedule C - Supplementary Details of Net Grant Costs**

**Year ended March 31, 2001**

From time to time, the Board receives funding for specific expenditure purposes. The Board accounts for such funding on a net expenditure basis so as not to distort the comparison of its actual expenditures within the context of their budgetary framework. A summary of the total funding and related expenditures for the year is presented below:

<b>Program</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Net Cost</b>
Child youth services . . . . .	\$ 78,990	\$ 78,990	\$ ---
Anti-racism . . . . .	13,574	13,574	---
Special ed . . . . .	12,160	12,160	---
Reading recovery . . . . .	6,769	6,769	---
At risk - African Canadians . . . . .	46,519	56,204	9,685
2+2 degree . . . . .	44,775	45,430	655
Breakfast program . . . . .	71,462	71,462	---
Industry Canada . . . . .	55,644	58,891	3,247
Conservatory of music . . . . .	22,844	22,844	---
Youth recovery . . . . .	12,974	13,315	341
Cornwallis & Cusack . . . . .	12,699	12,699	---
English as second language . . . . .	2,845	2,845	---
School to Work Northside . . . . .	17,513	17,513	---
Technology - J. Rod . . . . .	2,456	6,431	3,975
Heritage . . . . .	2,981	2,981	---
Page Master . . . . .	775	775	---
Grassroots . . . . .	19,475	19,475	---
Summer Technology . . . . .	9,669	15,009	5,340
Summer Breakfast . . . . .	3,400	5,280	1,880
Neighborhood Access . . . . .	5,900	5,900	---
N.S. International Students . . . . .	27,326	27,326	---
Baddeck . . . . .	54	54	---
George D. Lewis . . . . .	1,702	1,702	---
Morrison . . . . .	1,202	1,202	---
St. Mikes . . . . .	532	532	---
Sydney Mines . . . . .	1,905	1,905	---
SPEC . . . . .	2,139	2,139	---
Thompson . . . . .	3,997	3,997	---
Rankin . . . . .	1,509	1,509	---
Malcolm Munroe . . . . .	1,589	1,589	---
MacLennan . . . . .	426	426	---
MacDonald Complex . . . . .	1,911	1,911	---
Dr. T.L. Sullivan . . . . .	1,450	1,450	---
Donkin . . . . .	1,543	1,543	---
Breton Education Ctr. . . . .	4,064	4,064	---
Whitney Pier Memorial . . . . .	54	54	---
Bridgeport . . . . .	527	527	---
Cabot . . . . .	525	525	---
Worker's Compensation . . . . .	---	17,254	17,254
	<u>\$ 495,879</u>	<u>\$ 538,256</u>	<u>\$ 42,377</u>

## AUDITORS' REPORT

To the Board of Directors of  
Capital District Health Authority

We have audited the statement of financial position - operating and capital fund of the Capital District Health Authority (the "CDHA") as at March 31, 2001 and the statements of fund balances, revenues and expenditures operating fund, and cash flow for the year then ended. These combined financial statements are the responsibility of the CDHA's management. Our responsibility is to express an opinion on these combined 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 combined 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 combined financial statements present fairly, in all material respects, the financial position of the CDHA as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP  
Chartered Accountants

Halifax, Canada  
May 18, 2001

**CAPITAL DISTRICT HEALTH AUTHORITY**

**Statement of Financial Position - Operating and Capital Funds  
as at March 31, 2001**

<b>Operating</b>	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
(in thousands)				
<b>ASSETS</b>				
<b>Current</b>				
Cash & short term investments . . . . . \$	40,919 \$	--- \$	40,919 \$	38,805
Accounts receivable . . . . .	25,960	---	25,960	32,365
Due from Department of Health . . . . .	25,431	---	25,431	15,415
Due from Department of Finance . . . . .	30,834	---	30,834	22,813
Due from CDHA Foundation. . . . .	225	---	225	2,400
Due (to) from other fund . . . . .	(13,034)	13,034	---	---
Inventories (note 3). . . . .	4,367	---	4,367	4,744
Prepaid expenses . . . . .	2,059	---	2,059	2,285
	<u>116,761</u>	<u>13,034</u>	<u>129,795</u>	<u>118,827</u>
Restricted cash and short-term investments (notes 2 and 6) . . . . .	15,422	---	15,422	14,145
	<u>132,183</u>	<u>13,034</u>	<u>145,217</u>	<u>132,972</u>
Capital assets (note 4) . . . . .	---	233,076	233,076	251,674
	<u>\$ 132,183 \$</u>	<u>\$ 246,110 \$</u>	<u>\$ 378,293 \$</u>	<u>\$ 384,646</u>

<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities. . . . . \$	67,254 \$	--- \$	67,254 \$	71,722
Deferred revenue (note 5) . . . . .	19,459	13,034	32,493	23,071
Due to PDDP . . . . .	3,406	---	3,406	1,405
	<u>90,119</u>	<u>13,034</u>	<u>103,153</u>	<u>96,198</u>
Restricted liabilities (notes 2 and 6) . . . . .	15,422	---	15,422	14,145
	<u>105,541</u>	<u>13,034</u>	<u>118,575</u>	<u>110,343</u>
Employee future benefits (notes 2 and 7) . . . . .	26,631	---	26,631	22,813
	<u>132,172</u>	<u>13,034</u>	<u>145,206</u>	<u>133,156</u>

<b>FUND BALANCE</b>				
Operating surplus. . . . .	11	---	11	231
Investment in capital assets . . . . .	---	233,076	233,076	251,259
	<u>11</u>	<u>233,076</u>	<u>233,087</u>	<u>251,490</u>
	<u>\$ 132,183 \$</u>	<u>\$ 246,110 \$</u>	<u>\$ 378,293 \$</u>	<u>\$ 384,646</u>

Contingencies and commitments (notes 9, 10 and 11)

See accompanying notes

**CAPITAL DISTRICT HEALTH AUTHORITY**

**Statement of Fund Balances  
Year ended March 31, 2001**

**2001                      2000**  
(in thousands)

**OPERATING FUND**

<b>Balance, beginning of year</b> .....	\$	231	\$	(104,164)
Net revenues under expenditures. ....		(180)		104,395
		<u>51</u>		<u>231</u>
Transfer equity to capital fund .....		40		---
<b>Balance, end of year</b> .....	\$	<u>11</u>	\$	<u>231</u>

**INVESTMENT IN CAPITAL ASSETS**

<b>Capital Funding, beginning of year</b> .....	\$	370,476	\$	280,643
Capital deficit funding from Department of Health. ....		---		65,421
Transfer Home Support central. ....		112		
Capital funding for the year (Schedule C) .....		<u>7,620</u>		<u>24,412</u>
		<u>378,208</u>		<u>370,476</u>
<b>Accumulated amortization of capital funding, beginning of year</b> .....		(119,217)		(83,447)
Transfer Home Support central. ....		(40)		---
Amortization of capital deficit funding from Department of Health. ....		---		(10,660)
Amortization of capital funding for the year .....		<u>(25,875)</u>		<u>(25,110)</u>
Accumulated amortization of capital funding, end of year .....		<u>(145,132)</u>		<u>(119,217)</u>
<b>Balance, end of year</b> .....	\$	<u>233,076</u>	\$	<u>251,259</u>

See accompanying notes

**CAPITAL DISTRICT HEALTH AUTHORITY**

**Statement of Revenues and Expenditures  
Operating Fund  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
<b>Operating</b>		
Revenues (Schedule A) . . . . .	\$ 468,400	\$ 484,010
Expenditures (Schedule B) . . . . .	484,599	483,814
	<u>(16,199)</u>	<u>196</u>
Year 2000 - Revenues . . . . .	---	3,271
Year 2000 - Expenditures . . . . .	---	3,271
	<u>---</u>	<u>---</u>
<b>Net capital amortization.</b> . . . . .	<u>---</u>	<u>65</u>
<b>Results from operating activities</b> . . . . .	<u>(16,199)</u>	<u>131</u>
<b>Research</b>		
Revenues (Schedule A) . . . . .	13,088	12,132
Expenditures (Schedule B) . . . . .	(11,811)	(11,005)
	<u>1,277</u>	<u>1,127</u>
<b>Opening balance</b> . . . . .	<u>14,145</u>	<u>13,018</u>
Ending funds available for research . . . . .	15,422	14,145
Funds committed to future periods . . . . .	15,422	14,145
	<u>---</u>	<u>---</u>
<b>Net revenues under expenditures before deficit funding</b> . . . . .	(16,199)	131
Operating deficit funding received from Department of Health . . . . .	16,019	104,264
<b>Net revenues under expenditures.</b> . . . . .	<u><u>\$(180)</u></u>	<u><u>104,395</u></u>

See accompanying notes

**CAPITAL DISTRICT HEALTH AUTHORITY**

**Statement of Cash Flow  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
<b>OPERATING ACTIVITIES</b>		
Net revenues under expenditures - operating fund . . . . .	\$ (16,199)\$	196
Items not requiring cash		
Depreciation . . . . .	25,875	25,175
Amortization of capital funding . . . . .	(25,875)	(25,110)
Changes in non-cash working capital items . . . . .	<u>(1,899)</u>	<u>(101,684)</u>
<b>Cash used in operating activities</b> . . . . .	<u><b>(18,098)</b></u>	<u><b>(101,423)</b></u>
<b>FINANCING ACTIVITIES</b>		
Operating deficit funding from Department of Health . . . . .	16,019	104,264
Capital deficit funding from Department of Health . . . . .	---	55,177
Transfer of surplus retention fund to Department of Health . . . . .	---	(1,434)
Transfer of equity to capital fund . . . . .	(40)	---
Capital funding (Schedule C) . . . . .	7,620	24,821
Repayment of long term debt . . . . .	---	(563)
Transfer of operating surplus to Department of Health . . . . .	---	(68)
Addition of Home Support net capital funding . . . . .	72	---
Employee future benefits liability . . . . .	3,818	22,813
Funding of employee future benefits liability from Department of Finance . . . . .	---	(22,813)
<b>Cash provided by financing activities</b> . . . . .	<u><b>27,489</b></u>	<u><b>182,197</b></u>
<b>INVESTING ACTIVITIES</b>		
Capital assets acquired (Schedule C) . . . . .	<u>(7,277)</u>	<u>(24,349)</u>
<b>Cash used in investing activities</b> . . . . .	<u><b>(7,277)</b></u>	<u><b>(24,349)</b></u>
<b>Restricted Funding</b> . . . . .	<u><b>1,277</b></u>	<u><b>1,165</b></u>
<b>Net cash inflow during the year</b> . . . . .	3,391	57,590
Cash position, beginning of year . . . . .	<u>52,950</u>	<u>(4,640)</u>
<b>Cash position, end of year</b> . . . . .	<u><u><b>56,341</b></u></u>	<u><u><b>52,950</b></u></u>
<b>Cash position, end of year is comprised as follows:</b>		
Cash . . . . .	40,919	38,805
Restricted cash and short-term investments . . . . .	<u>15,422</u>	<u>14,145</u>
	\$ <u><u><b>56,341</b></u></u>	\$ <u><u><b>52,950</b></u></u>

See accompanying notes

**CAPITAL DISTRICT HEALTH AUTHORITY**

**Notes to Combined Financial Statements  
March 31, 2001**

**1. Nature of the Organization**

Effective January 1, 2001 Bill 34 of the Province of Nova Scotia created the Capital District Health Authority (CDHA). The CDHA includes the QE11 Health Sciences Centre, the Nova Scotia Hospital and the Capital District Health Authority (the former Central Regional Health Board). All entities are governed by a single Board of Directors.

The CDHA is a non profit entity and, as such, is exempt from income tax.

**2. Significant Accounting Policies**

**Fund Accounting**

The CDHA maintains its combined financial statements on a fund accounting basis. Separate funds have been established to distinguish operating activities from capital activities.

The operating fund contains the non-capital operating assets, liabilities, revenues and expenditures of the CDHA related to the provision of hospital services.

The capital fund contains the capital assets, net of accumulated depreciation and related capital funding, net of accumulated amortization.

**Investments**

Investments are stated at cost.

**Inventories**

Inventories are stated at cost, being the lower of cost and replacement costs.

**Capital Assets**

Capital Assets are recorded at cost and depreciated at the following annual rates:

Halifax Infirmary building	50 years straight-line
Other buildings and additions	20 - 50 years straight-line
Equipment	10 years straight-line
Leasehold improvements	10 years straight-line
Information technology	5 years straight-line
Parking	5 years straight-line
Paving	5 years straight-line

**Restricted cash and short-term investments and restricted liabilities**

Restricted cash and short-term investments are designated for restricted purposes by independent funders, by regulation, or by resolution of the CDHA's Board of Directors. The corresponding restricted liability represents the unexpended fund balance.

**Capital contributions**

Capital contributions are recorded as capital funding and amortized to income using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in the investment in capital.

**Employee Future Benefits Plans**

As at March 31, 2001, the CDHA retroactively adopted the method of accounting for employee future benefits required by The Canadian Institute of Chartered Accountants' recommendations in Section 3461, Employee Future Benefits. The Province of Nova Scotia is funding the liability and additional expenses incurred by the QE11 in association with adoption of Section 3461. The main components of this change are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.
- A liability for employee future benefits of \$26,631,000 has been included in the financial statements in the current year. The liability has been assumed by the Province of Nova Scotia so an offset of the same amount has been recorded as a receivable from the Department of Finance. The current year's net expense incurred for future employee benefits is \$3,816,000.

### 3. Inventories

	2001	2000
	(in thousands)	
Drugs .....	\$ 2,704	\$ 2,498
Food .....	8	17
General supplies .....	1,406	1,992
Medical Surgical .....	249	237
	<u>\$ 4,367</u>	<u>\$ 4,744</u>

### 4. Capital Assets

	2001	
	Cost	Accumulated Depreciation
	(in thousands)	
Land .....	\$ 324	---
Land Improvements .....	692	130
Halifax Infirmary building .....	110,023	9,865
Buildings & additions .....	74,641	31,764
Equipment .....	152,883	101,518
Leasehold improvements .....	42,717	15,452
Information technology .....	32,497	22,144
Parking .....	20	5
Paving .....	313	156
	<u>414,110</u>	<u>181,034</u>
Less: accumulated depreciation .....	<u>181,034</u>	
	<u>\$ 233,076</u>	

### 5. Deferred Revenue

Deferred revenue in the operating fund of \$19,459,000 represents advance funding received from the Department of Health for the 2001/02 fiscal year. Deferred revenue in the capital fund of \$13,034,000 represents advance funding from the Department of Health, Partners for Care and the QE11 Foundation for capital equipment to be purchased subsequent to March 31, 2001.

### 6. Restricted Cash and Short-term Investments and Restricted Liabilities

These assets and liabilities represent funds, the use of which is restricted by various conditions as described in note 2.

	2001
	(in thousands)
Centre for Clinical Research .....	\$ 13,669
Other .....	<u>1,753</u>
	<u>\$ 15,422</u>



## 7. Employee Future Benefits

The CDHA has provided for retirement allowances and life insurance as follows:

	<b>2001</b>
	(in thousands)
<b>Accrued benefit liability</b>	
<b>Beginning balance, retiring allowances</b> .....	\$ 22,813
Current service costs for the year .....	1,725
Interest cost during the year .....	1,672
Amortization of experience loss .....	76
Estimated fiscal payments for NSH employees .....	(135)
<b>Ending balance, retiring allowances</b> .....	26,151
Life insurance benefits .....	480
<b>Ending balance, accrued benefit liability</b> .....	<u>\$ 26,631</u>

**2001**  
(in thousands)

### Employee future benefits expense

Current service costs .....	\$ 1,725
Interest on accrued benefits .....	1,672
Amortization of experience loss .....	76
Estimated fiscal payments for NSH employees .....	(135)
Life insurance benefits .....	480
	<u>\$ 3,818</u>

The significant actuarial assumptions adopted in measuring the company's employee future benefits are as follows (weighted-average assumptions) as at March 31, 2001:

	Retirement Allowance	Life Insurance
Discount rate	6.56%	7.5%
Retirement % at age 65	---	50.0%
Average age of employees - QE11	41.5	---
Average age of employees - CDHA	44.1	---
Average age of employees - NS Hospital	43.1	---
Expected long term rate of return on plan assets	7.50%	---
Future mortality rate	---	20.0%
Rate of compensation increase	3.0%	---

## 8. Pension Funds

### Public Service Superannuation Fund

Most former employees of the Victoria General Hospital ("VGH"), Cancer Treatment and Research Foundation ("CTRF"), Nova Scotia Hospital ("NSH"), Public Health and Drug Dependency of the central Regional Health Board belong to the Public Service Superannuation Fund ("the Plan"). The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Nova Scotia Government Department of Finance administers the Plan. The CDHA is not responsible for any unfunded liability in this plan.

### Nova Scotia Association of Health Organizations

Employees of the former Nova Scotia Rehabilitation Centre ("NSRC") and Camp Hill Medical Centre ("CHMC") and the Central Regional Health Board ("CRHB") participate in the multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed a funding excess for the entire plan of over \$70,000,000.

**Federal Superannuation Fund**

Small group of employees of the former Camp Hill Medical Centre ("CHMC") who were on staff when Camp Hill Hospital transferred from Federal to Provincial jurisdiction on May 29, 1978 and opted to continue in this pension plan. The Plan is funded by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Public Works and Government Services Canada administer the pension plan. The CDHA is not responsible for any unfunded liability in this plan.

Total employer contributions to the above mentioned plans is as follows:

	<b>2001</b>
	(in thousands)
Employer contributions - NS Hospital	\$ 1,153
Employer contributions - QE11	9,628
Employer contributions - Former CRHB	1,168
Employer contributions - CDHA	478
	<u>\$ 12,427</u>

**9. Long-term disability plan****Public Service Long Term Disability Plan Trust Fund**

Employees of the former VGH, CTRF, NSH and Public Health/Drug Dependency from the Central Regional Health Board are members of this plan which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Plan is currently administered by the Province of Nova Scotia and NSGEU. The most recent actuarial valuation was conducted as at March 31, 1997 and showed an unfunded liability of approximately \$35,000,000.

**Nova Scotia Association of Health Organizations**

Employees of the former CHMC, QE11 and the former CRHB are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Nova Scotia Association of Health Organizations administers this long-term disability plan. The most recent actuarial valuation was completed as of December 31, 1999 and disclosed an unfunded liability of approximately \$240,000.

**Canada Life Plan**

Employees of the former NS Rehabilitation Centre are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The plan is currently administered by Canada Life.

**10. Lease commitments**

The CDHA is committed to the following annual lease payments in each of the next five fiscal years ended March 31:

	(in thousands)
2002	\$ 4,056
2003	4,057
2004	4,076
2005	3,748
2006	3,715

**11. Contingency**

The CDHA is disputing amounts claimed by a consulting firm to the QE11 as a result of a re-engineering project. The outcome of this dispute is not determinable at this time and no amount has been recorded in the financial statements as at March 31, 2001. The costs of settlement of this matter, if any, will be recorded in the year of resolution.

## CAPITAL DISTRICT HEALTH AUTHORITY

**Schedule of Revenues**  
**Operating Fund**  
**Year ended March 31, 2001**

	Operating	Provincial Funded Programs	Research	2001 Total	2000 Total
	(in thousands)				
Department of Health . . . . . \$	393,940 \$	10,223 \$	188 \$	404,351 \$	421,019
Provincial Grants . . . . .	3,336	---	---	3,336	4,800
Amortization of capital funding . . . . .	25,875	---	---	25,875	25,110
Federal Government . . . . .	17,416	---	3	17,419	16,790
Other . . . . .	7,996	12	1,063	9,071	7,733
Research grants . . . . .	---	---	6,437	6,437	8,442
Research contracts . . . . .	---	---	6,311	6,311	7,294
Non resident billings . . . . .	7,396	148	2	7,546	6,913
Dietary . . . . .	5,098	---	---	5,098	5,923
Referred in from other facilities . . . . .	5,495	---	---	5,495	5,121
Perferred accommodation . . . . .	7,655	---	---	7,655	7,200
Medical education . . . . .	---	5,391	---	5,391	4,719
Workers Compensation Board . . . . .	3,318	---	---	3,318	3,362
Year 2000 . . . . .	---	---	---	---	3,271
Utilities . . . . .	2,010	---	---	2,010	2,121
Deinsured services . . . . .	308	---	4	312	769
Parking . . . . .	30	500	---	530	330
Research transfer . . . . .	---	---	(918)	(918)	(5,188)
Bad debts . . . . .	(1,871)	(1)	(2)	(1,874)	(1,206)
Gross revenues . . . . .	<u>478,002</u>	<u>16,273</u>	<u>13,088</u>	<u>507,363</u>	<u>524,523</u>
Less: Amortization of capital funding . . . . .	25,875	---	---	25,875	25,110
Year 2000 . . . . .	---	---	---	---	3,271
	<u>25,875</u>	<u>---</u>	<u>---</u>	<u>25,875</u>	<u>28,381</u>
<b>Net revenues . . . . . \$</b>	<u><u>452,127</u></u> \$	<u><u>16,273</u></u> \$	<u><u>13,088</u></u> \$	<u><u>481,488</u></u> \$	<u><u>496,142</u></u>

## CAPITAL DISTRICT HEALTH AUTHORITY

Schedule of Expenditures  
Operating Fund  
Year ended March 31, 2001

	Operating	Programs	Provincial Funded Research	2001 Total (in thousands)	2000 Total
Compensation . . . . . \$	319,174 \$	26,021 \$	8,290 \$	353,485 \$	337,637
Supplies . . . . .	31,516	3,587	9	35,112	34,310
Drugs . . . . .	17,967	1,561	26	19,554	28,748
Depreciation . . . . .	25,875	---	---	25,875	25,175
Purchased services . . . . .	13,874	489	150	14,513	19,814
Plant maintenance					
supplies . . . . .	14,993	295	712	16,000	16,267
Utilities . . . . .	14,564	151	136	14,851	14,392
Fees . . . . .	10,381	673	3,069	14,123	14,384
Food supplies . . . . .	5,649	2	---	5,651	6,413
Lab Supplies . . . . .	4,644	19	88	4,751	6,226
Diagnostic imaging . . . . .	3,558	---	14	3,572	3,545
Year 2000 . . . . .	---	---	---	---	3,271
Other . . . . .	6,096	1,047	(1,352)	5,791	4,340
Travel . . . . .	2,533	245	668	3,446	2,099
Employee future benefits					
expense (note 7) . . . . .	3,818	---	---	3,818	4,800
Insurance . . . . .	956	---	1	957	968
Grants . . . . .	786	---	---	786	876
<b>Gross expenditures . . . . .</b>	<u>476,384</u>	<u>34,090</u>	<u>11,811</u>	<u>522,285</u>	<u>523,265</u>
Less: Depreciation . . . . .	(25,875)	---	---	(25,875)	(25,175)
Year 2000 . . . . .	---	---	---	---	3,271
	<u>(25,875)</u>	<u>---</u>	<u>---</u>	<u>(25,875)</u>	<u>(28,446)</u>
<b>Net expenditures . . . . . \$</b>	<u><u>450,509</u></u> \$	<u><u>34,090</u></u> \$	<u><u>11,811</u></u> \$	<u><u>496,410</u></u> \$	<u><u>494,819</u></u>

## CAPITAL DISTRICT HEALTH AUTHORITY

Schedule of Changes in Capital  
Year ended March 31, 2001

	2001	2000
	(in thousands)	
<b>Capital Funding</b>		
Department of Health .....	\$ 6,868	\$ 18,953
Foundations .....	723	5,600
Veterans Affairs Canada .....	---	243
Clinic Research .....	---	25
Other .....	---	---
Federal Government .....	29	---
	<u>\$ 7,620</u>	<u>\$ 24,821</u>
 <b>Capital Expenditures</b>		
Equipment .....	\$ 3,860	\$ 12,059
Leasehold improvements .....	2,093	8,536
Buildings .....	116	73
Information technology .....	1,208	3,681
	<u>\$ 7,277</u>	<u>\$ 24,349</u>
 <b>Capital deficit funding from Department of Health .....</b>	<u>---</u>	<u>\$ 55,177</u>

**CHECK INNS LIMITED**

The following statements for Check Inns Limited are unaudited.

CHECK INNS LIMITED

Balance Sheet  
March 31, 2001

	2001	2000
Assets .....	\$ <u>---</u>	\$ <u>---</u>

LIABILITIES

Current

Payables and accruals

Department of Tourism and Culture .....	\$ <u>89,907</u>	\$ <u>89,907</u>
---	------------------	------------------

SHAREHOLDER'S EQUITY

Capital Stock

Authorized:

5,000 common shares with par value of \$1 each

Issued:

3 common shares .....	3	3
Retained earnings .....	<u>(89,910)</u>	<u>(89,910)</u>
	<u>(89,907)</u>	<u>(89,907)</u>
	\$ <u>---</u>	\$ <u>---</u>

Statement of Loss and Retained Earnings  
year ended March 31, 2001

	2001	2000
Expenses .....	\$ <u>---</u>	\$ <u>---</u>
Retained earnings, beginning of year .....	\$ (89,910)	\$ (89,910)
Net loss .....	<u>---</u>	<u>---</u>
Retained earnings, end of year .....	\$ <u>(89,910)</u>	\$ <u>(89,910)</u>

## AUDITORS' REPORT

To the Chairperson and Members  
of the Board

We have audited the balance sheets of Chignecto-Central Regional School Board as at March 31, 2001 and the statements of operations, surplus, investment in capital assets and continuity of reserves for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

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 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

Halifax, Canada  
July 6, 2001



**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current assets:		
Cash	\$ 4,900,742	\$ 1,398,251
Accounts receivable:		
Government of Canada (note 2) . . . . .	1,217,674	1,094,104
Province of Nova Scotia (note 3) . . . . .	1,598,347	3,556,552
Municipalities . . . . .	---	273,308
Other . . . . .	660,868	588,995
Prepaid expenses . . . . .	69,259	53,852
Due from Trust Funds . . . . .	<u>1,067</u>	<u>---</u>
	8,447,957	6,965,062
Other assets:		
Restricted cash and investments . . . . .	<u>1,421,410</u>	<u>706,539</u>
	1,421,410	706,539
Capital assets (note 4):		
School buildings and land . . . . .	82,053,492	79,674,129
Equipment and furnishings . . . . .	32,681,785	31,551,371
School buses and maintenance vehicles . . . . .	<u>10,943,441</u>	<u>10,199,767</u>
	125,678,718	121,425,267
	<u>\$ 135,548,085</u>	<u>\$ 129,096,868</u>

**LIABILITIES and EQUITY**

	<b>2001</b>	<b>2000</b>
Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 7,585,922	\$ 5,798,640
Deferred revenue . . . . .	759,658	579,450
Due to Trust Funds . . . . .	<u>---</u>	<u>51</u>
	8,345,580	6,378,141
Other liabilities:		
Obligation under Early Retirement Program (note 5) . . . . .	<u>---</u>	<u>28,977,405</u>
	---	28,977,405
Equity:		
Deficiency in Early Retirement Program (note 5) . . . . .	---	(28,977,405)
Reserves . . . . .	1,422,478	1,206,488
Investment in capital assets . . . . .	125,739,748	121,486,297
Surplus - non-restricted . . . . .	<u>40,279</u>	<u>25,942</u>
	127,202,505	93,741,322
	<u>\$ 135,548,085</u>	<u>\$ 129,096,868</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current assets:		
Cash	\$ 4,900,742	\$ 1,398,251
Accounts receivable:		
Government of Canada (note 2) . . . . .	1,217,674	1,094,104
Province of Nova Scotia (note 3) . . . . .	1,598,347	3,556,552
Municipalities . . . . .	---	273,308
Other . . . . .	660,868	588,995
Prepaid expenses . . . . .	<u>69,258</u>	<u>53,852</u>
	8,446,889	6,965,062
Other assets:		
Restricted cash and investments . . . . .	1,377,867	665,009
	<u>\$ 9,824,756</u>	<u>\$ 7,630,071</u>

**LIABILITIES AND EQUITY (DEFICIT)**

Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 7,585,922	\$ 5,798,640
Deferred revenue . . . . .	759,658	579,450
Due to own funds . . . . .	<u>1,438,897</u>	<u>1,226,039</u>
	9,784,477	7,604,129
Other liabilities:		
Obligation under Early Retirement Program (note 5) . . . . .	---	28,977,405
Equity (deficit):		
Deficiency in Early Retirement Program (note 5) . . . . .	---	(28,977,405)
Surplus - non-restricted . . . . .	<u>40,279</u>	<u>25,942</u>
	40,279	(28,951,463)
	<u>\$ 9,824,756</u>	<u>\$ 7,630,071</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year ended March 31, 2001**

	2001 Budget	2001 Actual	2000 Actual
Revenue (schedule A):			
Province of Nova Scotia . . . . .	\$ 109,738,229	\$ 110,720,038	\$ 112,221,767
Government of Canada . . . . .	1,954,285	2,414,883	2,267,676
Appropriation from Councils . . . . .	18,587,246	18,587,294	18,339,436
Board operations . . . . .	<u>2,358,357</u>	<u>3,381,127</u>	<u>3,145,333</u>
	132,638,117	135,103,342	135,974,212
Expenditures (schedule B):			
Regional services . . . . .	3,329,715	3,311,805	3,762,638
Instructional services . . . . .	92,109,282	91,024,833	91,520,544
Property service . . . . .	13,295,377	14,494,595	13,935,725
Pupil transportation . . . . .	7,995,687	7,429,278	7,788,166
Special education . . . . .	12,332,827	12,596,553	12,002,728
Adult education . . . . .	576,899	602,041	614,862
Summer school . . . . .	76,875	92,528	79,442
Cafeteria . . . . .	1,122,552	1,240,095	1,247,120
Capital equipment, repairs and renovations . . . . .	1,493,809	4,083,300	3,632,033
Debt service costs . . . . .	305,094	---	414,357
Transfer to reserve for Instructional Program Enhancement . . . . .	---	213,977	468,714
Transfer to reserve for future operations . . . . .	<u>---</u>	<u>---</u>	<u>500,000</u>
	132,638,117	135,089,005	135,966,329
Excess of revenue over expenditures . . . . .	<u>---</u>	<u>14,337</u>	<u>7,883</u>

**Statement of Surplus  
Year ended March 31, 2001**

	2001	2000
Surplus, beginning of year . . . . .	\$ 25,942	\$ 18,059
Excess of revenue over expenditures . . . . .	14,337	7,883
Surplus, end of year . . . . .	<u>\$ 40,279</u>	<u>\$ 25,942</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Due from own funds . . . . .	\$ 61,030	\$	61,030
Capital assets (note 4):			
School buildings and land . . . . .	82,053,492		79,674,129
Equipment and furnishings. . . . .	32,681,785		31,551,371
School buses and maintenance vehicles. . . . .	<u>10,943,441</u>		<u>10,199,767</u>
	<u>\$ 125,739,748</u>	\$	<u>121,486,297</u>

**EQUITY**

Investment in capital assets . . . . .	<u>125,739,748</u>		<u>121,486,297</u>
	<u>\$ 125,739,748</u>	\$	<u>121,486,297</u>

**Statement of Investment in Capital Assets  
Year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
Balance, beginning of year. . . . .	\$ 121,486,297	\$	115,994,977
Capital asset purchases funded from operations:			
School buildings and land . . . . .	2,219,264		937,417
Equipment and furnishings. . . . .	759,952		1,872,177
School buses and maintenance vehicles. . . . .	1,104,084		822,439
Donated capital assets:			
School buildings. . . . .	160,099		595,637
Equipment and furnishings. . . . .	<u>370,462</u>		<u>376,326</u>
	4,613,861		4,603,996
Capital debt repayment:			
Retirement of debt . . . . .	---		357,448
Forgiveness of debt by Province of Nova Scotia. . . . .	---		975,017
Retirement of capital assets:			
School buses and maintenance vehicles. . . . .	(360,410)		(445,141)
Balance, end of year . . . . .	<u>\$ 125,739,748</u>	\$	<u>121,486,297</u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Reserve Fund Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Cash and investments .....	\$ 43,543	\$ 41,530
Due from own funds .....	<u>1,378,935</u>	<u>1,164,958</u>
	\$ <u><u>1,422,478</u></u>	\$ <u><u>1,206,488</u></u>

<b>RESERVES</b>		
Reserve for Instructional Program Enhancement .....	\$ 852,475	\$ 638,498
Reserve for School Advisory Councils .....	18,633	18,633
Reserve for future operations .....	500,000	500,000
Special Capital Reserve .....	13,499	13,258
Capital Reserve .....	<u>37,871</u>	<u>36,099</u>
	\$ <u><u>1,422,478</u></u>	\$ <u><u>1,206,488</u></u>

**Statement of Continuity of Reserves  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year .....	\$ 1,206,488	\$ 235,772
Interest earned .....	<u>2,013</u>	<u>2,002</u>
	1,208,501	237,774
Transfer from current operations:		
Instructional Program Enhancement .....	213,977	468,714
Future operations .....	---	500,000
Balance, end of year .....	\$ <u><u>1,422,478</u></u>	\$ <u><u>1,206,488</u></u>

See accompanying notes to financial statements.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Notes to Financial Statements  
Year ended March 31, 2001**

Pursuant to an Act passed by the Province of Nova Scotia, the Colchester-East Hants District School Board, Cumberland District School Board, and the Pictou District School Board were amalgamated to form the Chignecto-Central Regional School Board. The Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system.

**1. Significant accounting policies:**

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Capital assets acquired with operating funds are recorded as an expenditure when incurred. Teachers' salaries are recorded on a cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Capital assets:

Capital assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The School Board does not record depreciation on its capital assets.

(d) Basis of consolidation:

The consolidated balance sheet has been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook. Trust funds are not included in the consolidation (see note 8) and interfund balances have been eliminated.

**2. Accounts receivable, Government of Canada:**

	2001		2000
Band Councils . . . . .	\$ 697,509	\$	429,097
Goods and Services Tax . . . . .	495,767		477,779
Other . . . . .	<u>24,398</u>		<u>187,228</u>
	\$ <u>1,217,674</u>	\$	\$ <u>1,094,104</u>

**3. Accounts receivable, Province of Nova Scotia:**

	2001	2000
Fuel subsidy.....	\$ 440,800	\$ ---
Special capital projects.....	---	350,167
Service award funding.....	---	829,954
Technology Refresh.....	221,945	---
Other.....	<u>935,602</u>	<u>2,376,431</u>
	<u>\$ 1,598,347</u>	<u>\$ 3,556,552</u>

**4. Capital assets:**

In 1982, on creation of the former District School Boards, an agreement was made with respect to capital assets which stated that all land and school buildings on hand at December 31, 1981 remain assets of the municipal units but will be under the operational control of the District School Boards until such time as the School Boards no longer require the assets for school purposes. At that time, control will revert back to the municipalities. In addition, one of the former District School Boards also had an agreement to offer back to the municipalities, at no cost, certain land and buildings acquired in 1970 if they are ever declared surplus by the Board. These agreements have been carried forward to the Regional School Board.

As a result of improvements made to school buildings, the Chignecto-Central Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a building returned by the Regional School Board under the circumstances noted above, be sold by the Municipal unit or destroyed, a portion of any proceeds will be payable to the Regional School Board.

**5. Early Retirement Program:**

During the 2000-2001 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

**6. Service Award Program:**

Under the terms of the agreements with the local unit of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a defined minimum of years service with the Board and is employed by the Board immediately prior to retirement.

As at March 31, 2001 management has not estimated the liability for service award credits earned to date. This liability is currently unfunded by the Board. The amount of \$241,605 (2000 - \$1,553,509) recorded as a service award expenditure during the year represents awards paid and payable to teachers whose resignations have been accepted by the Board. Appropriations not made for the cost of service award credits earned in the current year by teachers who have not yet retired.

**7. Insurance:**

The Board is a member of a self insurance plan with the Nova Scotia Board Association.

**8. Trust funds (schedules C and D):**

The following are trust fund balances:

	2001	2000
ARHS Prize . . . . .	\$ 1,905	\$ 1,972
Biggs . . . . .	21,386	21,117
Blaikie . . . . .	2,805	---
Brine . . . . .	1,153	1,201
Campbell . . . . .	1,207	1,205
Chignecto Family . . . . .	7,259	7,229
Christie . . . . .	14,049	13,329
Class of Fifty . . . . .	1,465	---
Cole . . . . .	2,157	2,070
Coleman . . . . .	230	(19)
Decker . . . . .	6,349	6,316
Dempsey . . . . .	111	211
Devenne . . . . .	4,852	4,812
Dowe . . . . .	714	716
Dunbar . . . . .	3,000	3,017
Eaton . . . . .	1,988	1,872
Edwards . . . . .	2,962	2,467
Fields . . . . .	1,733	1,731
Fife . . . . .	---	600
Fulmer . . . . .	16,322	10,021
Gosse . . . . .	2,589	2,450
Harrison . . . . .	5,131	5,104
Hewson . . . . .	23,938	23,324
Hunter . . . . .	45,000	---
Kirkpatrick . . . . .	1,103	1,678
LaFarge . . . . .	9,625	10,000
MacInnes . . . . .	2,000	2,000
MacKenzie . . . . .	12,016	12,084
McBrien . . . . .	5,510	5,510
MacIver . . . . .	6,019	5,872
McIver . . . . .	1,517	1,558
Parker . . . . .	2,627	2,711
Parrsboro Prize . . . . .	1,011	1,001
Puglsey . . . . .	78,829	73,742
Red Cross . . . . .	3,262	---
Roach . . . . .	1,132	1,072
Smith . . . . .	1,538	1,535
Sorge . . . . .	5,472	5,479
Stay-in-School . . . . .	13,962	13,986
Tingley . . . . .	13,154	13,033
Tye . . . . .	31,385	28,493
Wilkes . . . . .	5,520	---
	<u>\$ 363,987</u>	<u>\$ 290,499</u>



**9. Pension plans:**

The Regional School Board's Canadian Union of Public Employees (CUPE) staff participate in a defined benefit pension plan held on behalf of the Regional School Board by the Nova Scotia School Boards Association. The latest actuarial valuation was performed on December 31, 1999 and indicated accrued pension benefits of \$2,882,300 and pension fund assets with market values of \$3,202,900.

The Regional School Board's Nova Scotia Government Employees Union (NSGEU) and non-union staff are covered by a pension plan established by the Province of Nova Scotia pursuant to the Public Service Superannuation Act.

The Regional School Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule A - Supplementary Details of Revenue  
Year ended March 31, 2001**

	<b>2001 Budget</b>		<b>2001 Actual</b>		<b>2000 Actual</b>
<b>Province of Nova Scotia:</b>					
General formula . . . . .	\$ 99,533,254	\$	99,533,301	\$	98,819,800
Special education . . . . .	7,078,400		7,078,400		7,078,400
Textbook credit allocation . . . . .	1,297,200		1,297,200		1,127,700
Severe Learning Disabilities . . . . .	225,100		225,100		225,100
Capital debt . . . . .	255,760		---		268,409
Capital transportation . . . . .	764,800		1,014,800		1,024,800
Emergency capital grants . . . . .	---		---		185,000
French special projects . . . . .	83,715		81,188		69,497
Service awards funding . . . . .	---		---		829,954
Information Economy Initiative . . . . .	---		451,830		638,597
Other . . . . .	500,000		1,038,219		1,954,510
	<u>\$ 109,738,229</u>	\$	<u>110,720,038</u>	\$	<u>112,221,767</u>
<b>Government of Canada:</b>					
Indian and Northern Affairs Canada . . . . .	\$ 1,700,000	\$	2,021,877	\$	1,898,950
<b>Secretary of State:</b>					
Minority language . . . . .	45,000		38,546		39,210
French special projects . . . . .	209,285		202,969		173,743
Employment and Immigration Canada . . . . .	---		141,491		145,773
Other . . . . .	---		10,000		10,000
	<u>\$ 1,954,285</u>	\$	<u>2,414,883</u>	\$	<u>2,267,676</u>
<b>Appropriation from Councils:</b>					
Municipality of Colchester . . . . .	\$ 4,371,063	\$	4,371,062	\$	4,313,807
Municipality of Cumberland . . . . .	2,178,691		2,178,696		2,115,698
Municipality of East Hants . . . . .	2,451,811		2,451,816		2,409,828
Municipality of Pictou . . . . .	3,036,932		3,036,936		3,035,700
Town of Amherst . . . . .	1,152,014		1,152,012		1,142,004
Town of New Glasgow . . . . .	1,208,234		1,208,232		1,202,412
Town of Oxford . . . . .	182,661		182,664		164,808
Town of Parrsboro . . . . .	143,490		143,496		137,808
Town of Pictou . . . . .	350,030		350,040		343,944
Town of Springhill . . . . .	383,866		383,880		370,488
Town of Stellarton . . . . .	523,058		523,056		524,808
Town of Stewiacke . . . . .	149,304		149,304		146,664
Town of Trenton . . . . .	223,792		223,800		215,940
Town of Truro . . . . .	1,973,502		1,973,496		1,965,520
Town of Westville . . . . .	258,798		258,804		250,007
	<u>\$ 18,587,246</u>	\$	<u>18,587,294</u>	\$	<u>18,339,436</u>
<b>Board operations:</b>					
Cafeterias . . . . .	\$ 1,132,552	\$	1,278,343	\$	1,227,131
Investment interest . . . . .	170,000		451,329		175,947
Adult education fees . . . . .	129,500		121,801		151,027
Rentals . . . . .	542,982		564,266		500,547
Summer School . . . . .	30,500		34,662		29,152
International Student Program . . . . .	30,000		577,924		119,043
Other . . . . .	322,823		352,802		942,486
	<u>\$ 2,358,357</u>	\$	<u>3,381,127</u>	\$	<u>3,145,333</u>

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures  
Year ended March 31, 2001**

	<b>2001</b>		<b>2001</b>		<b>2000</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
Regional services:					
Salaries and wages . . . . .	\$ 2,062,710	\$	2,097,302	\$	2,253,371
Board member honorarium . . . . .	124,800		128,975		118,755
Employee benefits . . . . .	217,880		219,439		252,154
Supplies and materials . . . . .	153,480		212,184		215,802
Travel and conference - Staff . . . . .	134,634		148,252		231,206
Travel and conference - Board . . . . .	62,000		42,080		63,063
Telephone . . . . .	81,200		70,679		73,270
Professional fees . . . . .	90,000		67,116		193,327
Administrative services . . . . .	221,379		168,905		140,083
Facilities rental . . . . .	23,832		23,831		22,246
Dues and fees . . . . .	60,500		54,628		102,378
Advertising . . . . .	46,000		17,127		50,292
Consulting and contracted services . . . . .	---		31,343		45,168
School board elections . . . . .	50,000		29,844		---
Other . . . . .	1,300		100		1,523
	<u>\$ 3,329,715</u>	\$	<u>3,311,805</u>	\$	<u>3,762,638</u>
Instructional services:					
Salaries and wages . . . . .	\$ 81,916,785	\$	80,738,278	\$	80,035,505
Employee benefits . . . . .	5,249,317		4,814,477		4,811,494
Service awards (note 6) . . . . .	211,829		241,605		1,553,509
Supplies and materials . . . . .	2,540,639		2,264,497		2,410,838
Textbook credit allocation . . . . .	1,284,662		1,297,200		1,127,700
Travel and conferences . . . . .	144,447		348,313		407,027
In-service training . . . . .	---		79,643		289,438
Program initiatives . . . . .	243,150		373,435		350,258
Telephone . . . . .	283,453		271,815		292,157
Computer services . . . . .	235,000		291,425		228,998
International Student Program . . . . .	---		291,032		---
Other . . . . .	---		13,113		13,620
	<u>\$ 92,109,282</u>	\$	<u>91,024,833</u>	\$	<u>91,520,544</u>
Property service:					
Salaries and wages . . . . .	\$ 6,470,799	\$	6,604,982	\$	6,861,677
Employee benefits . . . . .	1,142,162		1,048,626		1,019,498
Supplies and materials . . . . .	1,227,344		1,266,996		1,289,591
Utilities . . . . .	3,741,813		4,651,628		3,971,661
Travel, conference and in-services . . . . .	35,030		43,756		51,733
Insurance . . . . .	302,500		301,060		274,652
Contracted Services . . . . .	323,609		484,756		409,092
Telephone . . . . .	50,500		58,183		52,369
Other . . . . .	1,620		34,608		5,452
	<u>\$ 13,295,377</u>	\$	<u>14,494,595</u>	\$	<u>13,935,725</u>
Pupil transportation:					
Salaries and wages . . . . .	\$ 4,068,271	\$	3,620,150	\$	3,878,697
Employee benefits . . . . .	652,034		565,332		560,171
Vehicle operating . . . . .	1,095,950		1,117,244		1,090,811
License . . . . .	70,000		75,005		68,141
Insurance . . . . .	77,000		63,882		66,754
Garage expenses . . . . .	59,000		50,048		35,417
Travel, conferences and in-services . . . . .	5,732		8,089		24,188
Contract conveyance . . . . .	1,928,000		1,897,766		2,033,770
Bus site maintenance . . . . .	15,000		11,398		11,876
Telephone . . . . .	24,700		20,364		18,341
	<u>\$ 7,995,687</u>	\$	<u>7,429,278</u>	\$	<u>7,788,166</u>

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule B - Supplementary Details of Expenditures (continued)**  
**Year ended March 31, 2001**

	<b>2001</b>		<b>2001</b>		<b>2000</b>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
<b>Special education:</b>					
Salaries and wages . . . . .	\$ 11,291,713	\$	11,463,508	\$	10,872,496
Employee benefits . . . . .	778,000		852,318		811,738
Supplies and materials . . . . .	160,000		147,447		140,007
Circuit and resource travel . . . . .	58,000		69,835		52,003
Travel, conferences and in-services . . .	19,114		42,492		106,447
Telephone . . . . .	26,000		20,810		19,518
Other . . . . .	---		143		519
	<u>\$ 12,332,827</u>	\$	<u>12,596,553</u>	\$	<u>12,002,728</u>
<b>Adult education:</b>					
Salaries and wages . . . . .	\$ 409,799	\$	431,941	\$	434,634
Employee benefits . . . . .	43,400		50,136		43,363
Contracted services . . . . .	36,547		45,705		42,219
Travel and conference . . . . .	7,000		9,978		16,769
Supplies and materials . . . . .	43,000		27,541		45,119
Advertising . . . . .	21,453		20,914		14,123
Facilities rental . . . . .	7,500		3,122		8,741
Telephone and computer services . . . .	8,200		12,704		9,894
	<u>\$ 576,899</u>	\$	<u>602,041</u>	\$	<u>614,862</u>
<b>Summer school:</b>					
Salaries, wages and employee benefits. \$	71,375	\$	90,391	\$	2,077
Contracted services . . . . .	---		---		75,000
Supplies and materials . . . . .	3,500		2,028		2,215
Travel and conference . . . . .	2,000		109		150
	<u>\$ 76,875</u>	\$	<u>92,528</u>	\$	<u>79,442</u>
<b>Cafeteria:</b>					
Salaries and wages . . . . .	\$ 436,046	\$	428,131	\$	430,089
Employee benefits . . . . .	53,867		56,631		52,254
Supplies and materials . . . . .	582,639		706,327		685,435
Contracted services . . . . .	50,000		49,006		79,342
	<u>\$ 1,122,552</u>	\$	<u>1,240,095</u>	\$	<u>1,247,120</u>

**CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD**

**Schedule C - Trust Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Cash and investments . . . . .	\$ 365,055	\$	290,448
Due from Operating Fund . . . . .	---		<u>51</u>
	<u>\$ 365,055</u>	\$	<u>290,499</u>

**EQUITY**

Due to Operating Fund . . . . .	\$ 1,068	\$	---
Trust Funds (note 8) . . . . .	<u>363,987</u>		<u>290,499</u>
	<u>\$ 365,055</u>	\$	<u>290,499</u>

**Schedule D - Statement of Continuity of Trust funds  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
Balance, beginning of year . . . . .	\$ 290,499	\$	276,971
Receipts:			
Principal . . . . .	82,408		22,114
Interest earned . . . . .	<u>14,152</u>		<u>11,931</u>
	96,560		34,045
Disbursements:			
Bursaries and scholarships . . . . .	<u>(23,072)</u>		<u>(20,517)</u>
Balance, end of year . . . . .	<u>\$ 363,987</u>	\$	<u>290,499</u>

See accompanying notes to financial statements.

## AUDITORS' REPORT

We have audited the balance sheet of the College de l'Acadie as at March 31, 2001 and 2000, the statement of operations and changes in net assets and the statement of changes in financial position for the years 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.

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 College de l'Acadie as at March 31, 2001 and 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Saxton Comeau  
Chartered Accountants

Yarmouth, Nova Scotia  
June 8, 2001

COLLEGE DE L'ACADIE

Balance Sheet  
March 31, 2001 and 2000

	2001	2000
<b>ASSETS</b>		
Current Assets:		
Cash . . . . .	\$ 26,300	\$ 368,660
Accounts receivable (note 3) . . . . .	651,546	1,308,895
Bookstore inventory . . . . .	<u>---</u>	<u>23,404</u>
	677,846	1,700,959
Long-term investments (Market value \$846,777) . . . . .	869,875	831,896
Capital assets (note 4) . . . . .	<u>1,276,663</u>	<u>1,148,080</u>
	2,146,538	1,979,976
	<u>\$ 2,824,384</u>	<u>\$ 3,680,935</u>
<b>LIABILITIES</b>		
Current liabilities:		
Cheques issued in excess of funds on deposit . . . . .	\$ 88,525	\$ ---
Accounts payable . . . . .	662,075	662,183
Deferred revenues . . . . .	227,457	376,864
Current portion of capital lease obligation . . . . .	<u>248,000</u>	<u>232,500</u>
	1,226,057	1,271,547
Long term capital lease obligation (note 5) . . . . .	204,690	491,664
<b>NET ASSETS</b>		
Invested in capital assets . . . . .	823,973	423,916
Unrestricted, operating surplus (deficit) (note 6) . . . . .	(326,511)	640,432
Internally restricted surplus . . . . .	<u>896,175</u>	<u>853,376</u>
	1,393,637	1,917,724
Commitments (note 6)	<u>\$ 2,824,384</u>	<u>\$ 3,680,935</u>

COLLEGE DE L'ACADIE

Statement of Operations and Changes in Net Assets  
Year ended March 31, 2001 and 2000

	2001	2001	2000
	Budget	Actual	Actual
Revenue:			
Government grants . . . . .	\$ 2,900,000	\$ 3,176,000	\$ 3,826,000
Tuition fees . . . . .	252,000	200,815	190,101
Bookstore sales . . . . .	42,707	44,483	85,395
Recoveries . . . . .	---	52,179	31,282
Investments . . . . .	35,000	68,049	68,503
Miscellaneous . . . . .	33,581	17,252	48,115
Transfer from operating surplus . . . . .	<u>640,432</u>	<u>640,432</u>	<u>---</u>
	3,903,720	4,199,210	4,249,396
Customized training . . . . .	<u>519,900</u>	<u>947,940</u>	<u>449,598</u>
	4,423,620	5,147,150	4,698,994
Expenses:			
Wages and employee benefits . . . . .	2,496,412	2,344,626	2,437,928
Severance . . . . .	---	---	36,000
Telecommunications . . . . .	464,269	386,927	382,022
Building and property management . . . . .	372,964	383,289	265,152
Capital improvements . . . . .	61,373	---	71,990
Technology equipment management . . . . .	274,969	162,654	127,952
Public relations and marketing . . . . .	92,566	137,711	135,496
Travel . . . . .	149,448	120,913	141,839
Bookstore purchases . . . . .	42,707	78,136	71,330
Training and teaching supplies . . . . .	88,455	56,917	91,415
Honorariums and professional fees . . . . .	147,995	46,043	67,284
Photocopies and office supplies . . . . .	81,768	78,202	37,388
Amortization of capital assets . . . . .	234,000	260,173	169,872
Freight and delivery . . . . .	13,411	17,135	12,719
Student services . . . . .	14,549	14,269	22,752
Program research and development . . . . .	168,969	35,253	20,612
Subscriptions . . . . .	19,765	7,089	7,860
Miscellaneous . . . . .	<u>---</u>	<u>---</u>	<u>1,436</u>
	4,723,620	4,129,337	4,101,047
Customized training . . . . .	<u>---</u>	<u>901,468</u>	<u>368,360</u>
	4,723,620	5,030,805	4,469,407
Excess of revenue over expenses (expenses over revenue) . . . . .	<u>(300,000)</u>	<u>116,345</u>	<u>229,587</u>
Net assets, beginning of year . . . . .		1,917,724	1,688,137
Transfer from operating surplus . . . . .		(640,432)	---
Net assets, end of year . . . . .		<u>\$ 1,393,637</u>	<u>\$ 1,917,724</u>



COLLEGE DE L'ACADIE

Statement of Changes in Financial Position  
Year ended March 31, 2001 and 2000

	2001	2000
Net inflow of cash related to operating activities:		
Excess of revenue over expenses . . . . . \$	116,345	\$ 229,587
Amortization of capital assets . . . . .	260,173	169,872
Transfer from unrestricted operating surplus . . . . .	(640,432)	---
Increase (decrease) in non-cash working capital items (note 8) . . .	<u>531,238</u>	<u>(535,715)</u>
	267,324	(136,256)
Net outflow of cash related to investing activities:		
Purchase of capital assets . . . . .	(410,680)	(292,396)
Purchase of long-term investments. . . . .	<u>(37,979)</u>	<u>(831,896)</u>
	(448,659)	(1,124,292)
Net outflow of cash related to financing activities		
Decrease in capital lease obligation. . . . .	<u>(249,550)</u>	<u>(29,297)</u>
Decrease in cash . . . . .	(430,885)	(1,289,845)
Cash, beginning of year . . . . .	368,660	1,658,505
Cash, end of year. . . . . \$	<u><u>(62,225)</u></u>	<u><u>368,660</u></u>

Cash is defined as cash plus short term investments.

## COLLEGE DE L'ACADIE

### Notes to Financial Statements Year ended March 31, 2001 and 2000

#### 1. Overview:

The College de l'Acadie is a post-secondary french educational institution, created under the authority of Law 55, Nova Scotia Community College and College de l'Acadie, on April 1, 1997. The College is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

#### 2. Significant accounting policies:

Fund accounting and presentation of financial statements

The College accounts for its activity by funds. Each fund is segregated to ensure that internal or external restrictions are maintained. The College follows the deferral method of accounting for contributions. Funding for expenses of future periods are deferred and recognized as revenue in the year in which the related expense is incurred. The deferral method also differentiates restricted and non-restricted funds.

The operations of the College are managed by two main funds: the operating fund and special projects fund.

##### (i) Operating fund

The Operating fund receives revenue and incurs expenses required to administer the operations of the College. This fund includes operating and teaching costs, the general operating grant and other operating revenues. It includes accumulated surplus from administration and academic operations. The Operating fund also accounts for all activity in the satellite offices, which are located in Clare, Tusket, Dartmouth, Pomquet, Petit-de-Grat and St. Joseph du Moine.

##### (ii) Capital Fund

The Capital fund reports all of the Organization's capital assets (i.e. equipment and portable classrooms), liabilities, revenues and expenses including contributions and amortization.

##### (iii) Internally restricted funds

This fund includes monies received from the Province of Nova Scotia. The Board has restricted these funds to be used to finance the construction of new facilities.

##### (iv) Customized training

The College received grant revenues and tuition fees pertaining to specific projects. Revenues from projects that are not complete as at March 31, 2001 are recorded in the amounts based on the estimation of completion of each project. Revenues and expenses for these specific projects are included in the operating fund.

Capital Assets

The College capitalizes equipment and computers with a cost in excess of \$3,000 and a useful life in excess of one year. These assets are amortized using the straight line method. The College estimates the useful life of its capital assets to be the following:

Software	3 years
Computers	3 years
Equipment under capital lease obligation	3 years
Vehicles	3 years
Equipment	5 years
Portable classrooms	20 years
Landscaping	20 years

The Province has retained ownership of the land and buildings, which are not recorded in these financial statements. Improvements made to these buildings are expenses as incurred.

Pension Plan

The College's pension plan is administered by the Province. The College expenses the annual pension plan contributions as they are incurred.

Inventory

The bookstore inventory is valued at the lower of costs and net realizable value. The bookstore has ceased operating in July of 2000.

Investments

The long term investments are valued at cost.

**3. Accounts receivable**

	<b>2001</b>	<b>2000</b>
HST receivable . . . . .	\$ 108,249	\$ 109,269
Government grants . . . . .	289,838	1,100,000
Bookstore, tuition fees and recoveries. . . . .	135,220	57,676
Accrued interest. . . . .	1,239	2,233
Customized training projects . . . . .	117,000	39,717
	<u>\$ 651,546</u>	<u>\$ 1,308,895</u>

**4. Capital assets:**

	<b>2001</b>		<b>2000</b>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book Value</u>	<u>Net book Value</u>
Software. . . . .	\$ 78,993	\$ 52,662	\$ 26,331	\$ 52,662
Computers. . . . .	508,504	256,147	252,357	50,123
Portable classrooms . . . . .	202,451	36,568	165,883	176,275
Landscaping . . . . .	136,158	16,884	119,274	126,082
Equipment . . . . .	67,411	26,964	40,447	53,929
Equipment under capital lease obligation . . . . .	731,536	128,902	602,634	689,009
Vehicles. . . . .	69,737	---	69,737	---
	<u>\$ 1,794,790</u>	<u>\$ 518,127</u>	<u>\$ 1,276,663</u>	<u>\$ 1,148,080</u>

Vehicles for the ambulance project will be amortized during the years 2002 to 2004.

Equipment and computers with a cost in excess of \$3,000 transferred from the Province on April 1, 1998 have been recorded at their net book value at that date and accounted for as grants from the provincial government.

**5. Capital lease obligation:**

The following is a schedule of future minimum lease payments under a capital lease expiring in 2003, together with the present balance of the obligation under a capital lease.

	<b>Lease #1</b>		<b>Lease #2</b>		<b>Total</b>
2002. . . . .	\$ 180,000	\$	100,000	\$	280,000
2003. . . . .	<u>165,000</u>		<u>58,300</u>		<u>223,300</u>
Total minimum payments required by lease agreement. . . . .	345,000		158,300		503,300
Less interest amounts calculated at 7.95% and 12.50% respectively. . . . .	<u>(35,286)</u>		<u>(15,324)</u>		<u>(50,610)</u>
Capital lease obligation . . . . .	309,714		142,976		452,690
Current portion of capital lease obligation. . . . .	<u>161,000</u>		<u>87,000</u>		<u>248,000</u>
	<u>\$ 148,714</u>	\$	<u>55,976</u>	\$	<u>204,690</u>

**6. Commitments:**

The College has committed to the construction of a new building in Dartmouth in the near future. The estimated costs of the construction are \$2,500,000. These costs will be shared by Patrimoine Canada. The federal government is to provide funding of \$920,000 and the balance of funds required will be sourced either from internally restricted funds, or external financing.

**7. Contributed services:**

The Province facilitates the College's operations by providing the use of four buildings. This benefit has not been reflected in the financial statements.

**8. Changes in non-cash working capital:**

		<b>2001</b>		<b>2000</b>
Decrease (increase) in accounts receivable . . . . .	\$	657,349	\$	(1,117,849)
Decrease (increase) in bookstore inventory . . . . .		23,404		(12,570)
Increase in accounts payable. . . . .		(108)		280,948
Increase in deferred revenues . . . . .		<u>(149,407)</u>		<u>313,756</u>
	\$	<u>531,238</u>	\$	<u>(535,715)</u>

**9. Related party transactions**

La Fondation du College de l'Acadie is a not-for-profit organization. The College did not transfer any monies to the fondation during this fiscal year (2000, nil).

**10. Commitments and contingent liabilities**

Certain grant programs require the college to incur a pre-determined level of specific expenditures. The expenditures in favor of these programs can be subject to revision or approval by the government. The amount of the possible adjustments regarding grants cannot be determined. If such adjustments were required, it would be recorded as a prior year adjustment in the financial statements.

**11. Customized training - aquaculture project:**

Over the course of the prior two year, the College de l'Acadie received funding to construct a facility and develop a course in aquaculture. All costs related to this project have been expensed in the operating fund as incurred as the fair market value of any assets is difficult to ascertain. If the project is not pursued and aquaculture training does not become part of the curriculum, any proceeds on the sale of any assets will be recorded in the year of sale.

**12. Interfund transfers:**

The operating fund transferred \$660,230 (2000, \$321,693) to the capital fund to finance the purchase of capital assets and capital lease obligation payments as follows:

	<b>2001</b>	<b>2000</b>
Purchase of capital assets. . . . .	\$ 410,680	\$ 292,396
Payment on capital lease obligation. . . . .	<u>249,550</u>	<u>29,297</u>
	<u>\$ 660,230</u>	<u>\$ 321,693</u>

**13. Subsequent event:**

Beginning in this fiscal year, representatives from l'Universite Sainte-Anne, le College de l'Acadie and the federal and provincial governments held numerous meetings to discuss the future of French post secondary education in Nova Scotia. College de l'Acadie and Universite Sainte-Anne are proposing a new management for the postseconeary schools and are moving towards an equal and significant consolidation of both educational institutions.

Currently, these post secondary schools continue to discuss the logistics of this consolidation with the Nova Scotia Department of Education and Heritage Canada.

### AUDITORS' REPORT ON SUPPLEMENT INFORMATION

We have audited and recorded separately herein on the financial statements of the College de l'Acadie as at March 31, 2001 and for the year ended at that date.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The supplementary information 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 audits 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.

Saxton Comeau  
Chartered Accountants

Yarmouth, Nova Scotia  
June 8, 2000

COLLEGE DE L'ACADIE

Schedules  
Balance Sheet  
March 31, 2001 and 2000

				2001	2000
	Operating Fund	Capital fund	Internally restricted fund	Total	Total
<b>Assets</b>					
Cash . . . . .	\$ ---	\$ ---	\$ 26,300	\$ 26,300	\$ 368,660
Accounts receivable . . . . .	651,546	---	---	651,546	1,308,895
Bookstore inventory . . . . .	---	---	---	---	23,404
Long-term investments . . . . .	---	---	869,875	869,875	831,896
Capital assets . . . . .	---	1,276,663	---	1,276,663	1,148,080
	<u>\$ 651,546</u>	<u>\$ 1,276,663</u>	<u>\$ 896,175</u>	<u>\$ 2,824,384</u>	<u>\$ 3,680,935</u>
<b>Liabilities</b>					
Cheques issued in excess of funds on deposit . . . . .	\$ 88,525	\$ ---	\$ ---	\$ 88,525	\$ ---
Accounts payable . . . . .	662,075	---	---	662,075	662,183
Deferred revenues . . . . .	227,457	---	---	227,457	376,864
Capital lease obligation . . . . .	---	452,690	---	452,690	724,164
	<u>978,057</u>	<u>452,690</u>	<u>---</u>	<u>1,430,747</u>	<u>1,763,211</u>
<b>Net Assets</b>					
Internally restricted . . . . .	---	---	896,175	896,175	853,376
Equity . . . . .	(326,511)	823,973	---	497,462	1,064,348
	<u>(326,511)</u>	<u>823,973</u>	<u>896,175</u>	<u>1,393,637</u>	<u>1,917,724</u>
	<u>\$ 651,546</u>	<u>\$ 1,276,663</u>	<u>\$ 896,175</u>	<u>\$ 2,824,384</u>	<u>\$ 3,680,935</u>

COLLEGE DE L'ACADIE

Schedules  
Statement of Operations  
Year ended March 31, 2001 and 2000

			Internally restricted	2001	2000
	Operating fund	Capital fund	fund	Total	Total
Revenue:					
Government grants . . . . .	\$ 3,176,000	\$ ---	\$ ---	\$ 3,176,000	\$ 3,826,000
Tuition fees . . . . .	200,815	---	---	200,815	190,101
Bookstore sales . . . . .	44,483	---	---	44,483	85,395
Recoveries . . . . .	52,179	---	---	52,179	31,282
Investments . . . . .	25,250	---	42,799	68,049	68,503
Miscellaneous . . . . .	17,252	---	---	17,252	48,115
Customized training . . . . .	947,940	---	---	947,940	449,598
Transfer from operating surplus . . . . .	<u>640,432</u>	<u>---</u>	<u>---</u>	<u>640,432</u>	<u>---</u>
	5,104,351	---	42,799	5,147,150	4,698,994
Expenses:					
Wages and benefits . . . . .	2,344,626	---	---	2,344,626	2,437,928
Severance . . . . .	---	---	---	---	36,000
Telecommunications . . . . .	386,927	---	---	386,927	382,022
Building and property management . . . . .	383,289	---	---	383,289	265,152
Capital improvements . . . . .	---	---	---	---	71,990
Technology equipment management . . . . .	162,654	---	---	162,654	127,952
Public relations and marketing . . . . .	137,711	---	---	137,711	135,496
Travel . . . . .	120,913	---	---	120,913	141,839
Bookstore purchases . . . . .	78,136	---	---	78,136	71,330
Training and teaching supplies . . . . .	56,917	---	---	56,917	91,415
Honorariums and professional fees . . . . .	46,043	---	---	46,043	67,284
Photocopies and office supplies . . . . .	78,202	---	---	78,202	37,388
Amortization of capital assets . . . . .	---	260,173	---	260,173	169,872
Freight and delivery . . . . .	17,135	---	---	17,135	12,719
Student services . . . . .	14,269	---	---	14,269	22,752
Program research and development . . . . .	35,253	---	---	35,253	20,612
Subscriptions . . . . .	7,089	---	---	7,089	7,860
Miscellaneous . . . . .	---	---	---	---	1,436
Customized training . . . . .	<u>901,468</u>	<u>---</u>	<u>---</u>	<u>901,468</u>	<u>368,360</u>
	<u>4,770,632</u>	<u>260,173</u>	<u>---</u>	<u>5,030,805</u>	<u>4,469,407</u>
Excess of revenue over expenses (expenses over revenue) . . . . .					
	333,719	(260,173)	42,799	116,345	229,587
Net assets, beginning of year . . . . .	<u>640,432</u>	<u>423,916</u>	<u>853,376</u>	<u>1,917,724</u>	<u>1,688,137</u>
	<u>974,151</u>	<u>163,743</u>	<u>896,175</u>	<u>2,034,069</u>	<u>1,917,724</u>
Interfund transfers . . . . .	<u>(660,230)</u>	<u>660,230</u>	<u>---</u>	<u>---</u>	<u>---</u>
Transfer from operating surplus . . . . .	<u>(640,432)</u>	<u>---</u>	<u>---</u>	<u>(640,432)</u>	<u>---</u>
Net assets, end of year . . . . .	<u>\$ (326,511)</u>	<u>\$ 823,973</u>	<u>\$ 896,175</u>	<u>\$ 1,393,637</u>	<u>\$ 1,917,724</u>



College de l'Acadie  
Schedules  
Statement of Operations , Customized Training  
Years ended March 31, 2001 and 2000

								2001	1999
	Pomquet	Tusket	Clare	Dartmouth	Petit de Grat	St. Joseph du Moine	Administrative projects	Total	Total
<b>Revenue:</b>									
Tuition fees . . . . .	\$ 808	\$ 4,495	\$ 9,711	\$ 53,429	\$ 16,327	\$ 33,830	\$ -	\$ 118,600	\$ 138,531
Grants and other fees . . . . .	-	90,735	81,514	24,465	522,852	-	105,679	825,245	298,845
Interest . . . . .	-	-	-	-	4,095	-	-	4,095	12,223
	<u>808</u>	<u>95,230</u>	<u>91,225</u>	<u>77,894</u>	<u>543,274</u>	<u>33,830</u>	<u>105,679</u>	<u>947,940</u>	<u>449,599</u>
<b>Expenses:</b>									
Wages and employee benefits . . . . .	-	56,460	48,081	42,185	60,181	29,720	42,972	279,599	103,722
Supplies and services . . . . .	350	27,266	17,448	30,052	146,593	1,339	9,869	232,917	172,588
Equipment . . . . .	-	4,404	25,918	-	356,796	-	1,834	388,952	92,050
	<u>350</u>	<u>88,130</u>	<u>91,447</u>	<u>72,237</u>	<u>563,570</u>	<u>31,059</u>	<u>54,675</u>	<u>901,468</u>	<u>368,360</u>
Excess of revenue over expenses (expenses over revenue). . . . .	<u>\$ 458</u>	<u>\$ 7,100</u>	<u>\$ (222)</u>	<u>\$ 5,657</u>	<u>\$ (20,296)</u>	<u>\$ 2,771</u>	<u>\$ 51,004</u>	<u>\$ 46,472</u>	<u>\$ 81,239</u>

## **RAPPORT DES VÉRIFICATEURS**

Au président et aux membres  
Du Conseil scolaire acadien provincial

Nous avons vérifié les bilans du Conseil scolaire acadien provincial en date du 31 mars 2001 et les états des résultats et d'équité. Ces états financiers sont la responsabilité de l'administration du Conseil scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la société au 31 mars 2001 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour les exercices terminés à ces dates selon les principes comptables généralement reconnus pour les conseils scolaires de la Nouvelle-Écosse.

Saxton Comeau

Yarmouth, Nouvelle-Écosse  
le 1 juin, 2001

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan consolidé

Au 31 mars 2001 et 2000

	2001	2000
<b>Actif</b>		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	2 282 027 \$	1 869 776 \$
Gouvernement du Canada	2 008 302	1 569 852
Autres	1 049 152	1 440 724
Frais payés d'avance	41 763	30 771
	<u>5 381 244</u>	<u>4 911 123</u>
Encaisse et sommes à recevoir restreintes	88 306	588 235
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	22 219 469	21 630 002
Équipement et fournitures	3 855 740	3 800 413
Autobus scolaires et autres véhicules	1 995 710	1 764 182
	<u>28 070 919</u>	<u>27 194 597</u>
	<u>33 540 469 \$</u>	<u>32 693 955 \$</u>
<b>Passif</b>		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 589 523 \$	2 893 146 \$
Fournisseurs et sommes à payer	2 565 095	1 911 580
Revenus reportés	197 892	106 397
	<u>5 352 510</u>	<u>4 911 123</u>
Engagement au plan de retraite anticipée (note 4)	-	277 906
<b>Équité</b>		
Réserves	88 306	588 235
Surplus	28 734	-
Équité en immobilisations	28 070 919	27 194 597
Investissement vers plans de retraite anticipée (note 4)	-	(277 906)
	<u>28 187 959</u>	<u>26 916 691</u>
Éventualités (note 5)		
	<u>33 540 469 \$</u>	<u>32 693 955 \$</u>

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds d'opération

Au 31 mars 2001 et 2000

	2001	2000
<b>Actif</b>		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	2 282 027 \$	1 869 776 \$
Gouvernement du Canada	2 008 302	1 569 852
Autres	1 049 152	1 440 724
Frais payés d'avance	41 763	30 771
	<hr/>	<hr/>
	5 381 244 \$	4 911 123 \$
<b>Passif</b>		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 502 706 \$	2 306 329 \$
Fournisseurs et sommes à payer:		
Fournisseurs et autres	2 565 095	1 911 580
Payable au fonds des réserves	86 817	586 817
Revenus reportés	197 892	106 397
	<hr/>	<hr/>
	5 352 510	4 911 123
Engagement au plan de retraite anticipée (note 4)	-	277 906
<b>Equité</b>		
Surplus	28 734	-
Investissement vers plan de retraite anticipée (note 4)	-	(277 906)
	<hr/>	<hr/>
	28 734	(277 906)
Éventualités (note 5)		
	<hr/>	<hr/>
	5 381 244 \$	4 911 123 \$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

État des résultats - fonds d'opération

Exercice clos le 31 mars 2001 et 2000

	2001		2000	
	Budget	Actuel	Actuel	
<b>Revenus:</b>				
Province de la Nouvelle-Écosse	24 885 032	\$ 25 424 918	\$ 25 705 030	\$
Gouvernement du Canada	933 003	939 509	1 140 470	
Allocations des conseils scolaires	616 222	605 018	1 102 557	
Opérations du conseil scolaire	10 000	15 375	43 679	
Autres revenus	921 883	788 830	124 512	
	27 366 140	27 773 650	28 116 248	
<b>Dépenses:</b>				
Administration du conseil scolaire	2 060 100	2 143 295	1 982 049	
Administration scolaire et instruction	18 146 460	17 901 069	18 315 577	
Service de maintien	2 526 831	2 941 682	2 637 024	
Transport d'élèves	2 370 600	2 527 130	2 278 722	
Éducation spéciale	1 958 749	1 903 039	1 810 698	
Programmes fédéraux	-	38 706	41 820	
Capital d'exploitation	303 400	789 995	371 660	
Autres	-	-	178 698	
	27 366 140	28 244 916	27 616 248	
<b>Excédent des revenus sur les dépenses (dépenses sur les revenus) avant le transfert à la réserve</b>				
		(471 266)	500 000	
<b>Transfert de la (à la) réserve pour opérations</b>				
		500 000	(500 000)	
<b>Excédent des revenus sur les dépenses</b>				
	- \$	28 734 \$	- \$	

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du surplus

Exercice clos le 31 mars 2001 et 2000

	2001	2000
Déficit au début de l'exercice	- \$	178 699 \$
Transfert des opérations courantes	-	178 699
		-
Excédent des revenus sur les dépenses	28 734	-
Equité, à la fin de l'exercice	28 734 \$	- \$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds de capital

Au 31 mars 2001 et 2000

	2001	2000
<b>Actif</b>		
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	22 219 469 \$	21 630 002 \$
Équipement et fournitures	3 855 740	3 800 413
Autobus scolaires et autres véhicules	1 995 710	1 764 182
	28 070 919 \$	27 194 597 \$

## Équité

Équité en immobilisations	28 070 919 \$	27 194 597 \$
	28 070 919 \$	27 194 597 \$

Voir les notes explicatives qui accompagnent ces états financiers.

## État de la continuité de l'équité en immobilisations

Exercice clos le 31 mars 2001 et 2000

	2001	2000
Équité, au début de l'exercice	27 194 597 \$	27 267 764 \$
Achats d'immobilisations:		
Terrains, édifices et améliorations	589 467	2 954
Équipement et fournitures	55 327	18 252
	644 794	21 206
Autobus scolaires et autres véhicules	128 008	180 528
Ajustement au autobus scolaires	153 027	-
Mise hors service d'immobilisations:		
Autobus scolaires	(49 507)	(274 901)
Équité, à la fin de l'exercice	28 070 919 \$	27 194 597 \$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds des réserves

Au 31 mars 2001 et 2000

	2001	2000
<b>Actif</b>		
Encaisse et investissements	1 489 \$	1 418 \$
Créance sur le fonds d'opération	86 817	586 817
	88 306 \$	588 235 \$
<b>Équité</b>		
Réserve pour opérations 2001 – 2002	-	\$500 000
Réserve pour allocations de retraite	86 817	86 817
Réserve pour fonds de bourse	1 489	1 418
	88 306 \$	588 235 \$

Voir les notes explicatives qui accompagnent ces états financiers.

## État de la continuité du fonds des réserves

Exercice clos le 31 mars 2001 et 2000

	2001			2000	
	Réserve pour opérations 2000/2001	Réserve pour allocations de retraite	Réserve pour fonds de bourse	Total	Total
Équité, au début de l'exercice	500 000 \$	86 817 \$	1 418 \$	588 235 \$	102 670 \$
Transfert des (aux) opérations	(500 000)	-		(500 000)	485 452
Intérêts et versements	-	-	71	71	113
Équité, à la fin de l'exercice	-	86 817 \$	1 489 \$	88 306 \$	588 235 \$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - revenus

Exercice clos le 31 mars 2001 et 2000

	2001		2000	
	Budget	Actuel	Actuel	
<b>Province de la Nouvelle-Écosse:</b>				
Formule générale	17 153 000	\$ 17 153 000	\$ 17 402 100	\$
Transport	518 800	518 800	518 800	
Gestion	103 300	103 300	103 300	
Administration provincial	306 700	306 700	306 700	
Programme	3 871 500	3 871 500	3 871 500	
Maintien	477 100	477 100	477 100	
Capital - maintien	106 000	106 000	106 000	
Éducation spéciale	1 097 500	1 087 512	1 105 284	
Manuels scolaires	196 300	196 300	169 400	
Capital - transport	197 400	197 400	197 400	
Capital d'urgence	100 000	213 377	130 901	
Projets spéciaux	74 205	76 581	51 561	
Autres	683 227	1 117 348	1 264 984	
	24 885 032	\$ 25 424 918	\$ 25 705 030	\$
<b>Gouvernement du Canada:</b>				
Paiement formulaire	148 790	\$ 148 758	\$ 160 279	\$
Projets spéciaux	185 513	191 454	128 896	
Autres	598 700	599 297	851 295	
	933 003	\$ 939 509	1 140 470	\$
<b>Allocations des conseils scolaires:</b>				
Transferts	616 222	\$ 605 018	\$ 1 102 557	\$
	616 222	\$ 605 018	\$ 1 102 557	\$
<b>Opérations du conseil scolaire:</b>				
Intérêts bancaires	10 000	\$ 15 375	\$ 6 655	\$
Autres	-	-	35 546	
Vente de biens	-	-	1 478	
	10 000	\$ 15 375	\$ 43 679	\$

Voir les notes explicatives qui accompagnent ces états financiers.



# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses

Exercice clos le 31 mars 2001 et 2000

	2001		2000	
	Budget	Actuel	Actuel	
<b>Administration du conseil scolaire:</b>				
Salaires, administration	420 000	\$ 417 225	\$ 393 461	\$
Salaires, personnel du bureau	240 000	341 246	305 292	
Salaires, autres	325 000	215 420	246 368	
Honoraires, membres	125 000	124 341	119 400	
Avantages sociaux	92 000	98 908	89 838	
Allocations de retraite/ primes de départ	11 100	135 042	-	
Fournitures et matériaux	110 000	119 605	87 317	
Téléphone	50 000	60 790	47 821	
Déplacements et conférences, personnel	132 000	127 507	139 440	
Déplacements et conférences, membres	75 000	81 575	70 203	
Primes d'assurances	35 000	32 364	29 422	
Services professionnels	100 000	69 521	149 106	
Cotisation/frais	40 000	21 749	43 325	
Services administratifs	75 000	80 472	71 590	
Publicité et promotion	50 000	49 955	55 742	
Bureaux et loyer	70 000	66 324	61 103	
Elections scolaires	60 000	57 047	21 321	
Autres	50 000	44 204	51 300	
	2 060 100	\$ 2 143 295	\$ 1 982 049	\$

<b>Administration scolaire et instruction:</b>				
Salaires, administration	1 350 000	\$ 1 196 953	\$ 1 342 495	\$
Salaires, instruction	12 060 380	12 056 883	11 880 322	
Salaires, suppléance	450 000	349 301	509 311	
Salaires, bibliothèque	110 000	113 639	92 514	
Salaires, orientation	225 000	215 428	191 817	
Salaires, personnel de bureau	475 000	408 880	376 569	
Salaires, autres	515 029	702 648	588 237	
Avantages sociaux	1 055 197	994 304	901 845	
Allocations de retraite/ primes de départ	151 854	43 084	6 404	
Fournitures et matériaux	405 000	527 589	459 964	
Manuels scolaires	237 000	196 300	238 840	
Entraînement sur place	100 000	122 132	171 644	
Déplacements, circuit et ressources	7 000	5 180	6 186	
Déplacements et conférences, autres	130 000	109 784	108 208	
Téléphone et services d'informatique	525 000	425 100	427 357	
Transfert pour services – SRSB	350 000	417 941	940 369	
Autres	-	15 923	73 495	
	18 146 460	\$ 17 901 069	\$ 18 315 577	\$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 2

Exercice clos les 31 mars 2001 et 2000

	2001		2000	
	Budget	Actuel	Actuel	
<b>Service de maintien:</b>				
Salaires, maintien	111 831	\$ 91 265	\$ 114 281	\$
Salaires, concierges	775 000	807 171	746 019	
Avantages sociaux	130 000	120 289	104 701	
Fournitures et matériaux, maintien	110 000	74 219	59 790	
Fournitures et matériaux, concierges	120 000	132 044	104 756	
Fournitures et matériaux, autres	10 000	11 361	2 984	
Loyer	5 000	4 600	234 880	
Déplacements et conférences	10 000	22 697	9 521	
Primes d'assurances	65 000	53 281	48 437	
Services publics, électricité	540 000	489 258	465 929	
Services publics, chauffage	225 000	444 967	250 748	
Services publics, eau/système d'égoûts	30 000	53 500	30 949	
Services publics, téléphone	15 000	15 313	3 841	
Dépenses d'exploitation, véhicules	20 000	16 253	6 751	
Services à contrat, maintien	300 000	499 695	367 186	
Services à contrat, concierges	50 000	100 781	80 637	
Autres dépenses	10 000	4 988	5 614	
	<b>2 526 831</b>	<b>\$ 2 941 682</b>	<b>\$ 2 637 024</b>	<b>\$</b>

<b>Transport des élèves:</b>				
Salaires	760 000	\$ 736 233	\$ 718 459	\$
Avantages sociaux	117 600	94 674	115 595	
Véhicules, essence/huile	95 000	139 553	90 573	
Véhicules, réparations	90 000	96 439	82 697	
Véhicules, frais de permis	15 000	14 076	14 715	
Véhicules, primes d'assurances	15 000	10 046	10 553	
Véhicules, pneus	20 000	23 213	17 602	
Fournitures et matériaux	15 000	4 219	6 403	
Téléphone	15 000	10 700	9 209	
Maintien/services publics, garages	20 000	20 787	13 606	
Entretien, arrêts d'autobus	2 000	5 334	2 572	
Déplacements et conférences, personnel	1 000	1 819	589	
Transport par contrat	1 195 000	1 368 534	1 193 209	
Entraînement sur place	10 000	1 412	2 699	
Autres	-	91	241	
	<b>2 370 600</b>	<b>\$ 2 527 130</b>	<b>\$ 2 278 722</b>	<b>\$</b>

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 3

Exercice clos le 31 mars 2001 et 2000

	2001		2000	
	Budget	Actuel	Actuel	
<b>Éducation spéciale:</b>				
Salaires, administration	37 749	\$ 37 475	\$ 107 239	\$
Salaires, instruction	870 000	969 857	872 623	
Salaires, autres	753 000	664 627	640 979	
Avantages sociaux	150 000	119 092	99 919	
Fournitures et matériaux	45 000	22 759	24 348	
Déplacements et conférences	100 000	89 085	63 845	
Autres	3 000	144	1 745	
	1 958 749	\$ 1 903 039	\$ 1 810 698	\$
<b>Programmes fédéraux:</b>				
Autres	-	\$ 38 706	\$ 41 820	\$
	-	\$ 38 706	\$ 41 820	\$
<b>Capital d'exploitation:</b>				
Réparations mineures et infrastructures	106 000	\$ 378 268	\$ 125 977	\$
Capital d'urgence	-	213 377	21 206	
Meubles et équipement	-	950	43 949	
Transport, autobus	197 400	197 400	180 528	
	303 400	\$ 789 995	\$ 371 660	\$
<b>Autres:</b>				
Transfert du déficit		\$ -	\$ 178 698	\$
		\$ -	\$ 178 698	\$

Voir les notes explicatives qui accompagnent ces états financiers.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers

Exercice clos le 31 mars 2001 et 2000

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## 1. Conventions comptables:

Ces états financiers ont été préparés sous tous aspects selon les conventions comptables prescrites dans le Nova Scotia District School Board Financial Handbook.

Présentation des états financiers

Les états financiers du Conseil scolaire sont rédigés d'après la méthode comptable par fonds.

Entrée des dépenses

À l'exception des salaires du personnel enseignant, les dépenses sont inscrites d'après la comptabilité d'exercice. Les bons de commande en circulation à la date de l'entrée au bilan sont inscrits d'après la comptabilité d'exercice comme sommes à payer.

Équipement et autobus scolaires

Les propriétés et l'équipement sont inscrits au prix coûtant. L'actif qu'ont reçu les divers conseils scolaires en date du 1 janvier 1982, en vertu de l'entente créant les districts scolaires de la Nouvelle-Écosse, et en date du 9 janvier 1996, selon l'entente créant les conseils scolaires, est traité comme un ajout aux investissements en biens immobiliers. Le Conseil scolaire n'inscrit pas de dépréciation sur ses biens immobiliers.

Allocations de retraite

En vertu des ententes locales avec ses syndicats et ses employés non-syndiqués le conseil scolaire doit payer une allocation de retraite selon une formule déterminée au préalable. Les allocations de retraite sont inscrites aux dépenses à mesure qu'elles sont payées. En date du 1 juin 2001, aucune évaluation actuarielle n'a été faite de façon à identifier la responsabilité non consolidée des allocations de retraite.

## 2. Terrains, édifices et améliorations:

D'après l'entente du 1 janvier 1982, tous les terrains et tous les édifices scolaires dont disposaient les municipalités le 31 décembre 1981 demeurent la propriété des municipalités concernées, mais sont administrés par les conseils scolaires tant et aussi longtemps qu'ils les utiliseront à leurs fins. Ensuite, leur contrôle passera de nouveau à la municipalité concernée.

En vertu des améliorations faites aux édifices scolaires, les conseils scolaires se sont portés acquéreurs de biens immobiliers auxquels ils n'ont aucun droit. D'après la Loi scolaire, dès qu'une municipalité vend un édifice qui lui est remis par le district scolaire, en vertu des circonstances énoncées ci-avant, une portion du produit des ventes est due au conseil scolaire. Dans le cas de recouvrement de sommes provenant des assurances, suite à la perte d'un édifice, une portion de cet argent proportionnelle aux améliorations serait également payable au conseil scolaire.

# CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers, page 2

Exercice clos le 31 mars 2001 et 2000

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## 2. Terrains, édifices et améliorations (suite):

En vertu de l'entente créant les conseils scolaires en date du 9 janvier 1996, l'actif en biens immobiliers des anciens districts scolaires, ou du conseil d'école, est transféré aux conseils scolaires et respecte l'entente de 1982.

Les conseils, avec le ministère d'éducation de la Nouvelle-Écosse devront s'entendre sur la division des valeurs d'équité en immobilisations.

## 3. Plan de pension:

Les enseignants participent à un plan de pension établi par la Province de la Nouvelle-Écosse en vertu de la Teachers' Pension Act. Les employés non syndiqués participent à un plan de pension établi et géré par la Nova Scotia School Board Association.

## 4. Plan de retraite anticipée:

Le 22 juillet 1994, la Province de la Nouvelle-Ecosse dévoile le Nova Scotia Teachers' Early Retirement (1994-98) Program. Ce programme permet aux enseignants rencontrant les critères d'admissibilité de se retirer à une date antérieure.

Le Ministère d'éducation de la Nouvelle-Écosse débutant avec l'année fiscale 2000 - 2001 assume la dette du plan de retraite anticipée au nom de tous les conseils scolaires.

## 5. Éventualités:

Des transferts de rapprochement et remboursements de dépenses, depuis le fusionnement demeurent sujet à des négociations finales. Si des régularisations étaient requises, on en rendrait compte dans les états financiers comme une régularisation d'un exercice financier courant.

En date du 31 mars 2001, on n'a pas reçu l'approbation officielle de la Province de la Nouvelle-Écosse pour un montant total de 563 919\$.

Des cas juridiques peuvent toujours exiger des réclamations du conseil. Aucun montant n'est prévu dans ces états financiers pour de telles réclamations.

## 6. Chiffres comparatifs:

Certains chiffres dans la colonne comparative 2000 jont été reclassifiés afin d'accommoder la présentation pour l'année courante.

## AUDITORS' REPORT

To the Board of Directors of  
District Health Authority 4

We have audited the statement of financial position of the District Health Authority 4 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months 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.

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 District Health Authority 4 as at March 31, 2001, and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP  
Chartered Accountants

Truro, Nova Scotia  
June 22, 2001

**DISTRICT HEALTH AUTHORITY 4**

**Statement of Financial Position  
March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Current</b>			
Cash and cash equivalents . . . . .	\$ 1,178,521	\$ 467,772	\$ 1,646,293
Receivables (Note 4) . . . . .	3,178,451	601,049	3,779,500
Due from operating fund . . . . .	---	195,907	195,907
Inventories . . . . .	323,053	---	323,053
Prepays . . . . .	<u>119,775</u>	<u>---</u>	<u>119,775</u>
	4,799,800	1,264,728	6,064,528
Other receivables (Note 5) . . . . .	3,026,239	---	3,026,239
Capital assets (Note 6) . . . . .	<u>---</u>	<u>16,239,721</u>	<u>16,239,721</u>
	<u>\$ 7,826,039</u>	<u>\$ 17,504,449</u>	<u>\$ 25,330,488</u>

**LIABILITIES**

<b>Current</b>			
Payables and accruals (Note 7) . . . . .	\$ 4,362,714	\$ 1,206,985	\$ 5,569,699
Due to capital fund . . . . .	195,907	---	195,907
Deferred revenue . . . . .	1,433,348	---	1,433,348
Current portion of obligation under capital lease . . . . .	<u>---</u>	<u>26,506</u>	<u>26,506</u>
	5,991,969	1,233,491	7,225,460
Employee benefits (Note 8) . . . . .	1,834,070	---	1,834,070
Obligation under capital lease (Note 9) . . . . .	<u>---</u>	<u>78,393</u>	<u>78,393</u>
	<u>7,826,039</u>	<u>1,311,884</u>	<u>9,137,923</u>

**FUND BALANCES (Page 136)**

Restricted (Note 10) . . . . .	---	104,899	104,899
Unrestricted - investment in capital assets . . . . .	<u>---</u>	<u>16,087,666</u>	<u>16,087,666</u>
	<u>---</u>	<u>16,192,565</u>	<u>16,192,565</u>
	<u>\$ 7,826,039</u>	<u>\$ 17,504,449</u>	<u>\$ 25,330,488</u>

Commitments (Note 12)

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 4**

**Statement of Operations - Operating Fund  
Three Months Ended March 31, 2001**

<b>Revenues</b>	
Nova Scotia Department of Health .....	\$ 8,525,511
Charges to M.S.I. ....	561,878
Department of Veterans Affairs .....	88,067
In-patients .....	163,851
Out-patients .....	80,402
Rental Income .....	81,722
Investment income .....	6,460
Food services .....	48,732
Other income .....	4,072
	<u>9,560,695</u>
<b>Expenses</b>	
In-patient services .....	3,398,636
Ambulatory services .....	1,760,797
Diagnostic and therapeutic services .....	1,559,414
Support services .....	1,979,711
Community services .....	433,952
Early departure and retirement incentives .....	187,355
Rental expenses .....	38,205
Education and library .....	19,240
Increase in vacation pay accrual .....	125,425
Employee benefits (Note 8) .....	57,960
	<u>9,560,695</u>
Excess of revenue over expenses .....	\$ <u>---</u>

**Statement of Changes in Fund Balances  
Three Months Ended March 31, 2001**

	<b>Capital Fund</b>	<b>Total</b>
<b>Restricted</b>		
Balance, beginning of period .....	\$ ---	\$ ---
Fund balance of district facilities January 1, 2001 (Note 2) .....	454,199	454,199
Transfer to unrestricted .....	<u>(349,300)</u>	<u>(349,300)</u>
Balance, end of period .....	<u>\$ 104,899</u>	<u>\$ 104,899</u>
<b>Unrestricted</b>		
Balance, beginning of period .....	\$ ---	\$ ---
Fund balance of district facilities January 1, 2001 (Note 2) .....	14,521,294	14,521,294
Transfer from restricted .....	349,300	349,300
Excess of revenues over expenses .....	38,015	38,015
Capital asset funding		
Department of Health .....	1,360,919	1,360,919
Foundations .....	232,808	232,808
Auxiliaries .....	3,480	3,480
Amortization .....	<u>(416,104)</u>	<u>(416,104)</u>
Capital debt charges .....	<u>(2,046)</u>	<u>(2,046)</u>
Balance, end of period .....	<u>\$ 16,087,666</u>	<u>\$ 16,087,666</u>

See accompanying notes to the financial statements.



**DISTRICT HEALTH AUTHORITY 4**

**Statement of Cash Flows  
Three Months Ended March 31, 2001**

Increase (decrease) in cash and cash equivalents

**Operations**

Excess of revenues over expenses - Capital Fund. . . . .	\$	38,015
Change in non-cash working capital		
Receivables. . . . .		(1,023,672)
Inventories. . . . .		(7,419)
Prepays. . . . .		(14,896)
Payables and accruals . . . . .		1,716,634
Deferred revenue . . . . .		(636,001)
		<u>72,661</u>

**Financing and investing**

Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets . . . . .		(23,128,216)
Liabilities . . . . .		8,152,723
Fund balances. . . . .		14,975,493
Capital asset funding . . . . .		1,597,207
Capital debt charges. . . . .		(2,046)
Purchase of capital assets . . . . .		(1,614,002)
Repayment of capital lease. . . . .		(349,300)
		<u>(368,141)</u>

Net decrease in cash and cash equivalents . . . . .		(295,480)
Cash and cash equivalents of district facilities, January 1, 2001 . . . . .		<u>1,941,773</u>
Cash and cash equivalents, end of period. . . . .	\$	<u><u>1,646,293</u></u>

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 4**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. Nature of operations**

District Health Authority 4 (operating as the Colchester East Hants Health Authority) operates several health care facilities including Colchester Regional Hospital, Lillian Fraser Memorial Hospital, and related community services.

**2. Health Authorities Act**

District Health Authority 4 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 4 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

**3. Summary of significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

**Fund accounting**

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets.

**Revenue recognition**

District Health Authority 4 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

**Inventories**

Inventories are recorded at the lower of cost and replacement value.

**Capital assets**

Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

**Compensation accruals**

District Health Authority 4 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

**Employee benefit plans**

The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks.

**4. Receivables**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Charges to M.S.I. .... \$	151,769	---	\$ 151,769
Foundations and auxiliaries .....	56,937	104,565	161,502
Harmonized sales tax .....	217,934	209,564	427,498
Patients .....	192,674	---	192,674
Other .....	<u>226,472</u>	<u>38,920</u>	<u>265,392</u>
	<u>845,786</u>	<u>353,049</u>	<u>1,198,835</u>
Nova Scotia Department of Health			
Construction and equipment .....	---	248,000	248,000
Final settlement and other .....	<u>2,332,665</u>	<u>---</u>	<u>2,332,665</u>
	<u>2,332,665</u>	<u>248,000</u>	<u>2,580,665</u>
	<u>\$ 3,178,451</u>	<u>\$ 601,049</u>	<u>\$ 3,779,500</u>

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

**5. Other receivables**

	<b>Operating Fund</b>	<b>Total</b>
Nova Scotia Department of Health		
Vacation pay .....	1,192,169	1,192,169
Employees benefits .....	<u>1,834,070</u>	<u>1,834,070</u>
	<u>\$ 3,026,239</u>	<u>\$ 3,026,239</u>

**6. Capital Assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land .....	\$ 155,349	---	\$ 155,349
Land improvements .....	364,390	209,925	154,465
Buildings .....	16,050,442	5,636,203	10,414,239
Equipment .....	9,521,064	4,566,401	4,954,663
Equipment under capital lease .....	894,012	526,533	367,479
Construction in progress .....	<u>193,526</u>	<u>---</u>	<u>193,526</u>
	<u>\$ 27,178,783</u>	<u>\$ 10,939,062</u>	<u>\$ 16,239,721</u>

**7. Payables and accruals**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade .....	\$ 2,929,982	\$ 1,206,985	\$ 4,136,967
Vacation pay .....	1,432,732	---	1,432,732
	<u>\$ 4,362,714</u>	<u>\$ 1,206,985</u>	<u>\$ 5,569,699</u>

**8. Employee benefits**

The authority has the following benefit plans:

- (i) a multi-employer defined benefit plan, as administered by the Nova Scotia Association of Health Organizations, providing pension benefits to most of its employees, and
- (ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2001	Retirement Benefit Plan March 31, 2001
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses .....	\$ 253,090	
Retiring allowances .....		<u>\$ 57,960</u>

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	Retirement Benefit Plan March 31, 2001
Accrued benefit obligation .....	\$ 1,889,271
Fair value of plan assets .....	1,834,070
Funded status - plan deficit .....	<u>\$ 55,201</u>
Accrued benefit liability .....	<u>\$ (1,834,070)</u>

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to \$7,134.

The most recent projected actuarial valuation of the pension plan with approximately 18,000 members throughout the province showed a surplus of \$137,000,000 at December 31, 2000.

**9. Obligation under capital lease**

The authority leases equipment under a capital lease from Toshiba of Canada Limited.

Future minimum lease payments are as follows:

2002.....	\$	33,475
2003.....		33,475
2004.....		33,475
2005.....		19,526
		<u>119,951</u>
Less: amount representing interest on capital lease at 7.25% .....		<u>15,052</u>
		104,899
Less: current portion .....		<u>26,506</u>
	\$	<u><u>78,393</u></u>

As security, the authority has pledged specific equipment.

**10. Restricted fund balance**

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was \$104,899 as of March 31, 2001.

**11. Credit facilities**

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling \$1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

**12. Commitments**

District Health Authority 4 is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2002	\$	127,189
2003	\$	98,817
2004	\$	29,104
2005	\$	29,104
2006	\$	12,127

## AUDITORS' REPORT

To the Board of Directors of  
District Health Authority 5

We have audited the statement of financial position of the District Health Authority 5 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months 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.

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 District Health Authority 5 as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP  
Chartered Accountants

Truro, Nova Scotia  
June 22, 2001

**DISTRICT HEALTH AUTHORITY 5**

**Statement of Financial Position  
March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
<b>Current</b>				
Cash and cash equivalents . . . . .	\$ 885,898	\$ 17,166	\$ 53,817	\$ 956,881
Receivables (Note 4) . . . . .	2,193,636	2,928,628	---	5,122,264
Due from capital fund . . . . .	23,673	---	---	23,673
Inventories . . . . .	229,709	---	---	229,709
Prepays . . . . .	<u>180,967</u>	<u>---</u>	<u>---</u>	<u>180,967</u>
	3,513,883	2,945,794	53,817	6,513,494
Other receivables (Note 5) . . . . .	2,336,570	---	---	2,336,570
Capital assets (Note 6) . . . . .	<u>---</u>	<u>27,208,808</u>	<u>---</u>	<u>27,208,808</u>
	<u>\$ 5,850,453</u>	<u>\$ 30,154,602</u>	<u>\$ 53,817</u>	<u>\$ 36,058,872</u>

**LIABILITIES**

<b>Current</b>				
Payables and accruals (Note 7) . . . . .	\$ 3,235,315	\$ 2,860,660	\$ ---	\$ 6,095,975
Due to operating fund . . . . .	---	23,673	---	23,673
Deferred revenue . . . . .	1,147,882	164,603	---	1,312,485
Current portion of obligation under capital lease . . . . .	<u>---</u>	<u>3,326</u>	<u>---</u>	<u>3,326</u>
	4,383,197	3,052,262	---	7,435,459
Employee benefits (Note 8) . . . . .	1,467,256	---	---	1,467,256
Obligation under capital lease (Note 9) . . . . .	<u>---</u>	<u>9,837</u>	<u>---</u>	<u>9,837</u>
	<u>5,850,453</u>	<u>3,062,099</u>	<u>---</u>	<u>8,912,552</u>

**FUND BALANCES (Page 144)**

Restricted (Note 10) . . . . .	---	13,163	53,817	66,980
Unrestricted - investment in capital assets . . . . .	<u>---</u>	<u>27,079,340</u>	<u>---</u>	<u>27,079,340</u>
	<u>---</u>	<u>27,092,503</u>	<u>53,817</u>	<u>27,146,320</u>
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
	<u>\$ 5,850,453</u>	<u>\$ 30,154,602</u>	<u>\$ 53,817</u>	<u>\$ 36,058,872</u>

Commitments (Note 12)

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 5**

**Statement of Operations - Operating fund  
Three Months Ended March 31, 2001**

Revenues	
Nova Scotia Department of Health .....	\$ 6,397,118
Charges to M.S.I. ....	217,496
In-patients .....	71,077
Out-patients. ....	196,907
Long term care. ....	200,537
Food services. ....	38,895
Investment income. ....	7,087
Other income .....	16,666
	<u>7,145,783</u>
Expenses	
In-patient services. ....	2,475,776
Ambulatory services. ....	1,194,655
Diagnostic and therapeutic services. ....	1,198,925
Support services. ....	1,951,266
Community services .....	355,449
Early departure and retirement incentives .....	28,475
Increase in vacation pay accrual. ....	103,462
Employee benefits (Note 8) .....	46,368
	<u>7,354,376</u>
	(208,593)
Other revenue - final settlement, Nova Scotia Department of Health .....	208,593
Excess of revenue over expenses. ....	\$ <u>---</u>

**Statement of Changes in Fund Balances  
Three Months Ended March 31, 2001**

	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
<b>Restricted</b>			
Balance, beginning of period. ....	---	\$ ---	\$ ---
Fund balance of district facilities January 1, 2001 (Note 2) .....	13,956	53,150	67,106
Transfer to unrestricted .....	(793)	---	(793)
Excess of revenues over expenses. ....	---	667	667
Balance, end of period. ....	<u>\$ 13,163</u>	<u>\$ 53,817</u>	<u>\$ 66,980</u>
<b>Unrestricted</b>			
Balance, beginning of period. ....	---	\$ ---	\$ ---
Fund balance of district facilities January 1, 2001 (Note 2) .....	24,214,651	---	24,214,651
Transfer to restricted .....	793	---	793
Capital asset funding			
Department of Health .....	2,436,037	---	2,436,037
Foundations. ....	683,445	---	683,445
Auxiliaries. ....	18,882	---	18,882
Other. ....	12,934	---	12,934
Amortization. ....	(277,621)	---	(277,621)
Capital debt charges. ....	(9,781)	---	(9,781)
<b>Balance, end of period. ....</b>	<u>\$ 27,079,340</u>	<u>\$ ---</u>	<u>\$ 27,079,340</u>

See accompanying notes to the financial statements.



**DISTRICT HEALTH AUTHORITY 5**

**Statement of Cash Flows  
Three Months Ended March 31, 2001**

Increase (decrease) in cash and cash equivalents

**Operations**

Excess of revenues over expenses - Endowment Fund . . . . .	\$ 667
Change in non-cash working capital	
Receivables . . . . .	(634,416)
Inventories . . . . .	8,357
Prepaid expenses . . . . .	(23,273)
Payables and accruals . . . . .	440,910
Deferred revenue . . . . .	(351,640)
	<u>(559,395)</u>

**Financing and investing**

Assets, liabilities and fund balances of district facilities at January 1, 2001	
Assets . . . . .	(33,035,791)
Liabilities . . . . .	8,754,034
Fund balances . . . . .	24,281,757
Capital asset funding . . . . .	3,151,298
Interfund transfer - capital asset funding . . . . .	793
Purchase of capital assets . . . . .	(2,964,990)
Repayment of long term debt . . . . .	(793)
Capital debt charges . . . . .	(9,781)
	<u>176,527</u>
Decrease in restricted funds . . . . .	(793)
	<u>175,734</u>

Net decrease in cash and cash equivalents . . . . .	(383,661)
Cash and cash equivalents of district facilities, January 1, 2001 . . . . .	<u>1,340,542</u>
Cash and cash equivalents, end of period . . . . .	\$ <u><u>956,881</u></u>

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 5**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. Nature of operations**

District Health Authority 5 (operating as the Cumberland Health Authority) operates several health care facilities including South Cumberland Community Care Centre, North Cumberland Memorial Hospital, Highland View Regional Hospital, All Saints Springhill Hospital, Bayview Memorial Hospital and related community services.

**2. Health Authorities Act**

District Health Authority 5 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 5 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

**3. Summary of significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

**Fund Accounting**

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

**Revenue Recognition**

District Health Authority 5 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

**Inventories**

Inventories are recorded at the lower of cost and replacement value.

**Capital assets**

Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

**Compensation accruals**

District Health Authority 5 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

**Employee benefit plans**

The authority accrues its employee benefit plan obligations and the related costs, net plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarially determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

**4. Receivables**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Charges to M.S.I. .... \$	71,022 \$	---	\$ 71,022
Foundations and Auxiliaries .....	1,666	144,443	146,109
Harmonized sales tax. ....	150,764	478,123	628,887
Patients .....	430,150	---	430,150
Other .....	<u>84,994</u>	<u>245,577</u>	<u>330,571</u>
	<u>738,596</u>	<u>868,143</u>	<u>1,606,739</u>
Nova Scotia Department of Health			
Construction and equipment. ....	---	2,060,485	2,060,485
Final settlement and other. ....	<u>1,455,040</u>	<u>---</u>	<u>1,455,040</u>
	<u>1,455,040</u>	<u>2,060,485</u>	<u>3,515,525</u>
	<u>\$ 2,193,636</u>	<u>\$ 2,928,628</u>	<u>\$ 5,122,264</u>

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

**5. Other receivables**

	<b>Operating Fund</b>	<b>Total</b>
Nova Scotia Department of Health		
Vacation pay. ....	819,314	819,314
Employees benefits. ....	1,467,256	1,467,256
Other. ....	<u>50,000</u>	<u>50,000</u>
	<u>\$ 2,336,570</u>	<u>\$ 2,336,570</u>

**6. Capital Assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land .....	\$ 35,945	\$ ---	\$ 35,945
Land improvements .....	189,589	57,047	132,542
Buildings .....	18,901,022	4,916,783	13,984,239
Equipment .....	5,052,605	2,194,456	2,858,149
Equipment under capital lease .....	83,522	55,424	28,098
Construction in progress .....	10,169,835	---	10,169,835
	<u>\$ 34,432,518</u>	<u>\$ 7,223,710</u>	<u>\$ 27,208,808</u>

**7. Payables and accruals**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade .....	\$ 2,148,480	\$ 2,257,562	\$ 4,406,042
Foundation .....	---	603,098	603,098
Vacation pay .....	1,086,835	---	1,086,835
	<u>\$ 3,235,315</u>	<u>\$ 2,860,660</u>	<u>\$ 6,095,975</u>

**8. Employee benefits**

The authority has the following benefit plans:

- (i) a multi-employer defined plan providing pension benefits to most of its employees, and
- (ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2001	Retirement Benefit Plan March 31, 2001
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses .....	\$ <u>201,180</u>	
Retiring allowances .....		\$ <u>46,368</u>

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	Retirement Benefit Plan March 31, 2001
Accrued benefit obligation .....	\$ 1,508,425
Fair value of plan assets .....	---
Funded status - plan deficit .....	<u>\$ (1,508,425)</u>
Accrued benefit liability .....	<u>\$ (1,467,256)</u>

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to \$8,699.

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus of \$137,000,000 at December 31, 2000.

**9. Obligation under capital lease**

The authority leases equipment under a capital lease from Toshiba Canada Limited.

Future minimum lease payments are as follows:

2002.....	\$	4,200
2003.....		4,200
2004.....		4,200
2005.....		<u>2,450</u>
		15,050
Less: amount representing interest on capital lease at 7.25% .....		<u>1,887</u>
		13,163
Less: current portion .....		<u>3,326</u>
	\$	<u><u>9,837</u></u>

As security, the authority has pledged specific equipment.

**10. Restricted fund balance**

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was \$13,163 as of March 31, 2001.

**11. Credit facilities**

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling \$1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

**12. Commitments**

a) District Health Authority 5 is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2002	\$	250,768
2003	\$	250,249
2004	\$	214,350
2005	\$	144,616
2006	\$	132,565

b) District Health Authority 5 has entered into agreements to spend \$25,905,075 on additions to property and equipment.

## AUDITORS' REPORT

To the Board of Directors of  
District Health Authority 6

We have audited the statement of financial position of the District Health Authority 6 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months 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.

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 District Health Authority 6 as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP  
Chartered Accountants

Truro, Nova Scotia  
June 22, 2001

**DISTRICT HEALTH AUTHORITY 6**

**Statement of Financial Position  
March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
<b>Current</b>				
Cash and cash equivalents . . . . .	\$ 1,890,539	\$ 162,322	\$ 342,139	\$ 2,395,000
Receivables (Note 4) . . . . .	2,777,404	1,374,353	---	4,151,757
Due from other funds . . . . .	30,465	---	103,158	133,623
Inventories . . . . .	293,199	---	---	293,199
Prepays . . . . .	<u>116,069</u>	<u>---</u>	<u>---</u>	<u>116,069</u>
	5,107,676	1,536,675	445,297	7,089,648
Other receivables (Note 5) . . . . .	3,531,760	---	---	3,531,760
Capital assets (Note 6) . . . . .	<u>---</u>	<u>42,506,418</u>	<u>---</u>	<u>42,506,418</u>
	<u>\$ 8,639,436</u>	<u>\$ 44,043,093</u>	<u>\$ 445,297</u>	<u>\$ 53,127,826</u>

**LIABILITIES**

<b>Current</b>				
Payables and accruals (Note 7) . . . . .	\$ 5,058,576	\$ 761,210	\$ ---	\$ 5,819,786
Due to other funds . . . . .	103,158	30,465	---	133,623
Deferred revenue . . . . .	1,538,828	562,768	---	2,101,596
Current portion of obligations under capital lease . . . . .	---	64,866	---	64,866
Current portion of long term debt . . . . .	<u>---</u>	<u>20,292</u>	<u>---</u>	<u>20,292</u>
	6,700,562	1,439,601	---	8,140,163
Employee benefits (Note 8) . . . . .	1,938,874	---	---	1,938,874
Obligation under capital lease (Note 9) . . . . .	<u>---</u>	<u>48,964</u>	<u>---</u>	<u>48,964</u>
Long term debt (Note 10) . . . . .	<u>---</u>	<u>123,044</u>	<u>---</u>	<u>123,044</u>
	<u>8,639,436</u>	<u>1,611,609</u>	<u>---</u>	<u>10,251,045</u>

**FUND BALANCES (Page 152)**

Restricted (Note 11) . . . . .	---	113,830	306,017	419,847
Unrestricted . . . . .	---	---	139,280	139,280
Investment in capital assets . . . . .	<u>---</u>	<u>42,317,654</u>	<u>---</u>	<u>42,317,654</u>
	<u>---</u>	<u>42,431,484</u>	<u>445,297</u>	<u>42,876,781</u>
	<u>\$ 8,639,436</u>	<u>\$ 44,043,093</u>	<u>\$ 445,297</u>	<u>\$ 53,127,826</u>

Commitments (Note 13)

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 6**

**Statement of Operations - Operating Fund  
Three Months Ended March 31, 2001**

Revenues	
Nova Scotia Department of Health .....	\$ 8,710,462
Charges to M.S.I. ....	269,266
Department of Veterans Affairs .....	371,748
In-patients .....	214,272
Out-patients. ....	43,633
Rental income. ....	144,092
Investment income. ....	14,593
Other income .....	17,530
	<u>9,785,596</u>
Expenses	
In-patient services. ....	3,535,422
Ambulatory services. ....	1,710,789
Diagnostic and therapeutic services. ....	1,535,393
Support services. ....	2,260,256
Community services .....	437,075
Early departure and retirement incentives .....	78,589
Rental expenses. ....	57,840
Education and library .....	32,575
Increase in vacation pay accrual. ....	76,385
Employee benefits (Note 8) .....	61,272
	<u>9,785,596</u>
Excess of revenue over expenses. ....	\$ <u>---</u>

**Statement of Changes in Fund Balances  
Three Months Ended March 31, 2001**

	Capital Fund	Endowment Fund	Total
<b>Restricted</b>			
Balance, beginning of period. ....	\$ ---	\$ ---	\$ ---
Fund balance of district facilities as at			
January 1, 2001 (Note 2) .....	135,173	301,714	436,887
Excess of revenues over expenses. ....	---	3,474	3,474
Transfer to unrestricted (Note 9). ....	(21,343)	---	(21,343)
Contributions. ....	---	829	829
Balance, end of period. ....	<u>\$ 113,830</u>	<u>\$ 306,017</u>	<u>\$ 419,847</u>
<b>Unrestricted</b>			
Balance, beginning of period. ....	\$ ---	\$ ---	\$ ---
Fund balance of district facilities as at			
January 1, 2001 (Note 2) .....	42,209,712	129,722	42,339,434
Transfer from restricted .....	21,343	---	21,343
Excess of revenues over expenses. ....	1,800	1,796	3,596
Capital asset funding			
Department of Health .....	130,079	---	130,079
Foundations. ....	520,108	---	520,108
Auxiliaries. ....	(4,780)	---	(4,780)
Contributions. ....	---	7,762	7,762
Amortization. ....	(557,413)	---	(557,413)
Capital debt charges. ....	(3,195)	---	(3,195)
Balance, end of period .....	<u>\$ 42,317,654</u>	<u>\$ 139,280</u>	<u>\$ 42,456,934</u>

See accompanying notes to the financial statements.



**DISTRICT HEALTH AUTHORITY 6**

**Statement of Cash Flows  
Three Months Ended March 31, 2001**

Increase (decrease) in cash and cash equivalents

**Operations**

Excess of revenues over expenses - Capital Fund. . . . .	\$ 1,800
Excess of revenues over expenses - Endowment Fund. . . . .	5,270
Contributions - Endowment Fund. . . . .	8,591
	<u>15,661</u>
Change in non-cash working capital	
Receivables. . . . .	(471,042)
Inventories. . . . .	25,090
Prepaid expenses. . . . .	(39,168)
Payables and accruals . . . . .	1,446,439
Deferred revenue . . . . .	(162,046)
	<u>814,934</u>

**Financing and investing**

Assets, liabilities and fund balances of district Facilities at January 1, 2001	
Assets . . . . .	(51,569,420)
Liabilities . . . . .	8,793,099
Fund balances. . . . .	42,776,321
Capital asset funding . . . . .	645,407
Interfund transfer - capital asset funding . . . . .	21,343
Purchase of capital assets . . . . .	(656,204)
Repayment long term debt. . . . .	(21,343)
Capital debt charges. . . . .	(3,195)
	<u>(13,992)</u>
Decrease in restricted funds . . . . .	(21,343)
	<u>(35,335)</u>

Net increase in cash and cash equivalents . . . . .	779,599
Cash and cash equivalents of district facilities, January 1, 2001 . . . . .	<u>1,615,401</u>
Cash and cash equivalents, end of period. . . . .	<u><u>\$ 2,395,000</u></u>

See accompanying notes to the financial statements.

**DISTRICT HEALTH AUTHORITY 6**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. Nature of operations**

District Health Authority 6 (operating as the Pictou County District Health Authority) operated several health care facilities including Aberdeen Regional Hospital, Sutherland Harris Memorial Hospital and related community services.

**2. Health Authorities Act**

District Health Authority 6 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 6 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

**3. Summary of significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

**Fund accounting**

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

**Revenue recognition**

District Health Authority 6 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

**Inventories**

Inventories are recorded at the lower of cost and replacement value.

**Capital assets**

Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

**Compensation accruals**

District Health Authority 6 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

**Employee benefit plans**

The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarially determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

**4. Receivables**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Charges to M.S.I. . . . . . \$	57,816 \$	---	\$ 57,816
Foundations and Auxiliaries . . . . .	23,943	791,720	815,663
Harmonized sales tax. . . . .	220,367	125,888	346,255
Patients . . . . .	206,935	---	206,935
Other . . . . .	<u>273,987</u>	<u>---</u>	<u>273,987</u>
	<u>783,048</u>	<u>917,608</u>	<u>1,700,656</u>
Nova Scotia Department of Health			
Construction and equipment. . . . .	---	456,745	456,745
Final settlement and other. . . . .	<u>1,994,356</u>	<u>---</u>	<u>1,994,356</u>
	<u>1,994,356</u>	<u>456,745</u>	<u>2,451,101</u>
	<u>\$ 2,777,404</u>	<u>\$ 1,374,353</u>	<u>\$ 4,151,757</u>

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

**5. Other receivables**

	<b>Operating Fund</b>	<b>Total</b>
Nova Scotia Department of Health		
Vacation pay. . . . .	1,592,886	1,592,886
Employee benefits. . . . .	<u>1,938,874</u>	<u>1,938,874</u>
	<u>\$ 3,531,760</u>	<u>\$ 3,531,760</u>

**6. Capital Assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land .....	\$ 32,378	\$ ---	\$ 32,378
Land improvements .....	393,549	57,358	336,191
Buildings .....	49,185,183	11,498,837	37,686,346
Equipment .....	8,756,408	4,552,524	4,203,884
Equipment under capital lease .....	615,756	369,185	246,571
Construction in progress .....	1,048	---	1,048
	<u>\$ 58,984,322</u>	<u>\$ 16,477,904</u>	<u>\$ 42,506,418</u>

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to the former Aberdeen Hospital Commission. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value of \$408,354 (a predetermined amount) or fair market value is to be repaid to the foundation on a item by item basis.

**7. Payables and accruals**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade .....	\$ 3,267,648	\$ 748,845	\$ 4,016,493
Department of Veteran Affairs - final settlement .....	---	12,365	12,365
Vacation pay .....	1,790,928	---	1,790,928
	<u>\$ 5,058,576</u>	<u>\$ 761,210</u>	<u>\$ 5,819,786</u>

**8. Employee benefits**

The authority has the following benefit plans:

- (i) a multi-employer defined benefit plan providing pension benefits to most of its employees, and
- (ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	<b>Pension Benefit Plan March 31, 2001</b>	<b>Retirement Benefit Plan March 31, 2001</b>
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses .....	<u>\$ 245,849</u>	
Retiring allowances .....		<u>\$ 61,272</u>

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	<b>Retirement Benefit Plan March 31, 2001</b>
Accrued benefit obligation .....	\$ 1,978,170
Fair value of plan assets .....	1,938,874
Funded status - plan deficit .....	<u>\$ (39,296)</u>
Accrued benefit liability .....	<u>\$ 1,938,874</u>

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to \$26,601.

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus at December 31, 2000.

**9. Obligations under capital lease**

The authority leases equipment under a capital lease from Toshiba Canada Limited and TeleHealth Services.

Future minimum lease payments are as follows:

2002.....	\$	70,967
2003.....		20,908
2004.....		20,908
2005.....		<u>12,197</u>
		124,980
Less: amount representing interest on capital leases at varying rates of 7.25 - 10.0% .....		<u>11,150</u>
		113,830
Less: current portion .....		<u>64,866</u>
	\$	<u><u>48,964</u></u>

As security, the authority has pledged specific equipment.

**10. Long term debt**

6.5% loan, payable in equal annual payments of \$29,609 including interest, maturing in 2006 .....	\$	143,336
Less: current portion .....		<u>20,292</u>
	\$	<u><u>123,044</u></u>

**11. Restricted fund balance**

The Nova Scotia Department of Health provided funding to establish a reserve for repayment of the capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 9. The balance of the reserve was \$113,830 as of March 31, 2001.

**12. Credit facilities**

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling \$1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

**13. Commitments**

District Health Authority 6 is committed to the following payments for operating leases in each of the next two fiscal periods ended March 31:

2002	\$	20,467
2003	\$	19,908

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Eastern Regional Health Board

We have audited the statement of financial position of Eastern Regional Health Board as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
June 22, 2001

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Financial Position**

**ASSETS**

	March 31, 2001	December 31, 2000	March 31, 2000
Current assets:			
Cash and short-term investments . . . . .	\$ ---	\$ 1,455,709	\$ 4,670,521
Marketable securities restricted for other deferred contributions . . . . .	---	---	439,068
Accounts receivable (note 2) . . . . .	---	5,470,047	6,245,532
Inventories (note 3) . . . . .	---	705,652	723,640
Prepaid expenses . . . . .	---	284,079	178,552
	<u>---</u>	<u>7,915,487</u>	<u>12,257,313</u>
Capital assets (note 4):			
Cost . . . . .	---	90,064,118	89,405,932
Less accumulated amortization . . . . .	---	40,061,490	37,291,054
		<u>50,002,628</u>	<u>52,114,878</u>
Other assets (note 5):			
Due from Department of Health for retirement allowance . . . . .	---	3,754,725	---
	<u>---</u>	<u>3,754,725</u>	<u>---</u>
	<u>\$ ---</u>	<u>\$ 61,672,840</u>	<u>\$ 64,372,191</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)**

Current liabilities:			
Accounts payable and accrued liabilities (note 6) . . . . .	\$ ---	\$ 7,086,247	\$ 9,185,437
Deferred revenue . . . . .	---	139,480	2,104,610
	<u>---</u>	<u>7,225,727</u>	<u>11,290,047</u>
Deferred contributions for capital assets (note 7) . . . . .	---	49,710,812	51,664,029
Other deferred contributions (note 8) . . . . .	---	---	439,068
Other liabilities:			
Retirement allowance (note 5) . . . . .	---	3,754,725	4,368,408
Net assets (deficiency):			
Unrestricted . . . . .	---	---	(4,368,408)
Invested in capital assets (note 9) . . . . .	---	790,875	794,375
Internally restricted . . . . .	---	190,701	184,672
	<u>---</u>	<u>981,576</u>	<u>(3,389,361)</u>
	<u>\$ ---</u>	<u>\$ 61,672,840</u>	<u>\$ 64,372,191</u>

Contingencies (note 13)

See accompanying notes to financial statements.

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
<b>Revenue:</b>		
Department of Health . . . . .	\$ 37,508,704	\$ 50,521,404
Net patient income . . . . .	2,000,442	2,742,465
Dietary recoveries . . . . .	446,858	615,067
Housing recoveries . . . . .	17,170	27,370
Recoveries - maintenance services . . . . .	22,454	35,404
Rentals . . . . .	105,534	178,214
Miscellaneous . . . . .	145,315	210,852
Investment income . . . . .	58,757	41,697
Laundry recoveries . . . . .	153,022	185,482
Level III recoveries . . . . .	611,814	824,443
	<u>41,070,070</u>	<u>55,382,398</u>
<b>Expenses:</b>		
Nursing services . . . . .	14,774,869	19,740,038
Support services . . . . .	7,633,330	10,329,441
Diagnostic and therapeutic . . . . .	6,083,800	8,036,273
Administration services . . . . .	3,250,070	4,597,173
Medical services . . . . .	291,132	612,203
Non-portable programs . . . . .	7,592,461	10,692,843
Level III emergency services . . . . .	612,388	824,443
Capital debt assistance . . . . .	36,400	36,326
Vacation pay . . . . .	---	513,658
Contract settlement costs . . . . .	611,863	---
Department of Health final settlement adjustment . . . . .	183,757	---
	<u>41,070,070</u>	<u>55,382,398</u>
Excess of revenue over expenditure before below noted items . . . . .	---	---
Restricted investment revenue . . . . .	6,029	---
Amortization of capital grants . . . . .	2,770,436	3,283,844
Amortization of capital assets . . . . .	(2,770,436)	(3,283,844)
Loss of disposal of capital assets . . . . .	(3,500)	---
Retirement allowance (note 5) . . . . .	(329,025)	---
Department of Health funding for retirement allowance (note 5) . . . . .	329,025	---
Gain on funding for and quantification of retirement allowance (note 5) . . . . .	4,368,408	---
	<u>4,370,937</u>	<u>---</u>
Excess of revenue over expenditure . . . . .	<u>\$ 4,370,937</u>	<u>\$ ---</u>



**EASTERN REGIONAL HEALTH BOARD**

**Statement of Changes in Net Assets  
Year ended March 31, 2001, with comparative figures for 2000**

	Unrestricted	Investment in capital assets	Internally restricted	2001 Total	2000 Total
Balance, beginning of year. . . \$	(4,368,408)\$	794,375 \$	184,672 \$	(3,389,361)\$	(3,389,361)
Excess of revenue over expenditure . . . . .	4,368,408	(3,500)	6,029	4,370,937	---
Balance at December 31, 2000 prior to distributions. . . . .	---	790,875	190,701	981,576	(3,389,361)
Distribution of net assets to successor entities (note 11):					
Guysborough Antigonish Strait Health Authority. . .	---	(581,852)	(190,701)	(772,553)	---
District Health Authority #8	---	(209,023)	---	(209,023)	---
Balance, end of year . . . . . \$	---	---	---	---	(3,389,361)

See accompanying notes to financial statements.

**EASTERN REGIONAL HEALTH BOARD**

**Statement of Cash Flows**  
**Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
Cash provided by (used for):		
Operations:		
Excess of revenue over expenditure. . . . .	\$ 4,370,937	\$ ---
Items not involving cash:		
Amortization of capital assets. . . . .	2,770,436	3,283,844
Amortization of deferred contributions for capital assets . . . . .	(2,770,436)	(3,283,844)
Loss of disposal of capital assets. . . . .	3,500	
Gain on funding for and quantification of retirement allowance. . . . .	(4,368,408)	
Increase in retirement allowance. . . . .	329,025	
Increase in Department of Health payable for retirement allowance . . . . .	(329,025)	---
	6,029	---
Changes in non-cash operating working capital:		
Decrease in accounts receivable . . . . .	775,485	3,283,011
Decrease (increase) in inventories. . . . .	17,988	(57,734)
Decrease (increase) in prepaid expenses. . . . .	(105,527)	575,831
Increase (decrease) in accounts payable and accrued liabilities . . . . .	(2,099,190)	221,744
Increase (decrease) in deferred revenues . . . . .	(1,965,130)	103,780
	(3,370,345)	4,126,632
Financing and investing activities:		
Additions to capital assets. . . . .	(661,686)	(6,256,488)
Additions to deferred contributions for capital assets. . . . .	817,219	6,600,014
Increase in (return of) other deferred contributions . . . . .	(439,068)	439,068
	(283,535)	782,594
Other:		
Distribution of cash to successor entities. . . . .	(1,455,709)	---
	(5,109,589)	4,909,226
Increase (decrease) in cash . . . . .		
Cash, beginning of year . . . . .	5,109,589	200,363
Cash, end of year . . . . .	\$ ---	\$ 5,109,589
Represented by:		
Cash and short term investments . . . . .	\$ ---	\$ 4,670,521
Marketable securities . . . . .	---	439,068
	\$ ---	\$ 5,109,589

See accompanying notes to financial statements.

## EASTERN REGIONAL HEALTH BOARD

### Notes to Financial Statements Year ended March 31, 2001

On June 30, 1994 an Act to Establish Regional Health Boards was assented to by the Lieutenant Governor. Pursuant to Section 11 of Chapter 12 of the Act of 1994, a body corporate was constituted in the regulations. The Board commenced operations in December, 1994. On November 1, 1996 the following hospitals were designated under the Eastern Regional Health Board; Strait Richmond Hospital, Eastern Memorial Hospital, Buchanan Memorial Hospital, Guysborough Memorial Hospital, Inverness Consolidated Memorial Hospital, St. Martha's Regional Hospital, St. Mary's Memorial Hospital and Victoria County Memorial Hospital. On January 1, 1997 Sacred Heart Hospital was designated under the Regional Health Board. On April 1, 1997 Addiction Services and Public Health were designated under the Regional Health Board.

The Board's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished regional health boards and replaced them with district health authorities. The effects on the former Eastern Regional Health Board were as follows: St. Martha's Regional Hospital, Strait Richmond Hospital, Guysborough Memorial Hospital, Eastern Memorial Hospital and St. Mary's Memorial Hospital formed DHA #7 and Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre joined with the Cape Breton Healthcare Centre to form DHA #8. As a result of this legislation, the Eastern Regional Health Board ceased operations effective December 31, 2000. All assets and liabilities of the former Eastern Regional Health Board were transferred to the appropriate District Health Authority resulting in no assets or liabilities at March 31, 2001.

#### 1. Significant accounting policies:

##### (a) Revenue recognition:

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

The Board is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health (Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted ) is recognized as revenue when earned.

##### (b) Inventories:

Inventories are valued at cost.

(c) **Marketable securities:**

Marketable securities are valued at the lower of cost and market value.

(d) **Restricted:**

Funds donated by outside agencies or individuals which have been designated for a specific purpose have been restricted.

(e) **Capital assets:**

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rates</u>
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

**2. Accounts receivable:**

	March 31, 2001	December 31, 2000	March 31, 2000
Patient services . . . . .	\$ ---	\$ 784,627	\$ 1,058,160
Department of Health (note 10):			
Final settlement . . . . .	---	297,868	655,156
New facility construction . . . . .	---	---	899,836
Vacation liability . . . . .	---	1,867,352	1,866,458
Addiction services . . . . .	---	58,847	58,847
TSP program . . . . .	---	557,865	---
Contract settlement costs . . . . .	---	611,863	---
Hospital Foundations (note 12) . . . . .	---	1,022,535	1,052,612
Veterans . . . . .	---	26,311	26,311
Harmonized Sales Tax . . . . .	---	218,592	386,377
Sundry . . . . .	---	24,187	241,775
	<u>\$ ---</u>	<u>\$ 5,470,047</u>	<u>\$ 6,245,532</u>

**3. Inventories:**

	March 31, 2001	December 31, 2000	March 31, 2000
Medical and surgical . . . . .	\$ ---	\$ 180,041	\$ 187,628
Drugs . . . . .	---	357,068	341,032
Intravenous . . . . .	---	5,921	9,393
Maintenance . . . . .	---	18,287	22,962
Food . . . . .	---	10,500	10,500
General . . . . .	---	133,835	152,125
	<u>\$ ---</u>	<u>\$ 705,652</u>	<u>\$ 723,640</u>

**4. Capital assets:**

	Net Book Value		
	March 31, 2001	December 31, 2000	March 31, 2000
Land .....	\$ ---	\$ 790,876	\$ 794,375
Building and land improvements .....	---	44,210,723	36,135,902
Equipment .....	---	5,001,029	4,667,327
Work in progress .....	---	---	10,517,274
	<u>\$ ---</u>	<u>\$ 50,002,628</u>	<u>\$ 52,114,878</u>

**5. Retirement allowance:**

During the year the Department of Health requested that Nova Scotia Regional Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request the Eastern Regional Health Board, in the current fiscal period has recorded a net gain of \$4,368,408 in respect of retiring allowances accrued up to March 31, 2000 which gain comprises the following:

• funding receivable from the Department for the actuarily determined liability at March 31, 2000 of .....	\$ 3,425,700
• adjustment to reduce the previously estimated liability at March 31, 2000 of 4,368,408 to the actuarily determined liability of \$3,425,700 .....	942,708
	<u>\$ 4,368,408</u>

In addition, the Board has included in revenue from the Department of Health an additional receivable of \$329,025 to match the retiring allowance expense computed with reference to the actuarial projection of expense for the year.

**6. Accounts payable and accrued liabilities:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts payable and accrued liabilities .....	\$ ---	\$ 2,892,514	\$ 4,532,089
Accrued payroll:			
Salaries .....	---	549,100	1,164,533
Vacation pay .....	---	2,043,918	2,380,116
Retroactive salary adjustment .....	---	---	83,405
Contract settlement costs .....	---	611,863	---
Department of Health new hospital construction (note 10) .....	---	938,749	938,749
Due to hospital foundations (note 12) .....	---	1,017	7,830
Equipment payable .....	---	49,086	78,715
	<u>\$ ---</u>	<u>\$ 7,086,247</u>	<u>\$ 9,185,437</u>

**7. Deferred contributions related to capital assets:**

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Balance, beginning of period . . . . .	\$ 49,710,812	\$ 51,664,029	\$ 48,347,859
Additional contributions received . . . . .	---	817,219	6,600,014
Amounts amortized to revenue . . . . .	---	(2,770,436)	(3,283,844)
Distributed to successor entities . . . . .	(49,710,812)	---	---
Balance, end of period . . . . .	<u>---</u>	<u>\$ 49,710,812</u>	<u>\$ 51,664,029</u>

The balance of unamortized capital contributions related to capital assets consists of the following:

	March 31, 2001	December 31, 2000	March 31, 2000
Unamortized capital contributions used to purchase assets . . . . .	\$ ---	\$ 49,211,753	\$ 51,320,503
Unspent contributions . . . . .	---	499,059	343,526
Balance, end of period . . . . .	<u>---</u>	<u>\$ 49,710,812</u>	<u>\$ 51,664,029</u>

**8. Other deferred contributions:**

A bequest to St. Martha's Regional Hospital in the form of marketable securities was received during the fiscal year ended March 31, 2000 and returned to the control of the Hospital Foundation during the fiscal year ended March 31, 2001.

**9. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Capital assets . . . . .	\$ ---	\$ 50,002,628	\$ 52,114,878
Amounts financed by:			
Deferred contributions . . . . .	---	49,211,753	51,320,503
	<u>---</u>	<u>\$ 790,875</u>	<u>\$ 794,375</u>

b) Changes in net assets invested in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Excess of expenses over revenue:			
Amortization of deferred contributions related to capital assets . . . . .	\$ ---	\$ 2,770,436	\$ 3,283,844
Amortization of capital assets . . . . .	---	(2,770,436)	(3,283,844)
Loss on disposal of capital assets . . . . .	---	(3,500)	---
	<u>\$ ---</u>	<u>\$ (3,500)</u>	<u>---</u>
Net change in investment in capital assets:			
Capital assets acquired. . . . .	\$ ---	\$ 661,686	\$ 6,256,488
Amounts funded by:			
Deferred contributions . . . . .	---	(661,686)	(6,256,488)
Net capital assets distributed to successor entities. . . . .	(790,875)	---	---
	<u>\$ (790,875)</u>	<u>---</u>	<u>---</u>

**10. Accounts with the Department of Health:**

The Regional Health board has the following accounts with the Department of Health:

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts receivable:			
Final settlements (note 2) . . . . .	\$ ---	\$ 297,868	\$ 655,156
New facility construction (note 2). . . . .	---	---	899,836
Vacation liability (note 2) . . . . .	---	1,867,352	1,866,456
Addition services (note 2) . . . . .	---	58,847	58,847
TSP Program (note 2) . . . . .	---	557,865	---
Contract settlement costs (note 2) . . . . .	---	611,863	---
Retirement allowance (note 5) . . . . .	---	3,754,725	---
	<u>\$ ---</u>	<u>\$ 7,148,520</u>	<u>\$ 3,480,295</u>

Collectibility of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

	March 31, 2001	December 31, 2000	March 31, 2000
Payable re hospital construction (note 6). . . . .	\$ ---	\$ 938,749	\$ 938,749

**11. Transfer of assets on dissolution:**

As a result of dissolution, the Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Guysborough Antigonish Strait Health Authority (District Health Authority #7) and the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Balance December 31, 2000	Distribution to DHA#7	Distribution to DHA#8
<b>Assets distributed:</b>			
Cash and short-term investments. . . . .	\$ 1,455,709	\$ 1,231,725	\$ 223,984
Accounts receivable. . . . .	5,470,047	3,450,212	2,019,835
Inventories. . . . .	705,652	442,335	263,317
Prepaid expenses . . . . .	284,079	194,810	89,269
Capital assets. . . . .	50,002,628	30,618,053	19,384,575
Other receivable - retirement allowance . . . . .	3,754,725	2,638,804	1,115,921
Inter authority accounts . . . . .	---	(338,845)	338,845
	<u>61,672,840</u>	<u>38,237,094</u>	<u>23,435,746</u>
<b>Less liabilities assumed:</b>			
Accounts payable and accrued liabilities. . . . .	7,086,247	4,651,089	2,435,158
Deferred revenue. . . . .	139,480	79,046	60,434
Deferred contributions for capital assets. . . . .	49,710,812	30,095,602	19,615,210
Other liability - retirement allowance . . . . .	3,754,725	2,638,804	1,115,921
	<u>60,691,264</u>	<u>37,464,541</u>	<u>23,226,723</u>
<b>Net assets distributed. . . . .</b>	<u>\$ 981,576</u>	<u>\$ 772,553</u>	<u>\$ 209,023</u>
<b>Consisting of:</b>			
Investment in capital assets. . . . .	\$ 790,875	\$ 581,852	\$ 209,023
Internally restricted . . . . .	190,701	190,701	---
	<u>\$ 981,576</u>	<u>\$ 772,553</u>	<u>\$ 209,023</u>

**12. Related party transactions:**

The Hospital is related to the St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation, St. Mary's Memorial Hospital Society, Buchanan Memorial Hospital Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purposes are to raise funds to assist in the construction of and the supply of certain equipment for the Hospitals.

The following amounts were due from or to the Foundations as at the dates indicated:

	March 31, 2001	December 31, 2000	March 31, 2000
<b>Due from Hospital Foundations:</b>			
Sacred Heart Hospital Foundation . . . . .	\$ ---	\$ 80,000	\$ 97,807
Buchanan Memorial Hospital Foundation . . . . .	---	880,077	938,749
Guysborough Memorial Hospital Foundation . . . . .	---	1,130	1,130
St. Mary's Memorial Hospital Society . . . . .	---	14,927	14,926
Inverness Consolidated Memorial Hospital Foundation . . . . .	---	46,401	---
	<u>\$ ---</u>	<u>\$ 1,022,535</u>	<u>\$ 1,052,612</u>
<b>Due to Hospital Foundation:</b>			
Strait Richmond Hospital Charitable Foundation. . . . .	\$ ---	\$ 1,017	\$ 7,830



During the year the following amounts were received from the Foundations to purchase equipment:

	Nine months ended December 31, 2001	Year ended March 31, 2000
Strait Richmond Hospital Charitable Foundation. . . . .	\$ 4,995	\$ 43,841
St. Martha's Regional Hospital Foundation. . . . .	140,958	302,261
Inverness Consolidated Memorial Hospital Foundation. . . . .	112,345	50,715
Inverness Consolidated Memorial Hospital Auxiliary . . . . .	---	11,224
Guysborough Memorial Hospital Foundation . . . . .	41,305	43,145
St. Mary's Memorial Hospital Society . . . . .	40,545	---
Victoria County Memorial Hospital Foundation . . . . .	23,520	2,976
Victoria County Memorial Hospital Auxiliary. . . . .	---	600
Strait Richmond Hospital Auxiliary. . . . .	1,026	2,398
Guysborough Memorial Hospital Auxiliary. . . . .	---	15,058
St. Mary's Memorial Hospital Foundation . . . . .	---	15,979
Inverness Consolidated Memorial Hospital Hospice Society . . . . .	1,511	577
Sacred Heart Hospital Auxiliary. . . . .	---	6,455
Victoria County Memorial Hospital Hospice Society . . . . .	---	17,059
Buchanan Memorial Hospital Auxiliary. . . . .	3,350	497
Eastern Memorial Hospital Foundation. . . . .	16,833	---
	<u>\$ 386,388</u>	<u>\$ 512,785</u>

### 13 Contingencies:

#### a) Law Suit:

The Health Board has been named a defendant in two lawsuits; one related to a wrongful death and one for personal injury.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

#### b) Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contract settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1 to March 31, 2001. The estimate was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

These financial statements are unaudited.

ENVIRONMENTAL TRUST FUND

Balance Sheet  
as at March 31, 2001

ASSETS

	2001		2000
Cash .....	\$ 1,008	\$	795
Investments (Schedule 1) .....	5,037		4,954
Interest receivable .....	---		11
	<u>\$ 6,045</u>	\$	<u>5,760</u>

FUND EQUITY

Fund equity .....	<u>\$ 6,045</u>	\$	<u>5,760</u>
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Statement of Income and Fund Equity  
for the year ended March 31, 2001

	2001		2000
<b>Revenues</b>			
Interest .....	\$ 308	\$	257
<b>Expenses</b>			
Bank charges .....	<u>12</u>		<u>22</u>
<b>Net Income</b> .....	296		235
<b>Fund equity, beginning of year</b> .....	<u>5,749</u>		<u>5,525</u>
<b>Fund equity, end of year</b> .....	<u>\$ 6,045</u>	\$	<u>5,760</u>

## ENVIRONMENTAL TRUST FUND

Notes to Financial Statements  
March 31, 2001**1. Authority**

Effective January 1, 1995 the authority for Environmental Trust Fund operations is the Environment Act. The purpose of the Trust is to fund programs for environmental research and management and conservation of the environment.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Administrative expenses incurred on behalf of the Fund are included in the expenditures of the Nova Scotia Department of Environment and Labour and are not reflected in the financial statements.

## Schedule 1

## ENVIRONMENTAL TRUST FUND

Schedule of Investments  
March 31, 2001

Investment	Interest Rate	Maturity Date	Cost
Woodbridge Financial	5.15%	May 2, 2001	\$ 5,037

The investments of the Environmental Trust Fund are recorded at cost, which approximates their market value.

## AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the  
Nova Scotia Fisheries and Aquaculture Loan Board

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2001 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 4, 2001

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Loans receivable (Note 3) (Schedule 1) . . . . .	\$ 51,493,176	\$ 42,081,495
Accrued interest receivable. . . . .	1,577,119	1,230,149
Due from Consolidated Fund - Department of Finance (Note 4) . . . . .	<u>86,069,279</u>	<u>95,587,716</u>
	<u>\$ 139,139,574</u>	<u>\$ 138,899,360</u>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Applicants' funds on deposit . . . . .	\$ 38,038	\$ 41,840
Due to Department of Finance. . . . .	1,577,119	1,230,149
<b>Fisheries and Aquaculture Development Fund</b> . . . . .	<u>137,524,417</u>	<u>137,627,371</u>
	<u>\$ 139,139,574</u>	<u>\$ 138,899,360</u>

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Statement of Revenues, Expenditures and  
Accumulated Surplus  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Interest income . . . . .	\$ 3,641,322	\$ 3,157,329
Loan fees . . . . .	151,763	97,799
	3,793,085	3,255,128
<b>Expenditures</b>		
Interest expense (Note 5) . . . . .	2,746,352	2,385,595
Salaries and benefits . . . . .	479,850	467,943
Board honoraria . . . . .	6,150	6,192
Travel . . . . .	53,698	42,229
Office supplies . . . . .	28,629	23,284
Bad debts . . . . .	42,953	44,824
	3,357,632	2,970,067
Surplus before Government contribution . . . . .	435,453	285,061
Contribution by Department of Agriculture and Fisheries (Note 6) . . . . .	611,280	584,472
<b>Surplus</b> . . . . .	1,046,733	869,533
Distribution to Department of Finance (Note 6) . . . . .	1,046,733	869,533
<b>Accumulated Surplus</b> . . . . .	\$ ---	\$ ---

**Statement of Continuity of Fund  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Balance, beginning of year</b> . . . . .	\$ 137,627,371	\$ 137,672,195
Deduct: Increase in allowance for doubtful accounts . . . . .	(102,954)	(44,824)
<b>Balance, end of year</b> . . . . .	\$ 137,524,417	\$ 137,627,371
Comprising:		
Loans receivable . . . . .	\$ 51,493,176	\$ 42,081,495
Loans authorized but unadvanced . . . . .	2,221,467	2,862,206
Aquaculture loan guarantees . . . . .	3,565,000	3,772,000
Uncommitted Fund balance . . . . .	80,244,774	88,911,670
	\$ 137,524,417	\$ 137,627,371

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Notes to Financial Statements  
March 31, 2001**

**1. Authority**

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

**2. Accounting Policies**

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

**3. Deferment Programs**

On April 15, 1997 government approved an assistance program for borrowers suffering economic hardship as a result of reduced income. The Board may extend, defer or adjust the repayment or terms of any loan guarantee. As of March 31, 2001 loans receivable under the program total \$nil (2000 - \$1,165,981).

**4. Due from Consolidated Fund - Department of Finance**

	<b>2001</b>	<b>2000</b>
	\$ 2,221,467	\$ 2,862,206
Loans authorized but unadvanced . . . . .	3,565,000	3,772,000
Aquaculture loan guarantees . . . . .	38,038	41,840
Applicants' funds on deposit . . . . .	<u>80,244,774</u>	<u>88,911,670</u>
Uncommitted Fund balance . . . . .	\$ <u>86,069,279</u>	\$ <u>95,587,716</u>

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Aquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the former Nova Scotia Economic Renewal Agency to the Board, along with \$1,000,000 of existing loan guarantees. The strategy provides approval for capital advances and guarantees of \$2.0 million per year, until March 31, 2001.

**5. Interest Expense**

Loans provided by the Board are funded through advances by the Department of Finance. Interest expense is calculated by the Board based on an estimate by the Department of Finance of the rate at which the Province could borrow funds over the next quarter.



**6. Contributions and Surplus**

Expenses of the Board other than interest expense are paid by the Department of Agriculture and Fisheries on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

**7. Public Service Superannuation Fund**

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

**PROVINCE OF NOVA SCOTIA**  
**NOVA SCOTIA**  
**FISHERIES AND AQUACULTURE LOAN BOARD**

**Continuity of Loans Receivable**  
**for the year ended March 31, 2001**

**SCHEDULE 1**

	<b>2001</b>	<b>2000</b>
<b>Loans Receivable</b>		
Balance, beginning of year . . . . .	\$ 43,095,484	\$ 37,885,876
<i>Add:</i> Advances during the year . . . . .	18,501,367	14,087,803
<i>Deduct:</i> Repayments during the year . . . . .	<u>(8,986,732)</u>	<u>(8,878,195)</u>
Balance, end of year . . . . .	52,610,119	43,095,484
<b>Allowance for Doubtful Accounts</b> . . . . .	<u>1,116,943</u>	<u>1,013,989</u>
<b>Loans receivable - net of allowance for doubtful accounts</b> . . . . .	<u>\$ 51,493,176</u>	<u>\$ 42,081,495</u>

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
Guysborough Antigonish Strait Health Authority

We have audited the statement of financial position of Guysborough Antigonish Strait Health Authority as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the three months then ended. These financial statements are the responsibility of the Authority'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 Authority as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
June 15, 2001

**GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY**

**Statement of Financial Position**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Restricted Fund</b>	<b>March 31, 2001 Total</b>	<b>January 1, 2001 Total</b>
<b>Current assets:</b>					
Cash and marketable securities . . . . .	\$ 2,812,799	\$ ---	\$ 192,629	\$ 3,005,428	\$ 1,231,725
Accounts receivable (note 2) . . . . .	4,315,269	---	---	4,315,269	3,450,212
Inventories (note 3) . . . . .	442,910	---	---	442,910	442,335
Prepays expenses . . . . .	124,879	---	---	124,879	194,810
	<u>7,695,857</u>	<u>---</u>	<u>192,629</u>	<u>7,888,486</u>	<u>5,319,082</u>
Capital assets (note 4) . . . . .	---	30,166,042	---	30,166,042	30,618,053
Other receivables :					
Retirement allowance (note 7) . . . . .	2,715,577	---	---	2,715,577	2,638,804
	<u>\$ 10,411,434</u>	<u>\$ 30,166,042</u>	<u>\$ 192,629</u>	<u>\$ 40,770,105</u>	<u>\$ 38,575,939</u>

**LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS**

<b>Current liabilities:</b>					
Accounts payable and accrued liabilities (note 5) . . . . .	\$ 5,190,036	\$ ---	\$ ---	\$ 5,190,036	\$ 4,989,934
Deferred revenue . . . . .	1,442,151	---	---	1,442,151	79,046
	<u>6,632,187</u>	<u>---</u>	<u>---</u>	<u>6,632,187</u>	<u>5,068,980</u>
Other liability:					
Retirement allowance (note 7) . . . . .	2,715,577	---	---	2,715,577	2,638,804
Deferred contributions for capital assets (note 6) . . . . .	1,063,670	29,584,190	---	30,647,860	30,095,602
Fund balances:					
Investment in capital assets . . . . .	---	581,852	---	581,852	581,852
Internally restricted . . . . .	---	---	192,629	192,629	190,701
	<u>---</u>	<u>581,852</u>	<u>192,629</u>	<u>774,481</u>	<u>772,553</u>
	<u>\$ 10,411,434</u>	<u>\$ 30,166,042</u>	<u>\$ 192,629</u>	<u>\$ 40,770,105</u>	<u>\$ 38,575,939</u>

Contingencies (note 12)

See accompanying notes to financial statements.

**GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY**

**Statement of Operations  
Three months ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Restricted Fund</b>	<b>Total</b>
Revenue:				
Department of Health and Community				
Services . . . . .	\$ 8,643,018	\$ ---	\$ ---	\$ 8,643,018
Patient income . . . . .	414,570	---	---	414,570
Dietary recoveries . . . . .	116,791	---	---	116,791
Housing recoveries . . . . .	7,150	---	---	7,150
Recoveries - maintenance services . . . . .	10,452	---	---	10,452
Rentals . . . . .	17,799	---	---	17,799
Miscellaneous . . . . .	3,418	---	---	3,418
Investment income . . . . .	21,866	---	1,928	23,794
Amortization of deferred contributions (note 8) . . . . .	---	591,200	---	591,200
Laundry recoveries . . . . .	30,721	---	---	30,721
	<u>9,265,785</u>	<u>591,200</u>	<u>1,928</u>	<u>9,858,913</u>
Expenditures:				
Nursing services . . . . .	3,554,780	---	---	3,554,780
Support services . . . . .	1,957,445	---	---	1,957,445
Diagnostic and therapeutic services . . . . .	1,466,360	---	---	1,466,360
Administrative services . . . . .	644,281	---	---	644,281
Medical services . . . . .	54,307	---	---	54,307
Non-portable programs . . . . .	1,331,148	---	---	1,331,148
Level III emergency services . . . . .	13,534	---	---	13,534
Retirement allowance . . . . .	76,773	---	---	76,773
Contract settlement - NSNU . . . . .	167,157	---	---	167,157
Amortization of capital assets . . . . .	---	591,200	---	591,200
	<u>9,265,785</u>	<u>591,200</u>	<u>---</u>	<u>9,856,985</u>
Excess of revenue over expenditures for the period . . . . .	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,928</u>	\$ <u>1,928</u>

**Statement of Changes in Net Assets  
Three months ended March 31, 2001**

	<b>Investment in capital assets</b>	<b>Internally restricted</b>	<b>Total</b>
Transfer from the Eastern Regional Health Board . . . . .	\$ 581,852	\$ 190,701	\$ 772,553
Excess of revenue over expenditures . . . . .	---	1,928	1,928
Balance, end of period . . . . .	\$ <u>581,852</u>	\$ <u>192,629</u>	\$ <u>774,481</u>

See accompanying notes to the financial statements.

**GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY**

**Statement of Cash Flows  
Three months ended March 31, 2001**

Cash provided by (used for):

Operations:

Excess of revenue over expenditure . . . . .	\$ 1,928	
Items not involving cash:		
Amortization of capital assets. . . . .	591,200	
Amortization of deferred contributions for capital assets. . . . .	(591,200)	
Retirement allowance. . . . .	(76,773)	
Department of Health funding for retirement allowance . . . . .	76,773	
Changes in non-cash operating working capitals:		
Increase in accounts receivable. . . . .	(865,057)	
Increase in inventories. . . . .	(575)	
Decrease in prepaid expenses. . . . .	69,931	
Increase in accounts payable and accrued liabilities . . . . .	200,102	
Increase in deferred revenues . . . . .	<u>1,363,105</u>	\$ 769,434

Financing and investing activities:

Additions to capital assets. . . . .	(139,189)	
Additions to deferred contributions for capital assets. . . . .	1,143,458	1,004,269

Increase in cash. . . . . 1,773,703

Cash, beginning of period . . . . . 1,231,725

Cash, end of period. . . . . \$ 3,005,428

See accompanying notes to the financial statements.

## GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

### Notes to Financial Statements Three months ended March 31, 2001

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with District Health Authorities. The effects on the former Eastern Regional Health Board were as follows: St. Martha's Regional Hospital, Strait Richmond Hospital, Guysborough Memorial Hospital, Eastern Memorial Hospital and St. Mary's Memorial Hospital formed District Health Authority #7 and Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre joined with the Cape Breton Healthcare Complex to form District Health Authority #8. As a result of this legislative, the Eastern Regional Health Board ceased operations effective December 31, 2000 and was replaced by District Health Authority #7 on January 1, 2001.

On March 23, 2001 the District Board of the Health Authority #7 changed its name to operate as the Guysborough Antigonish Strait Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

#### 1. Significant accounting policies:

##### a) Revenue Recognition

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted ) is recognized as revenue when earned.

##### b) Marketable securities:

Marketable securities are valued at the lower of cost or market value.

##### c) Inventories:

Inventories are valued at cost.

##### d) Restricted:

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

##### e) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

2. Accounts receivable:

	March 31 2001	January 1, 2001
Patient services . . . . .	\$ 444,535	\$ 512,557
Department of Health (note 9):		
Final settlement (to December 31, 2000) . . . . .	182,283	377,400
Final settlement (January to March 2001) . . . . .	776,453	---
Vacation liability . . . . .	1,331,500	1,241,444
TSP Program . . . . .	318,458	557,865
Contract settlement . . . . .	604,824	437,668
Other (Public Health and Addiction Services) . . . . .	138,036	---
Hospital Foundations (note 11) . . . . .	16,057	16,057
Harmonized sales tax . . . . .	221,346	146,460
Sundry . . . . .	91,760	134,450
Veterans . . . . .	---	26,311
Cape Breton District Health Authority . . . . .	190,017	---
	<u>\$ 4,315,269</u>	<u>\$ 3,450,212</u>

3. Inventories:

	March 31 2001	January 1, 2001
Medical and surgical . . . . .	\$ 111,115	\$ 109,396
Drugs . . . . .	196,959	201,490
Intravenous . . . . .	6,036	5,921
Maintenance . . . . .	19,927	18,287
Food . . . . .	10,500	10,500
General . . . . .	98,373	96,741
	<u>\$ 442,910</u>	<u>\$ 442,335</u>

4. Capital assets:

	Cost	Accumulated amortization	March 31, 2001 Net Book Value	January 1, 2001 Net Book Value
Land . . . . .	\$ 581,852	\$ ---	\$ 581,852	\$ 581,852
Buildings . . . . .	41,350,026	14,448,375	26,901,651	27,150,863
Equipment . . . . .	16,525,725	13,843,186	2,682,539	2,885,338
	<u>\$ 58,457,603</u>	<u>\$ 28,291,561</u>	<u>\$ 30,166,042</u>	<u>\$ 30,618,053</u>

5. Accounts payable and accrued liabilities:

	March 31, 2001	January 1, 2001
Accounts payable and accrued liabilities . . . . .	\$ 2,288,307	\$ 2,326,803
Accrued payroll:		
Salaries . . . . .	719,382	414,309
Vacation pay . . . . .	1,531,934	1,422,206
Contract settlement . . . . .	604,824	437,668
Due to hospital foundations (note 10) . . . . .	1,017	1,017
Equipment payable . . . . .	44,572	49,086
Cape Breton District Health Authority . . . . .	---	338,845
	<u>\$ 5,190,036</u>	<u>\$ 4,989,934</u>



**6. Deferred contributions for capital assets:**

Deferred contributions for capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

Transferred from Eastern Regional Health Board . . . . .	\$	30,095,602
Additional contributions received. . . . .		1,143,458
Amounts amortized to revenue . . . . .		(591,200)
Balance, end of period . . . . .	\$	<u>30,647,860</u>

The balance of unamortized capital contributions related to capital assets consists of the following:

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Unamortized capital contributions used to purchase assets. . . . .	\$ 29,584,190	\$ 30,036,201
Unspent contributions. . . . .	<u>1,063,670</u>	<u>59,401</u>
	<u>\$ 30,647,860</u>	<u>\$ 30,095,602</u>

**7. Retirement allowance:**

In the prior year, the Department of Health requested that Nova Scotia Regional Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request the former Eastern Regional Health Board, had recorded a net gain of \$3,754,725 in respect of retiring allowances accrued up to December 31, 2000:

	Balance December 31, 2000		Distribution to DHA#7	Distribution to DHA#8
Balance as at January 1, 2001, former Eastern Regional Health Board retiring allowance liability. . . . .	\$ 3,754,725	\$	2,638,804	\$ 1,115,921
Retiring allowance expense computed with reference to the actuarial projection of expense for the period . . . . .	76,773		76,773	---
Funding receivable from the Department for the actuarially projected liability at March 31, 2001 . . . . .	<u>\$ 3,831,498</u>	\$	<u>2,715,577</u>	<u>\$ 1,115,921</u>

**8. Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

Capital assets . . . . .	\$	30,166,042
Amounts financed by:		
Deferred contributions . . . . .		<u>29,584,190</u>
	\$	<u>581,852</u>

b) Changes in net assets invested in capital assets is calculated as follows:

Excess of expenses over revenue:	
Amortization of deferred contributions related to capital assets . . . . .	\$ 591,200
Amortization of capital assets . . . . .	(591,200)
	<u>\$ ---</u>
Net change in investment in capital assets:	
Capital assets acquired . . . . .	\$ 139,187
Amounts funded by deferred contributions . . . . .	(139,187)
	<u>\$ ---</u>

**9. Accounts with the Department of Health:**

The Health Authority has the following accounts with the Department of Health:

	<b>March 31, 2001</b>	<b>January 1, 2001</b>
Accounts receivable:		
Retirement allowance . . . . .	\$ 2,715,577	\$ 2,638,804
Final settlements . . . . .	958,736	377,400
Vacation liability . . . . .	1,331,500	1,241,444
TSP Program . . . . .	318,458	557,865
Contract settlement . . . . .	604,824	437,668
Other (Public Health and Addiction Services) . . . . .	138,036	---
	<u>\$ 6,067,131</u>	<u>\$ 5,253,181</u>

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

**10. Related parties:**

The Health Authority is related to St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation and St. Mary's Memorial Hospital Society. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Health Authority.

The following amounts were due from or to the Foundations as at March 31:

Due from Hospital Foundations:	
Guysborough Memorial Hospital Foundation . . . . .	\$ 1,131
St. Mary's Memorial Hospital Society . . . . .	14,926
	<u>\$ 16,057</u>
Due to Hospital Foundation:	
Strait Richmond Hospital Charitable Foundation . . . . .	<u>\$ 1,017</u>

During the three months ended March 31, 2001 the following amounts were received from the Foundations to purchase equipment:

St. Martha's Regional Hospital Foundation . . . . .	\$ 42,643
Guysborough Memorial Hospital Foundation . . . . .	27,689
	<u>\$ 70,332</u>

**11. Acquisition and transfer of assets:**

The former Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Guysborough Antigonish Strait Health Authority (District Health Authority #7) and the Cape Breton District Health Authority (District Health Authority #8) on January 1, 2001 as follows:

	Balance December 31, 2000	Distribution to DHA#7	Distribution to DHA#8
<b>Assets distributed:</b>			
Cash and short-term investments . . . . .	\$ 1,455,709	\$ 1,231,725	\$ 223,984
Accounts receivable . . . . .	5,470,047	3,450,212	2,019,835
Inventories . . . . .	705,652	442,335	263,317
Prepaid expenses . . . . .	284,079	194,810	89,269
Capital assets. . . . .	50,002,628	30,618,053	19,384,575
Other receivable - retirement allowance. . . . .	3,754,725	2,638,804	1,115,921
Inter authority accounts . . . . .	---	(338,845)	338,845
	<u>61,672,840</u>	<u>38,237,094</u>	<u>23,435,746</u>
<b>Less liabilities assumed:</b>			
Accounts payable and accrued liabilities . . . . .	7,086,247	4,651,089	2,435,158
Deferred revenue. . . . .	139,480	79,046	60,434
Deferred contributions for capital assets . . . . .	49,710,812	30,095,602	19,615,210
Other liability - retirement allowance. . . . .	3,754,725	2,638,804	1,115,921
	<u>60,691,264</u>	<u>37,464,541</u>	<u>23,226,723</u>
<b>Net assets distributed . . . . .</b>	<u>\$ 981,576</u>	<u>\$ 772,553</u>	<u>\$ 209,023</u>
<b>Consisting of:</b>			
Investment in capital assets . . . . .	\$ 790,875	\$ 581,852	\$ 209,023
Internally restricted. . . . .	190,701	190,701	---
	<u>\$ 981,576</u>	<u>\$ 772,553</u>	<u>\$ 209,023</u>

**12. Contingencies:**

a) Law Suit

The Health Authority has been named a defendant in two lawsuits; one related to a wrongful death and one for personal injury.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health and Community Services, will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

b) Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contract settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1 to March 31, 2001. The estimate was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

**13. Comparative figures:**

As this was the first three months of operation for the Health Authority, comparative figures are not available.

## AUDITORS' REPORT

To the Chairman and Commissioners of the  
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of Halifax-Dartmouth Bridge Commission as at December 31, 2000 and 1999 and the statements of income, deficit and cash flows for the years 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 audits.

We conducted our audits 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 Commission as at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

LEVY CASEY CARTER MACLEAN  
Chartered Accountants

Halifax, Nova Scotia  
February 16, 2001

**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Balance Sheet  
December 31, 2000**

	<b>2000</b>		<b>1999</b>
	(in thousands)		
<b>ASSETS</b>			
<b>Current</b>			
Cash (note 1 (f)) . . . . .	\$ 3,851	\$	398
Receivables			
Trade . . . . .	4		289
Accrued interest . . . . .	29		6
Recoverable HST (note 2) . . . . .	116		639
Transponder inventory (note 1(c)) . . . . .	---		159
Prepaid expenses . . . . .	140		144
	4,140		1,635
Deferred financing costs and discounts, net of accumulated amortization of \$2,597 (1999 - \$1,755) (note 1 (e)) . . . . .	5,825		6,668
Deferred transponder charges (net of accumulated amortization of \$11) (note 9) . . . . .	646		---
Capital assets (note 3). . . . .	76,605		80,536
<b>Restricted assets (note 4)</b>			
Investment - OMA Fund . . . . .	1,368		1,329
Investment - Debt Service Fund. . . . .	3,061		2,975
Investment - Capital Fund. . . . .	3,092		---
Investment - Sinking Fund. . . . .	2,048		---
	\$ 96,785	\$	93,143
<b>LIABILITIES</b>			
<b>Current</b>			
Payables and accruals. . . . .	\$ 362	\$	1,773
Capital project holdbacks payable. . . . .	407		753
Accrued interest payable . . . . .	456		456
Refundable customer transponder amounts (note 9) . . . . .	744		---
Deferred revenue (note 1(b) and 5). . . . .	2,361		2,293
	4,330		5,275
Long term debt (note 6). . . . .	123,000		123,000
<b>DEFICIT</b>			
Reserve for restricted assets (note 4). . . . .	9,569		4,304
Deficit . . . . .	(40,114)		(39,436)
	(30,545)		(35,132)
	\$ 96,785	\$	93,143

**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Statement of Income and Deficit  
year ended December 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Revenue</b>		
Toll revenue (note 1(b)) . . . . .	\$ 22,500	\$ 21,590
Other rate charges . . . . .	114	104
Investment and sundry income		
OMA , Debt Service, Capital and Sinking Funds . . . . .	338	205
Other . . . . .	184	239
	<u>23,136</u>	<u>22,138</u>
<b>Expenses</b>		
Operating expenses . . . . .	1,185	1,184
Maintenance expenses . . . . .	2,344	1,799
Administrative expenses . . . . .	1,742	1,672
Amortization of capital assets . . . . .	5,104	3,848
Amortization of deferred transponder charges . . . . .	11	---
Interest on long-term debt and amortization of deferred financing costs (note 7) . . . . .	8,164	7,903
	<u>18,550</u>	<u>16,406</u>
<b>Income from operations . . . . .</b>	<b>4,586</b>	<b>5,732</b>
<b>Other income</b>		
Non-recurring GST rebate from prior years . . . . .	---	652
<b>Net income . . . . .</b>	<b>4,586</b>	<b>6,384</b>
<b>Deficit, beginning of year . . . . .</b>	<b>(39,436)</b>	<b>(45,716)</b>
	<b>(34,850)</b>	<b>(39,332)</b>
<b>Appropriation to restricted asset reserve . . . . .</b>	<b>(5,264)</b>	<b>(104)</b>
<b>Deficit, end of year . . . . .</b>	<b>\$ (40,114)</b>	<b>\$ (39,436)</b>

**HALIFAX - DARTMOUTH BRIDGE COMMISSION**

**Statement of Cash Flows  
year ended December 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Operating Activities</b>		
Net income .....	\$ 4,586	\$ 6,384
Amortization of capital assets .....	5,104	3,848
Amortization of deferred transponder charges .....	11	---
Amortization of debt discount and refinancing costs .....	842	842
Gain on disposal of capital assets .....	(14)	(4)
	10,529	11,070
 Net change in non-cash operating balances (note 8) .....	 (654)	 (4,574)
	9,875	6,496
<b>Financing Activities</b>		
Proceeds from Line of Credit .....	---	4,000
<b>Investing Activities</b>		
Proceeds from disposal of capital assets .....	20	14
Investment in capital fund investments .....	(3,092)	---
Investment in sinking fund investments .....	(2,048)	---
Increase in OMA Fund investments .....	(39)	(104)
Increase in Debt Service Fund investments .....	(86)	---
Purchase of capital assets .....	(1,177)	(11,925)
	(6,422)	(12,015)
 <b>Increase (decrease) in cash during year</b> .....	 3,453	 (1,519)
 <b>Cash, beginning of year</b> .....	 398	 1,917
 <b>Cash, end of year</b> .....	 \$ 3,851	 \$ 398

# HALIFAX - DARTMOUTH BRIDGE COMMISSION

## Notes to Financial Statements December 31, 2000

### 1. Significant Accounting Policies (\$000's)

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board.

c) Transponder inventory

Prior to 2000, transponders were recorded as inventory at the lower of cost and net realizable value (see Note 9).

d) Amortization of capital assets

Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, some bridge components, and transponders which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use.

Upon completion of the Macdonald bridge third lane project in 1999 the estimated remaining useful life of the major components of this bridge were increased to 40 years from 35 years for amortization purposes, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 1999 and future years.

In keeping with the Commission's policy of periodically updating the estimated remaining useful life of the bridges, the estimated remaining useful life of some of the components of the MacKay bridge were reduced to below 50 years, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 2000 and future years. The additional amount of amortization expense caused by this change for the year 2000 is \$833.

e) Amortization of financing costs

The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds Series 1, to December, 2007.

f) Cash and cash equivalents

Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 2%.



## 2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

## 3. Capital Assets

	<u>Rate</u>	<u>2000</u>		<u>1999</u>	
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
				(in thousands)	
Land . . . . .		\$ 5,735	---	\$ 5,735	\$ 5,735
Buildings . . .	40 yrs s.l.	1,957	1,250	707	740
Bridge and bridge components					
A.L. Macdonald					
Bridge . .	20 to 85 yrs s.l.	66,698	10,629	56,069	58,620
A.M. MacKay					
Bridge . . .	15 to 80 yrs s.l.	22,053	11,167	10,886	12,184
Electronic toll transponders.	10 yrs s.l.	328	5	323	---
Computer equipment .	30% d.b.	348	236	112	138
Toll and other equipment .	20% d.b.	5,883	3,294	2,589	2,924
Mobile equipment .	30 % d.b.	<u>757</u>	<u>573</u>	<u>184</u>	<u>195</u>
		<u>\$ 103,759</u>	<u>\$ 27,154</u>	<u>\$ 76,605</u>	<u>\$ 80,536</u>

## 4. Restricted assets (\$000's)

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain four reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses. With the exception of the capital fund, the reserve funds are held and invested by the trustee on behalf of the Commission.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the OMA fund had a market value of \$1,370 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The debt service fund must be maintained at a amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the debt service fund had a market value of \$3,065 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The Commission must make quarterly contributions of \$500 to the sinking fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds. At December 31, 2000, the sinking fund had a market value of \$2,124 and was invested in various federal, provincial and corporate bonds maturing in 2007 with yields of 5.78% to 6.68%.

The Commission must make quarterly contributions of \$750 to the capital fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds, or for the maintenance of, or improvements to the bridges. At December 31, 2000, the capital fund had a market value of \$3,149 and was invested in various federal, provincial and corporate bonds maturing in 2007 and 2012 with yields of 6.08% to 6.68%.

**5. Deferred Revenue**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Unredeemed Tokens . . . . .	\$ 1,705	\$ 1,811
Electronic Toll Collection (ETC) Accounts. . . . .	<u>656</u>	<u>482</u>
	<u>\$ 2,361</u>	<u>\$ 2,293</u>

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time, revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

**6. Long-term Debt**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi-annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4).	\$ 100,000	\$ 100,000
90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of \$30,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal, or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.	<u>23,000</u>	<u>23,000</u>
	<u>\$ 123,000</u>	<u>\$ 123,000</u>

The estimated fair market value of the \$100,000 fixed rate long term debt, based on the quoted market price for the same issue at December 31, 2000, is \$99,890.

Payments required to the Sinking Fund and Capital Fund (see note 4) over the next five years are as follows:

2001	\$	5,000
2002	\$	5,000
2003	\$	5,000
2004	\$	5,000
2005	\$	5,000

**7. Interest on Long-term Debt and Amortization of Deferred Financing Costs**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Interest on long-term debt		
Toll Revenue Bonds.....	\$ 5,950	\$ 5,950
Line of Credit.....	1,372	1,111
Amortization of deferred financial costs and discounts.....	<u>842</u>	<u>842</u>
	<u>\$ 8,164</u>	<u>\$ 7,903</u>

**8. Net Change in Non-cash Operating Balances**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>Increase (decrease) in cash from changes in:</b>		
Receivables.....	\$ 785	\$ 567
Transponder inventory.....	159	320
Prepaid expenses.....	4	(14)
Payables and accruals.....	(1,757)	(5,686)
Customer transponder amounts.....	87	---
Deferred revenue.....	<u>68</u>	<u>239</u>
	<u>\$ (654)</u>	<u>\$ (4,574)</u>

**9. Transponders (\$000's)**

In 2000, the Commission changed its business policy on the issuance of electronic toll transponders. The Commission had previously inventoried the purchase of transponders and recognized the sale and costs of the sale of the transponder when purchased by a customer. In November 2000, the commission implemented a policy of accepting refundable deposits for all future issuances of transponders to customers. They also revised their refund policy on all prior transponder sales to customers, whereby these sales became eligible for a full refund. Therefore, the Commission has recorded a liability for all payments received on transponders issued to customers to date. The cost of all transponders issued to customers prior to the change in policy have been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after the change in policy have been recorded as capital assets (see Note 3). In both cases, the transponders are being amortized on a straight-line basis to 2010. Profits of \$26 realized in prior years on the sale of transponders to customers have been charged against income in 2000.

**10. Pension plan (\$000's)**

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 2000. The Commission recognized an expense of \$54 for pension contributions during the year (\$51 for 1999).

**11. Retirement Benefits (\$000's)**

Commencing in 2000, generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees who retire at age 60 or later, or who become disabled at any age, will be paid a retirement benefit equal to one months salary for their first ten years of service, plus one months salary for each additional full five years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of \$131 in retirement benefits as at December 31, 2000. The entire amount was charged to administrative and maintenance expenses for the year. No such liability nor expense was recorded for 1999.

**12. Incorporation**

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

**13. Additional Credit Facility (\$000's)**

The commission has a \$5,000 operating loan facility with a chartered bank which bears interest at prime rate minus .25% per year. The operating facility is subject to annual review and is unsecured. If the Credit Limit is exceeded at any time, interest will be calculated on the excess amount at prime plus 2% per year. As at December 31, 2000, no advances were outstanding.

**14. Comparative figures**

In come cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

## AUDITORS' REPORT

To the Chairperson and Members of the Board of  
The Halifax Regional School Board

We have audited the consolidated balance sheet of the Halifax Regional School Board as at March 31, 2001, and the consolidated statement of operations 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, 2001 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

GRANT THORNTON LLP  
Chartered Accountants

Dartmouth, Nova Scotia  
June 11, 2001

**HALIFAX REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Receivables .....	\$ 5,318,650	\$ 5,456,356
Receivable from Department of Education (Note 12) .....	---	16,900,102
Prepays .....	65,960	20,246
	5,384,610	22,376,704
 <b>Capital assets (Note 2)</b>		
Improvements to school properties .....	20,649,923	20,288,097
Interest in school buildings .....	89,442,758	89,442,758
Energy management system .....	---	1,655,265
Furniture, equipment, vehicles and renovations. ....	5,059,784	10,932,161
	\$ 120,537,075	\$ 144,694,985

**LIABILITIES**

<b>Current</b>		
Bank Indebtedness (Note 8) .....	\$ 1,250,168	\$ 14,051,777
Payables and accruals .....	2,769,418	7,254,192
Deferred revenue .....	1,389,969	1,250,459
	5,409,555	22,556,428
 <b>Long term</b>		
Early retirement program (Note 4) .....	---	66,423,056
Due to Trust Funds. ....	1,793	11,343
	5,411,348	88,990,827

**EQUITY**

<b>Deficit</b>		
General Fund (Page 201) .....	(607,701)	(785,000)
Supplementary Fund (Page 202) .....	(121,009)	---
Investment in early retirement program .....	---	(66,423,056)
Investment in capital assets (Page 203) .....	115,152,465	122,412,214
Reserve funds (Page 203) .....	701,972	500,000
	115,125,727	55,704,158
	\$ 120,537,075	\$ 144,694,985

Commitments (Note 6)  
Contingencies (Note 7)

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Consolidated Statement of Operations  
Year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Province of Nova Scotia . . . . .	\$ 199,434,000	\$ 200,936,551	\$ 206,626,683
Halifax Regional Municipality . . . . .	78,954,000	78,955,445	77,238,545
Government of Canada . . . . .	1,407,000	1,670,727	1,696,955
Board Operations . . . . .	1,965,000	4,094,346	3,725,198
Transfer from Reserve . . . . .	---	500,000	244,040
	281,760,000	286,157,069	289,531,421
<b>Expenditure</b>			
School Services . . . . .	231,653,000	236,144,523	238,481,835
Regional board management . . . . .	1,659,000	1,488,952	2,442,789
Business services . . . . .	43,922,000	44,057,193	47,509,709
Corporate services . . . . .	3,783,000	3,708,139	3,387,585
Transfer to Reserve . . . . .	743,000	701,972	244,040
Other items (Note 12) . . . . .	---	---	10,652,692
	281,760,000	286,100,779	302,718,650
Excess (deficiency) of revenue over expenditure before recovery . . . . .	---	56,290	(7,032,410)
Prior year's deficit . . . . .	---	(785,000)	(10,652,692)
Recovery (Note 12) . . . . .	---	---	16,900,102
Excess of expenditure over revenue . . . . .	\$ ---	\$ (728,710)	\$ (785,000)

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**General and Supplementary Fund  
Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Accounts receivable		
Department of Education (Note 12) . . . . .	\$ ---	\$ 16,900,102
Government of Canada . . . . .	291,898	428,979
Province of Nova Scotia . . . . .	2,795,006	3,585,392
Commodity taxes . . . . .	734,931	752,973
Other . . . . .	1,496,815	689,012
Prepays . . . . .	65,960	20,246
	<u>\$ 5,384,610</u>	<u>\$ 22,376,704</u>

**LIABILITIES**

Current		
Bank Indebtedness (Note 8) . . . . .	\$ 1,250,168	\$ 14,051,777
Payables and accruals . . . . .	2,769,418	7,254,192
Deferred revenue . . . . .	1,389,969	1,250,459
	<u>5,409,555</u>	<u>22,556,428</u>
Long term		
Early retirement program (Note 4) . . . . .	---	66,423,056
Due to Trust Funds . . . . .	1,793	11,343
Due to Capital Fund . . . . .	---	93,933
Due to Reserve Funds . . . . .	701,972	500,000
	<u>703,765</u>	<u>67,028,332</u>
	<u>6,113,320</u>	<u>89,584,760</u>

**DEFICIENCY**

Deficit		
General Fund (Page 201) . . . . .	\$ (607,701)	(785,000)
Supplementary Fund (Page 202) . . . . .	(121,009)	
Investment in early retirement program (Note 4) . . . . .	---	(66,423,056)
	<u>(728,710)</u>	<u>(67,208,056)</u>
	<u>\$ 5,384,610</u>	<u>\$ 22,376,704</u>
Commitments (Note 6)		
Contingencies (Note 7)		

See accompanying notes to the consolidated financial statements.



**HALIFAX REGIONAL SCHOOL BOARD**

**General Fund  
Statement of Operations  
Year ended March 31, 2001**

		<b>2001</b>		<b>2000</b>
	<b>Page</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>				
Province of Nova Scotia . . . . .	207	\$ 199,434,000	\$ 200,936,551	\$ 206,626,683
Halifax Regional Municipality . . . . .	207	59,657,000	59,658,345	77,238,545
Government of Canada . . . . .	207	1,407,000	1,670,727	1,696,955
Board Operations . . . . .	207	1,965,000	4,094,346	3,725,198
Transfer from Reserve . . . . .		---	500,000	244,040
Transfer from Supplementary Fund. . . . .		635,000	635,000	---
		263,098,000	267,494,969	289,531,421
<b>Expenditure</b>				
School services . . . . .	207-8	214,164,000	218,508,386	238,481,835
Regional board management . . . . .	209	1,585,000	1,414,952	2,442,789
Business services. . . . .	210	43,680,000	43,800,193	47,509,709
Corporate services . . . . .	210	3,669,000	3,594,139	3,387,585
Other items (Note 12). . . . .		---	---	4,741,913
		263,098,000	267,317,670	296,563,831
Excess (deficiency) of revenue over expenditure before recovery . . . . .		---	177,299	(7,032,410)
Prior year's deficit. . . . .		---	(785,000)	(10,652,692)
Recovery (Note 12) . . . . .		---	---	16,900,102
Excess of expenditure over revenue . . . . .		\$ ---	\$ (607,701)	\$ (785,000)

**General Fund  
Statement of Continuity of Deficit  
Year ended March 31, 2001**

		<b>2001</b>	<b>2000</b>
Balance, beginning of year. . . . .	\$	(785,000)	\$ (10,652,692)
Excess of expenditure over revenue . . . . .		(607,701)	(785,000)
Transfer of prior year's deficit to statement of operations . . . . .		785,000	10,652,692
Balance, end of year . . . . .	\$	(607,701)	\$ (785,000)

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Fund  
Statement of Operations and Deficit  
Year Ended March 31, 2001**

	<b>Page</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>			
Halifax Regional Municipality . . .	211-212	\$ <u>19,297,000</u>	\$ <u>19,297,100</u>
<b>Expenditure</b>			
School services . . . . .	211-212	17,489,000	17,636,137
Regional board management . . . .	211-212	74,000	74,000
Business services. . . . .	211-212	242,000	257,000
Corporate services . . . . .	211-212	114,000	114,000
Transfer to General Fund. . . . .	211-212	635,000	635,000
Transfer to Reserve . . . . .	211-212	<u>743,000</u>	<u>701,972</u>
		<u>19,297,000</u>	<u>19,418,109</u>
Excess of expenditure over revenue (deficit) . . . . .		\$ <u>---</u>	\$ <u>(121,009)</u>

**Capital Fund  
Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Due from Operating Fund. . . . .	\$ ---	\$	93,933
Improvements to school properties (Note 2[b]). . . . .	20,649,923		20,288,097
Interest in school buildings (Note 2[b]). . . . .	89,442,758		89,442,758
Energy management system . . . . .	---		1,655,265
Furniture and equipment . . . . .	<u>5,059,784</u>		<u>10,932,161</u>
	<u>\$ 115,152,465</u>	\$	<u>122,412,214</u>

**EQUITY**

Investment in capital assets (Page 203) . . . . .	\$ <u>115,152,465</u>	\$	<u>122,412,214</u>
Commitments (Note 6)			
Contingencies (Note 7)			

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Capital Fund  
Statement of Continuity of Investment in Capital Assets  
Year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
Balance, beginning of year . . . . .	\$ 122,412,214	\$	117,832,881
Capital purchases out of revenue			
Equipment and furnishings . . . . .	---		1,122,621
Improvements to school properties . . . . .	361,826		2,634,109
Reduction in long term debt (Note 12) . . . . .	---		1,552,083
	<u>122,774,040</u>		<u>123,141,694</u>
Capital assets written off			
Equipment and furnishings . . . . .	5,966,310		726,249
Energy Management System. . . . .	1,655,265		---
Amortization of deferred finance charges . . . . .	---		3,231
	<u>7,621,575</u>		<u>729,480</u>
	<u>\$ 115,152,465</u>	\$	<u>122,412,214</u>

**Reserve Funds  
Balance Sheet  
March 31, 2001**

	<b>2000</b>		<b>2000</b>
<b>ASSETS</b>			
Due from Supplementary Fund . . . . .	\$ <u>701,972</u>	\$	<u>500,000</u>
<b>EQUITY</b>			
Reserve Funds (Note 10). . . . .	\$ <u>701,972</u>	\$	<u>500,000</u>

**Reserve Funds  
Statement of Continuity of Reserves  
Year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<u>General</u>	<u>Supplementary</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Balance, beginning of year . . . . .	\$ 500,000	\$ ---	\$ 500,000
Transfer to General Fund . . . . .	(500,000)	---	(500,000)
Transfers from General Fund. . . . .	---	---	500,000
Transfer from Supplementary Fund (Note 10). . . . .	---	701,972	701,972
Balance, end of year . . . . .	<u>---</u>	<u>701,972</u>	<u>701,972</u>
	<u>\$ ---</u>	<u>\$ 701,972</u>	<u>\$ 500,000</u>

See accompanying notes to the consolidated financial statements.

**HALIFAX REGIONAL SCHOOL BOARD**

**Notes to the Consolidated Financial Statements  
March 31, 2001**

**1. Nature of operations**

The Halifax Regional School Board manages education programs and finances of public schools within the Halifax Regional Municipality.

**2. Significant accounting policies**

**(a) Basis of accounting and consolidation**

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the general, supplementary, capital, and reserve funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for salaries, which are recorded as an expense when paid. In prior years the board recorded items ordered but not received by year end. However, this policy was changed effective this year so that expenditures are recorded only if the goods or services have been received by March 31.

**(b) Capital fund assets**

Capital fund assets transferred from municipal councils are recorded at their carrying value. In previous years, all improvements to school properties and acquisitions of furniture and equipment are recorded at cost. In 2001 the board adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds for recording capital assets. Assets were written off in accordance with the criteria prescribed by the Department of Education. The board does not record depreciation on its assets.

Under the agreement with the municipal council, all school building and land on hand at January 1, 1982 remain assets of the municipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Halifax Regional Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

**(c) Trust funds**

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

**(d) Supplementary fund**

During the fiscal 2001 budget process the Board established the Supplementary Fund for purposes of allocating and tracking supplementary revenue and expenditure. In addition, a supplementary funding policy and related procedures were approved in 2001.

**3. Retirement service awards**

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers Union locals and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which payment is to be made.

The most recent actuarial valuations performed for the predecessor boards set out the following:

- i) A 1993 actuarial valuation extrapolated to March 31, 1996 calculated the present value of the service awards payable for past services to be approximately \$25,514,000 for the Halifax County - Bedford District School Board.
- ii) As at July 31, 1989 the Dartmouth District School Board's actuarial study indicated that the present value of service awards applicable to past years was approximately \$4,355,000.
- iii) As at March 31, 1994 the Halifax District School Board actuarially determined the present value of service awards payable for past services to be approximately \$9,111,000.

The present value of service awards payable for past services for the amalgamated board has not been determined.

During the year ended March 31, 2001, the Board paid \$1,514,061 (2000 - \$771,443) in service awards to retiring teachers.

**4. Early retirement program**

The Early Retirement Program (1994-1998) resulted in the Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998) and the related amounts have been removed from the Board's financial statements.

**5. Pension plans**

**(a) Teachers' pension plan**

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

**(b) Other**

As of January 1, 2000 the pension plans covering non-teaching staff were transferred to the Halifax Regional Municipality Pension plan.

**6. Commitments**

- a) The Board has entered into agreements to lease buildings and office equipment for various periods until 2007. The annual rent of the buildings includes a base rent plus a share of operating expenses. Minimum rent payable for the buildings and equipment for each of the next five years is as follows:

	<b>Buildings</b>		<b>Equipment</b>		<b>Total</b>
2002	\$ 66,711	\$	19,378	\$	86,089
2003	50,874		19,378		70,252
2004	50,874		14,533		65,407
2005	50,874		---		50,874
2006	50,874		---		50,874
Subsequent to 2006	101,748		---		101,748
	<u>\$ 371,955</u>	\$	<u>53,289</u>	\$	<u>425,244</u>

The Board is also committed to lease photocopiers for five years. The amount is based on usage and, therefore, cannot be accurately estimated.

- b) The Board contracts the provision of transportation services under the terms of a five year agreement expiring in June 30, 2006. The cost of this contract approximates \$10,368,000 per annum.

In addition, the Board is committed to spend an additional \$294,627 for other transportation services in 2002.

- c) The Board is committed to pay management fees of \$88,655 for the five months ended August 31, 2000 to Perimis Inc. for services related to O'Connell Drive School.

**7. Contingencies**

The Board incurred expenditures relating to environmental matters in its properties during the year ended March 31, 2001. It is likely that such expenditures will continue in future years and will be funded as incurred. The future liability relating to environmental matters in its properties is not determinable at this time.

The Board has been named in a legal action by a student for the provision of educational services. The likely outcome and amount, if any, is not determinable at this time.

**8. Bank indebtedness**

The board has an operating line of credit of \$3,000,000.

**9. Transfers to General Fund**

As approved by the Department of Education, in the 1999 fiscal year the Board transferred \$773,640 (1998 - \$900,000) to other revenue of the General Fund. These transfers are repayable to the Reserve Fund but the time frame of the repayment is yet to be finalized and has not been reflected in these financial statements.

**10. Reserve Funds**

The Supplementary Fund section of the Reserve Fund has \$701,972 to provide continued funding in April, May and June, 2001 for expenditures related to municipal supplementary funding provided for the former Halifax County/Bedford area schools during the year ended March 31, 2001.

**11. Related party transactions**

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support

**12. Public education funding for 2000-2001**

On May 5, 2000 the Department of Education and the regional school boards reached an agreement on funding for public education for the 2000-2001 fiscal year that provided funding for accumulated deficits and outstanding liabilities as a March 31, 2000. Consequently, the Board recorded a receivable from the Province of Nova Scotia in the amount of \$16,900,102 which was received by the Board in August, 2001.

In the 2000 fiscal year, the Department of Education agreed to write off various items totalling \$4,741,913 and eliminated capital debt owing of \$1,155,722.

**13. Comparative figures**

Certain of the comparative figures for 2000 have been reclassified to conform with the financial statement presentation adopted for 2001. The 2001 fiscal year was the first year in which the Board established the Supplementary Fund as disclosed in Note 2(d). Consequently, there are no comparative figures for the Supplementary Fund.

**HALIFAX REGIONAL SCHOOL BOARD**

**General Fund  
Detail of Revenue  
March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Actual</b></u>
<b>Revenue</b>			
Province of Nova Scotia			
Formula funding . . . . .	\$ 197,584,000	\$ 197,418,292	\$ 196,929,533
Provincial initiatives . . . . .	1,753,000	1,465,831	977,354
Emergency capital . . . . .	---	252,391	465,452
French special projects . . . . .	97,000	136,285	101,142
Other . . . . .	---	1,663,752	8,153,202
	<u>\$ 199,434,000</u>	<u>\$ 200,936,551</u>	<u>\$ 206,626,683</u>
Halifax Regional Municipality			
Mandatory . . . . .	\$ 59,657,000	\$ 59,657,100	\$ 60,047,600
Supplementary . . . . .	---	1,245	248,845
Other . . . . .	---	---	16,942,100
	<u>\$ 59,657,000</u>	<u>\$ 59,658,345</u>	<u>\$ 77,238,545</u>
Government of Canada			
Adult ESL . . . . .	\$ 832,000	\$ 826,848	\$ 1,034,739
Minority official language . . . . .	208,000	199,707	189,184
French special projects . . . . .	242,000	340,498	225,586
Other . . . . .	125,000	303,674	247,446
	<u>\$ 1,407,000</u>	<u>\$ 1,670,727</u>	<u>\$ 1,696,955</u>
Board Operations			
Investment income . . . . .	\$ 150,000	\$ 459,818	\$ 167,238
Community education fees . . . . .	250,000	205,268	504,344
Summer School . . . . .	135,000	137,316	133,350
Facilities rental . . . . .	450,000	420,658	654,859
EXCEL . . . . .	485,000	1,607,755	1,291,992
International Students . . . . .	175,000	388,029	197,764
Other . . . . .	320,000	875,502	775,651
	<u>\$ 1,965,000</u>	<u>\$ 4,094,346</u>	<u>\$ 3,725,198</u>

**General Fund  
Detail of Expenditure  
Year Ended March 31, 2001**

School Services			
Teachers' salaries			
Classroom . . . . .	\$ 129,614,000	\$ 141,647,622	\$ 146,734,663
Special Ed . . . . .	15,215,000	9,858,059	11,764,542
Teacher librarians . . . . .	1,010,000	932,121	3,268,941
Guidance . . . . .	2,954,000	2,178,210	2,308,909
Administrators . . . . .	14,116,000	10,517,081	11,395,578
	<u>162,909,000</u>	<u>165,133,093</u>	<u>175,472,633</u>
Substitutes . . . . .	5,483,000	6,110,183	5,828,015

**HALIFAX REGIONAL SCHOOL BOARD**

**General Fund  
Detail of Expenditure (continued)  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
School Services (continued)			
Non-teachers' salaries			
Educational program assistants . . . . .	10,955,000	11,040,870	12,723,563
Library technicians . . . . .	530,000	549,792	---
School and administrative secretaries . . . . .	4,774,000	4,643,728	5,202,535
Student support workers . . . . .	250,000	82,921	483,566
	16,509,000	16,317,311	18,409,664
Benefits . . . . .	11,966,000	14,084,023	17,194,385
Special education supplies and materials . . . . .	299,000	172,677	84,007
Tuition agreements . . . . .	250,000	101,988	224,002
Textbooks and classroom supplies			
School based and centrally managed materials . . . . .	4,422,000	4,330,675	5,631,043
Textbook credit allocation . . . . .	2,358,000	2,715,011	2,358,000
	6,780,000	7,045,686	7,989,043
Regional and Area Teams			
Teachers salaries . . . . .	2,243,000	2,107,823	1,594,022
Non-teachers salaries . . . . .	105,000	106,051	---
Information economy initiative - technicians . . . . .	493,000	418,777	529,543
Benefits . . . . .	270,000	184,025	208,273
Supplies . . . . .	820,000	723,880	948,858
Information economy initiative - non-salary . . . . .	1,083,000	807,294	863,767
	5,014,000	4,347,850	4,144,463
Community education projects			
Community education . . . . .	100,000	322,629	1,240,991
Summer school . . . . .	125,000	113,876	122,903
Facilities rentals . . . . .	300,000	256,826	332,792
International students . . . . .	64,000	234,026	106,206
Excel . . . . .	310,000	1,274,711	1,066,735
Adult ESL . . . . .	832,000	829,323	963,329
Other community projects . . . . .	125,000	92,280	525,446
	1,856,000	3,123,671	4,358,402
Other			
Lunch and bus monitor . . . . .	825,000	655,784	700,726
Tutors and security guards . . . . .	195,000	206,121	187,057
Benefits . . . . .	104,000	105,873	54,540
Telephones, data and fax lines . . . . .	650,000	577,592	937,127
Travel . . . . .	260,000	236,193	420,196
Bad debts . . . . .	---	---	785,000
	2,034,000	1,781,563	3,084,646
Equipment and technology . . . . .	1,064,000	290,341	1,692,575
	\$ 214,164,000	\$ 218,508,386	\$ 238,481,835



**HALIFAX REGIONAL SCHOOL BOARD**

**General Fund  
Detail of Expenditure (continued)  
Year Ended March 31, 2001**

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Regional Board Management</b>			
<b>Board Members</b>			
Honoraria . . . . .	\$ 105,000	\$ 104,761	\$ 101,038
NSSBA dues . . . . .	90,000	79,784	151,162
Travel and conferences . . . . .	40,000	36,000	42,556
Other . . . . .	12,000	28,577	---
	<u>247,000</u>	<u>249,122</u>	<u>294,756</u>
<b>Board Administration</b>			
Salaries . . . . .	696,000	740,555	1,218,218
Benefits . . . . .	90,000	79,410	207,685
Supplies and materials . . . . .	281,000	162,058	157,320
Professional services . . . . .	325,000	240,119	232,902
Travel . . . . .	20,000	17,688	24,883
Administration charge to Supplementary Fund . . . . .	(74,000)	(74,000)	---
Deferred amalgamation expense . . . . .	---	---	307,025
	<u>1,338,000</u>	<u>1,165,830</u>	<u>2,148,033</u>
	<u>\$ 1,585,000</u>	<u>\$ 1,414,952</u>	<u>\$ 2,442,789</u>
<b>Business Services</b>			
<b>Board Administration</b>			
Salaries . . . . .	\$ 1,930,000	\$ 1,849,654	\$ 1,833,892
Benefits . . . . .	381,000	282,503	478,601
Supplies and materials . . . . .	75,000	67,026	227,354
Liability insurance . . . . .	190,000	203,260	187,077
Professional fees . . . . .	40,000	25,463	46,455
Interest and service charges . . . . .	210,000	318,969	217,135
Other . . . . .	84,000	66,863	7,541
	<u>2,910,000</u>	<u>2,813,738</u>	<u>2,998,055</u>
<b>Facilities and Grounds</b>			
Salaries: Maintenance . . . . .	1,816,000	1,757,988	1,991,570
Custodial . . . . .	11,176,000	10,854,558	11,463,075
Benefits . . . . .	2,527,000	2,767,560	3,168,323
<b>Supplies and materials</b>			
Maintenance . . . . .	3,052,000	2,189,952	4,291,881
Custodial . . . . .	635,000	681,596	725,260
Facilities rental . . . . .	225,000	184,592	219,912
Travel and mileage . . . . .	100,000	37,254	72,690
Insurance . . . . .	340,000	344,640	304,027
Utilities: Electricity . . . . .	3,500,000	3,593,437	3,489,081
Heating fuel . . . . .	2,000,000	3,476,063	2,467,390
Water/sewer . . . . .	440,000	585,316	539,413
Telephone/fax/data . . . . .	175,000	117,108	79,566
Vehicles . . . . .	338,000	222,574	257,668
<b>Contracted services</b>			
Maintenance . . . . .	350,000	266,807	289,042
Snow removal . . . . .	525,000	323,810	290,087
Garbage . . . . .	400,000	486,317	485,579
Grass cutting . . . . .	170,000	166,008	100,000
P3 school maintenance . . . . .	225,000	237,286	810,066
Cleaning services . . . . .	---	28,273	69,797
Other . . . . .	50,000	57,874	---
	<u>28,044,000</u>	<u>28,379,013</u>	<u>31,114,427</u>

HALIFAX REGIONAL SCHOOL BOARD

General Fund  
Detail of Expenditure (continued)  
Year Ended March 31, 2001

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Business Services (continued)			
Student transportation . . . . .	10,540,000	11,112,398	10,763,117
Capital Repairs and Renovations. . . . .	1,834,000	1,647,044	2,114,150
Capital debt service . . . . .	504,000	---	519,960
Administration charge to Supplementary Fund . . . . .	(152,000)	(152,000)	---
	<u>\$ 43,680,000</u>	<u>\$ 43,800,193</u>	<u>\$ 47,509,709</u>
Corporate Services			
Board Administration			
Salaries. . . . . \$	1,182,000	\$ 1,226,777	\$ 1,092,722
Benefits . . . . .	401,000	371,662	183,481
Supplies and materials. . . . .	276,000	268,302	493,903
Professional services. . . . .	103,000	41,818	49,081
Telephones . . . . .	158,000	180,186	224,677
Other . . . . .	63,000	10,605	4,124
	<u>2,183,000</u>	<u>2,099,350</u>	<u>2,047,988</u>
Staff Development			
Sabbaticals. . . . .	800,000	795,883	866,941
Professional development . . . . .	800,000	812,906	472,656
	<u>1,600,000</u>	<u>1,608,789</u>	<u>1,339,597</u>
Administration charge to Supplementary Fund . . . . .	(114,000)	(114,000)	---
	<u>\$ 3,669,000</u>	<u>\$ 3,594,139</u>	<u>\$ 3,387,585</u>

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Halifax  
Detail of Revenue and Expenditure  
Year Ended March 31, 2001

	<u>Budget</u>	<u>Actual</u>
<b>Revenue</b>		
Halifax Regional Municipality . . . . .	\$ 11,880,000	\$ 11,880,100
<b>Expenditure</b>		
School services		
Teachers' salaries		
Classroom . . . . .	\$ 4,883,000	\$ 4,651,763
Special Ed . . . . .	1,312,000	1,576,461
Guidance . . . . .	---	15,722
Teacher administrators . . . . .	639,000	634,708
Substitutes . . . . .	170,000	324,446
Non-teachers' salaries		
Educational program assistants . . . . .	904,000	790,010
Library technicians . . . . .	705,000	720,796
School secretaries . . . . .	95,000	82,090
Student support workers . . . . .	---	111,677
Benefits . . . . .	782,000	938,633
Textbooks and classroom supplies . . . . .	1,679,000	1,481,681
	<u>11,169,000</u>	<u>11,327,987</u>
Regional Board Management Administration charge . . . . .	51,800	51,800
Business services		
Student transportation . . . . .	30,000	30,000
Administration charge . . . . .	106,400	106,400
	<u>136,400</u>	<u>136,400</u>
Corporate services		
Administration charge . . . . .	79,800	79,800
Transfer to General Fund . . . . .	443,000	443,000
	<u>11,880,000</u>	<u>\$ 12,038,987</u>
Excess of expenditure over revenue . . . . .	<u>\$ ---</u>	<u>\$ (158,887)</u>

**HALIFAX REGIONAL SCHOOL BOARD**

**Supplementary Fund - Dartmouth  
Detail of Revenue and Expenditure  
Year Ended March 31, 2001**

	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>		
Halifax Regional Municipality .....	\$ 5,062,000	\$ 5,062,000
<b>Expenditure</b>		
School services		
Teachers' salaries		
Classroom .....	\$ 2,333,000	\$ 2,164,728
Special Ed .....	488,000	518,633
Guidance .....	---	23,341
Teacher administrators .....	45,000	55,310
Substitutes .....	65,000	124,581
Non-teachers' salaries		
Educational program assistants .....	225,000	267,923
Library technicians .....	411,000	402,300
School secretaries .....	127,000	108,935
Student support workers .....	---	18,308
Benefits .....	317,000	404,922
Textbooks and classroom supplies .....	697,000	566,141
	<u>4,708,000</u>	<u>4,655,122</u>
Regional Board Management		
Administration charge .....	22,200	22,200
Business services:		
Student transportation .....	60,000	75,000
Administration charge .....	45,600	45,600
	<u>105,600</u>	<u>120,600</u>
Corporate services:		
Administration charge .....	34,200	34,200
Transfer to General Fund .....	192,000	192,000
	<u>5,062,000</u>	<u>\$ 5,024,122</u>
Excess of revenue over expenditure .....	\$ ---	\$ 37,878

**Supplementary Fund - Halifax County/Bedford  
Detail of Revenue and Expenditure  
Year Ended March 31, 2001**

<b>Revenue</b>		
Halifax Regional Municipality .....	\$ 2,355,000	\$ 2,355,000
<b>Expenditure</b>		
School services		
Teachers' salaries		
Classroom .....	\$ 489,000	\$ 510,918
Special Ed .....	98,000	110,737
Teacher librarians .....	34,000	39,347
Substitutes .....	16,000	16,000
Non-teachers' salaries		
Educational program assistants .....	392,000	379,558
Library technicians .....	304,000	285,992
School secretaries .....	45,000	40,604
Student support workers .....	36,000	36,615
Benefits .....	198,000	233,257
	<u>1,612,000</u>	<u>1,653,028</u>
Transfer to Reserve .....	743,000	701,972
	<u>2,355,000</u>	<u>2,355,000</u>
Excess of revenue over expenditure .....	\$ ---	\$ ---

**HALIFAX REGIONAL SCHOOL BOARD**

**Schedule of Trust Funds  
March 31, 2001**

	George Perrin	Chris- topher Maxwell	Abbie J Lane	Doane Hatfield	Annie M Piercey	James R Pineo	Almar H Shatford	Mengie Shulman	Harold T Barrett	Carl & Rita Turner	Donald Keith	Madeline Lepage Godin	Spryfield Auxiliary	2001 Total	2000 Total
Cash . . . . .	\$ 1,858	\$ 68	\$ 370	\$ 60	\$ 325	\$ 31,140	\$ 2,998	\$ 4,856	\$ 1,919	\$ 4,566	\$ 8,573	\$ 7	\$ 3,381	\$ 60,121	\$ 38,297
Restricted cash.	10,000	500	8,500	500	5,000	---	16,317	---	10,000	---	---	5,000	---	55,817	44,340
Due to															
General Fund . .	(1,000)	(37)	---	---	---	(20,100)	(1,200)	(975)	---	(1,000)	(692)	---	---	(25,004)	(21,969)
Due from															
General Fund . .	---	---	1,452	16	325	---	---	---	---	---	---	---	---	1,793	11,343
Investments . . .	---	---	---	---	---	100,000	---	---	---	---	---	---	---	100,000	113,500
	<u>\$ 10,858</u>	<u>\$ 531</u>	<u>\$ 10,322</u>	<u>\$ 576</u>	<u>\$ 5,650</u>	<u>\$ 111,040</u>	<u>\$ 18,115</u>	<u>\$ 3,881</u>	<u>\$ 11,919</u>	<u>\$ 3,566</u>	<u>\$ 7,881</u>	<u>\$ 5,007</u>	<u>\$ 3,381</u>	<u>\$ 192,727</u>	<u>\$ 185,511</u>
Equity . . . . .	<u>\$ 10,858</u>	<u>\$ 531</u>	<u>\$ 10,322</u>	<u>\$ 576</u>	<u>\$ 5,650</u>	<u>\$ 111,040</u>	<u>\$ 18,115</u>	<u>\$ 3,881</u>	<u>\$ 11,919</u>	<u>\$ 3,566</u>	<u>\$ 7,881</u>	<u>\$ 5,007</u>	<u>\$ 3,381</u>	<u>\$ 192,727</u>	<u>\$ 185,511</u>
Balance, beginning															
of year . . . . .	\$ 10,713	\$ 518	\$ 9,952	\$ 546	\$ 5,325	\$ 111,597	\$ 17,065	\$ 4,092	\$ 11,271	\$ 3,818	\$ 7,417	\$ ---	\$ 3,197	\$ 185,511	\$ 188,062
Donations . . . . .	---	---	---	---	---	---	---	---	---	---	---	5,000	---	5,000	---
Other . . . . .	---	---	---	---	---	---	---	---	---	---	---	---	---	---	3,269
Interest earned .	645	31	370	30	325	10,443	1,050	264	648	248	464	7	184	14,709	12,849
	<u>11,358</u>	<u>549</u>	<u>10,322</u>	<u>576</u>	<u>5,650</u>	<u>122,040</u>	<u>18,115</u>	<u>4,356</u>	<u>11,919</u>	<u>4,066</u>	<u>7,881</u>	<u>5,007</u>	<u>3,381</u>	<u>205,220</u>	<u>204,180</u>
Awards paid . .	(500)	(18)	---	---	---	(11,000)	---	(475)	---	(500)	---	---	---	(12,493)	(18,669)
Balance, end															
of year . . . . .	<u>\$ 10,858</u>	<u>\$ 531</u>	<u>\$ 10,322</u>	<u>\$ 576</u>	<u>\$ 5,650</u>	<u>\$ 111,040</u>	<u>\$ 18,115</u>	<u>\$ 3,881</u>	<u>\$ 11,919</u>	<u>\$ 3,566</u>	<u>\$ 7,881</u>	<u>\$ 5,007</u>	<u>\$ 3,381</u>	<u>\$ 192,727</u>	<u>\$ 185,511</u>

## AUDITOR'S REPORT

To the Shareholder of Highway 104  
Western Alignment Corporation

We have audited the balance sheet of Highway 104 Western Alignment Corporation as at March 31, 2001, and the statements of loss and deficit 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 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, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Canada  
June 15, 2001

**HIGHWAY 104 WESTERN ALIGNMENT**

**Statement of Loss and Deficit  
for the 12 Periods Ending March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Facility revenue. ....	\$ 11,565,742	\$ 11,004,086
Interest income. ....	598,041	465,247
	<u>12,163,783</u>	<u>11,469,333</u>
<b>Expenses</b>		
Bondholder representative fees. ....	98,015	95,345
Trustee fees . ....	28,769	29,442
Salaries and benefits. ....	163,211	157,197
Office . ....	47,561	38,921
General and administrative. ....	139,533	142,923
Enforcement. ....	60,000	60,000
Independent engineer . ....	33,837	39,028
Routine maintenance . ....	776,009	656,504
Facility operations. ....	1,508,095	1,421,901
Transponders . ....	49,801	52,669
	<u>2,904,831</u>	<u>2,693,930</u>
Earnings before other items. ....	9,258,952	8,775,403
<b>Other Items</b>		
Government assistance amortization (Note 2) . ....	1,040,766	991,206
Amortization and depreciation . ....	(2,455,511)	(2,347,437)
Interest on long term debt . ....	<u>(8,163,047)</u>	<u>(8,205,233)</u>
Net loss. ....	\$ <u>(318,840)</u>	\$ <u>(786,061)</u>
Deficit, beginning of year. ....	\$ (5,609,892)	\$ (7,529,068)
Net loss . ....	(318,840)	(786,061)
Transfer (to) from reserve for restricted assets (Note 10) . ....	<u>(2,742,581)</u>	<u>2,705,237</u>
Deficit, end of year. ....	\$ <u>(8,671,313)</u>	\$ <u>(5,609,892)</u>

See accompanying notes to the financial statements.

**HIGHWAY 104 WESTERN ALIGNMENT**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Project bank accounts.....	\$ 479,609	\$	356,139
Inventory .....	24,533		26,645
Prepays (Note 3) .....	316,518		259,354
Receivables (Note 4) .....	145,503		597,266
Restricted assets (Note 5) .....	10,541,555		7,798,974
Facility (Note 6) .....	117,521,362		119,662,832
Deferred costs (Note 7) .....	832,069		981,385
	<u>\$ 129,861,149</u>	\$	<u>129,682,595</u>

**LIABILITIES**

Payables and accruals .....	\$ 328,205	\$	850,976
Deferred revenue .....	497,018		481,748
Long term debt (Note 8) .....	80,779,637		78,733,976
Payable to the Province of Nova Scotia (Note 9) .....	250,000		250,000
Deferred government assistance (Note 2) .....	52,156,372		53,197,138
	<u>134,011,232</u>		<u>133,513,838</u>

**SHAREHOLDERS' DEFICIENCY**

Capital stock, one no par value share issued and outstanding in favour of the Province of Nova Scotia .....	1		1
Reserve for restricted assets (Note 10) .....	4,521,229		1,778,648
Deficit .....	<u>(8,671,313)</u>		<u>(5,609,892)</u>
	<u>(4,150,083)</u>		<u>(3,831,243)</u>
	<u>\$ 129,861,149</u>	\$	<u>129,682,595</u>

Commitments and contractual obligations (Note 12)

See accompanying notes to the financial statements.



**HIGHWAY 104 WESTERN ALIGNMENT CORPORATION**

**Statement of Cash Flows  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net loss . . . . .	\$ (318,840)	\$ (786,061)
Government assistance amortization. . . . .	(1,040,766)	(991,206)
Amortization of deferred financing fees . . . . .	35,434	35,434
Amortization and depreciation . . . . .	2,455,511	2,347,437
	<u>1,131,339</u>	<u>605,604</u>
Change in non-cash operating working capital (Note 11) . . . . .	(110,790)	(1,563,217)
	<u>1,020,549</u>	<u>(957,613)</u>
<b>Financing</b>		
Increase (decrease) in long term debt , net. . . . .	<u>2,045,661</u>	<u>(1,915,069)</u>
<b>Investing</b>		
(Increase) decrease in restricted assets . . . . .	(2,742,581)	2,705,237
Warranty settlement . . . . .	---	362,668
Construction of facility. . . . .	(200,159)	(351,187)
	<u>(2,942,740)</u>	<u>2,716,718</u>
Net increase (decrease) in cash and cash equivalents. . . . .	123,470	(155,964)
Cash and cash equivalents, beginning of year. . . . .	356,139	512,103
Cash and cash equivalents, end of year. . . . .	<u>\$ 479,609</u>	<u>\$ 356,139</u>

See accompanying notes to the financial statements.

# HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

## Notes to the Financial Statements March 31, 2001

### 1. Nature of operations

The Corporation has been established for the purpose of financing, design, construction, operation and maintenance of the Facility consisting mainly of a 45 km stretch of highway (referred to as the Highway 104 Western Alignment) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia.

### 2. Summary of significant accounting policies

#### Pre-operating and operating periods

The pre-operating period was the twenty month construction period commencing April 1, 1996 until the date of acceptance in November 1997. Operations began December 1, 1997.

#### Facility

The Facility consists of the highway referred to as the Highway 104 Western Alignment and the toll plaza constructed on the highway. The costs of the facility include certified progress payments to the Facility's contractor, independent engineer fees, professional fees and interest costs incurred during the pre-operating period. These costs are being amortized commencing at the start of the operating period until March 31, 2026 using the sinking fund method with an annual compounding rate of 5%.

#### Deferred costs - start up

Administrative expenses incurred during the pre-operating period have been deferred as start-up costs and are being amortized to operations, on a pro-rata basis, over a five year period commencing at the start of the operating period.

#### Deferred costs - financing fee

Financing, commitment and bondholder representative fees related to the establishment and placement of the senior and junior toll revenue bonds have been deferred and are being amortized to operations over the term of the related bond debt commencing at the start of the operating period.

#### Deferred government assistance

Government assistance provided by the Province of Nova Scotia has been recorded as a deferral and is being amortized to operations over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

#### Cash and cash equivalents

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

#### Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

**3. Prepaids**

	<b>2001</b>	<b>2000</b>
Operating expenses .....	\$ 31,275	\$ 29,946
Advance to operator .....	<u>285,243</u>	<u>229,408</u>
	<u>\$ 316,518</u>	<u>\$ 259,354</u>

**4. Receivables**

	<b>2001</b>	<b>2000</b>
Harmonized Sales Tax .....	\$ 44,448	\$ 61,305
Other .....	<u>101,055</u>	<u>535,961</u>
	<u>\$ 145,503</u>	<u>\$ 597,266</u>

**5. Restricted assets**

	<b>Cash</b>	<b>Investment</b>	<b>2001 Total</b>	<b>2000 Total</b>
Senior debt service				
reserve account .....	\$ 701	\$ 5,639,430	\$ 5,640,131	\$ 4,770,505
Capital reserve account .....	(1,524,734)	4,645,882	3,121,148	1,818,293
Major maintenance				
reserve account .....	<u>142,924</u>	<u>1,637,352</u>	<u>1,780,276</u>	<u>1,210,176</u>
	<u>\$ (1,381,109)</u>	<u>\$ 11,922,664</u>	<u>\$ 10,541,555</u>	<u>\$ 7,798,974</u>

Investments are recorded at costs, have a weighted average term of 6.04 months to maturity and a weighted average interest rate of 5.57%. The market value of the investments approximates the carrying value.

The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior and junior bondholders and an Omnibus Agreement between the Corporation and the Province of Nova Scotia:

- (i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior and junior bonds and the subordinated notes. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project account. This account provides funding to the major maintenance reserve and the senior debt reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank accounts of the Corporation.
- (ii) The senior debt reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.

(iii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.

**6. Facility**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>2001 Net book Total</b>	<b>2000 Net book Total</b>
Facility .....	\$ <u>124,619,429</u>	\$ <u>7,098,067</u>	\$ <u>117,521,362</u>	\$ <u>119,662,832</u>

**7. Deferred costs**

		<b>2001</b>	<b>2000</b>
Start up .....	\$	189,803	\$ 303,685
Financing fees .....		<u>642,266</u>	<u>677,700</u>
		\$ <u>832,069</u>	\$ <u>981,385</u>

**8. Long term debt**

		<b>2001</b>	<b>2000</b>
Senior toll revenue bonds bearing interest at 10.13%, maturing March 31, 2026, repayable in partial interest payments from June 30, 1998 until March 31, 2006 and then 80 equal blended quarterly payments of interest and principal of \$2,251,191. Interest from the date of issue has been capitalized as part of the principal and continued to be fully capitalized until June 30, 1998. As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the Facility, a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.	\$	68,537,574	\$ 66,491,913

Junior toll revenue bonds bearing interest at 10.76%, maturing March 31, 2011, repayable in interest payments only from June 30, 1998 until March 31, 2001 and then 40 equal blended quarterly payments of principal and interest of \$503,395. Interest from the date of issue has been capitalized as part of the principal and continued to be capitalized until June 30, 1998. As security, the Corporation has assigned a second charge security interest in all security pledged to senior toll revenue bondholders.		<u>12,242,063</u>	<u>12,242,063</u>
	\$	\$ <u>80,779,637</u>	\$ <u>78,733,976</u>

Minimum principal repayments required will begin in year 2002 and are as follows:

2002	\$	725,017
2003		806,236
2004		896,554
2005		996,970
2006		1,108,652

#### 9. Payable to the Province of Nova Scotia

On the date of acceptance, the Province advanced \$250,000 to the Corporation to facilitate the Provincial subsidy. Under the First Amendment to the Omnibus Agreement, the Province reduced the tolls for transponder users and created a Provincial subsidy payable to the Corporation to offset the reduction. The advance is to be repaid to the Province on the earlier of the date when the toll rates are reinstated to the original rates laid out in the Omnibus Agreement or when the Corporation has fully extinguished its obligations under the Senior and Junior Bond Indentures.

#### 10. Reserve for restricted assets

The capital reserve account is to be funded from excess funds in the Project Bank Account. In addition, any interest earned on restricted assets forms part of the reserve account.

	2001	2000
Reserve for restricted assets, beginning of year .....	\$ 1,778,648	\$ 4,483,885
Transfers from project account .....	8,690,000	8,405,000
Interest income .....	564,321	440,335
Long term debt payments, including interest .....	(6,081,952)	(10,084,868)
Rebate to Province .....	(429,788)	(1,465,704)
	<u>2,742,581</u>	<u>(2,705,237)</u>
Reserve for restricted assets, end of year .....	\$ <u>4,521,229</u>	\$ <u>1,778,648</u>

#### 11. Supplemental cash flow information

	2001	2000
<b>Change in non-cash operating working capital</b>		
Inventory .....	\$ 2,112	\$ (12,431)
Prepays .....	(57,164)	(67,106)
Receivables .....	451,763	(422,086)
Payables and accruals .....	(522,771)	(1,095,390)
Deferred revenue .....	15,270	33,796
	<u>\$ (110,790)</u>	<u>\$ (1,563,217)</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks .....	\$ <u>476,609</u>	\$ <u>356,139</u>
Interest paid .....	<u>\$ 6,081,952</u>	<u>\$ 6,084,868</u>

#### 12. Commitments and contractual obligations

The Corporation has entered into the following agreements to finance, design, construct, operate and maintain the Highway 104 Western Alignment:

- **Omnibus Agreement**

Agreement dated April 1, 1996, between the Corporation, the Contractor, the Operator and the Province of Nova Scotia to design, finance, construct, operate and maintain the Highway 104 Western Alignment. This agreement acknowledges that the Corporation has entered into a Design Build Agreement and an Operating Agreement to fulfil its obligations to the Province.

Under this agreement, the Province of Nova Scotia retains ownership of the Facility, however, the Corporation is granted the right to operate and collect tolls for a thirty-year period, at which time this right will revert back to the Province.

The Province contributed \$55,000,000 to the project.

- **Operating Agreement**

Agreement dated May 22, 1996 between the Corporation and Atlantic Highways Management Corporation (the Operator) whereby the Operator is required to operate the Facility which includes the toll collection system, toll plaza and the administration building.

Operator compensation is based on the annual operating budget plus a variable fee, subject to adjustment under certain conditions, equal to 10% of the total annual budget.

- **Major Maintenance Reserve Fund Agreement**

Agreement between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an independent engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account. The maximum annual fee is \$50,000.

The estimated deposits required to fund anticipated major maintenance for the next five years are as follows:

2002	\$	582,500
2003		620,000
2004		620,000
2005		620,000
2006		620,000

- **Annual Roadway Maintenance Agreement**

Five year agreement between the Corporation and the Department of Transportation and Public Works of the Province of Nova Scotia to provide annual roadway maintenance services for an annual fee of \$650,000 commencing April 1, 1999 and subsequently adjusted thereafter for inflation.

- **Other**

The Corporation has also entered in various operating lease agreements for equipment and office space. The minimum lease payments for the next five years are as follows:

2002	\$	27,265
2003		27,265
2004		27,265
2005		27,265
2006		18,177

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 2001, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Nova Scotia Business Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

These financial statements reflect proposed write-offs of assistance outstanding of \$3,958,000 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2001 and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. SALMON, FCA  
Auditor General

Halifax, Nova Scotia  
June 6, 2001

**INDUSTRIAL EXPANSION FUND**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
		(in thousands)
Financial Assets, at cost		
Loans - Industrial Development Act . . . . .	\$ 55,814	\$ 69,689
Loans - Venture Corporations Act (Note 3) . . . . .	2,086	2,127
Royalty rights (Note 4) . . . . .	15,641	15,632
Shares (Note 5) . . . . .	11,274	10,107
	<u>84,815</u>	<u>97,555</u>
Less: Provision for concessionary assistance (Note 6) . . . . .	29,162	35,588
Allowance for doubtful accounts . . . . .	8,453	9,680
	<u>37,615</u>	<u>45,268</u>
	<u>47,200</u>	<u>52,287</u>
Due from Consolidated Fund		
Guarantees (Note 7) . . . . .	99,456	147,150
Less: Provision for payments under guarantees . . . . .	4,616	3,349
	<u>94,840</u>	<u>143,801</u>
Assistance authorized but unadvanced (Note 8) . . . . .	2,852	13,519
	<u>97,692</u>	<u>157,320</u>
	<u>\$ 144,892</u>	<u>\$ 209,607</u>

**FUNDING AUTHORIZED AND COMMITTED**

Authorized, net of write-offs		
Industrial Development Act . . . . .	\$ 299,024	\$ 311,967
Venture Corporations Act . . . . .	5,685	5,685
Contributed surplus (Note 9) . . . . .	1,138	1,138
	<u>305,847</u>	<u>318,790</u>
Less: Provision for concessionary assistance and possible losses on assistance (Note 10) . . . . .	42,231	48,617
Net Fund balance . . . . .	<u>263,616</u>	<u>270,173</u>
Less: Uncommitted balance of fund . . . . .	118,724	60,566
	<u>\$ 144,892</u>	<u>\$ 209,607</u>

Contingency (Note 11)

See accompanying notes to financial statements.



**INDUSTRIAL EXPANSION FUND**

**Statement of Continuity of Fund  
Under the Industrial Development Act**

	<b>March 31, 2001</b>		<b>2001</b>		<b>2000</b>	
			(in thousands)			
Balance, beginning of year . . . . .	\$	311,967	\$		\$	332,449
Deduct: Accounts written off . . . . .		<u>12,943</u>				<u>20,482</u>
Balance, end of year . . . . .	\$	<u>299,024</u>	\$		\$	<u>311,967</u>
Comprising:						
Loans, shares, rights and other assets . . . . .	\$	81,661	\$		\$	94,360
Guarantees in effect and utilized (Note 7) . . . . .		85,056				40,767
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized . . . . .		17,252				119,902
Uncommitted balance . . . . .		<u>115,055</u>				<u>56,938</u>
	\$	<u>299,024</u>	\$		\$	<u>311,967</u>

**Statement of Continuity of Fund  
Under the Venture Corporations Act**

	<b>March 31, 2001</b>					
Balance, beginning of year . . . . .	\$	5,685	\$		\$	5,685
Deduct: Accounts written off . . . . .		<u>---</u>				<u>---</u>
Balance, end of year . . . . .	\$	<u>5,685</u>	\$		\$	<u>5,685</u>
Comprising:						
Loans advanced . . . . .	\$	2,086	\$		\$	2,127
Uncommitted balance . . . . .		<u>3,599</u>				<u>3,558</u>
	\$	<u>5,685</u>	\$		\$	<u>5,685</u>

**Statement of Continuity of Fund  
Under the Terms of the Canada-Nova Scotia  
Development Fund Agreement**

	<b>March 31, 2001</b>					
Balance, beginning of year . . . . .	\$	1,138	\$		\$	1,138
Deduct: disposal of acquired assets . . . . .		<u>---</u>				<u>---</u>
Balance, end of year . . . . .	\$	<u>1,138</u>	\$		\$	<u>1,138</u>
Comprising:						
Loans advanced . . . . .	\$	1,068	\$		\$	1,068
Uncommitted balance . . . . .		<u>70</u>				<u>70</u>
	\$	<u>1,138</u>	\$		\$	<u>1,138</u>

See accompanying notes to financial statements.

## INDUSTRIAL EXPANSION FUND

### Notes to the Financial Statements

March 31, 2001

#### 1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time. The Corporation's activities are administered through a division of the Nova Scotia Department of Economic Development.

#### 2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the Fund.

##### Administrative expenses and interest revenue

- (a) Administrative expenses of the Fund, and revenues earned on guarantees are included in the accounts of the Department of Economic Development are not reflected in the financial statements. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

##### Statement of cash flows

- (b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

##### Current assets

- (c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

##### Provision for concessionary assistance

- (d) The Fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

##### Allowance for doubtful accounts

- (e) The Fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

**Royalty rights**

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

**Use of estimates**

(g) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Venture Corporation Act**

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year \$40,000 (2000 - \$61,500) was received.

	<b>2001</b>		<b>2000</b>
			(in thousands)
Loans made to venture corporations . . . . .	\$ 2,086	\$	2,127
Less: Allowance for doubtful accounts . . . . .	<u>1,856</u>		<u>1,671</u>
	<u>\$ 230</u>	\$	<u>456</u>

**4. Royalty rights**

During the year, the Fund provided funds of \$9,000 (2000 - \$5,641,000) to companies under royalty agreements to provide a return on its investment. The royalty payments are based upon net sales of the companies.

**5. Shares**

	<b>2001</b>		<b>2000</b>
			(in thousands)
Preferred shares . . . . .	\$ 7,384	\$	7,384
Common shares . . . . .	<u>3,890</u>		<u>2,723</u>
	<u>\$ 11,274</u>	\$	<u>10,107</u>

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

**6. Provision for concessionary assistance**

The provision for concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Fund.

The terms of concessionary assistance provided by the Fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

	<b>2001</b>		<b>2000</b>	
	<b>Assistance Outstanding</b>	<b>Provision for Concessionary Assistance</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
				(in thousands)
Loans . . . . .	\$ 43,031	\$ 26,567	\$ 16,464	\$ 18,725
Shares . . . . .	3,884	2,595	1,289	1,289
	<u>\$ 46,915</u>	<u>\$ 29,162</u>	<u>\$ 17,753</u>	<u>\$ 20,014</u>

**7. Guarantees**

Guarantees have been provided for the following purposes:

	<b>2001</b>	<b>2000</b>
		(in thousands)
Authorized		
Bank loan guarantees . . . . .	\$ <u>99,456</u>	\$ <u>147,150</u>
In effect and utilized		
Bank loan guarantees . . . . .	\$ 85,056	\$ 40,767
In effect but not utilized . . . . .	<u>14,400</u>	<u>106,383</u>
	<u>\$ 99,456</u>	<u>\$ 147,150</u>

During the year, no guarantees were paid out.

**8. Assistance authorized but unadvanced**

	<b>2001</b>	<b>2000</b>
		(in thousands)
Loans . . . . .	\$ 2,852	\$ 12,352
Shares . . . . .	---	1,167
	<u>\$ 2,852</u>	<u>\$ 13,519</u>

**9. Contributed Surplus**

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement. Loans granted under this agreement require Federal Government approval before they can be written-off or forgiven. The Province has asked for permission to write-off the loans, as of the auditors' report date there has been no response from the Federal Government.

**10. Provision for concessionary assistance and possible losses on assistance**

The following is a continuity of the provision:

	<b>2001</b>	<b>2000</b>
		(in thousands)
Balance, beginning of year . . . . .	\$ 48,617	\$ 59,407
Add: Current year provision . . . . .	6,557	9,692
Deduct: Accounts written-off . . . . .	<u>12,943</u>	<u>20,482</u>
Balance, end of year	\$ <u>42,231</u>	\$ <u>48,617</u>

**11. Contingency**

The Fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

## AUDITOR'S REPORT

To the Minister of Health

I have audited the balance sheet of the Insured Prescription Drug Plan Trust Fund as at March 31, 2001, and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. 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 Insured Prescription Drug Plan Trust Fund as at March 31, 2001, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Canada.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 9, 2001

**INSURED PRESCRIPTION DRUG PLAN TRUST FUND**

**Balance Sheet  
as at March 31, 2001**

<b>ASSETS</b>		
	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash .....	\$ 3,361,635	\$ 2,248,043
Receivables		
Seniors .....	359,189	193,644
Department of Finance .....	17,468	13,969
Department of Health .....	1,646,750	22,800
Miscellaneous .....	69,436	1,367
Investments (Note 2) .....	10,978,990	9,287,444
	<u>\$ 16,433,468</u>	<u>\$ 11,767,267</u>

**LIABILITIES**

<b>Current</b>		
Payables and accruals .....	\$ 4,251,412	\$ 3,803,928
Prepaid Premiums .....	2,191,851	5,927,431
Payable to Department of Health (Note 3) .....	9,990,205	2,035,908
	<u>\$ 16,433,468</u>	<u>\$ 11,767,267</u>

**Statement of Revenues and Expenses  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Seniors		
Premiums paid by seniors .....	\$ 9,056,899	\$ 9,336,912
Co-payments to pharmacies .....	21,478,530	13,409,703
	<u>30,535,429</u>	<u>22,746,615</u>
Department of Health .....	73,259,771	78,038,920
Investment income .....	364,554	77,512
	<u>104,159,754</u>	<u>100,863,047</u>
<b>Expenses</b>		
Provider claims .....	104,159,754	100,863,047
<b>Excess of Revenues over Expenses</b> .....	<u>\$ ---</u>	<u>\$ ---</u>

# INSURED PRESCRIPTION DRUG PLAN TRUST FUND

## Notes to Financial Statements March 31, 2001

### 1. Authority

Seniors' Pharmacare is a voluntary prescription drug insurance plan established, effective April 11, 1995, by Order-In-Council 95-557 and amended by Order-In-Council 2000-471 effective April 11, 2000. Contributions made by seniors and government are placed in the Insured Prescription Drug Plan Trust Fund and are used to pay Seniors' Pharmacare program costs. Principle features of the Pharmacare program are:

- Participation in the pharmacare program is optional. Eligible seniors must be 65 years of age and not already have coverage under other government programs or primary drug coverage through a contract of insurance.
- Eligible seniors are required to pay an annual premium of \$215 plus a co-payment fee of 33% of prescription costs to a maximum of \$350 per year. Annual premiums are waived for low-income seniors.
- The Department of Health is responsible for funding program costs net of recoveries from seniors and other income.

### 2. Significant Accounting Policies

#### Investments

Investments consist of government and corporate bonds, and short-term investments. All investments are carried at cost which approximates market value.

#### Premium Revenues

Premium revenues are recorded on the accrual basis.

#### Claim Expenses

Claim expenses are recorded on the accrual basis. Claims, submitted by providers, are subject to audit by the program administrators. Any adjustments to claims as a result of these audits are recorded in the year of settlement.

#### Administration of Program

Maritime Medical Care Inc. administers Seniors' Pharmacare on behalf of the Department of Health, on a cost recovery basis. Administration costs for the year are paid by the Province of Nova Scotia and are not reported in these financial statements.



**3. Payable to Department of Health**

This payable consists primarily of excess funding from the Department of Health at year end as follows:

	<b>2001</b>	<b>2000</b>
Payable (Receivable) to Department of Health, beginning of year. .... \$	2,035,908 \$	(7,175,172)
Add: Payments from Department of Health. ....	81,214,068	87,250,000
Less: Net program expenses. ....	(73,259,771)	(78,038,920)
Payable to Department of Health, end of year. .... \$	<u>9,990,205</u> \$	<u>2,035,908</u>

## AUDITORS' REPORT

To the Board of The Izaak Walton Killam Grace  
Health Centre for Children, Women & Families

We have audited the balance sheet of The Izaak Walton Killam Grace Health Centre for Children, Women & Families as at March 31, 2001 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Centre'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 Health Centre as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Canada  
June 1, 2001

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash and cash equivalents .....	\$ 12,243,000	\$ 11,137,000
Receivables (Note 3) .....	11,763,000	10,580,000
Receivable from the Health Centre Foundations .....	284,000	640,000
Inventories .....	926,000	949,000
Prepays .....	519,000	481,000
	25,735,000	23,787,000
Retirement allowance receivable (Note 10) .....	6,113,000	5,337,000
Property and equipment (Note 4) .....	104,068,000	102,797,000
Investments, at cost (Note 5) .....	---	1,987,000
	\$ 135,916,000	\$ 133,908,000

**LIABILITIES**

<b>Current</b>		
Payables and accruals (Note 6) .....	\$ 15,558,000	\$ 14,899,000
Deferred revenue - DOH advance .....	4,219,000	4,071,000
	19,777,000	18,970,000
Retirement allowance (Note 10) .....	6,113,000	5,337,000
Appropriations and reserves (Note 8) .....	5,958,000	6,819,000
	31,848,000	31,126,000

**FUND BALANCES (Page 237)**

Capital Fund .....	104,068,000	102,797,000
Operating Fund (deficiency) .....	---	(15,000)
	104,068,000	102,782,000
	\$ 135,916,000	\$ 133,908,000

Contingency (Note 13)

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Operations  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Inpatient, outpatient and clinics. . . . .	\$ 96,548,000	\$ 94,220,000
Department of Community Services. . . . .	2,156,000	2,138,000
Rentals, recoveries and sales . . . . .	5,873,000	4,876,000
Mental health. . . . .	5,694,000	5,738,000
Grants from Health Centre Foundations. . . . .	339,000	150,000
	<u>110,610,000</u>	<u>107,122,000</u>
<b>Expenses</b>		
Children's acute and continuing care. . . . .	16,304,000	16,162,000
Children's acute and emergency care. . . . .	15,177,000	14,691,000
Maternal and newborn health. . . . .	22,808,000	22,834,000
Mental health services . . . . .	7,678,000	7,531,000
Women's health . . . . .	4,177,000	3,945,000
Maritime health and partnership . . . . .	349,000	460,000
Professional and academic. . . . .	13,007,000	13,294,000
Operations and support . . . . .	27,954,000	26,130,000
Executive offices and administration . . . . .	801,000	842,000
Non portable . . . . .	1,232,000	1,248,000
	<u>109,487,000</u>	<u>107,137,000</u>
Net income (loss) from operations . . . . .	<u>\$ 1,123,000</u>	<u>\$ (15,000)</u>

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Fund Balances  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Capital Fund</b>		
Balance, beginning of year . . . . .	\$ 102,797,000	\$ 102,817,000
Funding for capital additions		
Specified donations for equipment . . . . .	23,000	112,000
DOH Y2K funding . . . . .	---	1,208,000
Transfers from appropriations and reserves . . . . .	7,006,000	5,269,000
Transfer from operations . . . . .	1,108,000	---
	<u>8,137,000</u>	<u>6,589,000</u>
Capital debt repayment . . . . .	(198,000)	(209,000)
Depreciation . . . . .	(6,668,000)	(6,400,000)
	<u>(6,866,000)</u>	<u>(6,609,000)</u>
Balance, end of year . . . . .	\$ <u>104,068,000</u>	\$ <u>102,797,000</u>
<b>Operating Fund Deficiency</b>		
Balance, beginning of year . . . . .	\$ (15,000)	\$ (13,457,000)
Funding from Department of Health . . . . .	---	13,457,000
Net income (loss) from operations . . . . .	1,123,000	(15,000)
Transfer to capital fund . . . . .	(1,108,000)	---
Balance, end of year . . . . .	\$ <u>---</u>	\$ <u>(15,000)</u>

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Statement of Cash Flows  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net income (loss) for the year . . . . .	\$ 1,123,000	\$ (15,000)
Loss on sale of investments . . . . .	(114,000)	(19,000)
	1,009,000	(34,000)
Change in non-cash operating working capital (Note 12) . . . . .	(808,000)	(3,565,000)
	201,000	(3,599,000)
<b>Financing</b>		
Accumulated deficit covered by Department of Health. . . . .	---	13,457,000
Net distribution of General Fund. . . . .	---	(1,268,000)
Capital debt repayment . . . . .	(198,000)	(209,000)
Capital grants. . . . .	1,172,000	1,667,000
Specified donations for equipment. . . . .	23,000	112,000
Y2K Capital financing . . . . .	---	1,208,000
Transfers from appropriations and reserves . . . . .	5,834,000	3,602,000
	6,831,000	18,569,000
<b>Investing</b>		
Proceeds on sale of investments, net of purchases . . . . .	2,101,000	207,000
Purchase of property and equipment. . . . .	(7,939,000)	(6,380,000)
Employee advances. . . . .	(88,000)	130,000
	(5,926,000)	(6,043,000)
Net increase in cash and cash equivalents . . . . .	1,106,000	8,927,000
Cash and cash equivalents		
Beginning of year. . . . .	11,137,000	2,210,000
End of year. . . . .	\$ 12,243,000	\$ 11,137,000

See accompanying notes to the financial statements.

**THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE  
FOR CHILDREN, WOMEN & FAMILIES**

**Notes to the Financial Statements  
March 31,2001**

**1. Purpose of Organization**

The IWK Grace Health Centre provides quality care for children, women and families in the three Maritime Provinces and beyond. It is a tertiary care health centre dedicated to family-centred care, education, research and health promotion. The IWK Grace Health Centre offers a broad range of health services to women, children, and their families. The IWK Grace Health Centre is committed to helping children and women in the Maritimes be the healthiest in the world.

The IWK Grace Health Centre is a not-for-profit organization under the Income Tax Act.

Effective April 1, 2001, the Board of Directors has approved a motion to change the name of the Izaak Walton Killam Grace Health Centre for children, Women and Families to the Izaak Walton Killam Health Centre.

**2. Summary of significant accounting policies**

**Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

**Cash and cash equivalents**

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

**Inventories**

Inventories are valued at the lower of cost and replacement cost.

**Property and equipment**

Property and equipment assets are stated at cost. Depreciation is provided on the straight-line basis over the expected useful life of the asset as determined by the Canadian Hospital Accounting Manual:

Buildings and service equipment	2% to 2.5%
Major equipment	
Shareable, various	5% to 20%
Non-shareable, various	5% to 20%

**Investments**

All investments are recorded at cost except donated investments which are recorded at values assigned at date of acquisition.

**Appropriations and reserves**

Appropriations and reserves represent the balance of unexpended funds allocated for approved research, capital equipment and special purposes.

**Donations**

Specified donations transferred from the Foundations are recorded as direct additions either to appropriations and reserves or funds held in trust, depending on the source or specified purpose thereof.

### Employee benefits

The Health Centre accrues the estimated liability for its retirement plan, which is payable to its employees in subsequent years in accordance with its policy. The retirement allowance is actuarially determined using the projected benefit method prorated on service.

### 3. Receivables

	2001	2000
Patients and other accounts receivable, net of allowance for doubtful accounts of \$101,000 (2000 - \$170,000) . . . . .	\$ 3,901,000	\$ 4,286,000
Nova Scotia Department of Health Estimated year end adjustments . . . . .	<u>7,862,000</u>	<u>6,294,000</u>
	<u>\$ 11,763,000</u>	<u>\$ 10,580,000</u>

The estimated year end adjustments are comprised of:

Accumulated deficit 1998/1999 . . . . .	\$ 2,392,000
Accumulated deficit 2000/2001 . . . . .	3,874,000
Transition support program . . . . .	1,146,000
Labour adjustment funding . . . . .	450,000
	<u>\$ 7,862,000</u>

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from the estimates above.

Of the total receivable from the Nova Scotia Department of Health, as of April 2001, no payments have been received.

### 4. Property and equipment

	2001		2000	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land . . . . .	\$ 3,854,000	\$ ---	\$ 3,854,000	\$ 3,854,000
Building and service equipment . . . . .	105,731,000	22,317,000	83,414,000	83,824,000
Major equipment . . . . .	31,583,000	14,948,000	16,635,000	14,944,000
Group home . . . . .	206,000	41,000	165,000	175,000
	<u>\$ 141,374,000</u>	<u>\$ 37,306,000</u>	<u>\$ 104,068,000</u>	<u>\$ 102,797,000</u>

### 5. Investments, at cost

	2001		2000	
	Book Value	Market Value	Book Value	Market Value
Bonds and debentures . . . . .	\$ ---	\$ ---	\$ 1,547,000	\$ 1,467,000
Canadian stocks . . . . .	---	---	391,000	491,000
Foreign stocks . . . . .	---	---	49,000	53,000
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 1,987,000</u>	<u>\$ 2,011,000</u>

Investments in CIBC Mellon were liquidated during the year. The Health Centre has decided not to invest long term until future funding levels have stabilized.



<b>6. Payables and accruals</b>	<b>2001</b>	<b>2000</b>
Trade payables . . . . .	\$ 7,100,000	\$ 5,767,000
Accrued salaries and benefits . . . . .	6,370,000	7,492,000
Funds held on behalf of others . . . . .	1,681,000	1,431,000
Nova Scotia Department of Health . . . . .	407,000	209,000
	<u>\$ 15,558,000</u>	<u>\$ 14,899,000</u>

**7. Credit facility**

The Health Centre has approved for a line of credit of \$2,000,000. At year end, no amount amount has been advanced on the line of credit from the Royal Bank (2000 - \$Nil). Any outstanding amount is repayable on demand and bears interest at prime plus 3/4%.

**8. Appropriations and reserves**

**2001**                      **2000**

The following is a summary of the amounts in appropriations and reserves:

Capital

Air quality renovations . . . . .	\$ ---	\$ 245,000
Equipment . . . . .	1,979,000	3,678,000
Capital campaign equipment . . . . .	211,000	---
General renovations . . . . .	937,000	343,000
Capital campaign renovations . . . . .	547,000	---
Civic hospital project . . . . .	---	258,000
	<u>3,674,000</u>	<u>4,524,000</u>
Board fellowship . . . . .	214,000	126,000
Windsor fellowship . . . . .	45,000	63,000
Neonatal fellowship . . . . .	129,000	129,000
Perinatal database/reproductive endocrine . . . . .	44,000	68,000
Research funds . . . . .	1,844,000	1,901,000
Memorial funds . . . . .	8,000	8,000
	<u>\$ 5,958,000</u>	<u>\$ 6,819,000</u>

The following is a summary of the continuity of appropriations and reserves:

Balance, beginning of year . . . . .	\$ <u>6,819,000</u>	\$ <u>4,287,000</u>
Grants from Health Centre Charitable Foundations . . . . .	3,155,000	4,570,000
Department of Health funding . . . . .	2,391,000	1,784,000
Research funding . . . . .	2,177,000	1,989,000
Capital campaign funding . . . . .	844,000	---
Transfer from other funds		
General . . . . .	---	1,268,000
Other funding . . . . .	162,000	1,089,000
	<u>8,729,000</u>	<u>10,700,000</u>
Transfer to capital fund . . . . .	(7,006,000)	(5,269,000)
Disbursements		
Research . . . . .	(2,234,000)	(2,381,000)
Other . . . . .	(350,000)	(518,000)
	<u>(9,590,000)</u>	<u>(8,168,000)</u>
Balance, end of year . . . . .	<u>\$ 5,958,000</u>	<u>\$ 6,819,000</u>

**9. Capital debt repayment**

As part of the assumption of capital debt by the Nova Scotia Department of Health, the Health Centre is required to make an annual capital debt payment based on its "ability to pay" which is calculated at the annual per capita tax grant and 12 1/2% of the room differential as at March 31, 2000. The Health Centre is required to make this annual payment until the year 2002.

**10. Retirement allowances**

The Health Centre maintains a non-contributory retirement allowance program offered to employees. The most recent actuarial valuation was conducted as at March 31, 2000. The Province of Nova Scotia has assumed responsibility for funding this liability and a corresponding receivable has been recorded.

Information about the retirement allowance is as follows:

	<b>2001</b>	<b>2000</b>
<b>Accrued benefit obligation</b>		
Balance, beginning year . . . . .	\$ 5,579,000	\$ ---
Adjustment to opening balance for change in accounting policy . . . . .	---	4,776,000
Current service cost . . . . .	368,000	340,000
Interest cost . . . . .	390,000	335,000
Current year loss . . . . .	---	128,000
Balance, end of year . . . . .	<u>\$ 6,337,000</u>	<u>\$ 5,579,000</u>
Funded status - plan deficit . . . . .	\$ (6,337,000)	\$ (5,579,000)
Unamortized net actuarial loss . . . . .	224,000	242,000
Accrued benefit liability recognized . . . . .	<u>\$ (6,113,000)</u>	<u>\$ (5,337,000)</u>

The Health Centre's net expense for the retirement allowance is as follows:

Retirement allowance . . . . .	<u>\$ 776,000</u>	<u>\$ 684,000</u>
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The following actuarial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2001:

Discount rate	6.56%
Rate of compensation increase	0 - 2.5%
Termination rates	1.2 - 20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date, which is their 65<sup>th</sup> birthday.

A retirement allowance is paid in respect of employees who die prior to retirement and, therefore, the mortality rates in accordance with the Group Annuity Mortality Table for 1983 were utilized.

In 2001, the Health Centre adopted the new disclosure requirements for Handbook Section 3461, Employee Future Benefits and, therefore, is now recording a retirement allowance on the financial statements.

As a result, the March 31, 2000 figures have for comparative purposes, been restated from those previously reported in order to properly account for the prior year's adjustment to the retirement allowance as follows:

	<u>Increase</u>
Retirement allowance receivable . . . . .	\$ 5,337,000
Retirement allowance payable . . . . .	\$ 5,337,000
Inpatient, outpatient and clinics revenue . . . . .	684,000
Operations and support expense . . . . .	\$ 684,000

**11. Pension plan**

The Health Centre participates in a multi-employer plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and indicates a funding surplus. The Health Centre's pension expense for the year amounted to \$3,441,000 (2000 - \$3,260,000).

**12. Supplement cash flow information**

	<b>2001</b>	<b>2000</b>
Change in non-cash operating working capital:		
Receivables . . . . .	\$ (1,095,000)	\$ (3,937,000)
Receivable from Health Centre Foundations . . . . .	356,000	214,000
Inventories . . . . .	23,000	(128,000)
Prepays . . . . .	(38,000)	823,000
Payables and accruals . . . . .	659,000	(625,000)
Deferred revenue . . . . .	148,000	(2,444,000)
Appropriations and reserves, net . . . . .	(861,000)	2,532,000
	<u>\$ (808,000)</u>	<u>\$ (3,565,000)</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks . . . . .	\$ 12,243,000	\$ 11,137,000

**13. Contingency**

The Health Centre has been named as a defendant in a legal action relating to malpractice. Counsel is unable to form an opinion regarding the merit of this claim, and therefore it is not possible to estimate a payment amount, if any. However, it is expected that any payment that may arise from this claim would be funded entirely by the liability insurance carrier.

**LAW REFORM COMMISSION OF NOVA SCOTIA**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

		<b>2001</b>
<b>Current Assets</b>		
Petty Cash .....	\$	25.00
Bank Operating Account .....	18,014.65	
T-Bill Account .....	<u>64,495.95</u>	
Total Cash .....		82,510.60
Prepaid Expenses .....		352.47
HST Receivable .....		<u>3,006.69</u>
<b>Total Current Assets</b> .....		<u><u>85,894.76</u></u>
<b>Fixed Assets</b>		
Computer Office Equipment .....	11,795.83	
Accum Computer Office Equipment .....	<u>(11,795.83)</u>	
Net Office Equipment .....		---
<b>Total Fixed Assets</b> .....		---
<b>Total Assets</b> .....	\$	<u><u>85,894.76</u></u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accrued Salary .....	\$	5,322.50
Accrued Vacation Payable .....		14,357.99
Accounts Payable .....		42,015.28
UIC Payable .....	---	
CPP Payable .....	---	
Income Tax Payable .....	<u>---</u>	
Receiver General Payable .....		---
<b>Total Current Liabilities</b> .....		<u><u>61,695.77</u></u>
<b>Total Liabilities</b> .....	\$	<u><u>61,695.77</u></u>

**EQUITY**

<b>Surplus</b>		
Surplus Beginning of Year .....		10,608.65
Surplus Current Year .....		<u>13,590.34</u>
<b>Accumulated Surplus</b> .....		<u><u>24,198.99</u></u>
<b>Total Equity</b> .....		<u><u>24,198.99</u></u>
<b>Liabilities and Equity</b> .....	\$	<u><u>85,894.76</u></u>

**LAW REFORM COMMISSION OF NOVA SCOTIA**

**Income Statement  
as at March 31, 2000**

**Revenue**

**Operating & Project Income**

Dept. of Justice .....	\$	150,000.00
NS Law Foundation Contribution.....		100,000.00
Interest Income.....		4,309.29

<b>Total Contributions</b> .....		254,309.29
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<b>Total Revenue</b> .....		254,309.29
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**Expense**

**Administrative Expenses**

Wages .....	168,541.91	
Vacation Earned.....	14,357.99	
El. ....	898.35	
CPP .....	943.56	
Group Insurance Expense .....	1,480.80	

<b>Total Personnel Related</b> .....		186,222.61
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Advertising.....		294.12
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Non Legal Consultants Fees .....		2,697.40
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Commissioners Fees & Expenses .....		6,618.22
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Electrical Expense.....		901.20
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Meeting Costs .....		110.64
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Library .....		945.85
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Accounting Fees .....		125.00
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Membership Fees .....		331.65
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Professional Fees .....		656.65
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Computer Repairs .....		224.00
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Internet .....		345.00
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Rent .....	18,358.56	
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Office Equipment Rental .....	2,687.40	
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Insurance .....	532.00	
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<b>Total Premises Related</b> .....		21,577.96
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Office Supplies .....	1,299.41	
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Photocopy/Printing .....	7,769.60	
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Postage & Courier.....	1,697.65	
------------------------	----------	--

Telephone Expense .....	3,398.39	
-------------------------	----------	--

Travel/Conference/Workshop.....	2,221.42	
---------------------------------	----------	--

Office Equipment Maintenance .....	72.45	
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<b>Total Office Related</b> .....		16,458.92
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Bank Charges .....		202.61
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HST Paid on Purchases .....		3,006.43
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GST Paid on Purchases .....		0.69
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<b>Total Administration</b> .....		240,718.95
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<b>Total Expense</b> .....		240,718.95
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<b>Net Income</b> .....	\$	13,590.34
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## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits established under the Members' Retiring Allowances Act as at March 31, 2001 and the Statement of Changes of Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statement based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2001 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 8, 2001

**THE MEMBERS' RETIRING ALLOWANCES ACT**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
AND ACCRUED PENSION BENEFITS  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>Assets</b>		
Receivable from the Consolidated Fund . . . . .	\$ 45,513,800	\$ 43,747,500
<b>Liabilities</b>		
Accounts payable and accruals . . . . .	7,000	25,500
<b>Net assets Available for Benefits . . . . .</b>	<u>\$ 45,506,800</u>	<u>\$ 43,722,000</u>
<b>ACCRUED PENSION BENEFITS (Note 3) . . . . .</b>	<u>\$ 45,506,800</u>	<u>\$ 43,722,000</u>

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
for the Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b> <b>(Restated Note 2 (b))</b>
<b>Increase in Assets</b>		
Interest . . . . .	\$ 3,650,126	\$ 3,653,957
<b>Contributions</b>		
Members' - matched . . . . .	275,768	294,034
Government - matched . . . . .	275,768	294,034
Members' - unmatched . . . . .	16,752	---
Government - unmatched ( Note 3) . . . . .	816,275	868,530
Total increase in assets . . . . .	<u>5,034,689</u>	<u>5,110,555</u>
<b>Decrease in Assets</b>		
Allowances (pensions) . . . . .	2,850,613	2,731,572
Professional services . . . . .	7,013	34,632
Refunds - contributions . . . . .	45,036	76,672
- interest . . . . .	3,088	1,766
Total decrease in assets . . . . .	<u>2,905,750</u>	<u>2,844,642</u>
<b>Increase in Net Assets before Actuarial Adjustment . . . . .</b>	2,128,939	2,265,913
Actuarial adjustment (Note 3) . . . . .	<u>(344,139)</u>	<u>(2,212,713)</u>
<b>Increase in Net Assets after Actuarial Adjustment . . . . .</b>	1,784,800	53,200
<b>Net Assets Available for Benefits at Beginning of Year . . . . .</b>	<u>43,722,000</u>	<u>43,668,800</u>
<b>Net Assets Available for Benefits at End of Year . . . . .</b>	<u>\$ 45,506,800</u>	<u>\$ 43,722,000</u>

(See accompanying notes to financial statements)

**THE ACCOUNTS ESTABLISHED UNDER  
THE MEMBERS' RETIRING ALLOWANCES ACT**

**Notes to Financial Statement  
for the year ended March 31, 2001**

**1. Authority and Description of Plan**

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account and a Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities, allowances and salaries and the Province contributes an equal amount. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the three years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

There are 52 Members of the Legislative Assembly. At year end, 47 were contributors to the accounts, one seat was vacant, and, the remaining four members had reached the 15 year maximum contributory service. There are also 101 allowances in pay at March 31, 2001 to former Members of the Legislative Assembly, surviving spouses and/or dependant children.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

**2. Summary of Significant Accounting Policies**

- a) These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the statement of changes in net assets available for benefits is considered adequate.

Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually at a rate of 8.5% according to the regulations of the Members' Retiring Allowances Act.

For reporting purposes, the contributions and allowances under the Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account are combined.



- b) Effective April 1, 2000, there was a change in the method of accounting from a modified cash basis to accrual basis. Previous financial statements did not include a receivable from the consolidated fund or accounts payable and accruals. As a result of this change in accounting policy, these statements now include a statement of net assets available for benefits. Further, prior year's comparative figures on the statement of changes in net assets available for benefits have been restated to adjust for the effect of the change in accounting policy. The amount disclosed for professional services increased by \$25,500.

### 3. Actuarial Valuation

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of liabilities as at the valuation date, calculated on the basis of various assumptions with respect to pension plan costs and interest rates. The latest actuarial valuation was conducted by Eckler Partners Ltd. based on information as of December 31, 1999.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the projected average indemnities, allowances and salaries at the date of retirement.

The valuation indicated that at December 31, 1999 the accounts had actuarial liabilities of \$43,305,700. The liability accounts at the same date had balances totalling \$45,387,400 giving rise to an accounting surplus of \$2,081,700. The valuation was based on the following key assumptions.

Investment earnings	- pre-retirement rate of 7.5%
	- post-retirement rate of 4.37% (net of assumed pensioner cost-of-living increases per annum)
Salary escalation	- 3% per annum
Cost of living escalation	- 3%

During the year, the Province made additional contributions of \$816,275 (2000 - \$868,530). This was based on a prior valuation which indicated that the Province should contribute 39.6% of total payroll (indemnities, allowances and salaries) of contributing members, including the matching of the contribution in order to cover the annual cost of benefits accrued. This year and in prior years the additional contribution has been sufficient to cover the annual cost.

Eckler Partners Ltd. estimate of the Members' Retiring Allowance Account liabilities as at March 31, 2001 (extrapolated from March 31, 2000) indicated that the accounts had actuarial liabilities of \$45,506,800. The liability accounts at the same date had balances totalling \$45,813,439 giving rise to a surplus of \$344,139 (2000 - surplus of \$2,212,713). The accounts were adjusted to reflect this revised estimate of actuarial values.

## AUDITORS' REPORT

To the Board of Director of the  
Northern Regional Health Board

We have audited the statement of financial position of the Northern Regional Health Board as at December 31, 2000 and the statements of operations, changes in fund balances and cash flows for the nine months 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.

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 Northern Regional Health Board as at December 31, 2000 and the results of its operations, changes in fund balances and cash flows for the nine months then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Truro, Nova Scotia  
April 30, 2001

**NORTHERN REGIONAL HEALTH BOARD**

**Statement of Financial Position  
December 31, 2000**

**ASSETS**

	Operating Fund	Capital Fund	Endowment Fund	Total	March 31, 2000
Current					
Cash and					
cash equivalents . . . . \$	1,632,591	\$ 2,882,003	\$ 383,123	\$ 4,897,717	\$ 7,942,654
Receivables (Note 3) . . . .	6,944,524	3,979,867	---	10,924,391	9,762,734
Due from (to)					
other funds . . . . .	2,116,007	(2,217,470)	101,463	---	---
Inventories . . . . .	871,989	---	---	871,989	791,083
Prepays . . . . .	339,474	---	---	339,474	415,218
	<u>11,904,585</u>	<u>4,644,400</u>	<u>484,586</u>	<u>17,033,571</u>	<u>18,911,689</u>
Other receivables					
(Note 4) . . . . .	8,728,969	---	---	8,728,969	8,182,169
Capital assets (Note 5) . . . .	---	81,970,887	---	81,970,887	79,719,936
	<u>\$ 20,633,554</u>	<u>\$ 86,615,287</u>	<u>\$ 484,586</u>	<u>\$ 107,733,427</u>	<u>\$ 106,813,794</u>

**LIABILITIES**

Current					
Payables and accruals					
(Note 6) . . . . . \$	9,885,073	\$ 3,996,406	\$ ---	\$ 13,881,479	\$ 17,153,965
Deferred revenue . . . . .	5,673,881	323,234	---	5,997,115	4,342,881
Current portion of obligation					
under capital leases . . . .	---	454,209	---	454,209	142,087
Current portion of long					
term debt . . . . .	---	20,292	---	20,292	---
	<u>15,558,954</u>	<u>4,794,141</u>	<u>---</u>	<u>20,353,095</u>	<u>21,638,933</u>
Employee benefits					
(Note 7) . . . . .	5,074,600	---	---	5,074,600	4,577,800
Obligation under capital					
leases (Note 8) . . . . .	---	149,118	---	149,118	542,977
Long term debt					
(Note 9) . . . . .	---	123,044	---	123,044	---
	<u>20,633,554</u>	<u>5,066,303</u>	<u>---</u>	<u>25,699,857</u>	<u>26,759,710</u>

**FUND BALANCES (Page 253)**

Restricted . . . . .	---	603,327	350,088	953,415	927,828
Unrestricted . . . . .	---	---	134,498	134,498	124,358
Capital . . . . .	---	80,945,657	---	80,945,657	79,001,898
	<u>---</u>	<u>81,548,984</u>	<u>484,586</u>	<u>82,033,570</u>	<u>80,054,084</u>
	<u>\$ 20,633,554</u>	<u>\$ 86,615,287</u>	<u>\$ 484,586</u>	<u>\$ 107,733,427</u>	<u>\$ 106,813,794</u>

Commitments (Note 12)

See accompanying notes to the financial statements.

**NORTHERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Operating Fund  
Nine Months Ended December 31, 2000**

	<b>2000</b>	<b>Year Ended March 31, 2000</b>
<b>Revenues</b>		
Nova Scotia Department of Health .....	\$ 62,225,373	\$ 85,109,222
Charges to M.S.I. ....	3,359,250	4,269,732
Department of Veterans Affairs .....	1,412,349	2,046,511
In-patients. ....	1,280,984	1,702,723
Out-patients .....	1,078,426	1,429,874
Long term care .....	553,431	693,428
Rental income .....	520,539	830,706
Investment income. ....	188,224	85,194
Foundations .....	2,765	50,700
Other income .....	377,170	563,819
	<u>70,998,511</u>	<u>96,781,909</u>
<b>Expenses</b>		
In-patient services. ....	25,862,704	32,985,912
Ambulatory services. ....	13,956,668	17,179,372
Diagnostic and therapeutic services .....	12,048,681	15,716,189
Support services. ....	17,189,399	22,899,703
Public health services. ....	1,567,525	2,263,004
Drug addiction services .....	2,042,530	2,776,012
Early departure and retirement incentives .....	1,083,622	343,531
Rental expenses .....	618,339	513,973
Year 2000 remediation. ....	---	946,130
Education and library .....	162,300	287,449
Increase in vacation pay accrual .....	(146,882)	572,849
Employee benefits (Note 7). ....	496,800	573,000
	<u>74,881,686</u>	<u>97,057,124</u>
	(3,883,175)	(275,215)
Other revenue - final settlement, Nova Scotia Department of Health .....	<u>3,883,175</u>	<u>\$ 275,215</u>
Excess of expenses over revenues. ....	\$ <u>---</u>	\$ <u>---</u>

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances  
 Nine Months Ended December 31, 2000

	Capital Fund	Endowment Fund	Total	March 31, 2000
<b>Restricted</b>				
Balance, beginning of period . . . . .	\$ 685,064	\$ 242,764	\$ 927,828	\$ 855,369
Transfer to unrestricted . . . . .	(81,737)	---	(81,737)	(661,700)
Excess of revenues over expenses . . . . .	---	5,364	5,364	14,857
Transfer from unrestricted . . . . .	---	---	---	685,064
Contributions . . . . .	---	101,960	101,960	34,238
Balance, end of period . . . . .	<u>\$ 603,327</u>	<u>\$ 350,088</u>	<u>\$ 953,415</u>	<u>\$ 927,828</u>
<b>Unrestricted</b>				
Balance, beginning of period . . . . .	\$ 79,001,898	\$ 124,358	\$ 79,126,256	\$ 53,302,000
Transfer from restricted . . . . .	81,737	---	81,737	661,700
Department of Health - deficit funding . . . . .	---	---	---	19,111,033
Excess (deficiency) of revenues over expenses . . . . .	62,739	10,140	72,879	62,919
Capital asset funding				
Department of Health . . . . .	3,721,785	---	3,721,785	9,236,152
Foundations . . . . .	1,528,983	---	1,528,983	2,430,825
Auxiliaries . . . . .	212,366	---	212,366	96,448
Other . . . . .	30,780	---	30,780	38,130
Transfer to restricted . . . . .	---	---	---	(685,064)
Capital debt assistance preferred accommodations . . . . .	---	---	---	5,124
Contributions . . . . .	---	---	---	90,000
Amortization . . . . .	(3,650,060)	---	(3,650,060)	(5,090,474)
Capital debt charges . . . . .	(44,571)	---	(44,571)	(132,537)
Balance, end of period . . . . .	<u>\$ 80,945,657</u>	<u>\$ 134,498</u>	<u>\$ 81,080,155</u>	<u>\$ 79,126,256</u>

See accompanying notes to the financial statements

**NORTHERN REGIONAL HEALTH BOARD**

**Statements of Cash Flows  
Nine Months Ended December 31, 2000**

	<b>2000</b>	<b>Year Ended March 31, 2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operations</b>		
Excess of expenses over revenues		
- Operating Fund . . . . .	\$ ---	\$ (573,000)
Department of Health - deficit funding . . . . .	---	13,016,626
Contributions - Endowment Fund . . . . .	101,960	124,358
Excess of revenues over expenses - Capital Fund . . . . .	72,879	28,561
Excess of revenues over expenses - Endowment Fund . . . . .	5,364	49,095
	180,203	12,645,640
 Change in non-cash working capital		
Receivables . . . . .	(1,161,657)	(8,707,898)
Inventories . . . . .	(80,906)	(103,531)
Prepaid expenses . . . . .	75,744	1,010,213
Payables and accruals . . . . .	(3,272,486)	(1,016,536)
Deferred revenue . . . . .	1,654,234	(733,793)
Employee benefits . . . . .	496,800	573,000
Other receivables . . . . .	(546,800)	---
	(2,654,868)	3,667,095
 <b>Financing and investing</b>		
Department of Health - capital debt . . . . .	---	6,094,407
Capital asset funding . . . . .	5,493,914	11,801,555
Capital debt assistance from preferred accommodations . . . . .	---	5,124
Capital debt charges . . . . .	(44,571)	(132,537)
Interfund transfer - capital asset funding . . . . .	---	435,273
Purchase of capital assets . . . . .	(5,901,011)	(15,955,180)
Long term debt proceeds . . . . .	143,336	---
Repayment of obligations under capital lease . . . . .	(81,737)	(1,025,463)
	(390,069)	1,223,179
Decrease in restricted funds . . . . .	---	(435,273)
	(390,069)	787,906
 Net (decrease) increase in cash and cash equivalents . . . . .	(3,044,937)	4,455,001
 Cash and cash equivalents, beginning of period . . . . .	7,942,654	3,487,653
 Cash and cash equivalents, end of period . . . . .	\$ 4,897,717	\$ 7,942,654

See accompanying notes to the financial statements.

# NORTHERN REGIONAL HEALTH BOARD

## Notes to the Financial Statements December 31, 2000

### 1. Nature of operations

The Northern Regional Health Board was formed by an Act of the Province of Nova Scotia, as assented to by the Lieutenant Governor, on June 30, 1994. On October 1, 1996, the Board acquired the assets and assumed the liabilities of nine individual acute care facilities and community health centres.

The Northern Regional Health Board's mission is to improve the health of our communities through the efficient and effective use of resources and a commitment to consult with stakeholders.

### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

#### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

#### Fund accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Northern Regional Health Board's capital assets. Endowment contributions are reported in the Endowment Fund.

#### Revenue recognition

The Northern Regional Health Board follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in Endowment Fund net assets.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

#### Inventories

Inventories are recorded at the lower of cost or replacement value.

**Capital assets**

Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

**Compensation accruals**

The Northern Regional Health Board follows the policy of recording the vacation pay liability. Accumulated overtime and call back are not accrued in the financial statements and are expensed in the year in which they are incurred.

**Employee benefit plans**

The board accrues its obligations under employee benefit plans and the related costs, net of plan assets. The board has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarially determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan for which the board does not have sufficient information to apply defined benefit plan accounting.

**Accounting change**

As described in Note 7, the Northern Regional Health Board has a retiring allowance program covering essentially all of its employees. Effective, April 1, 2000, the board adopted the new recommendations of the CICA with respect to accounting for employee future benefits.

With respect to post-retirement benefits other than pensions, the board has provided for an actuarially determined accrual of cost of such benefits over the service life of the employees prior of their retirement. The cost of these benefits had previously been accounted for on a cash basis after the employees retired.

This change has been applied retroactively and the prior period has been restated. The effect of the accounting policy change on the prior year's excess of expenses over revenue over the method previously followed with respect to post-retirement benefits other than pensions is to increase the expense for employee future benefits by \$573,000 and increase excess of expense over revenue by \$573,000. In addition, the prior year's opening capital has been reduced by \$4,004,800. The effect of the accounting policy change on the current year's excess of revenue over expenses over the method previously followed with respect to post-retirement benefits other than pension is to increase the expense for employee future benefits by \$496,800 and reduce excess of revenue over expenses by \$496,800.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.



**3. Receivables**

	Operating Fund	Capital Fund	Total Dec. 31, 2000	Total Mar. 31, 2000
Charges to M.S.I. . . . . \$	179,239	---	179,239	227,309
Foundations and Auxiliaries . . .	59,648	1,031,479	1,091,127	1,714,452
Department of Veteran Affairs- final settlement . . . .	159,043	---	159,043	213,215
Harmonized Sales Tax . . . . .	415,011	416,150	831,161	937,321
Patients. . . . .	828,370	---	828,370	716,291
Other . . . . .	433,397	54,007	487,404	441,455
	<u>2,074,708</u>	<u>1,501,636</u>	<u>3,576,344</u>	<u>4,250,043</u>
Nova Scotia Department of Health				
Construction and equipment. . . . .	---	2,478,231	2,478,231	5,166,677
Final settlement. . . . .	3,984,396	---	3,984,396	275,215
Other. . . . .	885,420	---	885,420	70,799
	<u>4,869,816</u>	<u>2,478,231</u>	<u>7,348,047</u>	<u>5,512,691</u>
	<u>\$ 6,944,524</u>	<u>\$ 3,979,867</u>	<u>\$ 10,924,391</u>	<u>\$ 9,762,734</u>

The resolution of final settlement estimates are dependent upon approval of the Department of Health and Department of Veterans Affairs. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

**4. Other receivables**

	Total Dec. 31, 2000	Total Mar. 31, 2000
Nova Scotia Department of Health		
Vacation pay. . . . . \$	3,604,369	3,604,369
Employee benefits. . . . .	5,074,600	4,577,800
Other . . . . .	50,000	---
	<u>\$ 8,728,969</u>	<u>\$ 8,182,169</u>

**5. Capital assets**

	Cost	Accumulated Amortization	December 31, 2000 Net Book Value	March 31, 2000 Net Book Value
Land . . . . . \$	223,672	---	223,672	223,672
Land improvements . . . . .	947,529	312,483	635,046	662,764
Buildings. . . . .	83,730,997	21,632,581	62,098,416	62,618,908
Equipment . . . . .	23,676,010	12,974,072	10,701,938	10,621,472
Equipment under capital lease. . . . .	1,593,290	904,963	688,327	825,757
Construction in progress . . . . .	7,623,488	---	7,623,488	4,767,363
	<u>\$ 117,794,986</u>	<u>\$ 35,824,099</u>	<u>\$ 81,970,887</u>	<u>\$ 79,719,936</u>

**6. Payables and accruals**

	Operating Fund	Capital Fund	Total Dec. 31, 2000	March 31, 2000
Trade . . . . .	\$ 5,854,736	\$ 2,717,372	\$ 8,572,108	\$ 10,731,010
Vacation pay . . . . .	4,030,337	---	4,030,337	4,177,219
Foundation . . . . .	---	---	---	---
Department of Veteran Affairs final settlement . . . . .	---	7,795	7,795	---
Foundation . . . . .	---	1,271,238	1,271,238	2,218,923
Employee benefits . . . . .	---	---	---	---
	<u>9,885,073</u>	<u>3,996,405</u>	<u>13,881,478</u>	<u>17,127,152</u>
 Nova Scotia Department of Health				
Construction . . . . .	---	---	---	9,962
Other . . . . .	---	---	---	16,851
	<u>---</u>	<u>---</u>	<u>---</u>	<u>26,813</u>
	<u>\$ 9,885,073</u>	<u>\$ 3,996,405</u>	<u>\$ 13,881,478</u>	<u>\$ 17,153,965</u>

**7. Employee benefits**

The board has the following benefit plans:

- (i) a multi-employer defined benefit plan providing pension benefits to most of its employees, and
- (ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The next expense for the board's benefit plans are as follows:

	Pension Benefit Plans		Retirement Benefit Plan	
	December 31, 2000	March 31, 2000	December 31, 2000	March 31, 2000
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses. . . . .	\$ <u>2,054,981</u>	\$ <u>2,489,653</u>		
Retiring allowances. . . . .			\$ <u>496,800</u>	\$ <u>573,000</u>

Information about the board's retiring allowance plan as at December 31, 2000 is as follows:

	Retirement Benefit Plan	
	December 31, 2000	March 31, 2000
Accrued benefit obligation . . . . .	\$ 3,949,498	\$ 4,606,244
Fair value of plan assets. . . . .	---	---
Funded status - plan deficit . . . . .	<u>\$ (3,949,498)</u>	<u>\$ (4,606,244)</u>
Accrued benefit liability . . . . .	<u>\$ (5,074,600)</u>	<u>\$ (4,577,800)</u>

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to \$114,227.

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus of \$137,000,000 at December 31, 2000.

**8. Obligations under capital leases**

	December 31, 2000	March 31, 2000
Department of Health maturing in 2006.		
Obligation under capital leases		
Banker's Acceptance Capital Corporation maturing in 2006; TeleHealth Services maturing in 2000; and Toshiba of Canada Limited maturing in 2005. the capital leases are secured by specific equipment.		
Future minimum lease payments are as follows:		
2001.....	\$ 470,449	\$ 195,432
2002.....	58,584	170,173
2003.....	58,584	120,114
2004.....	48,820	120,114
2005.....	---	95,705
Subsequently.....	---	173,287
	<u>636,437</u>	<u>874,825</u>
Less: amount representing interest on capital leases at varying rates of 7.2% to 10% .....	<u>33,110</u>	<u>189,761</u>
	603,327	685,064
Less: current portion .....	<u>454,209</u>	<u>142,087</u>
	<u>\$ 149,118</u>	<u>\$ 542,977</u>

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to Aberdeen Hospital Commission before designation. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value at the time of designation (\$408,354) or fair market value is to be repaid to the foundation on an item by item basis.

**9. Long term debt**

	<b>December 31, 2000</b>
6.5% loan, payable in equal annual payments of \$29,609 including interest, maturing in 2006.....	\$ 143,336
Less: current portion .....	<u>20,292</u>
	<u>\$ 123,044</u>

**10. Credit Facilities**

On December 10, 2000, the board entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling \$4,000,000 . As of December 31, 2000, there was no borrowing outstanding against the credit facilities.

**11. Restricted fund balance**

The Nova Scotia Department of Health provided funding to establish a reserve for the existing capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 8. The balance of the reserve was \$603,327 as of December 31, 2000.

**12. Commitments**

a) The Northern Regional Health Board is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended December 31:

2001.....	\$	438,497
2002.....	\$	375,169
2003.....	\$	275,418
2004.....	\$	180,693
2005.....	\$	164,018

b) During 2000, the Northern Regional Health Board has entered into agreements to spend \$29,507,471 on additions to property and equipment.

**13. Subsequent event**

On June 8, 2000, Royal Assent was proclaimed for the Health Authorities Act. The Act establishes three District Health Authorities in the northern region to replace the Northern Regional Health Board. All assets, liabilities and fund balances of the Northern Regional Health Board were transferred to the respective District Health Authorities on January 1, 2001.

**14. Comparative figures**

Certain of the March 31, 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

## AUDITORS' REPORT

To the Minister of Environment and Labour  
responsible for the  
Nova Scotia Alcohol & Gaming Authority

We have audited the balance sheet of the Nova Scotia Alcohol & Gaming Authority as at March 31, 2001 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Authority'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 our 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 presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001, and the results of its operations for the year then ended in accordance with generally accepted accounting principles and as disclosed in Note 2.

GRANT THORNTON LLP  
Chartered Accountants

Dartmouth, Nova Scotia  
June 8, 2001

**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 600	\$ 600
Receivables (Note 3) .....	793,535	1,355,001
	<u>\$ 794,135</u>	<u>\$ 1,355,601</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Payables and accruals .....	\$ 400,056	\$ 619,399
Deferred revenue .....	6,458	7,320
Current portion of lease obligation .....	73,541	206,822
	<u>480,055</u>	<u>833,541</u>
Lease obligation (Note 4) .....	---	72,001
	<u>480,055</u>	<u>905,542</u>
<b>EQUITY</b>		
<b>Due to Minister of Finance</b>		
Balance, beginning of year .....	450,059	876,546
Net revenue .....	4,280,515	5,067,816
Remittances .....	<u>(4,416,494)</u>	<u>(5,494,303)</u>
Balance, end of year .....	<u>314,080</u>	<u>450,059</u>
	<u>\$ 794,135</u>	<u>\$ 1,355,601</u>

**Statement of Revenue and Expenditures  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Liquor license fees .....	\$ 7,434,626	\$ 7,341,315
Lottery licenses and fees .....	1,364,150	1,910,981
Casino fees .....	664,443	482,156
Amusement licenses .....	115,200	120,970
Miscellaneous .....	3,658	10,296
Pari-mutuel tax (Note 2) .....	139,913	1,374,467
Film screening and distribution fees .....	332,837	364,031
	<u>10,054,827</u>	<u>11,604,216</u>
Administrative expenditures (Page 265) .....	<u>5,774,312</u>	<u>6,536,400</u>
Net revenue .....	<u>\$ 4,280,515</u>	<u>\$ 5,067,816</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Notes to the Financial Statements  
March 31, 2001**

**1. Nature of operations**

The Nova Scotia Alcohol & Gaming Authority is the regulatory body responsible for the administration and enforcement of the Gaming Control Act, the Theatres and Amusement Act and the Liquor Control Act. Revenues are derived from the sale and renewal of licenses and registration fees and collection of taxes. The adjudicative responsibilities of the Authority are conducted by the Utility Review Board.

**2. Significant accounting policies**

**Revenue**

Revenues are recorded on an accrual basis with certain amounts based on reports submitted by operators.

**Pari-mutuel tax**

Effective April 1, 2000 the 11% pari-mutuel tax has been recorded by the Authority on a net basis being 1% as the balance remains with the operators as a grant. This is consistent with legislation proposed for the 2001 fall sitting of the legislature. Previously grants were issued by the Department of Agriculture.

**Capital assets**

All items of a capital nature in excess of the thresholds established by provincial government policy are to be capitalized and amortized at rates established by the policy. As of March, 2001 the Authority has no capital assets under the terms of this policy.

**3. Receivables**

	<b>2001</b>	<b>2000</b>
Lottery . . . . .	\$ 330,895	\$ 482,076
Film screening . . . . .	109,105	88,146
Casino . . . . .	428,385	221,082
Liquor . . . . .	25,076	217,587
Other . . . . .	87,049	162,208
Pari-mutuel tax . . . . .	61,978	1,506,986
	<u>1,042,488</u>	<u>2,678,085</u>
Less: Allowance for doubtful accounts . . . . .	248,953	1,323,084
	<u>\$ 793,535</u>	<u>\$ 1,355,001</u>

**4. Lease obligation**

	<b>2001</b>	<b>2000</b>
Newcourt Financial Limited, thirty-six monthly blended payments of \$18,769 to July, 2001, effective annual rate of interest of 9.83% . . . . .	\$ 73,541	\$ 278,823
Less: current portion	<u>73,541</u>	<u>206,822</u>
	<u>\$ ---</u>	<u>\$ 72,001</u>

**5. Related party transactions**

The Authority purchases certain services from other departments of the Province of Nova Scotia on a fee for service basis, including but not limited to:

- leasholds and related maintenance;
- communication technology systems and network access.

In addition, the Authority received services at no charge, including but not limited to:

- accounting technology systems and processing;
- human resource management;
- payroll processing, including pensions and benefits administration;

**6. Subsequent event**

Effective April 1, 2001, the Authority became a division of the Department of Environment and Labour.

Effective April 1, 2001, the 9.3% license fee on the gross value of liquor purchased will be adjusted to 4.1%.

**7. Pension plan**

Employees of the Authority are covered under the terms of the Public Service Superannuation Act.



**NOVA SCOTIA ALCOHOL & GAMING AUTHORITY**

**Schedule of Administrative Expenditures  
Year Ended March 31 ,2001**

	<b>2001</b>	<b>2000</b>
Advertising and promotion . . . . . \$	13,580 \$	47,862
Bad debts. . . . .	445,214	40,575
Computer processing . . . . .	42,376	63,883
Equipment. . . . .	7,985	42,805
Equipment leasing . . . . .	16,632	20,273
Freight and duty. . . . .	6,373	7,113
Interest on lease obligation . . . . .	18,406	37,695
Meetings . . . . .	100,442	14,451
Office. . . . .	23,339	30,522
Other. . . . .	16,569	14,343
Postage . . . . .	25,256	27,424
Printing and stationery . . . . .	55,594	84,496
Professional fees . . . . .	171,215	435,125
Rent . . . . .	297,571	280,469
Repairs and maintenance. . . . .	1,764	880
Security services . . . . .	706,450	1,003,000
Telephone. . . . .	122,268	121,119
Travel . . . . .	334,898	431,604
Training and development . . . . .	10,561	16,009
Wages and benefits. . . . .	3,357,819	3,816,752
	<u>\$ 5,774,312</u>	<u>\$ 6,536,400</u>

## AUDITORS' REPORT

To the Directors of the  
Nova Scotia Arts Council

We have audited the statement of financial position of the Nova Scotia Arts Council as at March 31, 2001, and the statement of operations, statement of changes in equity and statement of cash flow 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.

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 organization as at March 31, 2001 and the results of its operations and changes in cash flow for the year then ended, in accordance with generally accepted accounting principles.

HORNBY TINKHAM MARSHALL  
Chartered Accountants

May 28, 2001  
Dartmouth, Nova Scotia

NOVA SCOTIA ARTS COUNCIL

Statement of Financial Position  
as at March 31, 2001

	2001	2000
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 369,123	\$ 582,430
Accounts receivable . . . . .	11,547	28,284
	<u>380,670</u>	<u>610,714</u>
<b>Endowment investments (market \$961,300, 2000 - \$816,974)</b> <b>(Note 8)</b> . . . . .	800,357	696,912
<b>Capital Assets (Note 3)</b> . . . . .	23,789	31,678
	<u>\$ 1,204,816</u>	<u>\$ 1,339,304</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4) . . . . .	\$ 274,589	\$ 393,505
Deferred contributions (Note 5) . . . . .	75,340	194,357
	<u>349,929</u>	<u>587,862</u>
<b>NET ASSETS</b>		
Unrestricted net assets . . . . .	30,741	22,852
Net assets invested in capital assets . . . . .	23,789	31,678
Net assets restricted for endowment purposes . . . . .	800,357	696,912
	<u>854,887</u>	<u>751,442</u>
	<u>\$ 1,204,816</u>	<u>\$ 1,339,304</u>

**NOVA SCOTIA ARTS COUNCIL**

**Statement of Operations  
Year ended March 31, 2001**

	<b>2001</b>	<b>2001</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Grants (Note 6) . . . . .	\$ 1,340,314	\$ 1,302,047	\$ 1,477,300
New Media Awards . . . . .	27,000	---	10,000
McConnell Foundation (Note 7) . . . . .	90,500	86,070	81,159
Other (Schedule 1) . . . . .	19,000	34,829	33,990
	<u>1,476,814</u>	<u>1,422,946</u>	<u>1,602,449</u>
<b>Expenses</b>			
<b>Grants</b>			
Grant programs for individuals (Schedule 2) . . . . .	394,000	394,930	445,550
Portia White award . . . . .	---	---	25,000
ArtsSmarts - Arts inFusion program . . . . .	90,000	79,006	65,590
New Media Awards . . . . .	25,000	---	10,000
Consultant study . . . . .	---	---	7,246
	<u>509,000</u>	<u>473,936</u>	<u>553,386</u>
Grant programs for organizations (Schedule 3) . . . . .	551,000	549,899	614,520
Total grants . . . . .	<u>1,060,000</u>	<u>1,023,835</u>	<u>1,167,906</u>
<b>Program delivery</b>			
Salaries - program officers . . . . .	103,000	102,479	101,076
Employee benefits . . . . .	15,450	15,944	14,650
Travel - officers (individuals) . . . . .	3,550	3,067	3,586
Travel - officers (organizations) . . . . .	3,550	3,768	3,181
ArtsSmarts - Arts inFusion - administration . . . . .	15,500	7,063	15,569
Assessments - juries (Schedule 4) . . . . .	26,014	29,704	33,258
MTT Peer assessment . . . . .	---	---	104
Meetings . . . . .	686	---	---
Total program delivery . . . . .	<u>167,750</u>	<u>162,025</u>	<u>171,424</u>
Administrative (Schedule 5) . . . . .	249,064	237,086	263,119
Total expenses . . . . .	<u>1,476,814</u>	<u>1,422,946</u>	<u>1,602,449</u>
<b>Excess of revenue over expenses . . . . .</b>	<u><u>---</u></u>	<u><u>---</u></u>	<u><u>---</u></u>

**NOVA SCOTIA ARTS COUNCIL**

**Statement of Changes in Net Assets  
Year ended March 31, 2001**

	<b>Net Assets Invested in Capital Assets</b>	<b>Net Assets Restricted for Endowment Purposes</b>	<b>Unrestricted Net Assets</b>	<b>Total 2001</b>	<b>Total 2000</b>
Balance, beginning of the year. . . . . \$	31,678 \$	696,912 \$	22,852 \$	751,442 \$	730,079
Excess (deficiency) of revenue over expenses . . . . .	(7,889)	---	7,889	---	---
Endowment contributions (Note 8 and 10) . . . .	---	103,445	---	103,445	21,363
Balance, end of year. . . \$	<u>23,789 \$</u>	<u>800,357 \$</u>	<u>30,741 \$</u>	<u>854,887 \$</u>	<u>751,442</u>

**Statement of Cash Flow  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Item not affecting cash Amortization . . . . . \$	7,889 \$	10,531
Changes in non-cash operating working capital items (Note 9) . . . . .	<u>(221,185)</u>	<u>160,397</u>
	<u>(213,296)</u>	<u>170,928</u>
<b>Financing</b>		
Endowment contributions (Note 10) . . . . .	<u>103,445</u>	<u>21,363</u>
<b>Investing</b>		
Acquisition of capital assets. . . . .	---	(2,240)
Decrease in investments . . . . .	<u>(103,456)</u>	<u>(21,351)</u>
	<u>(103,456)</u>	<u>(23,591)</u>
<b>Increase (decrease) in cash. . . . .</b>	<b>(213,307)</b>	<b>168,700</b>
<b>Cash and cash equivalents, beginning of year. . . . .</b>	<b><u>582,430</u></b>	<b><u>413,730</u></b>
<b>Cash and cash equivalents, end of year. . . . . \$</b>	<b><u>369,123 \$</u></b>	<b><u>582,430</u></b>

# NOVA SCOTIA ARTS COUNCIL

## Notes to the Financial Statements March 31,2001

### 1. PURPOSE OF THE ORGANIZATION

An Act to establish the Nova Scotia Arts Council was approved on January 11, 1996 by the 56th General Assembly of the Legislature of the Province of Nova Scotia. The purpose of the Organization is to:

- Make the arts integral to the lives of Nova Scotians;
- Foster artistic excellence throughout the Province;
- Encourage creative expression by funding activity in the arts;
- Utilize peer assessment in the determination of artistic merit and the allocation of funding;
- Educate the public regarding the cultural, social and economic importance of the arts;
- Strive for regional, cultural and developmental equity in the distribution of funding; and
- Carry out research on matters related to the arts.

The Organization is also responsible for establishing and maintaining the Nova Scotia Arts Endowment Fund.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

#### (a) Revenue recognition

The Nova Scotia Arts Council 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. Endowment contributions are recognized as direct increases in equity.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### (b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight-line basis over a period of five years.

#### (c) Investments

Investments are recorded at the lower of cost and market value. These investments are managed by a professional money manager and invested in a balanced portfolio of equity and security backed instruments.

#### (d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.

### 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2001	Net 2000
Office furniture . . . . .	\$ 34,594	\$ 21,115	\$ 13,479	\$ 16,849
Computer equipment . . . . .	38,121	27,811	10,310	14,729
Computer software . . . . .	886	886	---	100
	<u>\$ 73,601</u>	<u>\$ 49,812</u>	<u>\$ 23,789</u>	<u>\$ 31,678</u>

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2001	2000
Trade payables and accrued liabilities . . . . .	\$ 42,063	\$ 58,710
Arts inFusion payable . . . . .	6,000	---
Grants payable . . . . .	<u>226,526</u>	<u>334,795</u>
	<u>\$ 274,589</u>	<u>\$ 393,505</u>

### 5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. This deferred revenue will be reflected in next year's budget:

	2001	2000
Operations (Note 6) . . . . .	\$ 27,810	\$ 66,257
McConnell Foundation Arts Smarts Program (Note 7) . . . . .	<u>47,530</u>	<u>128,100</u>
	<u>\$ 75,340</u>	<u>\$ 194,357</u>

### 6. GRANT REVENUE

	2001	2000
Grants received from Province of Nova Scotia . . . . .	\$ 1,263,600	\$ 1,476,000
Deferred grant revenue from prior year . . . . .	66,257	54,472
Adjustment to McConnell deferral . . . . .	<u>---</u>	<u>13,085</u>
	1,329,857	1,543,557
Less contributions deferred until next year:		
Operations . . . . .	<u>(27,810)</u>	<u>(66,257)</u>
Amount recognized as revenue in the year . . . . .	<u>\$ 1,302,047</u>	<u>\$ 1,477,300</u>

### 7. McCONNELL FOUNDATION

	2001	2000
Program grants received from McConnell Foundation . . . . .	\$ 5,500	\$ 90,500
Deferred grant revenue from prior year . . . . .	<u>128,100</u>	<u>118,759</u>
	133,600	209,259
Less contributions deferred until next year . . . . .	<u>(47,530)</u>	<u>(128,100)</u>
Amount recognized as revenue in the year . . . . .	<u>\$ 86,070</u>	<u>\$ 81,159</u>

## 8. ENDOWMENT FUND

The endowment fund was established in March 1997 with a grant from the Province of Nova Scotia. The Governor in Council has established the Regulations for this fund under the Regulations Act. The Council shall only make withdrawals of capital from the Endowment Fund for the purpose of investing the money and in accordance with the instructions of the investment managers. The fund advisors shall recommend annually to the Council the amount of income of the Endowment Fund, including, without limitation, interest, dividends, and realized capital gains, to be distributed to the Council for expenditures either as set out in the Endowment Fund budget prepared by the Council or with approval of the Minister. The value of the contributed capital of the Endowment Fund after inflation should not diminish over time. Until such time as the endowed funds reach one million dollars, all earnings of the fund will be retained to grow the Endowment Fund.

Subsequent to year end, Council passed a resolution approving the transfer of a certain amount of the accumulated investment income from the Endowment Fund to support current operations for the year ended March 31, 2002.

	2001	2000
Capital contributions and donations		
Opening balance .....	\$ 644,915	\$ 644,040
Current year .....	<u>80,885</u>	<u>875</u>
	<u>725,800</u>	<u>644,915</u>
Investment income less expenses		
Opening balance .....	51,997	31,511
Current year .....	<u>22,560</u>	<u>20,486</u>
	<u>74,557</u>	<u>51,997</u>
Total .....	<u>\$ 800,357</u>	<u>\$ 696,912</u>

## 9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2001	2000
Accounts receivable .....	\$ 16,737	\$ 22,911
Accounts payable and accrued liabilities .....	(118,905)	126,360
Deferred contributions .....	<u>(119,017)</u>	<u>11,126</u>
	<u>\$ (221,185)</u>	<u>\$ 160,397</u>

## 10. ENDOWMENT CONTRIBUTIONS

	2001	2000
Donations .....	\$ 80,885	\$ 875
Investment income .....	35,474	31,805
Bank and investment management charges .....	<u>(12,914)</u>	<u>(11,317)</u>
	<u>\$ 103,445</u>	<u>\$ 21,363</u>

The market value of the Endowment investments at March 31, 2001 was \$961,300 (March 31, 2000 - \$816,974).



## **11. ECONOMIC DEPENDENCE**

The Nova Scotia Arts Council is funded entirely by a grant from the Province of Nova Scotia. The amount of this grant is determined annually by the Province.

## **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **(a) Interest rate risk**

The organization's investment portfolio is exposed to financial risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest risk.

### **(b) Market risk**

The organization's investment portfolio is exposed to the normal risks associated with investments in the financial markets. The investment portfolio is managed by a professional money manager in accordance with the investment policy established by the Endowment Fund Trustees.

### **(c) Fair value of financial instruments**

The fair value of cash and equivalents, receivables, accounts payable and accrued liabilities and deferred contributions corresponds to their carrying value.

**Schedule 1**

**NOVA SCOTIA ARTS COUNCIL**

**OTHER REVENUE**  
**Year ended March 31, 2001**

	<b>2001 Budget</b>	<b>2001 Actual</b>	<b>2000 Actual</b>
Interest .....	19,000 \$	34,829 \$	27,390
Other .....	---	---	6,600
	<u>\$ 19,000</u>	<u>\$ 34,829</u>	<u>\$ 33,990</u>

**Schedule 2**

**GRANTS PROGRAMS FOR INDIVIDUALS**  
**Year ended March 31, 2001**

Professional development .....	42,000 \$	39,465 \$	42,950
Travel .....	---	---	20,000
Presentation .....	56,000	53,166	59,600
Creation .....	296,000	302,299	300,000
Research .....	---	---	23,000
	<u>\$ 394,000</u>	<u>\$ 394,930</u>	<u>\$ 445,550</u>

**Schedule 3**

**GRANT PROGRAMS FOR ORGANIZATIONS**  
**Year ended March 31, 2001**

Production .....	196,000 \$	203,493 \$	220,000
Touring .....	30,000	23,993	52,000
Commissioning .....	22,000	19,600	28,000
Operating .....	279,000	279,000	285,000
Professional development .....	24,000	23,813	29,520
	<u>\$ 551,000</u>	<u>\$ 549,899</u>	<u>\$ 614,520</u>

## NOVA SCOTIA ARTS COUNCIL

## ASSESSMENTS - JURIES

Year ended March 31, 2001

	<b>2001 Budget</b>	<b>2001 Actual</b>	<b>2000 Actual</b>
Assessment - juries (individuals)			
Per diems. ....	1,886 \$	1,333 \$	2,611
Travel. ....	2,000	1,629	2,107
Accommodation. ....	3,829	3,877	5,268
Honorarium. ....	6,857	7,696	10,452
Meetings. ....	---	2,537	977
	<u>14,572</u>	<u>17,072</u>	<u>21,415</u>
Assessment - juries (organizations)			
Per diems. ....	1,414	1,300	1,340
Travel. ....	1,500	1,759	1,594
Accommodation. ....	2,871	2,320	2,345
Honorarium. ....	5,143	6,032	5,720
Meetings. ....	514	1,221	844
	<u>11,442</u>	<u>12,632</u>	<u>11,843</u>
Total assessments - juries. ....	<u>\$ 26,014</u>	<u>\$ 29,704</u>	<u>\$ 33,258</u>

## Schedule 5

## ADMINISTRATIVE EXPENSES

Year ended March 31, 2001

Salaries . . . . .	\$ 102,000	\$ 92,540	\$ 103,552
Employee benefits . . . . .	14,280	9,949	17,206
Travel - Executive Director . . . . .	8,000	8,507	7,504
Travel - relocation . . . . .	---	8,732	---
Board honoraria. . . . .	6,000	3,630	7,240
Board travel . . . . .	5,400	6,489	6,737
Board meetings . . . . .	3,500	3,374	5,650
Office rent . . . . .	26,700	26,630	19,039
Supplies and services (Schedule 6) . . . . .	64,500	48,651	63,673
Professional fees . . . . .	12,000	15,704	14,443
Amortizaiton . . . . .	---	7,889	10,531
Public relations. . . . .	3,000	1,377	4,755
Miscellaneous . . . . .	3,684	3,614	2,789
Total administrative . . . . .	<u>\$ 249,064</u>	<u>\$ 237,086</u>	<u>\$ 263,119</u>

## NOVA SCOTIA ARTS COUNCIL

## SUPPLIES AND SERVICES

Year ended March 31, 2001

	<b>2001</b>	<b>2001</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Professional development . . . . . \$	1,000 \$	319 \$	701
Conference . . . . .	900	76	614
Courier . . . . .	1,500	628	1,428
Postage . . . . .	4,500	2,631	4,080
Telephone . . . . .	8,000	6,604	6,038
Stationary and supplies . . . . .	12,700	8,039	9,721
Membership dues . . . . .	200	194	185
Bank charges . . . . .	1,000	1,878	1,254
Insurance . . . . .	2,000	1,882	1,844
Equipment rental . . . . .	2,200	1,760	1,686
Advertising and promotion . . . . .	500	187	---
Job search costs . . . . .	2,000	13,591	955
Annual report . . . . .	10,000	---	10,064
Newsletter/web site . . . . .	7,000	6,863	10,919
Printing costs . . . . .	11,000	3,999	14,184
	<u>\$ 64,500</u>	<u>\$ 48,651</u>	<u>\$ 63,673</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at March 31, 2001, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

These financial statements reflect proposed write-offs of assistance outstanding of \$6,461,000 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 6, 2001

**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
<b>Loans and Shares, at cost</b>		
Loans receivable . . . . .	\$ 146,418	\$ 152,312
Venture investments . . . . .	7,014	7,030
Community Business Loan Program . . . . .	3,152	3,920
Shares (Note 3) . . . . .	17,437	16,461
	<u>174,021</u>	<u>179,723</u>
Less: Provision for concessionary assistance (Note 4) . . . . .	14,352	18,303
Allowance for doubtful accounts . . . . .	28,317	25,333
	<u>42,669</u>	<u>43,636</u>
	<u>131,352</u>	<u>136,087</u>
Industrial parks (Note 5) . . . . .	<u>22,053</u>	<u>23,973</u>
Other assets . . . . .	987	298
Less: Provision for decline in value . . . . .	864	89
	<u>123</u>	<u>209</u>
Due from consolidated fund		
Guarantees (Note 6 and 7) . . . . .	10,318	11,880
Less: Provision for payment under guarantees . . . . .	5,444	3,434
	<u>4,874</u>	<u>8,446</u>
Assistance authorized but unadvanced . . . . .	53,021	27,431
	<u>57,895</u>	<u>35,877</u>
	<u>\$ 211,423</u>	<u>\$ 196,146</u>

**FUNDING AUTHORIZED AND COMMITTED**

Authorized, net of write-offs . . . . .	\$ 276,283	\$ 285,768
Less: Provision for concessionary assistance and possible losses on assistance (Note 8) . . . . .	<u>48,977</u>	<u>47,159</u>
Net fund balance . . . . .	<u>227,306</u>	<u>238,609</u>
Less: Uncommitted balance of fund (Note 7) . . . . .	<u>15,883</u>	<u>42,463</u>
	<u>\$ 211,423</u>	<u>\$ 196,146</u>
Contingencies (Note 9)		

See accompanying notes to the financial statements

**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Statement of Continuity of Fund  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Balance, beginning of year . . . . .	\$ 285,768	\$ 294,595
Deduct: Accounts written off . . . . .	<u>9,485</u>	<u>8,827</u>
Balance, end of year . . . . .	<u>\$ 276,283</u>	<u>\$ 285,768</u>
 Comprising:		
Loans receivable, shares and other assets . . . . .	\$ 175,008	\$ 180,021
Industrial parks . . . . .	22,053	23,973
Guarantees in effect and utilized. . . . .	10,175	10,876
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized. . . . .	53,164	28,435
Uncommitted balance . . . . .	<u>15,883</u>	<u>42,463</u>
	<u>\$ 276,283</u>	<u>\$ 285,768</u>

See accompanying notes to the financial statements

**NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION  
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND**

**Notes to the Financial Statements  
March 31, 2001**

**1. Authority**

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the Corporation is to encourage business development in the Province by providing financial assistance to business through the Fund, or such other assistance as may be determined by the Governor-in-Council. The Corporation's activities are administered through a division of the Department of Economic Development.

**2. Accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

**Administrative Expenses and Interest Revenue**

(a) Administrative expenses of the Corporation and revenues earned on guarantees are included in the accounts of the Department of Economic Development and are not reflected in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in these financial statements.

**Statement of Cash Flows**

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

**Current Assets**

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

**Venture Investments**

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets.

Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.



### Industrial Parks

- (e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.
- (f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.
- (g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

### Other Assets

- (h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

### Provision for Concessionary Assistance

- (i) The Corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

### Allowance for Doubtful Accounts

- (j) The Corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

### Use of estimates

- (k) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 3. Shares

	2001		2000
	(in thousands)		
Preferred shares . . . . .	\$ 14,329	\$	13,403
Common shares and equity interests . . . . .	3,108		3,058
	<u>\$ 17,437</u>	<u>\$</u>	<u>16,461</u>

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

**4. Provision for concessionary assistance**

The provision for concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Corporation.

The terms of concessionary assistance through the Corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of the loans and shares is as follows:

	<u>2001</u>			<u>2000</u>	
	<u>Assistance Outstanding</u>	<u>Provision for Concessionary Assistance</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	(in thousands)				
Loans . . . . .	\$ 12,679	\$ 7,409	\$ 5,270	\$	5,255
Shares . . . . .	12,426	6,943	5,483		5,513
	<u>\$ 25,105</u>	<u>\$ 14,352</u>	<u>\$ 10,753</u>	<u>\$</u>	<u>10,768</u>

**5. Industrial parks**

These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at March 31, 2001 the cost of parks in excess of management's determination of market value totalled \$6,242,644 (market value - \$2,606,364). The cost of parks where market value exceeded cost was \$9,276,457 (market value - \$19,416,930). This results in an estimated net excess of current market value over carrying cost of approximately \$6,504,193.

The balance of the cost of industrial parks of \$6,534,297 is represented by the book value of the incubator malls, other buildings and property at March 31, 2001.

**6. Guarantees**

	<u>2001</u>	<u>2000</u>
	(in thousands)	
Guarantees - in effect and utilized . . . . .	\$ 10,175	\$ 10,876
Guarantees - in effect but not utilized . . . . .	143	1,004
	<u>\$ 10,318</u>	<u>\$ 11,880</u>

During the year no guarantees were paid out.

## 7. Adjustment of prior year

In 1999, the Corporation authorized the guarantee of the indebtedness of a client. The client borrowing and consequently the guarantee were denominated in US currency. At the time of entering into the guarantee and in the period since its authorization, the guarantee was recorded in the Corporation's books in Canadian currency. In the current year, management became aware of this error and have recorded the foreign currency translation adjustment. As a result of the adjustment, the amounts reported as guarantees as at March 31, 1999 and 2000 have been restated to reflect the Canadian dollar equivalent of the guaranteed loan. The impact of the adjustment has been to increase the guarantee amount by \$1,233,120 and \$1,005,834 for 1999 and 2000 respectively with a corresponding reduction in the balance of uncommitted funds.

The comparative figures for 2000 have been restated to reflect the correction of this error.

## 8. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2001	2000
	(in thousands)	
Balance, beginning of year . . . . .	\$ 47,159	\$ 47,397
Add: Current year provision . . . . .	11,303	8,589
Deduct: Accounts written off . . . . .	<u>9,485</u>	<u>8,827</u>
Balance, end of year . . . . .	<u>\$ 48,977</u>	<u>\$ 47,159</u>

## 9. Contingencies

### (a) Environmental remediation

The Corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

### (b) Litigation

The Corporation is defending two legal actions relating to:

- i) a dispute in regard to an agreement of purchase and sale. The amount claimed is \$600,000.
- ii) the termination of a contract. No specific amount has been claimed.

In both cases counsel is unable to form an opinion at this early date in regard to the merit of these claims and consequently no provision for any possible losses has been recorded in these financial statements.

## 10. Restructuring

Legislation has been approved that would see the transfer of all assets of the Nova Scotia Business Development Corporation to a new entity to be known as Nova Scotia Business Inc. The sections of the legislation providing for this transfer have not yet been enacted. It is anticipated that these sections will be enacted in the 2002 fiscal year.

These financial statements are draft only

## NOVA SCOTIA COMMUNITY COLLEGE

Statement of Financial Position  
as at March 31, 2001

## ASSETS

	2001	2000
<b>Current assets</b>		
Cash .....	\$ 3,883,707	\$ 6,921,379
Accounts receivable (Note 3) .....	11,049,069	7,931,334
Inventory .....	506,286	608,344
Prepays .....	576,051	238,628
	<u>16,015,113</u>	<u>15,699,685</u>
<b>Capital assets (Notes 2 and 4) .....</b>	7,498,847	3,757,417
<b>Endowment assets (Note 5) .....</b>	<u>698,062</u>	<u>558,280</u>
	<u>\$ 24,212,022</u>	<u>\$ 20,015,382</u>

## LIABILITIES

<b>Current liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 11,899,459	\$ 7,702,423
Deferred revenue (Note 6) .....	1,677,540	1,527,563
Deferred salary .....	3,714	19,446
College Service Award (Note 8) .....	250,823	67,326
	<u>13,831,536</u>	<u>9,316,758</u>
<b>Deferred revenue related to capital assets (Note 7) .....</b>	<u>1,589,516</u>	<u>2,173,690</u>
	<u>15,421,052</u>	<u>11,490,448</u>

## NET ASSETS

Invested in capital assets (Note 9) .....	5,909,331	1,583,727
Unrestricted .....	---	1,660,004
Restricted for endowment purposes (Note 5) .....	698,062	558,280
Restricted for college development (Note 14) .....	2,183,577	4,722,923
	<u>8,790,970</u>	<u>8,524,934</u>
	<u>\$ 24,212,022</u>	<u>\$ 20,015,382</u>

## NOVA SCOTIA COMMUNITY COLLEGE

Statement of Revenue and Expenditures  
Year Ended March 31, 2001

	2001	2000
<b>Revenue</b>		
Province of Nova Scotia (Note 10) . . . . .	\$ 55,536,229	\$ 50,932,000
Government of Canada . . . . .	8,323,107	6,444,045
Tuition and fees . . . . .	11,682,186	10,542,167
Customized training . . . . .	10,495,983	10,709,702
Applied Research (Note 11) . . . . .	662,844	569,685
Amortization of deferred revenue related to capital assets . . . . .	1,379,945	1,826,310
Other (Note 12) . . . . .	12,082,647	13,551,996
	<u>100,162,941</u>	<u>94,575,905</u>
<b>Expenditures</b>		
Salaries and benefits . . . . .	62,566,844	57,257,751
Operating supplies and services . . . . .	20,567,211	21,918,572
Equipment, rentals, other . . . . .	7,953,436	6,653,273
Utilities and maintenance . . . . .	6,379,456	5,991,938
Amortization . . . . .	2,569,740	2,622,252
	<u>100,036,687</u>	<u>94,443,786</u>
<b>Excess of revenue over expenditures . . . . .</b>	<u>\$ 126,254</u>	<u>\$ 132,119</u>

## NOVA SCOTIA COMMUNITY COLLEGE

Statement of Cash Flows  
Year Ended March 31, 2001

	2001	2000
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenditures . . . . .	\$ 126,254	\$ 132,119
Items not affecting cash		
Amortization of deferred revenue related to capital assets. . . . .	(1,379,945)	(1,826,310)
Amortization. . . . .	2,569,740	2,622,252
Loss on disposal of capital assets . . . . .	8,556	---
	<u>1,324,605</u>	<u>928,061</u>
Changes in non-cash working capital items (Note 13) . . . . .	<u>1,161,678</u>	<u>(6,859,096)</u>
	<u>2,486,283</u>	<u>(5,931,035)</u>
<b>Investing</b>		
Purchase of capital assets . . . . .	<u>(6,319,726)</u>	<u>(2,035,124)</u>
<b>Financing</b>		
Deferred revenue related to capital assets . . . . .	<u>795,771</u>	<u>2,000,000</u>
<b>Net cash outflow</b> . . . . .	<u>(3,037,672)</u>	<u>(5,966,159)</u>
<b>Cash position, beginning of year.</b> . . . . .	<u>6,921,379</u>	<u>12,887,538</u>
<b>Cash position, end of year.</b> . . . . .	<u>\$ 3,883,707</u>	<u>\$ 6,921,379</u>

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Changes in Net Assets  
Year Ended March 31, 2001

	Invested in Capital Assets	Unrestricted	Restricted for Endowment Purposes (Note 5)	Restricted for College Development (Note 14)	2001 Total	2000 Total
<b>Balance, beginning of year</b> . . . . .	\$ 1,583,727	\$ 1,660,004	\$ 558,280	\$ 4,722,923	\$ 8,524,934	\$ 8,375,697
Excess (deficiency) of revenue over expenditures. . . . .	(1,189,795)	1,316,049	---	---	126,254	132,119
Investment in capital assets. . . . .	5,515,399	(2,976,053)	---	(2,539,346)	---	---
Endowment contributions and interest. . . . .	---	---	459,905	---	459,905	170,590
Endowment disbursements. . . . .	---	---	(320,123)	---	(320,123)	(153,472)
<b>Balance, end of year</b> . . . . .	<u>\$ 5,909,331</u>	<u>\$ ---</u>	<u>\$ 698,062</u>	<u>\$ 2,183,577</u>	<u>\$ 8,790,970</u>	<u>\$ 8,524,934</u>



## NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Financial Statements  
year ended March 31, 2001**1. OVERVIEW OF OPERATIONS**

The Nova Scotia Community College was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province, is responsible for enhancing the economic and social well-being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

**a) Revenue Recognition**

The College follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

**b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and amounts held by financial institutions with maturities of less than 90 days.

**c) Capital Assets**

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	2 years
Management Information System (MIS)	5 years

Land and buildings that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year. Improvements made to these buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

On March 31, 1996, the Province transferred title to all computers, furniture, fixtures and equipment contained within the buildings to the College. The assets have not been reflected in the financial statements. The capital policies described have been implemented on a prospective basis, as the information for retroactive treatment is not readily available.

**d) Contributed Services**

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements.

**e) Inventory**

Inventory consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

**3. ACCOUNTS RECEIVABLE**

	<b>2001</b>	<b>2000</b>
Customized training/other .....	\$ 8,727,087	\$ 4,574,547
Province of Nova Scotia .....	1,000,000	1,172,660
Tuition fees. ....	883,768	616,630
Harmonized Sales Tax .....	897,215	1,925,521
Allowance for doubtful accounts .....	(459,001)	(358,024)
	<u>\$ 11,049,069</u>	<u>\$ 7,931,334</u>

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2001</b>	<b>Net Book Value 2000</b>
Computer equipment .....	\$ 5,520,521	\$ 5,124,164	\$ 396,357	\$ 1,180,388
Furniture and equipment ...	4,762,108	2,668,412	2,093,696	2,577,029
Leasehold improvements. ...	95,912	47,956	47,956	---
MIS .....	5,512,042	551,204	4,960,838	---
	<u>\$ 15,890,583</u>	<u>\$ 8,391,736</u>	<u>\$ 7,498,847</u>	<u>\$ 3,757,417</u>

**5. ENDOWMENT ASSETS**

The balance, which is externally restricted for endowment purposes, represents donations and related interest restricted for scholarships, awards and other specified purposes.

**6. DEFERRED REVENUE**

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	<b>2001</b>	<b>2000</b>
Apprenticeship . . . . .	\$ 56,743	\$ 525,000
Process Control. . . . .	600,000	---
Customized training . . . . .	736,174	845,745
Other. . . . .	284,623	156,818
	<u>\$ 1,677,540</u>	<u>\$ 1,527,563</u>

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

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia for capital asset additions. The changes in the deferred balance are as follows:

	<b>2001</b>	<b>2000</b>
Beginning balance . . . . .	\$ 2,173,690	\$ 2,000,000
Contributions received . . . . .	795,771	2,000,000
Amortization of deferred revenue related to capital assets . . . .	<u>(1,379,945)</u>	<u>(1,826,310)</u>
Ending balance . . . . .	<u>\$ 1,589,516</u>	<u>\$ 2,173,690</u>

**8. COLLEGE SERVICE AWARD**

As per the new collective agreements, some college employees are eligible for the College Service Award. This award replaces the Public Service Award for these employees. One percent of the employee's pay is contributed to the fund by the College.

**9. NET ASSETS INVESTED IN CAPITAL ASSETS**

	<b>2001</b>	<b>2000</b>
Capital assets, net . . . . .	\$ 7,498,847	\$ 3,757,417
Deferred revenue related to capital assets. . . . .	<u>(1,589,516)</u>	<u>(2,173,690)</u>
	<u>\$ 5,909,331</u>	<u>\$ 1,583,727</u>

**10. REVENUE-PROVINCE OF NOVA SCOTIA**

	<b>2001</b>	<b>2000</b>
Funding received . . . . .	\$ 56,332,000	\$ 52,932,000
Portion related to capital assets. . . . .	<u>(795,771)</u>	<u>(2,000,000)</u>
	<u>\$ 55,536,229</u>	<u>\$ 50,932,000</u>

**11. APPLIED RESEARCH**

In 1999, the College was awarded funding over three years from the Canadian Foundation for Innovation to undertake applied research in the area of marine geographics. The funding expires during fiscal 2002.

**12. OTHER REVENUE**

Other revenue is summarized as follows:

	<b>2001</b>	<b>2000</b>
Bookstore revenue . . . . .	\$ 3,445,004	\$ 3,366,128
Food sales . . . . .	1,368,389	1,342,341
Apprenticeship/Shop . . . . .	2,149,012	1,899,644
Interest . . . . .	774,176	853,215
Recoveries . . . . .	1,900,207	2,502,606
Lodging, rent and miscellaneous . . . . .	2,445,859	3,588,062
	<u>\$ 12,082,647</u>	<u>\$ 13,551,996</u>

**13. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2001</b>	<b>2000</b>
(Increase) decrease in accounts receivable . . . . .	\$ (3,117,735)	\$ 939,435
Decrease (increase) in inventory . . . . .	102,058	(143,008)
Increase in prepaids . . . . .	(337,423)	(78,160)
Increase(decrease) in accounts payable . . . . .	4,197,036	(6,676,508)
Increase (decrease) in deferred revenue . . . . .	149,977	(917,280)
Decrease in deferred salary . . . . .	(15,732)	(33,575)
Increase in College Service Award . . . . .	183,497	50,000
	<u>\$ 1,161,678</u>	<u>\$ (6,859,096)</u>

**14. RESTRICTED FOR COLLEGE DEVELOPMENT**

These funds have been internally restricted to ensure that the funds are used solely for college development projects.

**15. COMMITMENTS**

The College is committed to the following lease and maintenance agreement payments over the next five years:

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 458,422	\$ 416,044	\$ 205,959	\$ 94,730	\$ 58,083

## AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the Nova Scotia Crop  
& Livestock Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2001 and the statement of income and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 28, 2001

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	2001		2000
<b>Current</b>			
Cash .....	\$ 126,276	\$	57,662
Short-term investments (note 3) .....	5,569,522		5,232,073
Receivables, trade .....	55,443		32,925
Accrued interest receivable .....	195,708		147,914
	<u>5,946,949</u>		<u>5,470,574</u>
Capital assets (note 4) .....	45,704		56,726
	<u>\$ 5,992,653</u>	\$	<u>5,527,300</u>

**LIABILITIES**

<b>Current</b>			
Unearned premiums .....	\$ 30,908	\$	30,500
Deposits for insurance .....	562		14,773
Provision for payment of unsettled indemnities (note 5) .....	219,373		267,578
	<u>250,843</u>		<u>312,851</u>
Deferred contributions related to capital assets (note 6) .....	45,704		56,726
	<u>296,547</u>		<u>369,577</u>

**FUND BALANCES**

**Fund balances**

Crop insurance .....	4,811,349		4,144,596
Livestock insurance .....	884,757		1,013,127
	<u>5,696,106</u>		<u>5,157,723</u>
	<u>\$ 5,992,653</u>	\$	<u>5,527,300</u>

Commitments (note 10)

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Statement of Income and Fund Balances  
year ended March 31, 2001**

	<b>Crop Insurance</b>	<b>Livestock Insurance</b>	<b>Other</b>	<b>Totals 2001</b>	<b>2000</b>
<b>Revenues</b>					
Insurance premiums (Schedule A) . . . . .	\$ 672,480	\$ 16,530	\$ ---	\$ 689,010	\$ 649,436
Interest income . . . . .	280,289	60,799	---	341,088	251,635
Amortization of deferred contributions . . . . .	---	---	12,694	12,694	12,527
	<u>952,769</u>	<u>77,329</u>	<u>12,694</u>	<u>1,042,792</u>	<u>913,598</u>
Indemnity claims (Schedule A) . . . . .	286,016	205,699	---	491,715	810,405
Bad debt expense . . . . .	---	---	---	---	(200)
Administrative expenses (note 7) (Schedule B) . . . . .	587,864	5,999	5,998	599,861	537,259
Amortization of capital assets . . . . .	---	---	12,694	12,694	12,527
	<u>873,880</u>	<u>211,698</u>	<u>18,692</u>	<u>1,104,270</u>	<u>1,359,991</u>
Income (loss) before Government contributions . . . . .	78,889	(134,369)	(5,998)	(61,478)	(446,393)
Government contributions (note 8) . . . . .	<u>587,864</u>	<u>5,999</u>	<u>5,998</u>	<u>599,861</u>	<u>537,259</u>
<b>Net Income (Loss)</b> . . . . .	<u>666,753</u>	<u>(128,370)</u>	<u>---</u>	<u>538,383</u>	<u>90,866</u>
 <b>Fund Balance</b>					
Beginning of year . . . . .	<u>4,144,596</u>	<u>1,013,127</u>	<u>---</u>	<u>5,157,723</u>	<u>5,066,857</u>
End of year . . . . .	<u>\$ 4,811,349</u>	<u>\$ 884,757</u>	<u>\$ ---</u>	<u>\$ 5,696,106</u>	<u>\$ 5,157,723</u>

**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Operating Activities</b>		
Net income. ....	\$ <u>538,383</u>	\$ <u>90,866</u>
	538,383	90,866
Net Change in non-cash working capital balances related to operations (note 9) .....	<u>(132,320)</u>	<u>405,607</u>
	<u>406,063</u>	<u>496,473</u>
<b>Investing Activities</b>		
Purchase of short-term investments .....	<u>(337,449)</u>	<u>(573,897)</u>
<b>Increase (decrease) in cash during year</b> .....	68,614	(77,424)
<b>Cash, beginning of year</b> .....	<u>57,662</u>	<u>135,086</u>
<b>Cash, end of year</b> .....	\$ <u><u>126,276</u></u>	\$ <u><u>57,662</u></u>



**NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION**

**Notes to Financial Statements**

**March 31, 2001**

**1. Authority**

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following accounting policy.

**Capital Assets**

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

**3. Short-term investments**

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2001, these funds had a market value of \$5,632,446 and were invested in various corporate and provincial bonds maturing in 2002 with yields from 4.45% to 6.9%.

**4. Capital Assets**

	<b>2001</b>	<b>2000</b>
Equipment and furniture. ....	\$ 92,426	\$ 90,754
Accumulated amortization. ....	<u>(46,722)</u>	<u>(34,028)</u>
	<u>\$ 45,704</u>	<u>\$ 56,726</u>

**5. Provision for payment of unsettled indemnities**

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

**6. Deferred Contributions Related to Capital Assets**

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Fisheries on behalf of the Commission.

	2001	2000
Balance, beginning of year . . . . .	\$ 56,726	\$ 62,803
Add: Capital assets acquired . . . . .	1,672	6,450
Less: Amounts amortized to revenue . . . . .	(12,694)	(12,527)
Balance, end of year . . . . .	<u>\$ 45,704</u>	<u>\$ 56,726</u>

**7. Related Party Transactions**

Administrative expenses include \$30,000 (2000 - \$30,000) for rent and \$44,240 (2000 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Fisheries.

**8. Government Contributions**

Under the crop insurance programs, producers pay 50% of the insurance premiums and the Federal and Provincial governments each pay 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2001 fiscal year, the Federal government contributed 49% (2000 - 49%) of the total administrative expenses. The Provincial government funded the remainder.

**9. Net change in non-cash working capital balances related to operations**

	2001	2000
<b>Increase (decrease) in cash from changes in:</b>		
Receivables . . . . .	\$ (22,518)	\$ 169,291
Accrued interest receivable . . . . .	(47,794)	(12,101)
Increase in deposits for insurance . . . . .	(14,211)	2,850
Unsettled indemnities . . . . .	(48,205)	250,530
Unearned premiums . . . . .	408	(4,963)
	<u>\$ (132,320)</u>	<u>\$ 405,607</u>

**10. Insurance Coverage**

The total insurance coverage as of March 31, 2001 was \$37,624,038(2000 - \$35,493,508 ), comprising crop insurance of \$14,228,038 (2000 - \$11,982,508) and livestock insurance of \$23,396,000 (2000 - \$23,511,000).

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Transactions concerning this Fund are recorded by the Province and are not reflected in the accounting records of the Commission.

There is no Re-Insurance Fund for livestock. The Province is responsible for any deficiency in this fund.

**11. Public Service Superannuation Fund**

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability.

**12. Economic dependance**

The Commission is economically dependant upon the ongoing and future funding of the Nova Scotia and Federal governments.

## NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Premium Revenue and Indemnity Claims  
for the year ended March 31, 2001

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2001	2000	2001	2000
<b>Crop Insurance</b>							
Spring grain .....	\$ 22,439	\$ 11,220	\$ 11,220	\$ 44,879	\$ 56,467	\$ 58,339	108,075
Winter grain .....	9,838	4,919	4,919	19,676	26,575	9,248	61,730
Tree fruit .....	106,373	53,186	53,186	212,745	213,221	39,197	9,114
Corn .....	20,977	10,488	10,488	41,953	45,034	21,829	19,645
Peas & Beans .....	42,193	21,096	21,096	84,385	87,986	11,723	189,166
Blueberries .....	50,616	25,308	25,308	101,232	127,658	27,693	25,127
Strawberries and raspberries .....	3,801	1,901	1,901	7,603	7,594	13,846	5,123
Forage .....	5,256	2,511	2,589	10,356	1,291	2,518	294
Soybeans .....	2,907	1,453	1,453	5,813	6,016	2,400	6,909
Potatoes .....	34,776	17,388	17,388	69,552	60,061	---	367,822
Vegetables .....	37,154	18,566	18,566	74,286	---	99,223	---
	<u>336,330</u>	<u>168,036</u>	<u>168,114</u>	<u>672,480</u>	<u>631,903</u>	<u>286,016</u>	<u>793,005</u>
<b>Livestock Insurance</b>							
Dairy .....	16,684	---	---	16,684	17,533	205,699	17,400
<b>Total</b> .....	<u>\$ 353,014</u>	<u>\$ 168,036</u>	<u>\$ 168,114</u>	<u>\$ 689,164</u>	<u>\$ 649,436</u>	<u>\$ 491,715</u>	<u>\$ 810,405</u>

## NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Administrative Expenses  
for the year ended March 31, 2001

	Insurance			Totals	
	Crop	Livestock	Other	2001	2000
Personnel .....	\$ 396,763	\$ 4,049	\$ 4,048	\$ 404,860	\$ 386,245
Transportation and communication .....	42,304	432	432	43,168	47,921
Information .....	9,619	98	98	9,815	7,321
Professional and special services .....	29,190	298	298	29,786	8,500
Office accommodation and equipment rental .....	30,297	309	309	30,915	30,779
Repair and maintenance of equipment .....	678	7	7	692	205
Utilities, materials and supplies .....	12,348	126	126	12,600	11,973
Other expenditures .....	66,665	680	680	68,025	44,315
	<u>\$ 587,864</u>	<u>\$ 5,999</u>	<u>\$ 5,998</u>	<u>\$ 599,861</u>	<u>\$ 537,259</u>

These financial statements are draft only

## NOVA SCOTIA FARM LOAN BOARD

Statement of Financial Position  
as at March 31, 2001

## ASSETS

	2001	2000
	(in thousands)	
Accounts receivable . . . . .	\$ 5,648	\$ 4,574
Due from Department of Finance . . . . .	2,048	1,587
Loans receivable (Note 3, Schedule 1) . . . . .	160,737	150,922
Real estate (Note 4) . . . . .	4,193	3,622
	<u>\$ 172,626</u>	<u>\$ 160,705</u>

## LIABILITIES AND RETAINED EARNINGS

Insurance reserve (Note 5) . . . . .	\$ 2,350	\$ 2,673
Advances from Department of Finance (Note 2) . . . . .	169,095	157,380
Retained earnings (Note 6) . . . . .	1,181	652
	<u>\$ 172,626</u>	<u>\$ 160,705</u>
Commitments (Note 7)		

Statement of Revenues and Expenditures  
For the Year Ended March 31, 2001

	2001	2000
	(in thousands)	
<b>Revenues</b>		
Interest revenue . . . . .	\$ 12,486	\$ 12,048
Demutualization proceeds . . . . .	---	523
Fee revenue . . . . .	201	334
Insurance revenue . . . . .	573	---
Other revenue . . . . .	9	115
	<u>13,269</u>	<u>13,020</u>
<b>Expenses</b>		
Interest expense (Note 2) . . . . .	9,961	10,344
Operating expenses (Note 8) . . . . .	929	911
Bad debt expense . . . . .	663	381
	<u>11,553</u>	<u>11,636</u>
Income before Government contributions . . . . .	1,716	1,384
Government Contributions . . . . .	929	911
Net Income . . . . .	<u>\$ 2,645</u>	<u>\$ 2,295</u>

Statement of Retained Earnings  
For the Year Ended March 31, 2001

	2001	2000
	(in thousands)	
Retained earnings, beginning of year . . . . .	\$ 652	\$ 193
Net Income . . . . .	2,645	2,295
Distribution to Department of Finance (Note 6) . . . . .	<u>(2,116)</u>	<u>(1,836)</u>
Retained earnings, end of year . . . . .	<u>\$ 1,181</u>	<u>\$ 652</u>

## NOVA SCOTIA FARM LOAN BOARD

## Notes to Financial Statements

March 31, 2001

**1. Authority**

The Nova Scotia Farm Loan Board operates under the authority of the Agricultural and Rural Credit Act. The Board was established to increase agricultural activities in the Province by providing financial assistance to farmers.

**2. Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. The following are significant accounting policies of the Board.

**a) Interest Expense**

Loans provided by the Board are funded through quarterly advances from the Department of Finance. Advances are based on the Board's estimated requirement for the forthcoming quarter. Interest expense is calculated in accordance with the terms of a Memorandum of Understanding between the Board and the Department of Finance, based on the Department's cost of borrowing the Funds advanced.

**b) Allowance for Doubtful Accounts**

The Board provides for possible losses on authorized loans receivable and other assets on an item by item basis. In addition, a general reserve is provided on one half of new loan advances made during the year.

**3. Loans Receivable**

	2001	2000
	(in thousands)	
Farm loans . . . . .	\$ 163,816	\$ 154,704
Timber loans . . . . .	1,759	1,664
	<u>165,575</u>	<u>156,368</u>
Less: Allowance for doubtful accounts . . . . .	4,838	5,446
	<u>\$ 160,737</u>	<u>\$ 150,922</u>

**4. Real Estate - at lower of cost and net realizable value**

	2001	2000
	(in thousands)	
Real estate being leased or held . . . . .	\$ 3,655	\$ 1,856
Land bank . . . . .	2,252	2,344
Land consolidation		
Agricultural Rural Development Agreement (ARDA) . . . . .	85	103
Less: Federal Government share of cost of		
ARDA properties . . . . .	(43)	(51)
Held for Department of Agriculture and Fisheries . . . . .	<u>363</u>	<u>355</u>
	6,312	4,607
Less: Allowance for doubtful recoveries . . . . .	2,119	985
	<u>\$ 4,193</u>	<u>\$ 3,622</u>



**5. Insurance Reserve**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Balance, beginning of year . . . . .	2,673 \$	2,380
Add:		
Demutualization proceeds . . . . .	---	112
Premiums collected . . . . .	363	352
Increase in reserve held by carrier . . . . .	360	331
	<u>723</u>	<u>795</u>
Deduct:		
Premiums paid to carrier . . . . .	393	423
Administration fees . . . . .	80	79
Transfer to revenue . . . . .	573	---
	<u>1,046</u>	<u>502</u>
Balance, end of year . . . . .	<u>2,350 \$</u>	<u>2,673</u>

The Board requires borrowers to participate in a group life insurance program administered by the Board. The carrier of the insurance will pay claims up to 100% and above 125% of premiums received from borrowers during the year. The insurance reserve will be used to fund the portion of claims that fall between these two limits. In addition, the Board may use the reserve to maintain or reduce future premiums charged to borrowers under the policy, pay for professional services related to the program, and contribute funds towards the acquisition of a computer system for Board operations.

In the year ended March 31, 2001, the Board commenced the practice of estimating the total amount of insurance reserve needed to fulfil the purpose of the reserve. Any funds in excess of this amount will be transferred to the general revenues of the Board. For the year ended March 31, 2001 a balance of \$2,350,000 was established for the reserve and \$573,000 was transferred to revenue.

Of the total reserve, \$867,000 (2000 - \$936,000) is held by the Department of Finance, and is included on the statement of financial position in the amount due from the Department of Finance. The remaining \$1,483,000 (2000 - \$1,737,000) is held by the carrier of the insurance plan, and is included in the accounts receivable of the Board. Interest is paid by the insurance plan carrier on an annual basis for certain funds and on a daily basis for other funds, and the interest rates used are set at the beginning of each policy year. The funds held by the Department of Finance bear no interest.

**6. Retained Earnings**

A Memorandum of Understanding dated March 16, 1999 between the Nova Scotia Farm Loan Board and the Department of Finance enables the Board to retain 20% of its net income for future use. The agreement took affect as of April 1, 1998. Previously, all net income of the Board was transferred to the Department of Finance. Net income retained is included on the statement of financial position in the amount due from the Department of Finance, and cannot be expended without the consent of the Department.

**7. Commitments**

As at March 31, 2001, the Board had authorized loans of \$4,979,136 (2000 - \$3,560,760) which had not been disbursed.

**8. Operating Expenses**

The operating expenses of the Board are paid by the Department of Agriculture and Fisheries on behalf of the Board.

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Salaries and benefits.....\$	801	\$ 773
Supplies and services .....	48	44
Travel .....	41	39
Training and development .....	17	22
Professional services .....	13	18
Other .....	9	15
	<u>\$ 929</u>	<u>\$ 911</u>

**9. Loss Provision Program**

The Department of Agriculture and Fisheries administers a program that aids farmers having difficulty meeting financial obligations due to hardship caused by unfavourable weather conditions. The program assists farmers with interest and/or principal payments on loans they have with a recognized public-sector or private-sector lending agency. During the year ended March 31, 2001 the program paid \$5,107,886 (2000 -\$9,143,830) to or on behalf of farmers, \$959,451 (2000 - \$1,568,935) of which was applied against loans held by the Nova Scotia Farm Loan Board.

**10. Public Service Superannuation Fund**

All full time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

## PROVINCE OF NOVA SCOTIA

## NOVA SCOTIA FARM LOAN BOARD

## Continuity of Loans Receivable

for the Year Ended March 31, 2001

	2001	2000
	(in thousands)	
<b>Loans receivable</b>		
Balance, beginning of year . . . . .	\$ 156,368	\$ 152,539
Add: Advances made		
Farm loans . . . . .	24,509	18,571
Timber loans . . . . .	345	2
	<u>24,854</u>	<u>18,573</u>
Deduct: Payments received		
Farm loans . . . . .	13,485	13,929
Timber loans . . . . .	250	183
Net transfers to real estate . . . . .	<u>1,912</u>	<u>632</u>
	<u>15,647</u>	<u>14,744</u>
Balance, end of year . . . . .	165,575	156,368
<b>Allowance for doubtful accounts . . . . .</b>	<u>4,838</u>	<u>5,446</u>
<b>Loans receivable, net of allowance . . . . .</b>	<u>\$ 160,737</u>	<u>\$ 150,922</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and  
To the Minister of Economic Development

I have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2001 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

E.R. SALMON, FCA  
Auditor General

Halifax, Nova Scotia  
May 18, 2001

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Statement of Financial Position  
March 31, 2001**

**ASSETS**

	<b>General Fund</b>	<b>MTT New Media Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Current</b>				
Cash and short term investments . . . . .	\$ 1,360,764	\$ 391,911	\$ 1,752,675	\$ 1,536,404
Other receivables. . . . .	139,047	12,500	151,547	361,361
Prepaid expenses. . . . .	12,198	---	12,198	15,904
	<u>\$ 1,512,009</u>	<u>\$ 404,411</u>	<u>\$ 1,916,420</u>	<u>\$ 1,913,669</u>

**LIABILITIES**

<b>Current</b>				
Payables and accruals, trade . . . . .	\$ 28,694	\$ ---	\$ 28,694	\$ 53,928
Deferred revenue. . . . .	15,428	---	15,428	14,945
	<u>44,122</u>	<u>---</u>	<u>44,122</u>	<u>68,873</u>

**FUND BALANCES**

<b>Unrestricted. . . . .</b>	5,127	326,490	331,617	328,459
<b>Committed . . . . .</b>	1,462,760	77,921	1,540,681	1,516,337
	<u>1,467,887</u>	<u>404,411</u>	<u>1,872,298</u>	<u>1,844,796</u>
	<u>\$ 1,512,009</u>	<u>\$ 404,411</u>	<u>\$ 1,916,420</u>	<u>\$ 1,913,669</u>

Contingent Commitments - General \$1,462,760 (2000 - \$1,393,154 )  
 - MT & T New Media Fund \$77,921 (2000 - \$123,183) (Note 3)

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Statement of Operations and Changes in Fund Balances  
year ended March 31, 2001**

	<u>General Fund</u>	<u>MTT New Media Fund</u>	<u>Total 2001</u>	<u>Total 2000</u>
<b>Revenue</b>				
Contributions from the Department of Economic Development (note 4) . . . . . \$	2,443,375	\$ ---	\$ 2,443,375	\$ 2,994,153
Recovery of equity investments and development loans (notes 6 & 7) . . . . .	214,165	12,500	226,665	179,714
Contributions from MTT (note 5) . . . . .	---	---	---	175,000
Contributions from general fund . . . . .	---	---	---	175,000
First Works . . . . .	43,717	---	43,717	115,232
Interest and other income . . . . .	126,267	9,126	135,393	83,838
	<u>2,827,524</u>	<u>21,626</u>	<u>2,849,150</u>	<u>3,722,937</u>
<b>Expenditures</b>				
Equity investments (note 6) . . . . .	1,588,955	---	1,588,955	2,175,710
Project development loans (note 7) . . . . .	210,999	---	210,999	267,421
Special project grants . . . . .	275,478	---	275,478	289,085
Training assistance . . . . .	74,335	---	74,335	113,031
Film school feasibility . . . . .	21,398	---	21,398	26,702
First Works . . . . .	148,687	---	148,687	30,198
New Media development loans . . . . .	---	65,266	65,266	119,918
Contributions to MTT New Media Fund . .	---	---	---	175,000
Advertising and marketing (page 314) . . . .	110,110	---	110,110	114,907
Administrative expenses (page 314) . . . . .	326,420	---	326,420	302,287
	<u>2,756,382</u>	<u>65,266</u>	<u>2,821,648</u>	<u>3,614,259</u>
<b>Excess (deficit) of revenues over expenditures . . . . .</b>	71,142	(43,640)	27,502	108,678
<b>Fund balance, beginning of year . . . . .</b>	<u>1,396,745</u>	<u>448,051</u>	<u>1,844,796</u>	<u>1,736,118</u>
<b>Fund balances, end of year . . . . . \$</b>	<u>\$ 1,467,887</u>	<u>\$ 404,411</u>	<u>\$ 1,872,298</u>	<u>\$ 1,844,796</u>

# NOVA SCOTIA FILM DEVELOPMENT CORPORATION

## Notes to Financial Statements March 31,2001

### 1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

### 2. Significant Accounting Policies

- a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.
- b) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:
  - (i) Program grants, loans and equity participation are charges to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.
  - (ii) Capital asset acquisitions are recorded as current expenditures.
  - (iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

### 3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2001, the Corporation is contractually committed to advance funds totalling \$1,462,760 (2000 - \$1,393,154 ) from the general fund and \$77,921 (2000 - \$123,183) from the MTT New Media Fund as investments and loans in respect of current and future projects.

**4. Cost Paid by the Province of Nova Scotia**

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	<b>2000</b>	<b>1999</b>
Legal services .....	\$ 60,000	\$ 57,937
Rent .....	30,000	30,000
	<u>\$ 90,000</u>	<u>\$ 87,937</u>

The cost of these services is not reflected in these financial statements.

**5. MTT New Media Fund**

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute \$400,000 over three years (1998 - \$75,000; 1999 - \$150,000; 2000 - \$175,000) which contribution will be matched by the Corporation. These funds are to be segregated and disbursed according to guidelines jointly developed by the Corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the Corporation in these financial statements.

**6. Equity Investments**

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received \$124,295 (2000 - \$127,714). The total of equity investments of the Corporation to March 31, 2001 is \$16,977,968, with recoupment to March 31, 2001 of \$889,236, for a net of \$16,088,732.

**7. Project Development Loans**

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2001 were \$1,087,873 (2000 - \$1,009,346). Development loans of \$89,870 (2000 - \$52,000) were recouped during the year.



**8. Public Service Superannuation Fund**

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

**9. Economic Dependence and Related Party Transactions**

The Province of Nova Scotia is related party of the Corporation. The Corporation is dependant on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

**Schedule of Advertising and Marketing Expenses  
and Schedule of Administrative Expenses  
year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Advertising and Marketing Expenses:</b>		
Advertising .....	\$ 40,940	\$ 32,800
Annual report .....	5,670	5,347
Business travel and expenses .....	21,927	21,402
Location scout .....	7,291	8,043
Photos/location services .....	12,801	5,892
Production guide, net of receipts of \$72,807 (1999 - \$63,342) .....	(10,510)	5,804
Salaries and benefits .....	31,991	35,619
	<u>\$ 110,110</u>	<u>\$ 114,907</u>

**Administrative Expenses:**

Bank charges .....	\$ 2,033	\$ 1,124
Board honorarium and expenses .....	17,212	17,646
Capital equipment .....	4,894	7,213
Conference/marketing .....	6,639	6,006
Consultants .....	7,710	15,110
Courier services .....	5,021	6,498
Dues, fees and subscriptions .....	4,733	4,803
Insurance .....	1,250	1,427
Office supplies .....	17,138	15,751
Photocopier/fax rental .....	3,869	5,282
Postage .....	4,991	6,476
Professional fees .....	4,000	4,000
Repairs and maintenance .....	1,742	1,347
Salaries and benefits .....	240,457	196,123
Staff training .....	2,481	1,481
Telephone and fax .....	2,250	12,000
	<u>\$ 326,420</u>	<u>\$ 302,287</u>

## AUDITORS' REPORT

To the Minister of Justice and  
Nova Scotia Freedom of Information and Protection of Privacy Review Officer

We have audited the balance sheet of the Nova Scotia Freedom of Information and Protection of Privacy Review Office as at March 31, 2001 and the statements of operations and surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Office'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 Office as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 18, 2001

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Statements of Operations and Surplus  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Grant from the Province of Nova Scotia . . . . .	\$ 194,853	\$ 129,220
Interest and other revenue . . . . .	2,417	1,070
Conference fees . . . . .	---	3,150
	<u>197,270</u>	<u>133,440</u>
<b>Expenses</b>		
Salaries, wages and benefits . . . . .	140,300	83,840
Rent (Note 5) . . . . .	12,779	7,713
Shared support costs . . . . .	11,800	10,188
Legal, audit and consulting . . . . .	10,818	5,300
Travel . . . . .	8,241	1,669
Office supplies and services . . . . .	3,882	2,108
Equipment . . . . .	3,592	8,745
Depreciation . . . . .	2,939	2,939
Dues and fees . . . . .	1,794	1,174
Repairs and maintenance . . . . .	1,503	1,116
Telephone . . . . .	1,479	2,377
Printing and copying . . . . .	995	219
Hospitality . . . . .	87	1,137
Conferences . . . . .	---	2,183
	<u>200,209</u>	<u>130,708</u>
Operating (deficit) surplus . . . . .	<u>\$ (2,939)</u>	<u>\$ 2,732</u>
Surplus, beginning of year . . . . .	\$ ---	\$ ---
Operating (deficit) surplus . . . . .	<u>(2,939)</u>	<u>2,732</u>
Transfer from (to) investment in capital assets for		
Depreciation . . . . .	2,939	2,939
Capital asset acquisitions . . . . .	---	(5,671)
	<u>2,939</u>	<u>(2,732)</u>
Surplus, end of year . . . . .	<u>\$ ---</u>	<u>\$ ---</u>

**Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash . . . . .	\$ 54,688	\$ 18,158
Accounts receivable . . . . .	10,622	12,526
Prepays . . . . .	---	1,278
	<u>65,310</u>	<u>31,962</u>
Capital assets . . . . .	3,146	6,085
	<u>\$ 68,456</u>	<u>\$ 38,047</u>

**LIABILITIES**

<b>Current</b>		
Payments and accruals . . . . .	\$ 65,310	\$ 31,962

**SURPLUS**

Investment in capital assets (Note 3) . . . . .	3,146	6,085
	<u>\$ 68,456</u>	<u>\$ 38,047</u>

Commitment (Note 5)  
See accompanying notes to the financial statements.

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Statement of Capital Assets  
Year Ended March 31, 2001**

	Cost			Accumulated Depreciation			2001 Net Book Value	2000 Net Book Value
	Opening	Additions	Closing	Opening	Expense	Closing		
Computer equipment. . . . .	\$ 8,010	\$ ---	\$ 8,010	\$ 4,346	\$ 2,670	\$ 7,016	\$ 994	\$ 3,664
Furniture . . . . .	2,690	---	2,690	269	269	538	2,152	2,421
	<u>\$ 10,700</u>	<u>\$ ---</u>	<u>\$ 10,700</u>	<u>\$ 4,615</u>	<u>\$ 2,939</u>	<u>\$ 7,554</u>	<u>\$ 3,146</u>	<u>\$ 6,085</u>

**Statements of Cash Flows  
Year Ended March 31, 2001**

	2001	2000
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Operating (deficit) surplus . . . . .	\$ (2,939)	\$ 2,732
Depreciation . . . . .	2,939	2,939
	<u>---</u>	<u>5,671</u>
Change in non-cash operating working capital (Note 6) . . . . .	36,530	5,701
	<u>36,530</u>	<u>11,372</u>
<b>Investing</b>		
Purchase of capital assets . . . . .	---	(5,671)
Increase in cash and cash equivalents. . . . .	36,530	5,701
Cash and cash equivalents, Beginning of year . . . . .	18,158	12,457
End of year. . . . .	<u>\$ 54,688</u>	<u>\$ 18,158</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION  
OF PRIVACY REVIEW OFFICE**

**Notes to the Financial Statements  
March 31, 2001**

**1. Incorporation**

The Nova Scotia Freedom of Information and Protection of Privacy Review Office was created pursuant to the Freedom of Information and Protection of Privacy Act, Chapter 5 of the Acts of Nova Scotia, 1993.

**2. Summary of significant accounting policies**

**a) General**

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

**b) Capital assets**

Capital assets purchased by the Review Office with a value greater than \$1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Furniture	10 years

**3. Investment in capital assets**

	2001	2000
Balance, beginning of year . . . . .	\$ 6,085	\$ 3,353
Capital asset acquisitions . . . . .	---	5,671
Depreciation . . . . .	<u>(2,939)</u>	<u>(2,939)</u>
Balance, end of year . . . . .	<u>\$ 3,146</u>	<u>\$ 6,085</u>

**4. Pensions**

Full time employees of the Review Office are civil servants and as such are entitled to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Review Office's operating expenses. The Review Office is not responsible for any unfunded liability.

**5. Commitment**

The Review Office has entered into an agreement to lease its premises until December 31, 2004. The annual rent of premises consists of a minimum rent plus the Review Office's portion of common cost such as maintenance, power, water and property taxes. Minimum rent payable for premises for each of the next four fiscal years is as follows:

2002	\$ 5,555
2003	5,555
2004	5,555
2005	4,166

**6. Supplement cash flow information**

	<b>2001</b>	<b>2000</b>
Change in non-cash operating working capital		
Accounts receivable. . . . .	\$ 1,904	\$ (5,063)
Payables and accruals. . . . .	33,348	12,042
Prepays . . . . .	<u>1,278</u>	<u>(1,278)</u>
	<u>\$ 36,530</u>	<u>\$ 5,701</u>

**7. Related party transactions**

The Freedom of Information and Protection of Privacy Review Office is an independent agency of the Province of Nova Scotia. Funding for the Review Office is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the Review Office is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Grant from the Province of Nova Scotia. . . . .	\$ 194,853	\$ 129,220
Accounts receivable . . . . .	10,622	---
Payables and accruals. . . . .	---	3,495
Surplus - investments in capital assets . . . . .	3,146	6,085

To minimize cost to government while preserving the independence of the Review Office some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct costs paid on behalf of the Review Office and charges a portion of its administrative overhead for the service.

Transactions with the NSUARB by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Shared support costs. . . . .	\$ 11,800	\$ 10,188
Payables and accruals. . . . .	51,204	2,256

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and  
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Gaming Corporation as at March 31, 2001 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 31, 2001



**NOVA SCOTIA GAMING CORPORATION**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>Restated 2000</b>
		(in thousands) (Note 4, 16,18)
<b>Current</b>		
Cash & short term investments (Note 3) . . . . .	\$ 17,123	\$ 12,140
Cash - restricted (Note 2) . . . . .	6,991	4,285
Accounts Receivable . . . . .	---	10
Inventory . . . . .	2,500	2,111
Prepays . . . . .	251	161
	<u>26,865</u>	<u>18,707</u>
<b>Long-term</b>		
Cash - Casino Replacement Reserve (Note 3) . . . . .	5,080	3,699
Investment in Atlantic Lottery Corporation Inc. . . . .	1	1
Investment in Interprovincial Lottery Corporation (Note 6) . . .	1	1
Capital Assets (Note 7) . . . . .	114,693	27,712
	<u>119,775</u>	<u>31,413</u>
	<u>\$ 146,640</u>	<u>\$ 50,120</u>

**LIABILITIES**

<b>Current</b>		
Accounts Payable . . . . .	\$ 1,298	\$ 1,302
Deferred Lottery Revenue . . . . .	923	1,129
Liabilities for Unclaimed Prizes (Note 2) . . . . .	6,991	4,285
Capital Obligation - current portion (Note 8) . . . . .	22,496	2,320
Due to Nova Scotia Harness Racing Incorporated (Note 11) . . .	---	91
Due to Operators (Note 12) . . . . .	10,122	8,968
Due to Atlantic Gaming Equipment Limited . . . . .	12,118	8,715
Due to Nova Scotia Gaming Foundation . . . . .	68	56
Due to Province of Nova Scotia . . . . .	13,706	8,069
	<u>67,722</u>	<u>34,935</u>
<b>Long-term</b>		
Capital Obligation (Note 8) . . . . .	72,451	10,056
	<u>140,173</u>	<u>44,991</u>

**EQUITY**

Casino Capital Replacement Reserve (Note 9) . . . . .	<u>6,467</u>	<u>5,129</u>
	<u>\$ 146,640</u>	<u>\$ 50,120</u>

Contingencies and Commitments (Notes 3, 5,11, 14 and 15)

See accompanying notes to the financial statements.

NOVA SCOTIA GAMING CORPORATION

Statement of Income and Retained Earnings  
for the Year Ended March 31, 2001

(in thousands)

	2001						2000 - Restated					
	Lotteries (Schedule 1)		Casinos (Schedules 11/111)				Lotteries (Schedule 1)		Casinos (Schedules 11/111)			Notes 4 16 & 18
	Ticket Lottery	Video Lottery	Overhead	Halifax	Sydney	Total	Ticket Lottery	Video Lottery	Overhead	Halifax	Sydney	Total
Revenues.....	\$ 204,055	\$ 146,497	\$ ---	\$ 69,182	\$ 31,029	\$ 450,763	\$ 194,620	\$ 138,242	\$ ---	\$ 55,635	\$ 28,516	\$ 417,013
Expenses.....	150,277	41,732	6,879	67,195	24,966	291,049	141,598	40,147	6,175	44,382	24,836	257,138
Profit Distribution.....	\$ 53,778	\$ 104,765	\$ (6,879)	\$ 1,987	\$ 6,063	\$ 159,714	\$ 53,022	\$ 98,095	\$ (6,175)	\$ 11,253	\$ 3,680	\$ 159,875
Other Income.....						1,016						1,402
<u>Other expenses</u>												
Special Payments and Bonus Commissions (Note 5).....						213						216
Nova Scotia Gaming Foundation Contribution (Note 2).....						732						691
Nova Scotia Harness Racing Fund Contribution (Note 11).....						1,000						1,752
Management Expenses (Schedule IV).....						2,542						2,351
Ticket and Video Lotteries Repatriation Costs (Note 4).....						---						1,394
Income Guarantee repayment (Notes 2 and 3).....						700						5,784
						5,187						12,188
Net Income.....						155,543						149,089
Retained earnings, beginning of year.....						---						---
Payments to Province.....						155,543						149,089
Retained earnings, end of year.....						\$ ---						\$ ---

See accompanying notes to the financial statements.

# NOVA SCOTIA GAMING CORPORATION

## Notes to the Financial Statements for the year ended March 31, 2001

### 1. Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

### 2. Accounting Policies

#### a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flows is not provided as disclosure in the balance sheet and the income statement is considered adequate.

#### b) Casino Revenue

In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

#### c) Ticket Lottery Revenues

In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

#### d) Video Lottery Revenue

In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings.

#### e) Income Guarantee

In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation, which provided that if Total Provincial Revenue was less than \$25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and \$25 million. Total Provincial Revenue was defined to include the aggregate of casino win tax (20%) paid to the Province of Nova Scotia, annual registration fees of one hundred thousand dollars paid to the Nova Scotia Alcohol and Gaming Authority and the annual net operating income of the Corporation from the casino complexes.

If Total Provincial Revenue exceeded \$25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue is in excess of \$25 million in such year. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation.(Note 3)

#### f) Capital Assets

Capital Assets are stated at cost less accumulated amortization.

Amortization on the Corporation's head office capital assets is provided on the declining balance basis at the following annual rates:

Computer equipment .....	30%
Furniture and equipment .....	20%

Amortization of the Halifax and Sydney casino assets is recorded on a straight-line basis according to their estimated useful lives at rates between 2.5% and 20%.

Amortization on the Corporation's capital assets used in the operation of its lottery businesses is recorded on the straight-line basis according to their estimated useful life at rates between 10% and 33%. Leasehold improvements are amortized over the remaining lease term, including 1 renewal period.

**g) Nova Scotia Gaming Foundation Contribution**

VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with Atlantic Lottery Corporation Inc. to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

**h) Long -term Investments**

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

**i) Unclaimed Lottery prizes**

Unclaimed prizes from regional lottery games are retained in a prize fund for one year from the announced beginning date of the draw. Prizes of national lottery games are funded directly by the Interprovincial Lottery Corporation with the exception of prizes for certain free tickets, which are paid out of general funds as incurred.

**j) Use of Estimates**

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**3. Casino Nova Scotia**

**a) Operating Contract**

*i) Term and Structure*

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. (now Park Place Entertainment Scotia Limited) and Purdy's Wharf Development Limited (now East Port Properties Ltd.), to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

*ii) Payments to Operator*

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax (\$89.0 million total, \$84.3 million outstanding) and Sydney (\$23.2 million total, \$10.1 million outstanding) with respect to each casino complex, to be amortized straight-line over a three year term in Halifax interim casino, a ten year term in the Sydney casino and a seven year term in the Halifax permanent casino, with interest calculated monthly at 12% per annum on the total outstanding capital investment;

- an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve.
- an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;
- an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above; and
- an amount equal to 35% of cash available for distribution in Halifax.

iii) *Operating Period*

Net operating income earned by the Corporation is calculated based upon the operating period defined in the Operating Contract as January 1 - December 31. Any net operating income earned by the Corporation during the period January 1 - March 31, 2001 is subject to adjustment for the results of operations in the period April 1 - December 31, 2001.

b) **Cash in Casino Accounts**

Under the Operating Contract, the cash is managed by the Operator on behalf of the Corporation. The Corporation has included \$11,140,000 (2000 - \$6,756,000) in cash from the Casino Accounts on the Balance Sheet.

c) **Income Guarantee**

The income guarantee and clawback periods were on July 31, 2000. Payments/Repayments for these period were as follows:

July 31, 1996	\$ 9,621,000
July 31, 1997	5,813,000
July 31, 1998	5,564,000
July 31, 1999	(4,379,000)
July 31, 2000	(4,498,000)
Net payment received	<u>\$ 12,121,000</u>

Between April 1, 2000 and July 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by \$700,000 (2000 - \$5,784,000 ), which reduced the Corporation's net operating income for the year (Note 2).

d) **Interest on GST/HST Award**

On January 28, 2000, the Corporation received payment of \$21.6 million from Metropolitan Entertainment Group in satisfaction of an award made in favour of the Corporation following arbitration over the interpretation of GST/HST in the Operating Contract. The arbitrator's award included interest of \$1.2 million.

e) **Casino Option Contract**

Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling \$3.1 million for the price of \$1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

f) **Capital Replacement Reserve**

A capital replacement reserve, based on 1.5% of annual gross operating revenues of the casinos, is intended to provide for replacement of casino capital assets.

#### **4. Atlantic Lottery Corporation Inc.**

##### **a) Profit Distribution**

In 1976, the Atlantic Lottery Corporation was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

In March 1999, the Corporation served notice to Atlantic Lottery Corporation Inc. of its intention to withdraw its ticket and video lottery businesses from the Atlantic Lottery Corporation Inc. On January 21, 2000, an agreement in principle was reached among the shareholder provinces for the Corporation to continue as a shareholder of the Atlantic Lottery Corporation Inc., and to continue to operate its lottery businesses through the Atlantic Lottery Corporation Inc. As a result, all ticket and video lottery repatriation costs were expensed during the year ended March 31, 2000.

##### **b) Agency Agreement**

The Corporation entered into an Agency Agreement (the "Agreement") with the Atlantic Lottery Corporation Inc. whereby the Corporation has appointed the Atlantic Lottery Corporation Inc. to operate ticket and video lotteries in Nova Scotia as an agent of the Corporation on the terms and conditions set out in the Agreement. Under the Agreement, the Atlantic Lottery Corporation Inc. cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation. The Agreement has not yet been signed; however, it has been implemented operationally since April 1, 2000. Management does not believe that there will be any significant changes to the financial statements as a result of signing the Agreement.

The Agreement requires that the Corporation's revenues be kept in a separate account and not co-mingled with those of the other provinces. The Corporation's costs are to be deducted from its account. The Agreement clarified that assets acquired or liabilities incurred by the Atlantic Lottery Corporation Inc. exclusively for the operation of the lotteries in Nova Scotia are the Corporation's. As a result, for financial statement reporting purposes, the Corporation has included these assets and liabilities on its balance sheet, with the balance recorded as amounts due to the Atlantic Lottery Corporation Inc. or Atlantic Gaming Equipment Limited (a subsidiary of the Atlantic Lottery Corporation Inc.), as appropriate. The Corporation has not recorded any portion of those assets and liabilities that are shared by all Atlantic Lottery Corporation Inc. shareholders in which the Corporation has an interest, the treatment and valuation of which has not yet been determined. This includes common capital assets and expired prizes in the unclaimed prize fund pre - April 1, 2000. Consideration will be given to recording these assets and liabilities once the Atlantic Lottery Corporation Inc.'s By-Laws are revised, which is expected to occur in 2001-02.

The amounts due to the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited represent a portion of the Atlantic Lottery Corporation Inc.'s line of credit, which bears interest at prime less 1% on borrowings equal to funds on deposit and at prime for amounts borrowed in excess of funds on deposit. The line of credit is secured by a general security agreement over all assets of the Atlantic Lottery Corporation Inc., and those owned by the Corporation.

For comparative purposes, the Corporation has recorded the assets and liabilities retroactively, resulting in the restatement of the March 31, 2000 balance sheet. As a result, total assets at March 31, 2000 increased by \$16,207,000 and total liabilities increased by \$16,207,000.

The assets and liabilities recorded by the Corporation are recorded for financial statement reporting purposes only and do not necessarily represent the values that the Corporation would take if it were to withdraw from the Atlantic Lottery Corporation Inc.

## 5. Special Payments and Bonus Commissions

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

	2001		2000
The Department of Education and Culture (in support of the Cultural Federation of Nova Scotia) . . . . .	\$ 50,000	\$	50,000
The Department of Agriculture and Fisheries (in support of the Exhibition Association of Nova Scotia) . . . . .	50,000		50,000
The Sport and Recreation Commission (in support of Sport Nova Scotia) . . . . .	<u>100,000</u>		<u>100,000</u>
	<u>\$ 200,000</u>	\$	<u>200,000</u>

These payments are special funds under the Provincial Finance Act established by the Minister of Finance under Section 14(1) of the Atlantic Lottery Regulations as made under the Gaming Control Act.

Bonus commissions of \$13,000 (2000 - \$16,000) were paid during the year to ten sporting and cultural organizations.

## 6. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was incorporated on August 16, 1976 under the Canada Business Corporations Act. The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event-Celebration). Nova Scotia holds 1 of 10 shares of this Corporation, and appoints 1 of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

## 7. Capital Assets

	Cost	Accumulated Depreciation	2001 Net Book Value	Restated 2000 Net Book Value
Automotive . . . . .	\$ 576,000	\$ 112,000	\$ 464,000	\$ ---
Computer Equipment . . . . .	4,824,000	2,876,000	1,948,000	633,000
Furniture and Equipment . . . . .	129,000	44,000	85,000	205,000
Leaseholds . . . . .	608,000	170,000	438,000	1,009,000
Halifax Casino Assets . . . . .	89,118,000	2,958,000	86,160,000	---
Sydney Casino Assets . . . . .	23,206,000	9,492,000	13,714,000	15,035,000
Casino Furniture and Equipment . . . . .	2,524,000	1,138,000	1,386,000	1,429,000
On-line gaming terminals . . . . .	8,870,000	634,000	8,236,000	7,111,000
Video lottery terminals . . . . .	<u>23,366,000</u>	<u>21,104,000</u>	<u>2,262,000</u>	<u>2,290,000</u>
	<u>\$ 153,221,000</u>	<u>\$ 38,528,000</u>	<u>\$ 114,693,000</u>	<u>\$ 27,712,000</u>

## 8. Capital Obligation

The Corporation has an obligation to repay the operator of the casinos under the Operating Contract for the initial cost of the Halifax and Sydney casinos to the extent that there is adequate cash flow from the casinos to fund these obligations. The Corporation has the option to purchase these casinos. Future minimum obligations based on there being adequate cash flow are as follows:

	Halifax	Sydney	Total
2002. . . . .	\$ 28,768,000	\$ 3,400,000	\$ 32,168,000
2003. . . . .	19,797,000	3,121,000	22,918,000
2004. . . . .	18,269,000	2,843,000	21,112,000
2005. . . . .	16,741,000	2,564,000	19,305,000
2006. . . . .	15,214,000	793,000	16,007,000
Subsequently. . . . .	14,757,000	---	14,757,000
Net minimum obligation. . . . .	113,546,000	12,721,000	126,267,000
Less: amount representing interest			
at 12% . . . . .	28,655,000	2,665,000	31,320,000
Present value of minimum obligation. . .	84,891,000	10,056,000	94,947,000
Less: amount due within one year. . . .	20,175,000	2,321,000	22,496,000
Balance of obligation. . . . .	\$ 64,716,000	\$ 7,735,000	\$ 72,451,000

## 9. Capital Replacement Reserve Liability

	Halifax	Sydney	2001	2000
Cash balance, beginning				
of year. . . . .	\$ 2,388,000	\$ 1,311,000	\$ 3,699,000	\$ 3,440,000
Funding . . . . .	1,038,000	466,000	1,504,000	1,263,000
Interest. . . . .	211,000	103,000	314,000	166,000
Capital Asset				
purchases . . . . .	(64,000)	(373,000)	(437,000)	(1,170,000)
Cash balance, end				
of year . . . . .	3,573,000	1,507,000	5,080,000	3,699,000
Add: cumulative capital				
assets purchases . . . .	1,484,000	1,041,000	2,525,000	2,086,000
Less: accumulated				
amortization . . . . .	(751,000)	(387,000)	(1,138,000)	(656,000)
Balance, end of year . . .	\$ 4,306,000	\$ 2,161,000	\$ 6,467,000	\$ 5,129,000

## 10. Related Party Transactions

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited and Atlantic Lottery Corporation Inc. are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

## 11. Harness Racing

The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. In May 2000, Government approved a contribution of up to \$1 million in 2000-01 to support the harness racing industry in Nova Scotia.

In March 2001, Government approved a \$1 million contribution in 2001-02 to support the harness racing industry in Nova Scotia.



**12. Due to Operators**

	<b>2001</b>	<b>Restated 2000</b>
Due to Atlantic Lottery Corporation. . . . .	\$ 786,000	\$ (2,039,000)
Due to Metropolitan Entertainment Group. . . . .	---	3,798,000
Due from Lottery Operations . . . . .	(6,396,000)	(5,156,000)
Due to Lottery Operations . . . . .	5,789,000	6,407,000
Due to Casino Operations. . . . .	9,943,000	5,958,000
	<u>\$ 10,122,000</u>	<u>\$ 8,968,000</u>

**13. GST/HST**

On September 16, 1998, the draft Games of Chance (GST) Regulations were promulgated and took effect because of a "coming into force" provision retroactive to February 15, 1995. As a result of these changes, the Corporation expensed \$362,000 during the year ended March 31, 2000.

**14. Other Commitments**

The Corporation is required to make annual lease payments of approximately \$82,000 over the next five years.

The Corporation's share of the Atlantic Lottery Corporation Inc.'s minimum lease payments for the premises is \$5,143,000. It's share of commitments to acquire on-line and Video Lottery Terminals in 2001-02 is \$13,772,000.

**15. Other Contingencies**

- a) A former Director of the Corporation has commenced legal action against the Corporation alleging constructive dismissal and claiming damages for that dismissal.
- b) The Corporation is required to review and approve the development costs of the Halifax permanent casino. Based upon this review, the Corporation believes that certain of the amounts submitted for approval do not fall within the parameters of the Halifax Casino Construction contract. As a result, the Corporation has accounted for the Halifax permanent casino based upon development costs of \$89.0 million. It is currently expected that this matter will be resolved in accordance with the dispute resolution clause in the Halifax Casino Construction Contract. Any necessary adjustments to the development costs will be accounted for in 2001-02.

**16. Comparative figures**

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

**17. Pensions**

All permanent employees of the Corporation are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Corporation's management expenses. The Corporation is not responsible for any unfunded liability with respect to the superannuation fund.

**18. Change in Accounting Policy**

During the year, the Corporation changed its method of accounting for casino capital assets. This policy has been adopted retroactively resulting in the restatement of the March 31, 2000 results. The impact of this restatement on the March 31, 2000 financial statements is as follows:

	As Reported		Adjustment		Restated
As at March 31, 2000:					
Sydney Casino Assets . . . . .	\$ ---		15,035,000	\$	15,035,000
Casino furniture and equipment . . . . .	---		1,429,000		1,429,000
Casino Capital Replacement Reserve					
Cash . . . . .	---		3,699,000		3,699,000
Casino Capital Replacement Reserve					
Liability . . . . .	---		5,129,000		5,129,000
Capital Obligation . . . . .	---		12,376,000		12,376,000
Due to Province of Nova Scotia . . . . .	\$ 5,411,000	\$	2,658,000	\$	8,069,000
For the year ended March 31, 2000:					
Amortization expense - Sydney casino . . . . .	\$ ---		1,816,000	\$	1,816,000
Interest - Sydney casino . . . . .	---		1,636,000		1,636,000
Amortication of Capital Investment					
and Interest . . . . .	\$ 3,957,000	\$	(3,957,000)	\$	---

The impact of this restatement on the March 31, 2001 financial statements is as follows:

	As Reported		Adjustment		Restated
As at March 31, 2001					
Halifax Casino Assets . . . . .	---		86,160,000		86,160,000
Sydney Casino Assets . . . . .	---		13,714,000		13,714,000
Casino furniture and equipment . . . . .	---		1,386,000		1,386,000
Casino Capital Replacement Reserve					
Cash . . . . .	---		5,080,000		5,080,000
Casino Capital Replacement Reserve					
Liability . . . . .	---		6,467,000		6,467,000
Capital Obligation . . . . .	---		94,947,000		94,947,000
Due to Province of Nova Scotia . . . . .	8,780,000		4,926,000		13,706,000
For the year ended March 31, 2001:					
Amortization expense - Halifax . . . . .	---		2,958,000		2,958,000
Interest - Halifax . . . . .	---		9,369,000		9,369,000
Amortization of Capital Investment					
and Interest - Halifax . . . . .	13,596,000		(13,596,000)		---
Amortization expense - Sydney . . . . .	---		1,321,000		1,321,000
Interest - Sydney . . . . .	---		1,358,000		1,358,000
Amortization of Capital Investment					
and Interest - Sydney . . . . .	3,678,000		(3,678,000)		---

**19. Subsequent Event**

Casino Nova Scotia has engaged a consultant to review the HST Regulations applicable to casino operations and determine whether there are potential HST savings. In May 2001, the Corporation received \$556,000 in HST savings related to the period June 1995 to February 2001. All adjustments are recorded in the period received. The interpretation of the HST Regulations for other costs is currently under review.

## NOVA SCOTIA GAMING CORPORATION

Ticket Lottery and Video Lottery Operating Results  
for the year ended March 31, 2001

	<b>Ticket Lottery</b>	<b>Video Lottery</b>	<b>Overhead</b>	<b>Total 2001</b>	<b>Total 2000</b>
	(in thousands)				
	(Note 16)				
Ticket Lottery Sales . . . . .	\$ 204,055	\$ ---	\$ ---	\$ 204,055	\$ 194,620
Ticket Lottery Sales					
Discounts . . . . .	62	---	---	62	65
Prize Expense . . . . .	107,528	---	---	107,528	103,666
Net Ticket Lottery					
Sales . . . . .	96,465	---	---	96,465	90,889
Net Video Lottery					
Sales . . . . .	1	146,497	---	146,497	138,242
Total Net Sales . . . . .	<u>96,465</u>	<u>146,497</u>	<u>---</u>	<u>242,962</u>	<u>229,131</u>
Retailer Commissions . . . . .	13,200	31,516	---	44,716	42,173
Ticket Costs . . . . .	5,057	136	---	5,193	4,501
	<u>18,257</u>	<u>31,652</u>	<u>---</u>	<u>49,909</u>	<u>46,674</u>
Gross Profit . . . . .	<u>78,208</u>	<u>114,845</u>	<u>---</u>	<u>193,053</u>	<u>182,457</u>
<b>Operating Expenses</b>					
Salaries & Benefits . . . . .	5,015	2,435	1,743	9,193	8,112
Travel & Vehicle					
Expenses . . . . .	993	518	238	1,749	1,514
General & Professional					
Services . . . . .	521	21	516	1,058	1,215
Occupancy Cost . . . . .	407	200	617	1,224	1,219
Office & Miscellaneous . . . . .	447	84	269	800	975
Equipment &					
Maintenance . . . . .	1,054	1,307	536	2,897	2,180
Telecommunication . . . . .	1,624	61	450	2,135	1,799
Advertising . . . . .	3,643	10	321	3,974	3,892
Depreciation &					
Amortization . . . . .	1,474	1,338	267	3,079	1,957
Total Operating					
Expenses . . . . .	<u>15,178</u>	<u>5,974</u>	<u>4,957</u>	<u>26,109</u>	<u>22,863</u>
Operating Profit . . . . .	<u>63,030</u>	<u>108,871</u>	<u>(4,957)</u>	<u>166,944</u>	<u>159,594</u>
Other income (expenses) . . . . .	201	974	(9)	1,166	997
Profit Before Other					
Distribution . . . . .	63,231	109,845	(4,966)	168,110	160,591
HST Expense . . . . .	4,738	5,080	397	10,215	9,538
Federal Contribution . . . . .	---	---	1,516	1,516	1,453
Charity Non-Profit . . . . .	45	---	---	45	28
Retailer Bonus . . . . .	4,670	---	---	4,670	4,630
Net Profit . . . . .	<u>\$ 53,778</u>	<u>\$ 104,765</u>	<u>\$ (6,879)</u>	<u>\$ 151,664</u>	<u>\$ 144,942</u>

## NOVA SCOTIA GAMING CORPORATION

**Halifax Casino Nova Scotia  
Operating Results  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Casino Revenue .....	\$ 63,157	\$ 54,379
Win Tax .....	(12,631)	(10,876)
Casino Revenue After Win Tax .....	<u>50,526</u>	<u>43,503</u>
Beverage, Food and Other Revenue .....	6,025	1,256
Total Net Revenues .....	<u>56,551</u>	<u>44,759</u>
Operating Expenses		
Salaries and Benefits .....	18,855	13,636
Other Expenses Including Cost of Beverage and Food .....	4,575	1,432
Public Education and Problem Gaming Contribution .....	686	670
General Administration and Marketing .....	6,660	5,298
Premise Expense .....	2,868	1,792
Interest .....	9,369	---
Amortization .....	2,958	---
Harmonized Sales Tax .....	7,168	3,784
	<u>53,139</u>	<u>26,612</u>
Income Before Payments to Operator .....	<u>3,412</u>	<u>18,147</u>
Payments to Operator (Note 3)		
Capital Replacement Reserve .....	1,038	835
Operator Fee .....	387	6,059
	<u>1,425</u>	<u>6,894</u>
Net Operating Income .....	<u>\$ 1,987</u>	<u>\$ 11,253</u>

## NOVA SCOTIA GAMING CORPORATION

**Sydney Casino Nova Scotia  
Operating Results  
for the year ended March 31, 2001**

	<b>2001</b>	<b>Restated 2000</b>
	(in thousands)	
		(Note 18)
Casino Revenue . . . . .	\$ 29,305	\$ 26,901
Win Tax . . . . .	(5,861)	(5,380)
Casino Revenue After Win Tax . . . . .	<u>23,444</u>	<u>21,521</u>
Beverage, Food and Other Revenue . . . . .	1,724	1,615
Total Net Revenues . . . . .	<u>25,168</u>	<u>23,136</u>
<b>Operating Expenses</b>		
Salaries and Benefits . . . . .	6,167	6,078
Other Expenses Including Cost of Beverage and Food . . . . .	1,546	1,329
Public Education and Problem Gaming Contribution . . . . .	314	330
General Administration and Marketing . . . . .	2,585	2,758
Premise Expense . . . . .	749	760
Interest . . . . .	1,358	1,636
Amortization . . . . .	1,321	1,816
Harmonized Sales Tax . . . . .	<u>2,562</u>	<u>2,542</u>
	<u>16,602</u>	<u>17,249</u>
Income Before Payments to Operator . . . . .	<u>8,566</u>	<u>5,887</u>
Payments to Operator (Note 3)		
Capital Replacement Reserve . . . . .	466	428
Base Fee . . . . .	931	855
Incentive Fee . . . . .	<u>1,106</u>	<u>924</u>
	<u>2,503</u>	<u>2,207</u>
Net Operating Income . . . . .	<u>\$ 6,063</u>	<u>\$ 3,680</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly;  
To the Minister of Health; and  
To the Chair and Members of the Board of the Nova Scotia Gaming Foundation

I have audited the balance sheet of Nova Scotia Gaming Foundation for the 478 days ended March 31, 2001, and the statement of operations and the statement of cash flows for the period then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Gaming Foundation for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 28, 2001

**NOVA SCOTIA GAMING FOUNDATION**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>December 8, 1999 Restated (Note 4)</b>
<b>Current Assets</b>		
Cash .....	\$ 3,922,293	\$ 2,838,799
Accrued Interest .....	16,038	1,577
Due from Nova Scotia Gaming Corporation .....	<u>67,571</u>	<u>66,348</u>
	<u>\$ 4,005,902</u>	<u>\$ 2,906,724</u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts Payable .....	\$ 36,800	\$ 918
Grants Payable .....	<u>425,323</u>	<u>455,113</u>
	462,123	456,031
<b>Fund Balance</b> .....	<u>3,543,779</u>	<u>2,450,693</u>
	<u>\$ 4,005,902</u>	<u>\$ 2,906,724</u>

**Statement of Operations,  
for the 478 days ended March 31, 2001**

	<b>2001</b>	<b>252 Days Ended December 8, 1999 Restated (Note 4)</b>
<b>Revenue</b>		
Contributions		
Nova Scotia Gaming Corporation .....	\$ 474,176	\$ 237,671
VLT Retailers .....	474,176	237,671
Interest .....	<u>226,592</u>	<u>77,134</u>
	<u>1,174,944</u>	<u>552,476</u>
<b>Expenses</b>		
Grants .....	43,083	627,103
Administrative Salaries & Benefits .....	26,636	---
Administrative Fees .....	---	10,473
Advertising .....	8,320	---
Professional Fees .....	3,380	801
Directors Fees .....	---	3,675
Staff Training .....	100	---
Travel .....	90	---
Office .....	<u>249</u>	<u>99</u>
	<u>81,858</u>	<u>642,151</u>
Excess (deficiency) of Revenue over Expenses .....	1,093,086	(89,675)
<b>Fund balance, beginning of year</b> .....	<u>2,450,693</u>	<u>2,540,368</u>
<b>Fund balance, end of year</b> .....	<u>\$ 3,543,779</u>	<u>\$ 2,450,693</u>

**NOVA SCOTIA GAMING FOUNDATION**

**Statement of Cash Flows  
for the 478 days ended March 31, 2001**

	<b>2001</b>	<b>252 Days Ended December 8, 1999 Restated (Note 4)</b>
Cash Flows from operating activities . . . . .	\$ 1,093,086	\$ (89,675)
Add (deduct) changes in non-cash working capital		
Change in accrued interest . . . . .	(14,461)	(1,577)
Due from Nova Scotia Gaming Corporation . . . . .	(1,223)	(21,425)
Change in accounts payable . . . . .	35,882	(1,109)
Change in grants payable . . . . .	<u>(29,790)</u>	<u>373,659</u>
	<u>(9,592)</u>	<u>349,548</u>
Increase (decrease) in cash . . . . .	1,083,494	259,873
Cash, beginning of year . . . . .	<u>2,838,799</u>	<u>2,578,926</u>
Cash, end of year . . . . .	\$ <u><u>3,922,293</u></u>	\$ <u><u>2,838,799</u></u>



# NOVA SCOTIA GAMING FOUNDATION

## Notes to Financial Statements for the 478 Days Ended March 31, 2001

### 1. Description of the Foundation

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

### 2. Transfer of Responsibility

On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 replacing the Nova Scotia Gaming Corporation with the Minister of Health as the body responsible for the Foundation effective December 8, 1999. The Foundation is managed by a Board of Directors.

### 3. Accounting Policies

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

#### Administrative Services

The Nova Scotia Gaming Corporation was providing administrative services on a cost recovery basis. Accounting services were provided by the Department of Health at no cost for the period ended March 31, 2001.

### 4. Change in Accounting Policy

During the period, the Nova Scotia Gaming Foundation changed its method of accounting for grants, on a retroactive basis, from expensing them as disbursed to recording and accruing them as awarded. Any difference between the awarded amount and the actual disbursement will be charged or credited to income in the period in which the adjustment is determined.

The impact of the change on the Financial Statements for the 252 day period ended December 9, 1999 is as follows:

- a) Expenses increased by \$373,659
- b) Liabilities increased by \$455,113
- c) Opening fund balance decreased by \$81,454
- c) Ending fund balance decreased by \$455,113.

## **5. Comparative Figures**

These financial statements for the 478 days ended March 31, 2001 have been prepared from December 8, 1999, the date of transition of the administration of the Foundation to the Minister of Health. Comparative figures for the 252 days ended December 8, 1999 have been reclassified to conform to the presentation adopted for the current period.

## AUDITOR'S REPORT

To the Shareholder of the  
Nova Scotia Government Fund Limited

We have audited the balance sheet of the Nova Scotia Government Fund Limited as at December 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2000 and results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP  
Chartered Accountants

May 11, 2001

**NOVA SCOTIA GOVERNMENT FUND LIMITED**

**Balance Sheet  
as at December 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Cash and marketable securities (Note 2).....	\$ 13,640,321	\$ 13,185,672
Loan and advances receivable (Note 3).....	11,025,000	11,025,000
Interest receivable.....	715,530	322,266
Deferred financing costs (Note 4).....	2,508,046	2,508,046
	<u>\$ 27,888,897</u>	<u>\$ 27,040,984</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities.....	\$ 13,280	\$ 23,345
Notes payable (Note 5).....	25,750,000	25,750,000
	<u>25,763,280</u>	<u>25,773,345</u>
<b>EQUITY</b>		
Share capital (Note 7).....	1	1
Retained earnings.....	2,125,616	1,267,638
	<u>2,125,617</u>	<u>\$ 1,267,639</u>
	<u>\$ 27,888,897</u>	<u>\$ 27,040,984</u>

Contingency, Note 5

**Statement of Earnings and Retained Earnings  
Year Ended December 31, 2000**

<b>Revenue</b>		
Interest.....	\$ 1,392,818	\$ 1,077,497
<b>Expenses</b>		
Administration fees.....	220,768	301,211
Professional fees.....	8,190	44,880
Interest expense.....	305,875	305,532
Bank and interest charges.....	7	105
	<u>534,840</u>	<u>651,728</u>
<b>Net earnings</b> .....	857,978	425,769
<b>Retained earnings, beginning of year</b> .....	1,267,638	841,869
<b>Retained earnings, end of year</b> .....	<u>\$ 2,125,616</u>	<u>\$ 1,267,638</u>

NOVA SCOTIA GOVERNMENT FUND LIMITED

Statement of Cash Flows  
Year Ended December 31, 2000

	2000	1999
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net earnings . . . . .	\$ 857,978	\$ 425,769
Changes in non-cash operating working capital items . . . . .	(403,329)	(214,470)
	<u>454,649</u>	<u>211,299</u>
<b>Investing</b>		
Loan receivable (Note 3) . . . . .	---	(3,585,444)
Funds held in escrow (Note 3) . . . . .	---	(7,439,556)
	<u>---</u>	<u>(11,025,000)</u>
<b>Financing</b>		
Issue of notes . . . . .	---	250,000
Note cancellation . . . . .	---	(500,000)
Deferred financing charges . . . . .	---	26,500
	<u>---</u>	<u>(223,500)</u>
<b>Net cash inflow (outflow) . . . . .</b>	<b>454,649</b>	<b>(11,037,201)</b>
<b>Cash and marketable securities, beginning of year . . . . .</b>	<b>13,185,672</b>	<b>24,222,873</b>
<b>Cash and marketable securities, end of year . . . . .</b>	<b>\$ <u>13,640,321</u></b>	<b>\$ <u>13,185,672</u></b>
Cash and marketable securities represented by:		
Cash in bank . . . . .	\$ 163,412	85,704
Province of Nova Scotia promissory notes (unsecured) . . . . .	13,476,909	13,099,968
	<u>\$ 13,640,321</u>	<u>\$ 13,185,672</u>

NOVA SCOTIA GOVERNMENT FUND LIMITED

Notes to Financial Statements  
Year Ended December 31, 2000

**1. THE FUND**

The Fund is an approved government administered venture capital fund pursuant to the Immigration Act of Canada and related regulations. The Fund was incorporated under the Nova Scotia Companies Act on December 31, 1994.

**2. ACCOUNTING POLICIES**

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

**(a) Cash and Marketable Securities**

Cash consists of cash on hand with a financial institution and marketable securities consist of Province of Nova Scotia promissory notes (unsecured).

**(b) Marketable Securities**

Long-term investments are carried at cost. In the event of a decline in value which is other than temporary in nature, the investments are written down to estimated realizable value.

**(c) Financing costs**

Financing costs are deferred and amortized on a straight-line basis over five years, commencing from the date of the Fund achieving and maintaining at least 70% of its investments in active business operations.

**3. LOAN AND ADVANCES RECEIVABLE**

In July 1999, the Fund agreed to lend the sum of \$11,025,000 to Alderney Landing Limited and Nova Learning Incorporated. As at December 31, 2000, \$11,025,000 has been released to fund construction projects of the borrower.

**4. DEFERRED FINANCING COSTS**

Financing costs are deferred and amortized over the five-year life of the related debt. The five-year term commences when the Fund has invested 70% of the note issue amount in active business operations. At December 31, 2000, no amortization has been charged because the conditions have not been met.

**5. NOTES PAYABLE**

The notes payable are unsecured and bear interest at rates of 2.075% and 1% annually. The notes call for repayment 5 years and 9 months after the date of issue, subject to the Fund's maintaining at least 70% of its investments in active business operations for 5 years.

The Immigration Act of Canada stipulates that the investor's funds must be invested within nine months of receipt. The Nova Scotia Government Fund Limited has not met this requirement for the majority of the funds received, as confirmed by a report from Citizenship and Immigration Canada following the completion of an audit. In addition, the Fund has only completed one investment to date rather than the minimum of two investments required. No provision for financial ramifications related to these requirement, if any, are included in these financial statements. Due to the 5-year minimum investment period required by the regulations, delays will result in the repayment of the notes payable.

**6. OPERATIONS**

Subsequent to the year-end, the Board of Directors continues to actively and diligently pursue opportunities to bring the Fund into compliance with the 70% minimum investment requirement.

**7. SHARE CAPITAL**

Authorized:  
40,000 Common shares with no par value

**2000**                      **1999**

Issued:  
100 Common shares ..... \$           1 \$           1

**8. RELATED PARTY**

The 100 common shares issued are held in trust for the Province of Nova Scotia by the Minister of Finance.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and  
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Harness Racing Incorporated as at March 31, 2001 and the statement of income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 31, 2001



**NOVA SCOTIA HARNESS RACING INCORPORATED**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	2001	2000
	(in thousands)	
<b>Current</b>		
Bank . . . . .	\$ 1	\$ 1
Due from Nova Scotia Gaming Corporation. . . . .	---	92
	<u>1</u>	<u>93</u>
<b>Long-term</b>		
Investment in ALC Harness Racing Corporation (Note 2) . . . . .	---	---
	<u>\$ 1</u>	<u>\$ 93</u>

**LIABILITIES**

<b>Current</b>		
Accounts payable . . . . .	\$ 1	\$ 1
Due to ALC Harness Racing Corporation . . . . .	---	92
	<u>\$ 1</u>	<u>\$ 93</u>

**Income Statement  
for the year ended March 31, 2001**

	2001	2000
	(in thousands)	
<b>Revenue</b>		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation. . . . .	\$ 1,000	\$ 1,752
<b>Expenses</b>		
Contribution to ALC Harness Racing Corporation grant program. . . . .	15	1,750
Contribution to NS Department of Agriculture & Fisheries. . . . .	985	---
Professional fees. . . . .	---	2
	<u>1,000</u>	<u>1,752</u>
Excess of revenue over expenses . . . . .	<u>\$ ---</u>	<u>\$ ---</u>

See accompanying notes to the financial statements.

# NOVA SCOTIA HARNESS RACING INCORPORATED

## Notes to the Financial Statement for the year ended March 31, 2001

### 1. Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the Companies Act on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated Regulations and to oversee Nova Scotia's involvement in supporting the harness racing industry in the Province through its agent, ALC Harness Racing Corporation.

Nova Scotia Harness Racing Incorporated holds one share, and therefore had a 33.33% interest, in ALC Harness Racing Corporation, a corporation incorporated to carry out the mandate of providing marketing and promotional assistance to the Maritime Provinces' harness racing industry. Atlantic Lottery Corporation Inc. owned the remaining 66.67% of ALC Harness Racing Corporation holding two shares on behalf of each of the Province of New Brunswick and the Province of Prince Edward Island. During the year ended March 31, 2000, ALC Harness Racing Corporation provided marketing and promotional support to seven race tracks in the Maritime Provinces through the distribution of grant funding in accordance with the terms of grant agreements between ALC Harness Racing Corporation and the race tracks.

Nova Scotia, Prince Edward Island and New Brunswick decided to discontinue the operations relating to ALC Harness Racing Corporation effective April 1, 2000. In the year ended March 31, 2001, Nova Scotia Harness Racing Incorporated contributed \$14,745 to ALC Harness Racing Corporation representing Nova Scotia's share of the final costs from discontinuing the operation of ALC Harness Racing Corporation.

In March 2000, the Government decided to provide up to \$1,000,000 in 2000-01 to support the harness racing industry in Nova Scotia. In addition to the \$14,745 provided to ALC Harness Racing Corporation, \$985,118 was provided by the Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Fisheries. The Department of Agriculture and Fisheries managed the monies received from the Fund and determined how they would be distributed to the industry.

### 2. Accounting Policies

#### a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

#### b) Investments

Nova Scotia Harness Racing Incorporated recorded its investment in ALC Harness Racing Corporation at March 31, 2000 using the cost method of accounting for investments. The value of this investment was \$1. As a result of the dissolution of ALC Harness Racing Corporation at April 1, 2000, Nova Scotia Harness Racing Incorporated wrote off its share.

### 3. Share Capital

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value, which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.

## AUDITORS' REPORT

To the Directors of the Nova Scotia Health Research Foundation

We have audited the balance sheet of Nova Scotia Health Research Foundation as at March 31, 2001 and the statements of the Foundation's equity and operating support and expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Foundation as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON  
Chartered Accountants

June 12, 2001

**NOVA SCOTIA HEALTH RESEARCH FOUNDATION**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>CURRENT ASSETS</b>		
Cash		
- administration.....	\$ 8,799	\$ 30,943
- restricted.....	---	183,371
Short term investments		
- administration.....	545,773	344,389
- restricted.....	1,678,577	1,951,539
Accounts receivable - administration.....	9,466	227
Prepays.....	45,458	---
	<u>2,288,073</u>	<u>2,510,469</u>
<b>CAPITAL ASSETS (notes 2 and 5).....</b>	<u>27,777</u>	<u>---</u>
	<u>\$ 2,315,850</u>	<u>\$ 2,510,469</u>

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	- administration.....	\$ 104,979	\$ 2,453
	- restricted.....	<u>1,821,876</u>	<u>---</u>
		<u>1,926,855</u>	<u>2,453</u>

**FOUNDATION'S EQUITY**

Unrestricted (note 4a).....	532,294	373,106
Restricted (note 4b).....	<u>(143,299)</u>	<u>2,134,910</u>
	388,995	2,508,016
	<u>\$ 2,315,850</u>	<u>\$ 2,510,469</u>

**Statement of Foundations's Equity  
for year ending March 31, 2001**

**UNRESTRICTED FUND EQUITY**

<b>UNRESTRICTED FUND - BEGINNING OF YEAR.....</b>	\$ 373,106	\$ ---
Excess of support over expenses.....	<u>159,188</u>	<u>373,106</u>
<b>UNRESTRICTED FUND - END OF YEAR.....</b>	<u>\$ 532,294</u>	<u>\$ 373,106</u>

**RESTRICTED FUND EQUITY (DEFICIT)**

<b>RESTRICTED FUND - BEGINNING OF YEAR.....</b>	\$ 2,134,910	\$ ---
Support for grants.....	2,125,000	2,125,000
Canadian Health Services grant (note 8).....	113,378	---
Issuance of grants.....	<u>(4,601,902)</u>	<u>---</u>
Interest on restricted funds (note 6).....	85,315	9,910
<b>RESTRICTED FUND - END OF YEAR.....</b>	<u>\$ (143,299)</u>	<u>\$ 2,134,910</u>

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Statement of Operating Support and Expenses  
for the year ending March 31, 2001

	2001	2000
<b>OPERATING SUPPORT</b>		
Grant revenue .....	\$ 375,000	\$ 375,000
Interest income .....	12,680	1,748
	<u>387,680</u>	<u>376,748</u>
<b>OPERATING EXPENSES</b>		
Advertising and promotion .....	32,436	26
Amortization .....	3,687	---
Capacity support .....	22,500	---
Honorarium .....	21,750	---
Interest and bank charges .....	359	5
Miscellaneous .....	6,258	---
Office .....	31,132	66
Professional fees .....	24,046	1,451
Salaries, wages and benefits .....	72,491	---
Telephone .....	2,710	---
Travel .....	11,123	2,094
	<u>228,492</u>	<u>3,642</u>
<b>EXCESS OF OPERATING SUPPORT OVER EXPENSES .....</b>	<b>\$ <u>159,188</u></b>	<b>\$ <u>373,106</u></b>

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Notes to Financial Statements  
for the year ended March 31, 2001

1. CONTENT OF FINANCIAL STATEMENTS

The Nova Scotia Health Research Foundation, established by the Health Research Foundation Act of the Province of Nova Scotia (Bill No. 22) was given Royal Assent on December 3, 1998 and became effective on January 1, 2000. As stated in the Act the objects of the Foundation are to assist, collaborate with and fund individuals and organizations conducting health research in the Province including the fields of health policy, health promotion and health care and without limiting the generality of the foregoing, assist health-services research, health-outcome research, health public-policy research and medical research.

The accompanying financial statements include only the assets and operations of the Foundation.

2. ACCOUNTING POLICY

Capital Assets

Capital assets are recorded at cost, and are amortized using the following annual rates and methods:

Asset	Rate %	Method
Computer equipment	30	Declining balance
Furniture and fixtures	20	Declining balance

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Fund Accounting

The Foundation uses the fund accounting methods of presenting its assets, liabilities and results of operations. This method recognizes the limitations and restrictions placed on the use of the resources available to the Foundation by classifying all transactions according to their nature.

Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. DISTRIBUTION OF FUNDING

The annual grant made to the Foundation, which is provided from funds appropriated by the Nova Scotia Legislature, shall be distributed in accordance with the objects of the Foundations as follows:

- (a) 40% shall be spent on medical research
- (b) 15% shall be spent on health-outcome research
- (c) 15% shall be spent on health-services research
- (d) 15% shall be spent on health public-policy research
- (e) a maximum of 15% may be spent on the administration of the Foundation and 5% of the total amount spent on administration shall be spent on increasing the public knowledge and awareness of the Foundation.

If less than the total money allocated is spent in any of the categories, the remaining portion shall be reallocated to one of the remaining categories in a manner determined by the Board.

**4. FUND ACCOUNTING**

**(a) Unrestricted Fund**

The Unrestricted Fund is used to account for the primary operations of the Foundation, including costs related to administration, operations, and promotion of public awareness of the Foundation. Government grants and other income recorded directly by this fund include only those available for unrestricted operating purposes.

**(b) Restricted Fund**

The Restricted Fund is used to account for funds received that are designated for the issuance of grants for research including medical, health-outcome, health-services, and public policy research. At the time the approved grants are issued, the expenditures are recorded as a reduction of the fund equity.

**5. CAPITAL ASSETS**

	2001			2000
	Cost	Accumulated amortization	Net	Net
Computer equipment . . . . .	\$ 10,797	\$ 1,620	\$ 9,177	\$ ---
Furniture and fixtures . . . . .	20,667	2,067	18,600	---
	<u>\$ 31,464</u>	<u>\$ 3,687</u>	<u>\$ 27,777</u>	<u>\$ ---</u>

**6. INTEREST ON RESTRICTED FUND**

Since commencement of operations the restricted fund received a support grant from the Province of Nova Scotia, authorized and paid health research grants, and earned interest on the funds invested. These amounts have been distributed to each category as follows:

	Support Grant	Authorized Grants	March 31/00 Interest	March 31/01 Interest	Over/under
Medical Research . . . . .	\$ 2,000,000	\$ 2,501,357	\$ 4,663	\$ 39,600	\$ (457,094)
Health-outcome research . . .	750,000	683,744	1,749	14,850	82,855
Health-services research . . .	750,000	666,048	1,749	14,850	100,551
Health public policy research . . . . .	750,000	688,096	1,749	14,850	78,503
Canadian health services . . .	113,378	62,657	---	1,165	51,886
	<u>\$ 4,363,378</u>	<u>\$ 4,601,902</u>	<u>\$ 9,910</u>	<u>\$ 85,315</u>	<u>\$ (143,299)</u>

**7. TAXATION**

According to Bill 22, which was given Royal Assent effective January 1, 2000, the Foundation and its property are exempt from taxation imposed by or under the authority of any enactment of the Province of Nova Scotia.

**8. CANADIAN HEALTH SERVICES GRANT**

The Nova Scotia Department of Health transferred \$113,378 to the Foundation during the year. These funds are restricted for the purpose of supporting the Canadian Health Services Research Foundation's Open Grants Competition. During the year \$62,657 of grants were disbursed. Interest earned from these funds invested in a Guaranteed Investment certificate amounted to \$1,165 during the year. The balance remaining at March 31, 2001 is \$51,886.

**9. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform to the 2001 financial statement presentation.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and  
To the Minister of Community Services

I have audited the balance sheet of the Nova Scotia Housing Development Corporation as at March 31, 2001, and the statements of revenues and expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Housing Development Corporation as at March 31, 2001, and the results of its operations and the changes in the fund balance for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 29, 2001



**NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current assets</b>		
Accounts receivable and accrued interest . . . . .	\$ 3,324,805	\$ 2,594,236
Current portion of mortgages receivable. . . . .	<u>2,732,650</u>	<u>2,635,900</u>
	6,057,455	5,230,136
<b>Mortgages receivable (Note 4) . . . . .</b>	34,187,380	36,742,656
<b>Investment in land and social housing (Note 5) . . . . .</b>	398,366,470	407,365,381
<b>Fund for future social housing expenditures (Note 2). . . . .</b>	<u>13,788,194</u>	<u>9,702,415</u>
	<u>\$ 452,399,499</u>	<u>\$ 459,040,588</u>

**LIABILITIES**

<b>Current liabilities</b>		
Payables and accruals . . . . .	\$ 988,124	\$ 905,558
Current portion of long-term debt. . . . .	9,391,102	8,660,698
Deferred federal contributions . . . . .	<u>13,788,194</u>	<u>9,702,415</u>
	24,167,420	19,268,671
<b>Long-term debt (Note 6). . . . .</b>	328,049,529	336,510,749
<b>Reserve for mortgage guarantees indemnified loans and interest fluctuations (Note 7). . . . .</b>	13,790,958	12,600,000
<b>Housing Development Corporation Fund (Note 3) . . . . .</b>	<u>86,391,592</u>	<u>90,661,168</u>
	<u>\$ 452,399,499</u>	<u>\$ 459,040,588</u>

Commitments and Contingencies (Note 7)

**Statement of Revenues and Expenditures  
for the Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Interest revenue . . . . .	\$ 2,801,653	\$ 3,238,672
Land sales . . . . .	3,426,878	3,952,005
Recoveries from Canada Mortgage and Housing Corporation (Note 8). . . . .	31,848,525	31,848,525
Recoveries from provincial government departments (Note 8). . . . .	<u>8,381,281</u>	<u>10,391,893</u>
	<u>46,458,337</u>	<u>49,431,095</u>
<b>Expenditures</b>		
Administration fee. . . . .	2,952,634	2,685,059
Amortization of investment in social housing . . . . .	8,501,928	7,911,996
Cost of land sales . . . . .	5,223,484	4,108,411
Interest on long-term debt . . . . .	31,280,291	32,658,968
Changes in provision for doubtful accounts and land values . . . . .	<u>(1,500,000)</u>	<u>2,066,661</u>
	<u>46,458,337</u>	<u>49,431,095</u>
<b>Excess of revenues over expenditures. . . . .</b>	<u>\$ ---</u>	<u>\$ ---</u>

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Statement of Changes in Fund Balance  
for the year ended March 31, 2001

	2001	2000
<b>Funds provided by (used for):</b>		
<b>Operations</b>		
Excess of revenues over expenses . . . . .	\$ ---	\$ ---
Add: Expenses not requiring cash		
Amortization of investment in social housing . . . . .	8,501,928	7,911,996
Changes in provision for doubtful accounts and land values . . . . .	(1,500,000)	2,066,661
Loss on sale of land . . . . .	1,796,606	156,406
Net change in operating assets and liabilities . . . . .	<u>(648,003)</u>	<u>(209,743)</u>
	<u>8,150,531</u>	<u>9,925,320</u>
<b>Investing activities</b>		
Decrease in mortgages receivable . . . . .	2,458,527	1,410,701
Transfer of Housing Development Fund net assets . . . . .	---	(95,062,762)
Transfer from Department of Housing and Municipal Affairs . . . . .	17,756	2,568,209
Increase in investment in social housing . . . . .	1,373,578	3,291,414
Transfer of land to Department of Natural Resources . . . . .	---	6,030,860
	<u>3,849,861</u>	<u>(81,761,578)</u>
<b>Financing activities</b>		
Repayment of long-term debt . . . . .	<u>(7,730,816)</u>	<u>(10,384,938)</u>
<b>Decrease (increase) in Fund balance during the year . . . . .</b>	4,269,576	(82,221,196)
<b>Fund balance, beginning of year . . . . .</b>	<u>(90,661,168)</u>	<u>(8,439,972)</u>
<b>Fund balance, end of year . . . . .</b>	<u>\$ (86,391,592)</u>	<u>\$ (90,661,168)</u>

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Notes to Financial Statements  
March 31, 2001

**1. Authority**

On June 17, 1986 the Nova Scotia Housing Development Corporation Act established the Nova Scotia Housing Development Corporation. The purpose of the Corporation is to provide long-term mortgage financing through outside lenders for social housing programs, and the home ownership programs of the Department of Housing and Municipal Affairs, and loan guarantees for housing purposes.

Effective August 1, 2000 the Housing Division of the Department of Housing and Municipal Affairs was transferred to the Department of Community Services as a result of government restructuring. The provincial financial authority for 2000/2001 resides with the Department of Housing and Municipal Affairs and continues to be referred to in these statements.

**2. Significant Accounting Policies**

**Mortgages Receivable**

Mortgages receivable are carried net of provisions for concessionary assistance and doubtful recoveries as described in Note 4 to the financial statements.

A provision for doubtful recoveries is established to the extent that anticipated losses on bad debts exceed the funding available in the mortgage insurance funds. The Housing Development Corporation charges mortgage insurance fees to borrowers to offset the cost of bad debt write offs from the mortgage receivable portfolio.

The provision for concessionary assistance represents the present value of estimated future subsidies provided by the Department of Housing and Municipal Affairs to low income borrowers to assist them in meeting their monthly mortgage payments to the Corporation.

**Investment in Land and Social Housing**

Investments in Social Housing represent housing properties which are carried at cost including the cost of site investigation, land, construction, administration, and interest during construction less accumulated amortization. The Corporation has established reserves for the risks associated with interest rate fluctuation, mortgage default, and fire losses.

The capital cost of social housing properties is amortized, using the sinking fund method, by the amount of the principal repaid on the related long-term debt financing the project.

Investments in land represent properties developed for resale. Land projects are carried at the lower of cost and estimated net realizable value. Land costs include acquisition and servicing costs, capitalized interest charges and administrative costs where applicable.

Profit or loss on the sale of land is recorded as lots are sold except when revenue or costs cannot be reasonably determined. Costs incurred plus estimated costs to complete are accumulated and allocated to individual units on the basis of relative sales values and written off as lots are sold. Certain common costs, such as main roadways, are allocated to that phase of the project with the applicable spending authority.

### **Recoveries From CMHC - Social Housing**

Pursuant to the October 1, 1997 Social Housing Transfer Agreement, Canada Mortgage and Housing Corporation (CMHC) is required to pay to the Corporation annual contributions to assist with program expenses. Over the term of the agreement from October 1, 1997 to June 30, 2034 CMHC will contribute \$1,400,000,000. Contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet the interest, amortization, subsidy and administration expenses of programs under the Agreement.

The Corporation records recovery revenue from CMHC in an amount equal to the interest and amortization expenses incurred by the Corporation for programs under the Social Housing Transfer Agreement. CMHC funding not used during the current fiscal year by the Corporation or the Department is eligible for carry forward to future years. Unused CMHC funding is recorded separately in two interest bearing accounts entitled Fund for Future Social Housing Expenditures and Deferred Federal Contributions.

Recoveries from CMHC and provincial government departments are subject to final settlement reviews. Adjustments to recoveries, accounts receivable, deferred federal contributions and the Fund for Future Social Housing Expenditures, arising from the final settlement process, are recorded in the year the review is finalized.

### **Recoveries From Provincial Government Departments**

Costs incurred by the Corporation for the amortization of provincial social housing assets and the interest costs associated with the debt financing of these assets are recovered from the applicable provincial government department.

### **Interest Revenue**

Interest revenue associated with lending programs is recorded on the accrual basis as interest is earned.

### **Interest on Long-Term Debt**

Interest expense on long-term debt is recorded on the accrual basis as interest obligations are incurred.

### **Administration Fee**

The administration of the Nova Scotia Housing Development Corporation is carried out by the staff of the Department of Housing and Municipal Affairs. The Corporation reimburses the Department to the extent that revenues earned by the Corporation would otherwise exceed expenditures.

## **3. Housing Development Corporation Fund**

To provide working capital for the Nova Scotia Housing Development Corporation, the Housing Development Corporation Fund was established by Order-In-Council. The Fund is set up as a revolving account which records all receipts and expenditures, and allows the Corporation to borrow up to \$175 million.

## **4. Mortgages Receivable**

Mortgages receivable have an amortization period of 25 years and five or ten-year renewal terms. Aggregate monthly payments are approximately \$252,156 including interest. Interest rates vary from 6.5% to 13.05%, with renewal dates ranging from April 1, 2000 to Oct. 1, 2012. The mortgages are secured by registered first mortgages on the related properties. The Corporation has assigned the mortgages receivable as security for notes payable.

	<b>2001</b>	<b>2000</b>
Mortgages receivable . . . . .	\$ 39,331,922	\$ 41,781,456
Less: Current portion due within one year . . . . .	2,732,650	2,635,900
Provision for concessionary assistance and doubtful recoveries . . . . .	<u>2,411,892</u>	<u>2,402,900</u>
	<u>5,144,542</u>	<u>5,038,800</u>
	<u>\$ 34,187,380</u>	<u>\$ 36,742,656</u>

Estimated principal repayments for the next four years are as follows:

2002-2003	\$ 2,555,817
2003-2004	\$ 2,560,349
2004-2005	\$ 2,605,031
2005-2006	\$ 2,674,808

**5. Investment in Land and Social Housing**

	<b>2001</b>	<b>2000</b>
Investment in land . . . . .	\$ 5,217,981	\$ 9,041,535
Investment in social housing . . . . .	<u>397,225,260</u>	<u>406,536,859</u>
	<u>402,443,241</u>	<u>415,578,394</u>
Less: Provision for doubtful land recoveries . . . . .	3,080,745	6,494,947
Provision for fire and other social housing losses . . . . .	<u>996,026</u>	<u>1,718,066</u>
	<u>4,076,771</u>	<u>8,213,013</u>
	<u>\$ 398,366,470</u>	<u>\$ 407,365,381</u>

**6. Long -Term Debt**

	<b>2001</b>	<b>2000</b>
Notes payable . . . . .	\$ 257,759,775	\$ 263,614,086
Mortgages payable . . . . .	<u>79,680,856</u>	<u>81,557,361</u>
	337,440,631	345,171,447
Less: Current portion due within one year . . . . .	<u>9,391,102</u>	<u>8,660,698</u>
	<u>\$ 328,049,529</u>	<u>\$ 336,510,749</u>

Long term debt is comprised of mortgages and notes payable from various lenders. The amortization of the notes payable ranges from 5 - 36 years. The mortgages payable amortization periods range from 20 - 35 years with either five or ten year renewal terms. Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing. Mortgages and notes payable are repayable in monthly or quarterly installments of interest and principal. Interest rates vary from 4.00% to 21.50% with renewal dates ranging from April 1, 2000 to January 1, 2034.

Estimated principal repayments for the next four years are as follows:

2002-2003	\$ 10,087,786
2003-2004	\$ 9,993,741
2004-2005	\$ 10,779,452
2005-2006	\$ 11,644,054

**7. Commitments and Contingencies**

Pursuant to the October 1, 1997 Social Housing Transfer Agreement CMHC requires the Corporation to indemnify CMHC against future losses related to their insured loan portfolio for Nova Scotia. As at March 31, 2001 there were 533 loans with an approximate outstanding balance of \$182,818,368 (2000 - \$176,798,000).

The Corporation provides mortgage guarantees of interest and principal to lenders financing certain housing projects. As at March 31, 2001 a total of 30 (2000 - 28) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was \$28,185,263 (2000 - \$27,962,000).

The Corporation has established reserves for possible losses on mortgage guarantees and indemnified loans in the amount of \$13,790,958 (2000 - \$12,600,000) which includes a reserve for risks associated with interest fluctuation of \$3,200,000.

**8. Related Party Transactions**

The ownership and administration of social housing assets and programs in Nova Scotia are carried out by a number of organizations: Canada Mortgage and Housing Corporation (CMHC), Department of Housing and Municipal Affairs, Department of Justice and the Regional Housing Authorities.

The assets and liabilities of the program are held in the Corporation while overall policy and management responsibility for program delivery is within the Housing Services Division of the Department of Housing and Municipal Affairs (this Division was transferred to the Department of Community Services during the year). Public Housing management and associated costs are in the Regional Authorities. Funding is provided primarily by CMHC, Housing Services Division, Municipalities and tenants.

CMHC is required to pay to the Corporation annual contributions to assist with expenses for social housing programs which were transferred to the Corporation under the Social Housing Transfer Agreement of 1997. The funding is at 1995 levels and reduces over the life of the Agreement. The contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet interest, amortization, subsidy and administration expenses under the Agreement.

The total funding provided over the term of the Agreement with CMHC totals \$1.4 billion. Funds not needed in a given year remain in the Corporation in a separate Fund for Future Social Housing Expenditures and in the Deferred Federal Contribution account which at March 1, 2001 totalled \$13,788,194.

During the year and under the Social Housing Agreement the Corporation received funding from CMHC and made distributions and recoveries as outlined in the table below.

	<b>2001</b>	<b>2000</b>
Recoveries from Canada Mortgage and Housing Corporation		
Social Housing Transfer payment. . . . .	\$ 56,853,136	\$ 56,853,136
Less: payment to Housing and Municipal Affairs . . . . .	<u>25,004,611</u>	<u>25,004,611</u>
Recoveries from Canada Mortgage and Housing Corporation. .	<u>\$ 31,848,525</u>	<u>\$ 31,848,525</u>
Recoveries from Provincial Government Departments		
Department of Housing and Municipal Affairs . . . . .	\$ 7,122,868	\$ 9,133,480
Department of Justice. . . . .	<u>1,258,413</u>	<u>1,258,413</u>
Total Recoveries from Provincial Government Departments. . .	<u>\$ 8,381,281</u>	<u>\$ 10,391,893</u>

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia

I have audited the consolidated balance sheet of the Nova Scotia Innovation Corporation as at March 31, 2001 and the consolidated statements of loss, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 29, 2001

**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Balance Sheet**

**March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash and cash equivalents.....	\$ 2,127,716	\$ 3,019,177
Receivables .....	2,235,299	2,345,586
Inventories.....	247,188	347,257
Other .....	118,473	---
	<u>4,728,676</u>	<u>5,712,020</u>
<b>Investments and Funds</b>		
Nova Scotia First Fund (Note 3).....	10,235,721	12,159,084
Research Endowment Fund (Note 4).....	661,182	661,182
Other investments (Note5).....	708,590	665,491
Receivables (Note 6) .....	403,448	471,033
	<u>12,008,941</u>	<u>13,956,790</u>
<b>Capital Assets, (Note 7).....</b>	<u>6,049,584</u>	<u>6,407,861</u>
	<u>\$ 22,787,201</u>	<u>\$ 26,076,671</u>

**LIABILITIES**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Payables and accruals .....	\$ 1,079,702	\$ 924,610
Payable to Province of Nova Scotia.....	2,662,677	3,446,938
Deferred revenue .....	69,760	258,749
Current portion of long term debt .....	23,924	44,137
	<u>3,836,063</u>	<u>4,674,434</u>
<b>Long term debt (Note 8) .....</b>	379,073	1,880,240
<b>Deferred government assistance .....</b>	<u>506,693</u>	<u>539,815</u>
	<u>4,721,829</u>	<u>7,094,489</u>

**EQUITY**

Capital stock and contributed surplus (Note 9) .....	<u>19,110,755</u>	<u>19,110,755</u>
Retained earnings (deficit)		
Restricted for Nova Scotia First Fund (Note 3).....	(875,070)	1,048,293
Unrestricted .....	(170,313)	(1,176,866)
	<u>(1,045,383)</u>	<u>(128,573)</u>
	<u>18,065,372</u>	<u>18,982,182</u>
	<u>\$ 22,787,201</u>	<u>\$ 26,076,671</u>

Commitments (Note 3)

See accompanying notes to the consolidated financial statements



**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Statement of Loss  
Year Ended March 31**

	<b>2001</b>	<b>(Restated) 2000</b>
<b>Revenues and Grants</b>		
Government grants (Note 10) . . . . .	\$ 2,655,796	\$ 3,218,732
Commercialization services . . . . .	782,580	1,229,263
Technical services . . . . .	890,436	889,863
Sector development . . . . .	486,457	402,000
Business incubation . . . . .	444,279	457,513
Virtual business delivery . . . . .	324,469	---
Mentoring and information intelligence . . . . .	76,747	---
	<u>5,660,764</u>	<u>6,197,371</u>
<b>Expenses</b>		
Commercialization services . . . . .	1,257,751	1,703,894
Technical services . . . . .	841,593	921,490
Sector development . . . . .	647,320	526,449
Business incubation . . . . .	502,000	537,409
Virtual business delivery . . . . .	532,725	---
Mentoring and information intelligence . . . . .	180,464	---
Corporate services . . . . .	1,014,799	1,244,405
Occupancy costs . . . . .	432,831	569,084
Corporate office . . . . .	386,952	334,065
	<u>5,796,435</u>	<u>5,836,796</u>
	<u>(135,671)</u>	<u>360,575</u>
Amortization . . . . .	(433,985)	(555,934)
Investment income . . . . .	233,583	149,874
Early retirement incentive plan expense . . . . .	(122,028)	(123,018)
Nova Scotia First Fund net earnings (loss) . . . . .	(1,923,363)	70,870
	<u>(2,245,793)</u>	<u>(458,208)</u>
Loss before unusual item and discontinued operations . . . . .	(2,381,464)	(97,633)
Unusual item (Note 11) . . . . .	1,487,703	190,000
Loss before discontinued operations . . . . .	(893,761)	92,367
Discontinued operations (Note 12) . . . . .	(23,049)	6,084
Net (loss) earnings . . . . .	\$ <u>(916,810)</u>	\$ <u>98,451</u>

**Consolidated Statement of Deficit  
year ended March 31**

Deficit, beginning of year . . . . .	\$ (128,573)	\$ (227,024)
Net (loss) earnings . . . . .	<u>(916,810)</u>	<u>98,451</u>
Deficit, end of year . . . . .	\$ <u>(1,045,383)</u>	\$ <u>(128,573)</u>

See accompanying notes to the consolidated financial statements

**NOVA SCOTIA INNOVATION CORPORATION**

**Consolidated Statement of Cash Flows  
Year Ended March 31**

	<b>2001</b>	<b>(Restated) 2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net (loss) earnings . . . . .	\$ (916,810)	\$ 98,451
Amortization . . . . .	433,985	562,210
Deferred government assistance recognized. . . . .	(139,765)	(177,982)
Nova Scotia First Fund income. . . . .	1,923,363	(70,870)
Equity in earnings of investee . . . . .	---	(18,570)
Early retirement incentive plan (Note 8) . . . . .	(1,487,703)	---
Loss on disposal of capital assets. . . . .	(6,772)	(202,168)
	<u>(193,702)</u>	<u>191,071</u>
 Change in non-cash operating working capital (Note 13) . . . . .	 (726,275)	 742,570
	<u>(919,977)</u>	<u>933,641</u>
 <b>Investing</b>		
Nova Scotia First Fund portfolio investments, net. . . . .	2,018,650	1,665,161
Nova Scotia First Fund investments . . . . .	(2,018,650)	(1,700,069)
Nova Scotia First Fund royalties and loan repayments. . . . .	---	87,408
Advances to investees, net . . . . .	(43,099)	(104,705)
Long term receivables. . . . .	67,584	(436,740)
Long term receivables repayments. . . . .	---	109,670
Capital asset purchases . . . . .	(68,935)	(57,271)
Research Endowment Fund ). . . . .	---	94,705
Proceeds from disposal of capital assets. . . . .	---	583,830
	<u>(44,450)</u>	<u>241,989</u>
 <b>Financing</b>		
Long term debt repayments . . . . .	(33,677)	(55,594)
Deferred government assistance . . . . .	106,643	67,490
Nova Scotia First Fund disbursements. . . . .	---	(52,500)
	<u>72,966</u>	<u>(40,604)</u>
 (Decrease) increase in cash and cash equivalents. . . . .	 (891,461)	 1,135,026
 Cash and cash equivalents, Beginning of year . . . . .	 3,019,177	 1,884,151
 End of year . . . . .	 <u>\$ 2,127,716</u>	 <u>\$ 3,019,177</u>

See accompanying notes to the consolidated financial statements

**NOVA SCOTIA INNOVATION CORPORATION**

**Notes to the Consolidated Financial Statements  
March 31, 2001**

**1. Authority**

The Nova Scotia Innovation Corporation (InNOVAcorp) was established on February 6, 1995 by the Innovation Corporation Act. Its purpose is to build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

**2. Summary of significant accounting policies**

InNOVAcorp's financial statements have been prepared in accordance with generally accepted accounting principles, which include the following:

**a. Principles of consolidation**

The consolidated financial statements include the accounts of InNOVAcorp its wholly-owned subsidiary, Nova Magnetics Limited (NML) and its 80% owned subsidiary 3839966 Canada Limited.

**b. Use of estimates**

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**c. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and temporary money market instruments at cost plus accrued interest with original maturities of three months or less. Portfolio investments of the Nova Scotia First Fund which mature within ninety days are accorded the same treatment.

**d. Inventory**

Inventory is valued at the lower of cost or net realizable value.

**e. Long term investments**

Venture capital investments made through the Nova Scotia First Fund and investments in companies over which InNOVAcorp does not have control are carried at cost. Where management has determined a decline in value that is considered to be other than temporary, these investments are written down to provide for the loss. Fixed income investments of the Nova Scotia First Fund with terms to maturity greater than ninety days are recorded at cost plus accrued interest.

**f. Capital assets**

The cost of capital assets is being depreciated over the estimated lives of the assets using the following rates and methods:

Buildings	4%	declining balance
Machinery and equipment	20%	declining balance
Computer equipment	30%	declining balance
SE Technology license	17%	straight line
Furniture and fixtures	20%	declining balance
Improvements	100%	declining balance
Management Information Systems	10%	straight line

**g. Donated assets**

The donation of assets to InNOVAcorp is considered a capital contribution. These assets are recorded at their fair market value with an offsetting increase to a contributed capital account identifying the source of the donation. These assets are charged to income over their estimated economic life as described in Note 2(f) above.

**h. Government grants and deferred government assistance**

Government grants received for the acquisition of property, plant and equipment are recorded as deferred government assistance and recognized as income on the same basis as the related assets are amortized. Grants related to other expenditures are recognized as income in the year the related expenditures are incurred.

**i. Translation of foreign currencies**

Current assets, current liabilities, long term monetary assets and liabilities are translated at the year-end rate of exchange. Revenue and expenses are translated at the rates prevailing when the transaction occurred. Translation gains and losses are included in earnings except for unrealized gains and losses arising from translation of long term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the related items.

**3. Nova Scotia First Fund**

In 1989 the Nova Scotia First Fund (NSFF) was established by Governor in Council. The objective of the fund is to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. Fund investments represent investments in development stage enterprises and, as such, have not yet earned significant revenues from their intended business activities or established their commercial viability. The recovery of invested amounts and the realization of investment returns is dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises. Adverse developments could result in write-downs of the carrying values of these investments.

During 1996-97 InNOVAcorp assumed management of the NSFF pursuant to the Innovation Corporation Act. The administration of investments and obligations made through the NSFF to April 1, 1996 was also transferred to InNOVAcorp. Fund activity during the current year is summarized below:

	<b>Portfolio Investments</b>	<b>Fund Investments</b>	<b>Fund Obligations</b>	<b>Valuation Adjustment</b>	<b>Fund Balance</b>
Beginning					
Balance .....	\$ 7,486,547	\$ 6,745,139	\$ (225,000)	\$ (1,847,602)	\$ 12,159,084
Add (Deduct):					
Equity investments	(2,018,650)	2,018,650	---	---	---
Income .....	366,110	(40,106)	---	(2,249,367)	(1,923,363)
Other .....	<u>3,977</u>	<u>(3,977)</u>	---	---	---
Ending Balance ...	<u>\$ 5,837,984</u>	<u>\$ 8,719,706</u>	<u>\$ (225,000)</u>	<u>\$ (4,096,969)</u>	<u>\$ 10,235,721</u>

InNOVAcorp is entitled to recover direct expenses associated with its administration of the NSFF. To date it has elected not to charge the Fund for any of the costs incurred. These costs are charged to the Commercialization Services division of the Corporation.

In addition to the above investments and obligations, as at March 31, 2001 there were \$250,000 of approved commitments for the NSFF (1999 - \$650,000) and a guarantee of \$115,000 (2000 - \$115,000).

InNOVAcorp and TARA (Telecom Applications Research Alliance) entered into a \$2 million investment alliance agreement (InNOVAcorp share - \$1 million) to support emerging information technology (IT) companies. This strategic alliance provides capital to IT companies with high growth potential and is targeted at early-stage companies seeking \$100,000 to \$300,000 in venture financing. A subcommittee of representatives from both organizations manages the joint venture. At March 31, 2001, \$1,000,000 (InNOVAcorp share - \$500,000) has been placed under this agreement.

#### 4. Research Endowment Fund

The Research Endowment Fund was transferred to InNOVAcorp when the Nova Scotia Research Foundation Corporation was dissolved. Subject to any directions provided by the Governor in Council, the Fund is administered and controlled by InNOVAcorp. The Fund can be used for purposes consistent with the objects of InNOVAcorp.

The funds have been invested in bonds and debentures and their fair market value approximates cost.

#### 5. Other Investments

	<b>2001</b>	<b>2000</b>
Applied Microelectronics Incorporated - 490,000 3%, non-cumulative preferred shares .....	\$ 490,000	\$ 490,000
British Columbia Research Incorporated - 68,403 common shares .....	---	41,042
Immune Network Ltd. 68,403 common and class A preferred shares .....	84,141	---
PlantSelect Biotechnology Systems Limited		
20,000 common shares .....	29,744	29,744
Preferred shares .....	94,705	94,705
Produxys Solutions Inc. - 1,000 common shares .....	<u>10,000</u>	<u>10,000</u>
	<u>\$ 708,590</u>	<u>\$ 665,491</u>

**6. Receivables**

	<b>2001</b>	<b>2000</b>
Loan receivable.....	\$ 265,750	\$ 329,881
Leases receivable .....	187,794	228,768
	<u>453,544</u>	<u>558,649</u>
Current Portion .....	50,096	87,616
	<u>\$ 403,448</u>	<u>\$ 471,033</u>

The loan relates to the disposition of laboratories in September, 1999. Payments are in quarterly instalments, with interest at a rate of 9.65% per annum. The final instalment is due October 31, 2004.

InNOVAcorp leases equipment under agreements with terms of three to eight years. The leases, which transfer substantially all of the risks and benefits incidental to ownership, have been accounted for as sales.

**7. Capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2001 Carrying Value</b>	<b>2000 Carrying Value</b>
Land .....	\$ 350,700	\$ ---	\$ 350,700	\$ 350,700
Buildings .....	5,926,357	1,093,509	4,832,848	5,034,217
Machinery and equipment .....	1,339,715	852,532	487,183	568,228
Computer equipment .....	740,438	530,427	210,011	250,284
SE technology license .....	111,000	109,197	1,803	9,018
Furniture & fixtures .....	176,766	106,332	70,434	84,162
Improvements .....	162,268	162,268	---	---
Management information system .....	146,474	49,869	96,605	111,252
	<u>\$ 8,953,718</u>	<u>\$ 2,904,134</u>	<u>\$ 6,049,584</u>	<u>\$ 6,407,861</u>

**8. Long term debt**

	<b>2001</b>	<b>2000</b>
Early Retirement Incentive Plan.....	\$ ---	\$ 1,500,114
Nova Scotia Business Development Corporation (NSBDC) .....	121,002	143,962
Long term service award.....	281,995	280,301
	<u>402,997</u>	<u>1,924,377</u>
Less: Current portion.....	23,924	44,137
	<u>\$ 379,073</u>	<u>\$ 1,880,240</u>

Principal repayments for the NSBDC loan for the next five years are as follows:

2002	\$ 23,924
2003	25,273
2004	26,690
2005	28,202
2006	17,225

### Early Retirement Incentive Plan

In 1991 and 1993, the Province of Nova Scotia implemented the Early Retirement incentive Plans. The liability incurred at that time was transferred to inNOVAcorp upon the dissolution of the Nova Scotia Research Foundation Corporation. Effective March 31, 2001 the responsibility for this liability was assumed by the Province of Nova Scotia and the elimination recorded as an unusual item.

### Long Term Service Award

Employees of the Corporation are entitled to long term service awards on retirement. Based on the number of years of service these are earned at a rate of one week's pay for every year of service, to a maximum of 26 weeks.

The liability represents management's best estimate of the net present value of future awards to be paid to retiring staff. The benefit expense calculation includes an imputed interest charge on the average unfunded liability throughout the period, and an accrual for the award earned by the employees during the period.

## 9. Capital stock and contributed surplus

	2001	2000
Capital stock		
Class A Common Shares, par value \$1.00 . . . . .	75 \$	75
Principal Share, par value \$1.00 . . . . .	<u>1</u>	<u>1</u>
	<u>76</u>	<u>76</u>
Contributed surplus		
Nova Scotia First Fund . . . . .	11,110,791	11,110,791
Nova Scotia Research Foundation Corporation . . . . .	7,509,888	7,509,888
Applied Microelectronics Incorporated (Note 8) . . . . .	<u>490,000</u>	<u>490,000</u>
	<u>19,110,679</u>	<u>19,110,679</u>
	<u>\$ 19,110,755</u>	<u>\$ 19,110,755</u>

## 10. Government grants

InNOVAcorp receives an annual grant from the Province of Nova Scotia as well as funding from various other Federal and Provincial government agencies for current operations and acquisition of capital assets. Funding related to the operating activities of a business unit has been included in the revenue of that unit.

Funding related to the acquisition of capital assets is deferred as disclosed in note 2(g).

Details of funding are as follows:

	2001	2000
Grant - Province of Nova Scotia . . . . .	2,609,300 \$	3,069,600
Assistance for capital acquisitions . . . . .	13,375	23,421
Government funding used to finance capital assets . . . . .	(88,050)	(52,271)
Amortization of capital grants . . . . .	<u>121,171</u>	<u>177,982</u>
	<u>\$ 2,655,796</u>	<u>\$ 3,218,732</u>

**11. Unusual items**

	<b>2001</b>	<b>2000</b>
Recovery of HST . . . . .	\$ ---	\$ 190,000
Elimination of Early Retirement Incentive Plan liability (Note 8) . . . . .	<u>1,487,703</u>	<u>---</u>
	<u>\$ 1,487,703</u>	<u>\$ 190,000</u>

**12. Discontinued operations**

Sale of laboratories		
Net earnings for the year . . . . .	\$ ---	\$ 5,730
Gain on disposal of assets. . . . .	<u>---</u>	<u>173,626</u>
	<u>---</u>	<u>179,356</u>
Sale of Nova Magnetics Limited		
Net loss to the measurement date. . . . .	<u>(23,049)</u>	<u>(173,272)</u>
	<u>\$ (23,049)</u>	<u>\$ 6,084</u>
Revenues excluded from revenues and grants		
Laboratories . . . . .	\$ ---	\$ 584,778
Nova Magnetics Limited . . . . .	<u>736,350</u>	<u>733,986</u>
	<u>\$ 736,350</u>	<u>\$ 1,318,764</u>
Remaining assets and liabilities of the discontinued business segment		
Laboratories. . . . .	<u>---</u>	<u>---</u>
Nova Magnetics Limited		
Current assets . . . . .	<u>\$ 470,839</u>	<u>\$ 711,334</u>
Capital assets . . . . .	<u>\$ 12,074</u>	<u>\$ 17,249</u>
Current liabilities. . . . .	<u>\$ 1,829,178</u>	<u>\$ 2,053,597</u>

Sale of laboratories

On September 24, 1999, InNOVAcorp disposed of its chemistry, microbiology and materials laboratories.

Sale of Nova Magnetics Limited

On January 9, 2001 (measurement date), inNOVAcorp agreed to sell the assets of Nova Magnetics Limited, its wholly owned subsidiary.

The disposal date is expected to occur in the 2002 fiscal year. The loss from operations from January 9, 2001 to March 31, 2001 of \$118,473 has been deferred. Management expects the estimated post-measurement date results of operations to offset the estimated gain on disposal of the assets.

**13. Supplemental cash flow information**

	<b>2001</b>	<b>2000</b>
Change in non-cash operating working capital		
Deferred charges. . . . .	\$ (118,473)	\$ ---
Receivables . . . . .	110,287	198,624
Inventories. . . . .	100,069	(113,442)
Payables and accruals. . . . .	155,092	(19,266)
Payable to Province of Nova Scotia. . . . .	(784,261)	568,981
Deferred revenue . . . . .	<u>(188,989)</u>	<u>107,673</u>
	<u>\$ (726,275)</u>	<u>\$ 742,570</u>
Cash and cash equivalents consists of: Cash . . . . .	<u>\$ 2,127,716</u>	<u>\$ 3,019,177</u>



**14. Public Service Superannuation Fund**

Employees of InNOVAcorp, other than casual employees, are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the expenses of InNOVAcorp's divisions.

The Department of Finance administers the Public Service Superannuation Fund. InNOVAcorp is not responsible for any unfunded liability.

**15. Related party transactions**

Entity	Relationship	Sales To	Year End Receivable
PlantSelect Biotechnology Systems Limited	50% investee	\$ 2,722	\$ 171,602
BioScience Enterprise Centre	Managed Incubator	61,209	337,729
Agri-Tech Park Inc.	Managed Incubator	---	5,729
NSFF Investments	Investments	191,271	234,210

Facilities and administrative services are provided to PlantSelect Biotechnology Systems Limited and Agri-Tech Park Inc. at no cost.

Sales to NSFF investments are at the same prices and terms as with unrelated parties. InNOVAcorp also has the use of the Technology Innovation Centre, which is owned by the Province of Nova Scotia, at no cost.

**16. Income taxes**

InNOVAcorp is exempt from income tax under Section 149 of the Income Tax Act.

**17. Comparative Figures**

Certain of the 2000 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2001.

## AUDITOR'S REPORT

To the Minister of Justice; and

To the Chair and Members of the  
Nova Scotia Legal Aid Commission

I have audited the balance sheet of the Nova Scotia Legal Aid Commission as at March 31, 2001, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 19, 2001.

**NOVA SCOTIA LEGAL AID COMMISSION**

**Statement of Revenue and Expenses  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Grant - Province of Nova Scotia .....	\$ 11,375,434	\$ 11,263,174
Interest .....	229,485	159,461
Other income .....	49,737	12,820
	<u>11,654,656</u>	<u>11,435,455</u>
<b>Expenses</b>		
Amortization .....	56,670	42,143
Capital lease interest .....	2,980	5,068
Directors' fees .....	40,194	37,584
Equipment and maintenance .....	85,305	69,377
Library .....	146,950	142,742
Membership, meetings and conferences .....	176,972	206,993
Office disbursements .....	191,077	229,374
Private solicitors' fees (Note 7) .....	1,664,355	1,838,818
Professional and other fees .....	126,401	164,067
Salaries and benefits .....	7,361,831	7,269,570
Supplies and services .....	909,013	839,910
Travel .....	268,999	271,673
	<u>11,030,747</u>	<u>11,117,319</u>
<b>Excess of revenue over expenses before special cases .....</b>	<u>623,909</u>	<u>318,136</u>
<b>Special Case (Note 9)</b>		
Contribution from the Province of Nova Scotia .....	281,484	197,594
Contribution from client .....	16,530	11,282
	<u>298,014</u>	<u>208,876</u>
Expenses, special cases .....	298,014	208,876
	<u>---</u>	<u>---</u>
<b>Excess of revenue over expenses .....</b>	<u>\$ 623,909</u>	<u>\$ 318,136</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA LEGAL AID COMMISSION**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash .....	\$ 1,086,062	\$ 262,940
Investments (Note 3) .....	2,696,914	2,552,723
Receivables .....	295,664	74,757
Prepays .....	30,063	38,160
	<u>4,108,703</u>	<u>2,928,580</u>
Trust Fund - long service awards (Note 4) .....	1,163,900	1,065,156
Capital assets (Note 5) .....	181,950	93,538
	<u>\$ 5,454,553</u>	<u>\$ 4,087,274</u>

**LIABILITIES**

<b>Current</b>		
Payables and accruals (Notes 6 and 7) .....	\$ 1,288,228	\$ 1,266,522
Current portion of obligation under capital lease (Note 8) .....	13,065	17,449
Deferred contribution - special cases (Note 9) .....	468,232	202,406
	<u>1,769,525</u>	<u>1,486,377</u>
<b>Long-term</b>		
Early retirement incentive program (Note 10) .....	178,372	174,022
Long service awards (Note 11) .....	1,163,900	1,065,156
Obligation under capital lease (Note 8) .....	---	12,738
	<u>1,342,272</u>	<u>1,251,916</u>
<b>Deferred contributions - capital assets (Note 12) .....</b>	<u>662,802</u>	<u>292,936</u>
	<u>3,774,599</u>	<u>3,031,229</u>
<b>Net Assets</b>		
Unrestricted net assets .....	976,777	992,694
Net assets invested in capital assets (Page 373) .....	168,885	63,351
Reserve for future case completion (Page 373 & Note 13) .....	534,292	---
	<u>1,679,954</u>	<u>1,056,045</u>
	<u>\$ 5,454,553</u>	<u>\$ 4,087,274</u>

Commitments and contingencies (Note 14)

See accompanying notes to the financial statements.

**NOVA SCOTIA LEGAL AID COMMISSION**

**Statement of Changes in Net Assets  
Year Ended March 31, 2001**

				<b>2001</b>	<b>2000</b>
	Unrestricted Net Assets	Net Assets Invested in Capital Assets	Reserve for Future Case Completion	Total	Total
Balance, beginning of year . . . . .	\$ 992,694	\$ 63,351	\$ ---	\$ 1,056,045	\$ 737,909
Excess of revenue over expenses . . . . .	623,909	---	---	623,909	318,136
Purchase of capital assets . . . . .	(145,082)	145,082	---	---	---
Depreciation . . . . .	56,670	(56,670)	---	---	---
Capital lease repayment . . . . .	(17,122)	17,122	---	---	---
Transfer to reserve for future case completion . . . . .	(534,292)	---	534,292	---	---
Balance, end of year . . . . .	<u>\$ 976,777</u>	<u>\$ 168,885</u>	<u>\$ 534,292</u>	<u>\$ 1,679,954</u>	<u>\$ 1,056,045</u>

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenses . . . . .	\$ 623,909	\$ 318,136
Depreciation . . . . .	56,670	42,143
Amortization of deferred contributions - capital . . . . .	(30,134)	(56,175)
	<u>650,445</u>	<u>304,104</u>
Change in non-cash operating working capital (Note 16) . . . . .	(191,104)	174,899
	<u>459,341</u>	<u>479,003</u>
<b>Financing</b>		
Principal repayments of capital lease . . . . .	(17,122)	(14,059)
Increase in early retirement incentive program . . . . .	4,350	6,306
Advances for special cases, net . . . . .	265,826	202,406
Advances for capital asset purchases . . . . .	400,000	---
	<u>653,054</u>	<u>194,653</u>
<b>Investing:</b>		
Increase in investments . . . . .	(144,191)	(1,102,840)
Purchase of capital assets . . . . .	(145,082)	(46,043)
	<u>(289,273)</u>	<u>(1,148,883)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	823,122	(475,227)
Cash and cash equivalents,		
<b>Beginning of year . . . . .</b>	<u>262,940</u>	<u>738,167</u>
<b>End of year . . . . .</b>	<u>\$ 1,086,062</u>	<u>\$ 262,940</u>

# NOVA SCOTIA LEGAL AID COMMISSION

## Notes to the Financial Statements

March 31, 2001

### 1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the Legal Aid Act. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position.

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

### 2. Summary of significant accounting policies

#### Revenue

Operating grants are recorded on the accrual basis.

Contributions from the Province of Nova Scotia for the acquisition of capital assets are recorded as deferred contributions and are amortized to revenue in accordance with the amortization schedule for each capital asset acquired.

#### Capital assets

Capital assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	33.33% per year
Leasehold improvements	Over term of lease
Equipment under capital lease	33.33% per year

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

#### Special cases

Periodically, the Commission provides legal services to clients upon special request from the Department of Justice where the clients would not otherwise be eligible under the Commission's guidelines. Contributions and expenses related to these special cases are presented separately on the statement of revenue and expenses.

### 3. Investments

Investments consist of banker acceptance notes and are valued at cost, which approximates market value.

### 4. Trust Fund - long service awards

The Commission follows the provisions of the Civil Service Act with respect to the payment of long service awards to retiring employees. The Commission is responsible for the funding and eventual payment of these awards.

The Commission maintains a trust fund to provide for the eventual payment of awards and to administer long service award advances. The Commission provides contributions, from general operating funds, to defray future obligations for long service awards.

In prior years, employees with 15 years of employment could apply for an advance on their long service award. Advances are repayable upon retirement or termination, together with interest at the provincial borrowing rate which existed at the time of the advance. As at March 31, 2001, six employees have received advances. Advances plus accrued interest at March 31, 2001 totalled \$143,287 (2000 - \$143,469).

	<b>2001</b>	<b>2000</b>
Balance, beginning of year . . . . .	\$ 1,065,156	\$ 822,455
Add: Contribution from operating funds . . . . .	59,989	207,415
Interest on long service award advances . . . . .	7,818	8,837
Interest on investments . . . . .	47,669	29,635
	<u>115,476</u>	<u>245,887</u>
Less: Long service awards paid to retiring employees. . . . .	<u>16,732</u>	<u>3,186</u>
Balance, end of year . . . . .	<u>\$ 1,163,900</u>	<u>\$ 1,065,156</u>
Consisting of:		
Cash . . . . .	\$ 512	\$ 695
Investments and accrued interest on investments (Note 3). . . . .	1,020,101	772,385
Receivable - long service award advances and accrued interest on advances . . . . .	143,287	143,469
Contribution due from operating funds . . . . .	---	148,607
	<u>\$ 1,163,900</u>	<u>\$ 1,065,156</u>

**5. Capital assets**

	<b>2001</b>	<b>2000</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment . . . . .	\$ 152,746	\$ 61,638	\$ 91,108	\$ 47,592
Leasehold improvements . . . . .	121,558	42,987	78,571	16,952
Equipment under capital lease . . . . .	50,124	37,853	12,271	28,994
	<u>\$ 324,428</u>	<u>\$ 142,478</u>	<u>\$ 181,950</u>	<u>\$ 93,538</u>

**6. Accounts payable and accruals**

	<b>2001</b>	<b>2000</b>
Supplies and services . . . . .	\$ 177,328	\$ 241,703
Accrued private solicitors' fees (see Note 7) . . . . .	849,395	798,297
Employee salaries and benefits . . . . .	261,505	226,522
	<u>\$ 1,288,228</u>	<u>\$ 1,266,522</u>

**7. Measurement uncertainty**

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in the financial statements. This exists when there is a variance between the recorded amount and another reasonably possible amount.

Measurement uncertainty in these financial statements is inherent in the recording of accrued private solicitors' fees. At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2001, a liability of \$849,395 (2000 - \$798,297) was recorded, of which \$709,156 (2000 - \$635,619) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the eventual billings from private solicitors due to the specific requirements of each case.

**8. Obligation under capital lease**

	<b>2001</b>	<b>2000</b>
Blended monthly payments totalling \$1,675 for computer equipment leases, with varying expiry dates to April 2002 . . . . .	\$ 16,045	\$ 33,819
Plus: amount representing interest (average rate 15.5%) . . . . .	<u>(2,980)</u>	<u>(3,632)</u>
	13,065	30,187
Less: current portion . . . . .	<u>(13,065)</u>	<u>(17,449)</u>
Long term portion. . . . .	<u>---</u>	<u>12,738</u>

**9. Deferred contribution - special cases**

Special case funding is received from the Province of Nova Scotia and is restricted solely for expenditures incurred in the process of defending the accused. Amounts not used for current expenditures are deferred to be applied against future cases. Any funding not committed at the conclusion of the cases must be returned to the Province of Nova Scotia. During the year ended March 31, 2001, the commission provided legal services for three clients upon special request from the Department of Justice.

**10. Early Retirement Incentive Program**

The Commission participated in an Early Retirement Incentive Program offered by the Province of Nova Scotia to crown agencies. A liability in the amount of \$191,279 (2000 - \$186,615 ) has been accrued as of March 31, 2001. This amount represents management's best estimate of the present value of the future payments required under the program. Of the total liability, \$12,907 (2000 - \$12,593) has been classified on the balance sheet as current and \$178,372 (2000 - \$174,022) has been classified as long-term.

Eligibility for the Program ended March 31, 1998.

**11. Long service awards**

Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of twenty-six weeks.

In 2000, the Commission engaged an outside consultant to estimate the liability relating to the awards. Based on the estimate of the present value of obligation respecting long service awards at March 31, 2001, the long service award trust funds of \$1,163,900 (2000 - \$1,065,156) are sufficient to fund the liability.

**12. Deferred contributions - capital assets**

In the 1999 fiscal year the Province of Nova Scotia contributed \$353,000 to the Commission to offset anticipated costs of upgrading the Commission's computer systems. A further \$400,000 was contributed in the 2001 fiscal year. The changes in the deferred contributions balance for the period are as follows:

	<b>2001</b>	<b>2000</b>
Balance, beginning of year. . . . .	\$ 292,936	\$ 349,111
Plus: contributions received. . . . .	400,000	---
Less: amounts amortized to revenue. . . . .	<u>(30,134)</u>	<u>(56,175)</u>
Balance, end of year. . . . .	<u>662,802</u>	<u>292,936</u>



**13. Reserve for future case completion**

During the 2001 fiscal year, the Commission decided to appropriate an amount from unrestricted net assets that approximates management's best estimate of the remaining cost to complete the cases that are in progress as at March 31, 2001.

**14. Commitments and contingencies**

a. The Commission has entered into lease agreements for eleven of its offices. The remaining two offices do not have formal lease agreements. Lease agreements typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office.

Minimum lease payments for signed lease agreements for the next five years, not including operating costs and taxes, are as follows:

2002	\$	510,213
2003	\$	462,756
2004	\$	455,028
2005	\$	455,028
2006	\$	344,367

b. The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide a grant of \$69,000 to Dalhousie Legal Aid Services for the year ending March 31, 2002. In addition Dalhousie Legal Aid Services can bill an additional \$109,000 for conflict of interest cases.

**15. Client Trust Funds**

On March 31, 2001, \$71,189 (2000 - \$12,537 ) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

**16. Supplement cash flow information**

	2001	2000
Change in non cash operating working capital:		
Receivables.....	\$ (220,907)	\$ 52,141
Prepays .....	8,097	(2,979)
Payables and accruals .....	21,706	125,737
	<u>\$ (191,104)</u>	<u>\$ 174,899</u>
Cash and cash equivalents consist of:		
Cash on hand and balances with banks .....	<u>\$ 1,086,062</u>	<u>\$ 262,940</u>
Interest paid.....	<u>\$ 2,980</u>	<u>\$ 5,068</u>

**17. Pensions**

Pursuant to Section 7 of the Legal Aid Act, all permanent employees of the Commission are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability with respect to the superannuation fund.

**18. Comparative figures**

Certain of the comparative figures for 2000 have been reclassified to conform with the financial statement presentation adopted for 2001.

**NOVA SCOTIA LEGAL AID COMMISSION**

**Schedule of Expenses  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>	
	<b>Budget</b>	<b>Actual</b>	
	<b>Budget</b>	<b>Actual</b>	
Amortization . . . . .	\$ ---	\$ 56,670	\$ 42,143
Capital lease interest . . . . .	---	2,980	5,068
Directors' fees . . . . .	45,000	40,194	37,584
Equipment and maintenance			
Leasehold improvements . . . . .	33,300	7,623	---
Office furniture and equipment . . . . .	41,000	29,455	20,080
Office machine leasing . . . . .	48,000	25,326	19,440
Office machine maintenance . . . . .	41,700	22,901	29,857
	<u>164,000</u>	<u>85,305</u>	<u>69,377</u>
Library . . . . .	145,000	146,950	142,742
Membership, meetings and conferences			
Membership and dues . . . . .	140,000	131,270	136,549
Meetings and conferences . . . . .	45,000	45,702	70,444
	<u>185,000</u>	<u>176,972</u>	<u>206,993</u>
Office disbursements			
Civil and family . . . . .	100,000	90,450	93,023
Criminal . . . . .	100,000	81,102	119,953
Young Offender . . . . .	16,000	19,525	16,398
	<u>216,000</u>	<u>191,077</u>	<u>229,374</u>
Private solicitors' fees			
Civil and family - conflicts . . . . .	1,016,515	911,624	984,066
Criminal - choice of counsel . . . . .	200,000	(1,925)	202,607
Criminal - conflicts . . . . .	486,786	606,037	504,588
Young offender - choice of counsel . . . . .	---	1,146	
Young offender - conflicts . . . . .	145,899	147,473	147,557
	<u>1,849,200</u>	<u>1,664,355</u>	<u>1,838,818</u>
Professional and other fees			
Professional fees . . . . .	156,000	126,401	126,853
Consultants fees . . . . .	---	---	37,214
	<u>156,000</u>	<u>126,401</u>	<u>164,067</u>
Salaries and benefits . . . . .	7,500,000	7,361,831	7,269,570
Supplies and services			
General cleaning and office expense . . . . .	77,000	70,854	55,097
Heat, light and water . . . . .	25,000	25,223	26,869
Miscellaneous . . . . .	4,000	184	3,272
Printing and stationery . . . . .	80,000	95,505	71,018
Rent, insurance and taxes . . . . .	560,000	525,838	514,005
Telephone and postage . . . . .	245,000	191,409	169,649
	<u>991,000</u>	<u>909,013</u>	<u>839,910</u>
Travel . . . . .	271,700	268,999	271,673
	<u>\$ 11,522,900</u>	<u>\$ 11,030,747</u>	<u>\$ 11,117,319</u>

## AUDITORS' REPORT

To the Honourable Minister  
in Charge of Administration  
Liquor Control Act  
Province of Nova Scotia  
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Commission as at March 31, 2001 and the statements of earnings 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.

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

The accompanying financial statements do not include recognition of certain employee future benefits as required under a new recommendation issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants titled Employee Future Benefits (Section 3461). Measurement of these obligations would involve significant estimates by management, including the use of actuarial services. Accordingly, we were unable to determine the significance of adjustments required to long-term liability, stores' operating expenses, warehousing and distribution expenses, administrative expenses and earnings from operations.

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 employee future benefit obligations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Commission as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
June 8, 2001

**THE NOVA SCOTIA LIQUOR COMMISSION**

**Balance Sheet**

**March 31, 2001, with comparative figures for 2000**

**ASSETS**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Current assets:		
Cash . . . . .	\$ 8,576	\$ 2,001
Accounts receivable . . . . .	3,117	2,514
Inventories of stock in warehouse and stores . . . . .	16,804	16,477
Prepaid expenses . . . . .	245	2,478
	<u>28,742</u>	<u>23,470</u>
Property and equipment:		
Furniture, fixtures and portable equipment . . . . .	6,131	6,034
Other equipment . . . . .	7,125	7,015
Computers . . . . .	5,953	4,821
Land and buildings . . . . .	12,607	12,511
Capital and leasehold improvements . . . . .	23,025	22,081
	<u>54,841</u>	<u>52,462</u>
Less accumulated depreciation and amortization . . . . .	42,145	38,826
	<u>12,696</u>	<u>13,636</u>
Assets under capital lease . . . . .	10,831	10,831
Less accumulated amortization . . . . .	8,356	7,995
	<u>2,475</u>	<u>2,836</u>
	<u>\$ 43,913</u>	<u>\$ 39,942</u>

**LIABILITIES**

Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 18,533	\$ 15,924
Current portion of obligations under capital leases (note 2) . . . . .	368	279
	<u>18,901</u>	<u>16,203</u>
Long-term liability:		
Obligation under capital lease (note 2) . . . . .	8,160	8,569
Due to Minister of Finance:		
Balance, beginning of year . . . . .	15,170	14,050
Remittances . . . . .	15,170	14,050
	---	---
Current year:		
Net income . . . . .	137,183	135,170
Remittances . . . . .	120,331	120,000
Balance, end of year . . . . .	16,852	15,170
	<u>\$ 43,913</u>	<u>\$ 39,942</u>

Operating Leases (Note 3)

See accompanying notes to financial statements.

**THE NOVA SCOTIA LIQUOR COMMISSION**

**Statement of Earnings  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>% of</b>	<b>2000</b>	<b>% of</b>
	(in thousands)	<b>Sales</b>		<b>Sales</b>
Net sales .....	\$ 376,404	100.0	\$ 371,365	100.0
Cost of goods sold .....	<u>190,735</u>	<u>50.7</u>	<u>187,609</u>	<u>50.5</u>
	185,669	49.3	183,756	49.5
Stores' operating expenses .....	<u>33,321</u>	<u>8.8</u>	<u>33,787</u>	<u>9.1</u>
Income, store operations .....	152,348	40.5	149,969	40.4
Depreciation .....	3,678	1.0	3,465	0.9
Warehousing and distribution expenses .....	3,980	1.1	3,850	1.0
Administrative expenses (note 4) .....	8,482	2.2	8,522	2.3
Other revenue .....	(3,395)	(0.9)	(2,856)	(0.7)
Other expenses .....	<u>1,386</u>	<u>0.4</u>	<u>1,067</u>	<u>0.3</u>
	14,131	3.8	14,048	3.8
Earnings before unusual item .....	<u>138,217</u>	<u>36.7</u>	<u>135,921</u>	<u>36.6</u>
Early retirement program .....	<u>1,034</u>	<u>0.3</u>	<u>751</u>	<u>0.2</u>
Earnings from operations .....	\$ <u>137,183</u>	<u>36.4</u>	\$ <u>135,170</u>	<u>36.4</u>

**Statement of Cash Flows  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Cash provided by (used in):		
Operations:		
Income from operations .....	\$ 137,183	\$ 135,170
Depreciation and amortization not involving cash .....	3,678	3,465
Gain on sale of property and equipment .....	---	---
Change in non-cash operating working capital .....	<u>3,912</u>	<u>(3,740)</u>
	144,773	134,895
Financing:		
Principal payments on obligations under capital lease .....	(320)	(279)
Investments:		
Additions to property and equipment .....	(2,377)	(2,373)
Other:		
Remittances to Minister of Finance .....	<u>(135,501)</u>	<u>(134,050)</u>
Increase (decrease) in cash .....	6,575	(1,807)
Cash, beginning of year .....	<u>2,001</u>	<u>3,808</u>
Cash, end of year .....	\$ <u>8,576</u>	\$ <u>2,001</u>

See accompanying notes to financial statements.

**THE NOVA SCOTIA LIQUOR COMMISSION**

**Notes to Financial Statements  
Year ended March 31, 2001**

The Nova Scotia Liquor Commission administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989, and is a government business enterprise as defined by Public Sector Accounting Board recommendations.

**1. Significant accounting policies:**

(a) Inventories:

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:

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

<b>Asset</b>	<b>Rate</b>
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements .....	10%
Computers - stand-alone. ....	33%
Computers - integrated systems .....	20%
Land and buildings .....	5%

In the year of addition, depreciation is charged at the full annual rate.

Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

**2. Obligation under capital lease:**

The Nova Scotia Liquor Commission has an obligation under a capital lease, which matures in 2012. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2001:

2002 .....	\$ 1,537
2003 .....	1,536
2004 .....	1,537
2005 .....	1,536
2006 .....	1,537
2007-2012 .....	8,834
Total minimum lease payments .....	<u>16,517</u>
Less amount representing interest .....	<u>7,989</u>
Balance of obligation .....	8,528
Less current portion of obligation under capital lease .....	368
	<u>\$ 8,160</u>

**3. Operating leases:**

The Nova Scotia Liquor Commission leases buildings, premises and equipment under operating leases which expire at various dates between 2002 and 2012. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2001:

2002 .....	\$	2,939
2003 .....		2,207
2004 .....		1,870
2005 .....		1,278
2006 .....		701
2007-2012 .....		<u>2,032</u>
Total minimum payments required .....	\$	<u><u>11,027</u></u>

**4. Administrative expenses:**

Administrative expenses also include the following:

	<b>2001</b>	<b>2000</b>
	<b>(in thousands)</b>	
Interest on obligation under capital lease .....	\$ <u>1,216</u>	\$ <u>1,257</u>

**5. Pension plan and retirement obligations:**

Full time employees of the Nova Scotia Liquor Commission are members of the Nova Scotia Public Service Superannuation Plan.

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Nova Scotia Municipal Finance Corporation as at March 31, 2001 and the statements of revenue, expenditure and reserve fund 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 company as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
May 4, 2001



**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Balance Sheet  
March 31, 2001 with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Current assets:		
Cash .....	\$ 41,649	\$ 3,160
Short-term investments, at amortized cost (market - \$4,959,659; 2000 - \$2,040,000) .....	4,959,659	2,040,000
Accrued interest receivable .....	12,024,608	16,439,252
Other receivables .....	1,655	7,333
Principal due within one year on loans to units .....	68,328,704	161,176,120
	<u>85,356,275</u>	<u>179,665,865</u>
Long-term assets:		
Loans to units (note 3) .....	500,206,012	612,502,241
Less principal included in current assets .....	68,328,704	161,176,120
	<u>431,877,308</u>	<u>451,326,121</u>
Investments, at amortized cost (market - \$756,187; 2000 - \$6,939,664) .....	773,549	6,918,921
	<u>432,650,857</u>	<u>458,245,042</u>
Deferred charges:		
Discount on debenture debt .....	2,532,143	3,634,465
Less accumulated amortization .....	1,507,223	2,503,950
	<u>1,024,920</u>	<u>1,130,515</u>
	<u>\$ 519,032,052</u>	<u>\$ 639,041,422</u>
Trust fund assets (note 4) .....	<u>\$ 20,094,782</u>	<u>\$ 100,319,585</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 36,844	\$ 34,612
Accrued interest payable .....	12,014,170	16,449,585
Principal due within one year on debenture debt .....	69,064,750	165,792,750
	<u>81,115,764</u>	<u>182,276,947</u>
Long-term debt:		
Debentures payable (note 5) .....	501,313,250	616,943,000
Less principal included in current liabilities .....	69,064,750	165,792,750
	<u>432,248,500</u>	<u>451,150,250</u>
Deferred credits:		
Discount on loans to units .....	2,523,323	3,666,568
Less accumulated amortization .....	1,513,830	2,556,513
	<u>1,009,493</u>	<u>1,110,055</u>
Equity:		
Reserve Fund:		
Residual Reserve Funds .....	4,658,295	4,361,670
Reserve for debenture/loan interest differential .....	---	142,500
	<u>4,658,295</u>	<u>4,504,170</u>
	<u>\$ 519,032,052</u>	<u>\$ 639,041,422</u>
Trust funds under administration (note 4) .....	<u>\$ 20,094,782</u>	<u>\$ 100,319,585</u>

See accompanying notes to financial statements.

**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Statement of Revenue, Expenditure and Reserve Fund  
Year ended March 31, 2001, with comparative figures for 2000**

	2001	2000
Revenue:		
Interest on loans to units . . . . .	\$ 40,860,550	\$ 50,259,635
Amortization of discount on loans to units . . . . .	223,660	252,374
Interest on short-term investments . . . . .	410,616	674,325
Current discount on loans to units . . . . .	328,080	522,862
	<u>41,822,906</u>	<u>51,709,196</u>
Expenditure:		
Interest on debenture debt and short-term loans. . . . .	41,015,750	50,907,275
Amortization of discount on debenture debt . . . . .	228,703	263,999
Debenture issue expenses . . . . .	197,150	305,344
Administrative expenses (note 6) . . . . .	227,178	208,691
	<u>41,668,781</u>	<u>51,685,309</u>
Net revenue . . . . .	<u>154,125</u>	<u>23,887</u>
Reserve Fund, beginning of year . . . . .	<u>4,504,170</u>	<u>4,480,283</u>
Reserve Fund, end of year. . . . .	<u>\$ 4,658,295</u>	<u>\$ 4,504,170</u>

See accompanying notes to financial statements.

**NOVA SCOTIA MUNICIPAL FINANCE CORPORATION**

**Statement of Cash Flows  
Year ended March 31, 2001, with comparative figures for 2000**

	2001	2000
Cash provided by (used in):		
Operations:		
Net revenue . . . . .	\$ 154,125	\$ 23,887
Add (deduct) items not involving cash:		
Amortization of discount on loans to units . . . . .	(223,660)	(252,375)
Amortization of discount on debenture debt . . . . .	228,703	263,999
Amortization of premium on investments . . . . .	(23,440)	(106,529)
Change in non-cash working capital (note 8) . . . . .	(12,861)	(47,898)
	<u>122,867</u>	<u>(118,916)</u>
Investments:		
Issue of loans of \$52,411,252 to units on security of debentures, net of discounts of \$123,097 (2000 - \$86,956,561 net of discounts of \$186,295) . . . . .	(52,288,155)	(86,770,266)
Principal received on loans to units . . . . .	164,707,481	138,251,338
Principal received on maturing investments . . . . .	6,925,000	---
Purchase of investments of \$840,814, net of discounts discounts of \$84,626 . . . . .	(756,188)	---
	<u>118,588,138</u>	<u>51,481,072</u>
Financing:		
Issue of debentures of \$52,413,000, net of discounts of \$123,107 (2000 - \$86,958,000 net of discounts of \$186,376) . . . . .	52,289,893	86,771,624
Principal payment on debenture debt . . . . .	(168,042,750)	(139,466,000)
	<u>(115,752,857)</u>	<u>(52,694,376)</u>
Increase (decrease) in cash position . . . . .	2,958,148	(1,332,220)
Cash position, beginning of year . . . . .	2,043,160	3,375,380
Cash position, end of year . . . . .	<u>\$ 5,001,308</u>	<u>\$ 2,043,160</u>

Cash position is defined as cash and short-term investments.

See accompanying notes to financial statements.

# NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

## Notes to Financial Statements Year ended March 31, 2001

The corporation was created by the Municipal Corporation Act which was proclaimed on July 31, 1979. The corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, including district school boards, and hospitals through a central borrowing authority.

### 1. Summary of significant accounting policies:

- (a) Discounts on debenture debt and loans to units are being amortized over the life of the debentures payable and the loans receivable to which they relate, using the debentures outstanding method.
- (b) The Reserve Fund was created from interest earnings on funds which had been advanced by the Province of Nova Scotia and have since been repaid and interest on other surplus monies available from time to time, as well as from discounts on loans to units. The purpose of the Reserve Fund is to provide a capital base for the corporation, as well as to provide for funds which may be required for administrative purposes and timing differences.
- (c) The Reserve for debenture/loan interest differential represented an allocation approved by the Board of Directors to fund the negative interest on certain loans. The majority of these loans have now matured, therefore the reserve is no longer required.

### 2. Fair values of financial instruments:

Financial assets and financial liabilities:

The fair values of cash, accrued interest receivable, other receivables, accounts payable, accrued interest payable and principal due within one year on loans to units and debenture debt are assumed to approximate their carrying amounts because of their short-term to maturity. The fair values of investments are assumed to approximate quoted market values as disclosed in the financial statements.

The fair values of the corporation's loans to units and debentures payable fluctuate with changes in current lending rates. The corporation's mandated rate of interest charged on loans to units is directly correlated to its cost of borrowing, thereby providing a hedge against equity erosion. As at March 31, 2001, the corporation's debenture debt was hedged by offsetting loans to units with the exception of \$1,107,238 which was hedged by promissory notes. The fair market value of the promissory notes was \$1,394,405, while the fair market value of the debentures in excess of the loans to units was \$1,154,733. As the corporation normally holds the debentures to maturity, book values of the investments and debentures have not been adjusted to reflect the differences.

Trust fund assets managed by the corporation are completely offset by trust fund liabilities providing a hedge against fair value changes.

**3. Loans to units:**

(a) Loans to units are made on the security of their debentures, due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 1.00% to 12.5%. Due to existing provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required.

(b) Principal payments receivable in each of the next five years are as follows:

2002 .....	\$	68,328,704
2003 .....		90,111,995
2004 .....		50,937,881
2005 .....		51,125,239
2006 .....		50,724,445

**4. Trust funds under administration:**

Trust fund assets totalling \$20,094,782 (2000 - \$100,319,585) are held on behalf of certain municipal units and provincial debt issued for school and hospital construction. These funds represent sinking funds which are held by the corporation to be applied to the repayment of outstanding debenture debt at maturity.

**5. Debentures payable:**

(a) The debenture debt outstanding at March 31, 2001 totalling \$501,313,250 (2000 - \$616,943,000) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia except for Series AT which is a private placement.

Series	Date Issued	Maturity Date	Interest Rate	Debt Outstanding
N	Apr. 2/85	2001 to 2005	12.375-12.500	\$ 2,930,000
AA	May 29/91	2001	10.500	7,600,000
AB	Oct. 30/91	2001	9.750	5,785,000
AC	May 13/92	2001 to 2002	9.875	31,850,000
AD	Dec. 9/92	2001 to 2002	8.500	11,400,000
AE	May 5/93	2001 to 2003	8.250-8.500	8,900,000
AF	Nov. 18/93	2001 to 2003	7.375-7.625	7,070,000
AG	July 13/94	2001 to 2004	9.000-9.250	8,550,000
AH	Dec. 8/94	2001 to 2004	9.375-9.750	13,940,000
AI *	May 2/95	2001 to 2005	8.875-9.125	10,475,000
AJ	Nov. 14/95	2001 to 2005	7.750-8.125	18,690,000
AK *	May 14/96	2001 to 2006	7.250-8.000	28,864,000
AL	Oct. 28/96	2001 to 2006	6.750-7.500	14,188,000
AM *	May 12/97	2001 to 2007	6.250-7.000	44,208,000
AN *	Oct. 17/97	2001 to 2007	5.250-6.250	31,698,000
AP *	Jan. 30/98	2002 to 2019	5.375-6.125	42,025,000
AQ	May 15/98	2001 to 2008	5.125-5.500	33,182,000
AR *	Dec.1/98	2001 to 2008	5.125-5.625	49,946,000
AS *	May 17/99	2001 to 2009	4.875-5.375	35,345,000
AT	May 28/99	2001 to 2015	1.000	2,531,250
AU *	Dec 22/99	2001 to 2009	6.250-6.750	39,723,000
AV *	June 1/00	2001 to 2010	6.250-6.875	26,760,000
AW *	Nov. 9/00	2001 to 2010	5.875-6.375	25,653,000
				<u>\$ 501,313,250</u>

\* Placed directly with the Province of Nova Scotia  
Interest is payable semi-annually, except Series AT which is payable annually.

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

2002 .....	\$ 69,064,750
2003 .....	90,912,750
2004 .....	50,846,750
2005 .....	51,080,750
2006 .....	50,687,750

**6. Administrative expenses:**

	<u>2001</u>	<u>2000</u>
	Budget	Actual
Salaries and benefits . . . . .	\$ 192,818	\$ 190,267
Travel . . . . .	4,000	3,062
Equipment and maintenance . . . . .	4,950	3,596
Printing . . . . .	2,800	2,161
Postage . . . . .	3,000	1,441
Telecommunications . . . . .	5,400	3,993
Stationery and supplies . . . . .	5,000	2,104
Professional services . . . . .	6,000	3,655
Bank charges . . . . .	8,000	5,603
Directors' fees and expenses . . . . .	5,600	3,727
Professional development . . . . .	5,225	5,692
Dues and subscriptions . . . . .	1,285	1,089
Insurance . . . . .	745	350
Other . . . . .	500	438
Salary recovery . . . . .	---	---
	<u>\$ 245,323</u>	<u>\$ 227,178</u>
		<u>\$ 208,691</u>

**7. Taxes:**

The corporation is not subject to provincial or federal taxes.

**8. Change in non-cash working capital:**

	<u>2001</u>	<u>2000</u>
Accrued interest receivable . . . . .	\$ 4,414,644	\$ 3,285,340
Other receivables . . . . .	5,678	(7,333)
Accounts payable . . . . .	2,232	12,221
Accrued interest payable . . . . .	(4,435,415)	(3,338,126)
	<u>\$ (12,861)</u>	<u>\$ (47,898)</u>

## AUDITORS' REPORT

To the Chair and Members of the  
Nova Scotia Police Commission

We have audited the balance sheet of the Nova Scotia Police Commission as at March 31, 2001 and the statements of operations and surplus, capital assets 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 Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 18, 2001



**NOVA SCOTIA POLICE COMMISSION**

**Statements of Operations and Surplus  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Grant from the Province of Nova Scotia . . . . .	\$ 250,241	\$ 267,464
Interest and other revenue . . . . .	1,618	6,254
	<u>251,859</u>	<u>273,718</u>
<b>Expenses</b>		
Commission		
Salaries, wages and benefits . . . . .	138,788	151,157
Investigation services . . . . .	22,579	35,357
Travel . . . . .	18,953	13,230
Office supplies and services . . . . .	8,349	6,729
Depreciation . . . . .	4,680	4,606
Telephone . . . . .	2,307	4,789
Audit and legal . . . . .	2,300	7,632
Equipment . . . . .	2,171	2,015
Dues and fees . . . . .	1,325	1,076
Printing and copying . . . . .	963	2,491
Repairs and maintenance . . . . .	519	858
Transcription . . . . .	154	470
Other expenses . . . . .	88	158
	<u>203,176</u>	<u>230,568</u>
Review Board		
Salaries, wages and benefits . . . . .	42,600	37,075
Travel . . . . .	8,488	10,231
Dues and fees . . . . .	---	450
	<u>51,088</u>	<u>47,756</u>
	<u>254,264</u>	<u>278,324</u>
Operating deficit . . . . .	\$ <u>(2,405)</u>	\$ <u>(4,606)</u>
Surplus, beginning of year . . . . .	--- \$	---
Operating deficit . . . . .	<u>(2,405)</u>	<u>(4,606)</u>
Transfer from (to) investment in capital assets for		
Depreciation . . . . .	4,680	4,606
Capital asset acquisitions . . . . .	<u>(2,275)</u>	---
	<u>2,405</u>	<u>4,606</u>
Surplus, end of year . . . . .	\$ <u>---</u>	\$ <u>---</u>

See accompanying notes to the financial statements

**NOVA SCOTIA POLICE COMMISSION**

**Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ 16,747	\$ ---
Accounts receivable .....	9,656	7,124
Due from the Province of Nova Scotia .....	---	1,096
	<u>26,403</u>	<u>8,220</u>
Capital assets .....	1,453	3,858
	<u>\$ 27,856</u>	<u>\$ 12,078</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness .....	---	\$ 1,127
Payables and accruals .....	11,439	7,093
Due to Province of Nova Scotia .....	14,964	---
	<u>26,403</u>	<u>8,220</u>
<b>SURPLUS</b>		
Investment in capital assets (Note 3) .....	1,453	3,858
	<u>\$ 27,856</u>	<u>\$ 12,078</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA POLICE COMMISSION**

**Statement of Capital Assets  
Year Ended March 31, 2001**

	<u>Cost</u>			<u>Accumulated Depreciation</u>			<u>2001</u>	<u>2000</u>
	<u>Opening</u>	<u>Additons</u>	<u>Closing</u>	<u>Opening</u>	<u>Expense</u>	<u>Closing</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment .....	\$ 12,961	\$ 2,275	\$ 15,236	\$ 10,907	\$ 3,497	\$ 14,404	\$ 832	\$ 2,054
Equipment .....	<u>5,917</u>	<u>---</u>	<u>5,917</u>	<u>4,113</u>	<u>1,183</u>	<u>5,296</u>	<u>621</u>	<u>1,804</u>
	<u>\$ 18,878</u>	<u>\$ 2,275</u>	<u>\$ 21,153</u>	<u>\$ 15,020</u>	<u>\$ 4,680</u>	<u>\$ 19,700</u>	<u>\$ 1,453</u>	<u>\$ 3,858</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA POLICE COMMISSION**

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Operating surplus . . . . . \$	(2,405)	(4,606)
Depreciation . . . . .	4,680	4,606
	<u>2,275</u>	<u>---</u>
 Change in non-cash operating working capital (Note 5) . . . . .	 <u>17,874</u>	 <u>(27,004)</u>
	<u>20,149</u>	<u>(27,004)</u>
 <b>Investing</b>		
Purchase of capital assets . . . . .	<u>(2,275)</u>	<u>---</u>
Increase (decrease) in cash and cash equivalents. . . . .	17,874	(27,004)
 Cash and cash equivalents (net of bank indebtedness),		
Beginning of year . . . . .	<u>(1,127)</u>	<u>25,877</u>
End of year . . . . . \$	<u><u>16,747</u></u> \$	<u><u>(1,127)</u></u>

See accompanying notes to the financial statements.

**NOVA SCOTIA POLICE COMMISSION**

**Notes to the Financial Statements  
March 31, 2001**

**1. Incorporation**

The Nova Scotia Police Commission was incorporated pursuant to the Police Act of Nova Scotia, Chapter 348 of the Revised Statutes of Nova Scotia, 1989.

**2. Summary of Significant Accounting Policies**

**a) General**

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

**b) Capital assets**

Capital assets purchased by the Commission with a value greater than \$1,000 and a useful life greater than one year will be capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Equipment	5 years

**3. Investment in Capital Assets**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year . . . . .	\$ 3,858	\$ 8,464
Capital asset acquisitions . . . . .	2,275	---
Depreciation . . . . .	<u>(4,680)</u>	<u>(4,606)</u>
Balance, end of year . . . . .	<u>\$ 1,453</u>	<u>\$ 3,858</u>

**4. Pensions**

The full time employees of the Commission are entitled, as Civil Servants, to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability.

**5. Supplementary cash flow information**

Change in non-cash operating working capital

	<b>2001</b>	<b>2000</b>
Accounts receivable . . . . .	\$(2,532)	\$(4,196)
Payables and accruals . . . . .	4,346	(19,671)
Due to Province of Nova Scotia . . . . .	<u>16,060</u>	<u>(3,137)</u>
	<u>\$ 17,874</u>	<u>\$ (27,004)</u>

**6. Related party transactions**

The Nova Scotia Police commission is an independent agency of the Province of Nova Scotia. Funding for the Commission is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the commission is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Grant from the Province of Nova Scotia. . . . . \$	250,241 \$	267,464
Accounts receivable. . . . .	5,830	---
Due (to) from the Province of Nova Scotia. . . . .	(14,964)	1,096
Surplus - Investment in capital assets. . . . .	1,453	3,858

To minimize cost of government while preserving the independence of the Commission, some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct cost paid on behalf of the Commission.

Transactions with the NSUARB by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Payables and accruals . . . . . \$	609 \$	542

## AUDITORS' REPORT

To the Board of Directors  
Nova Scotia Power Finance Corporation

We have audited the statement of financial position of Nova Scotia Power Finance Corporation as at March 31, 2001 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 March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP  
Chartered Accountants

May 2, 2001

**NOVA SCOTIA POWER FINANCE CORPORATION**

**(Formerly Nova Scotia Power Corporation - See Note 1)**

**Statement of Financial Position  
as at March 31, 2001**

**NET ASSETS**

	<b>2001</b>	<b>2000</b>
	(in millions)	
Notes receivable - Nova Scotia Power Inc. (Note 1) . . . . .	\$ ---	\$ ---
Accrued interest due from Nova Scotia Power Inc. . . . .	---	---
	<u>---</u>	<u>---</u>
Less: Long-term debt (Note 1) . . . . .	---	---
Accrued interest on long-term debt . . . . .	---	---
	<u>---</u>	<u>---</u>
Net (Note 2) . . . . .	\$ <u>---</u>	\$ <u>---</u>

**Statement of Earnings and Retained Earnings  
year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in millions)	
Revenue		
Interest on matching notes (Note 6) . . . . .	\$ ---	\$ ---
Expenses		
Interest on long-term debt (Note 6) . . . . .	---	---
	<u>---</u>	<u>---</u>
<b>Net earnings</b> . . . . .	---	---
<b>Retained earnings, beginning of year</b> . . . . .	---	---
<b>Retained earnings, end of year</b> . . . . .	\$ <u>---</u>	\$ <u>---</u>



NOVA SCOTIA POWER FINANCE CORPORATION

Notes to the Financial Statements
year ended March 31, 2001

1. REORGANIZATION AND PRIVATIZATION

In 1992, the Province of Nova Scotia passed legislation to facilitate the reorganization and privatization of the business of Nova Scotia Power Corporation (N.S.P.C.). In effecting this, pursuant to the Asset Transfer Agreement effective on August 10, 1992, N.S.P.C. transferred all of its existing assets, liabilities and equity except for long-term debt and related sinking funds to Nova Scotia Power Inc. (N.S.P.I.) in exchange for:

- a) matching notes receivable equivalent to outstanding long-term debt, and matching notes payable equivalent to sinking fund assets; and
b) 20,134,666 fully paid common shares of N.S.P.I., issued to the Province of Nova Scotia, which were subsequently sold on August 12, 1992 by the Province of Nova Scotia as a secondary offering. Concurrently, the \$13.3 million of contributed surplus of N.S.P.C. was transferred to the retained earnings of N.S.P.I.

Subsequent to the reorganization and privatization, the business activities of N.S.P.C. continued under N.S.P.I. N.S.P.C. changed its name to Nova Scotia Power Finance Corporation (N.S.P.F.C.) which continues to hold the long-term debt and sinking fund assets.

Under the terms of the matching notes receivable, N.S.P.I. is responsible for the long-term debt of N.S.P.F.C.

2. ACCOUNTING POLICIES

Pursuant to changes in the reporting requirements for financial instruments, issued by the Canadian Institute of Chartered Accountants and effective for the years ended March 31, 1998, and thereafter, there is a requirement to net offsetting Notes Receivable and Long-Term Debt, and related interest, where there is a legally enforceable right to set off the recognized amounts and where the corporation's management does intend to realize on the asset and, simultaneously, settle the liability. Management concurs, that these conditions apply to Nova Scotia Power Finance Corporation and hence the assets, less offsetting liabilities, have been netted in the Statement of Financial Position.

3. DEFEASANCE ASSETS

The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Government and Utilities, Federal Government and Federal US bonds, coupons or residuals. The portfolio mix as of March 31, 2001 is as follows, based upon future cash flows:

Table with 2 columns: Security Type and % of Portfolio. Rows include Nova Scotia Power Corp. (68.70), Other Provincial Government and Utilities (29.73), Federal Government (1.54), and Federal US Government (0.03), with a total of 100.00.

The maturity schedule and market value of the defeasance assets, as reported by Royal Trust, as at March 31, 2001 is as follows:

<u>Years of Maturity</u>	<u>Principal Amount</u>	<u>Market Value of Defeasance Assets</u>
1-5	\$ 175,000,000	\$ 189,431,473
6-10	1	---
11-15	350,000,000	515,389,908
16-20	150,000,000	212,641,141
21-25	473,220,000	601,539,145
26-30	200,000,000	324,598,485

#### 4. LONG-TERM DEBT

Bonds, debentures and notes payable are summarized by years of maturity in the following table:

<u>Years of Maturity</u>	<u>Principal Outstanding Total</u>	<u>Weighted Average Coupon Rate %</u>
March, 2002 .....	\$ ---	---
March, 2003 .....	---	---
March, 2004 .....	75,000	12.50
March, 2005 .....	<u>100,000</u>	<u>12.13</u>
1-5 years .....	175,000	12.29
6-10 years .....	---	---
11-15 years .....	350,000	11.09
16-20 years .....	150,000	10.25
21-25 years .....	473,220	9.40
26-30 years .....	<u>200,000</u>	<u>11.00</u>
Total long-term debt (Schedule 1) .....	\$ <u>1,348,220</u>	<u>10.55</u>

#### 5. DEBT DEFEASANCE

On reorganization, N.S.P.I. and N.S.P.F.C. committed, subject to certain conditions, to effect defeasance of N.S.P.F.'s long-term debt through repayment of the matching notes by December 31, 1998 in order to fully remove the debt from its Statement of Financial Position by that date. Defeasance requires qualifying assets to be set aside by the debtor to be used solely for satisfying scheduled future payments of principal and interest of a specific obligation.

Under the terms of the Defeasance Agreement, subject to certain factors, minimum amounts of debt to be defeased are as follows:

<u>December 31</u>	<u>Annual Amount</u> (in millions)
1993 .....	\$ 200.0
1994 .....	300.0
1995 .....	400.0
1996 .....	250.0
1997 .....	<u>231.6</u>
	\$ <u>1,381.6</u>

As at March 31, 2001, \$1,348.2 million, being all of the outstanding debt, had been defeased (2000 - \$1,461.1 million) (Schedule 1).

**6. General and Administrative Expenses**

Under the terms of the privatization agreements, N.S.P.I. is responsible for the payment of all N.S.P.F.C. expenses. During the year, \$23,745 of such expenses were incurred by N.S.P.F.C. and recovered from N.S.P.I.

## NOVA SCOTIA POWER FINANCE CORPORATION

LONG TERM DEBT  
as at March 31, 2001

Series	Date of Maturity	Call Date	Rate	Amount Outstanding	Defeasance To Date	Net Undefeased Balance
<b>Debentures</b>						
"AF"	December 20, 2003 (2)	December 20, 2001	12.50%	\$ 75,000,000	\$ 75,000,000	---
"AG"	February 14, 2005 (2)	February 14, 2002	12.125%	100,000,000	100,000,000	---
"AH"	November 15, 2012	November 15, 2012	10.875%	150,000,000	150,000,000	---
"AJ"	April 27, 2014	April 27, 2014	11.25%	200,000,000	200,000,000	---
"AK"	January 10, 2020	January 10, 2020	10.25%	150,000,000	150,000,000	---
"AM"	February 26, 2031	February 26, 2031	11.00%	200,000,000	200,000,000	---
"AN"	April 1, 2021 (U.S.) (1)	April 1, 2021	9.4%	473,220,000	473,220,000	---
<b>Total long-term debt</b>				<u>\$ 1,348,220,000</u>	<u>\$ 1,348,220,000</u>	<u>---</u>

(1) Amounts payable in foreign currencies and those sinking fund investments denominated in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements(\$300,000,000 US\$ converted @ 1.5774 as of March 31,2001).

(2) Callable issues. Under the terms of the privatization agreements, all options must be exercised.

## NOVA SCOTIA POWER FINANCE CORPORATION

Continuity of Long-Term Debt  
August 10, 1992 to March 31, 2001

Long-term debt, August 10, 1992 (Note 1) . . . . .	\$	2,152,879,732
Less: Sinking funds, August 10, 1992 . . . . .		(420,560,964)
Net long-term debt, August 10, 1992 . . . . .		<u>1,732,318,768</u>

Less: Retired, funded or defeased:

	<u>Debt Retirement</u>	<u>Sinking Fund Growth</u>	<u>Defeasance</u>	
Period ended March 31, 1993	\$ (1,371,458)	\$ (57,498,429)	\$ (130,872,250)	\$ (189,742,137)
Year ended March 31, 1994	(238,449,609)	69,597,333	(373,507,887)	(542,360,163)
Year ended March 31, 1995	(65,543,679)	70,132,288	(354,775,338)	(350,186,729)
Year ended March 31, 1996	(184,588,286)	146,494,758	(574,804,525)	(612,898,053)
Year ended March 31, 1997	(113,072,800)	87,986,602	(6,330,000)	(31,416,198)
Year ended March 31, 1998	(99,873,900)	103,848,412	(9,690,000)	(5,715,488)
Year ended March 31, 1999	27,780,000	---	(27,780,000)	---
Year ended March 31, 2000	(16,710,000)	---	16,710,000	---
Sinking fund				
instalments (NSPI) . . . . .	---	---	---	---
Sinking fund earnings . . . . .	---	---	---	---
Retirement of debentures . . . . .	(150,000,000)	---	150,000,000	---
Transfer to defeasance . . . . .	---	---	---	---
Retirement of savings				
bonds . . . . .	---	---	---	---
Foreign currency				
translation . . . . .	37,170,000	---	(37,170,000)	---
Year ended March 31, 2001 . . . . .	(112,830,000)	---	112,830,000	---
	\$ (804,659,732)	\$ 420,560,964	\$ (1,348,220,000)	\$ (1,732,318,768)

Net long-term debt, March 31, 2001 . . . . . \$ ---

Comprised of:

Long-term debt (Schedule 1) . . . . .	\$	1,348,220,000
Less: Sinking funds . . . . .		---
Defeasance assets . . . . .		<u>1,348,220,000</u>
	\$	<u>---</u>

## AUDITOR'S REPORT

To the Minister of Natural Resources; and

To the Chair and Members of the  
Nova Scotia Primary Forest Products  
Marketing Board

I have audited the balance sheet of the Nova Scotia Primary Forest Products Marketing Board as at March 31, 2001 and the statement of revenues, expenses and fund balance, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 30, 2001

**NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Cash . . . . .	\$ 200	\$ 200
Loan receivable (Note 3) . . . . .	---	---
Due from processors . . . . .	47,816	36,005
Due from Province of Nova Scotia . . . . .	603,019	570,976
	<u>\$ 651,035</u>	<u>\$ 607,181</u>

**LIABILITIES AND FUND BALANCE**

<b>Current</b>		
Accounts payable . . . . .	\$ ---	\$ 3,816
Due to bargaining agents . . . . .	<u>30,588</u>	<u>20,072</u>
	<u>30,588</u>	<u>23,888</u>
<b>Fund Balance</b> . . . . .	<u>620,447</u>	<u>583,293</u>
	<u>\$ 651,035</u>	<u>\$ 607,181</u>

Commitment (Note 4)

**Statement of Revenues, Expenses and Fund Balance  
for the year ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Charges against suppliers (Note 1) . . . . .		\$ 531,565	\$ 286,658
Less: Bargaining agents funding . . . . .		341,052	148,295
Charges for funding of Board operations . . . . .	\$ 130,000	190,513	138,363
Interest on fund balance . . . . .	31,500	42,003	35,833
	161,500	232,516	174,196
<b>Expenses</b>			
Bad debt expense . . . . .	---	---	25,000
Board member per diems . . . . .	26,000	30,350	19,000
Equipment and maintenance(Note 2) . . . . .	1,000	137	8,868
Grants . . . . .	100,000	15,339	17,199
Lease payments - equipment . . . . .	1,500	1,415	1,574
Lease payments - office space . . . . .	9,700	8,655	7,507
Legal fees . . . . .	3,750	8,837	3,800
Other . . . . .	10,100	3,328	3,460
Salaries . . . . .	78,000	79,507	86,543
Supplies and services . . . . .	13,350	21,715	4,932
Travel . . . . .	16,500	26,079	11,305
	259,900	195,362	189,188
<b>(Deficiency) Excess of revenues over expenses . . . . .</b>	<b>\$ (98,400)</b>	<b>37,154</b>	<b>(14,992)</b>
<b>Fund balance, beginning of year . . . . .</b>		<b>583,293</b>	<b>598,285</b>
<b>Fund balance, end of year . . . . .</b>		<b>\$ 620,447</b>	<b>\$ 583,293</b>



**Statement of Changes in Financial Position  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Cash derived from (applied to) operations		
(Deficiency) excess of revenues over expenses . . . . . \$	37,154 \$	(14,992)
 Changes in non-cash operating working capital items		
Loan receivable (Note 3) . . . . .	---	5,000
Allowance for doubtful accounts (Note 3) . . . . .	---	25,000
Due from processors . . . . .	(11,811)	501
Due from Province of Nova Scotia . . . . .	(32,043)	(16,518)
Accounts payable . . . . .	(3,816)	1,541
Due to bargaining agents . . . . .	10,516	(532)
	(37,154)	14,992
 Increase (decrease) in cash . . . . .	---	---
 Cash, beginning of year . . . . .	200	200
 Cash, end of year . . . . . \$	200 \$	200

**1. Authority**

The Nova Scotia Primary Forest Products Marketing Board was established by the Primary Forest Products Marketing Act.

The objectives of the Board are: to provide for the organization and funding of bargaining agents, to provide for the registration of bargaining agents, to provide for the resolution of bargaining disputes, to facilitate and support the continued development of the forest resources held by private woodlot owners, and to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.

The Board imposes separate charges against producers of primary forest products for the purpose of providing funding of bargaining agents, and for funding the operations of the Board.

**2. Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In common with many small, not-for-profit organizations, the Board charges furniture and equipment acquisitions to expenses in the year of purchase. During the year ended March 31, 2001 the Board purchased furniture and equipment costing \$137 (2000 -\$8,868).

**3. Loan Receivable**

In November 1996, the Board provide a non-interest bearing loan of \$40,000 to a wood lot owners organization. As of March 31, 2000 the loan had a remaining balance of \$25,000, with payments of \$5,000 owing twice a year. However, the wood lot owners organization gave the Board notice of winding up its operations pursuant to the Co-operative Association Act.

	<b>2001</b>	<b>2000</b>
Loan receivable.....	\$ 25,000	\$ 25,000
Less: Allowance for doubtful accounts.....	<u>(25,000)</u>	<u>(25,000)</u>
	<u>\$ ---</u>	<u>\$ ---</u>

**4. Office Lease Commitment**

The Board remits monthly payments of \$731 to the Department of Transportation and Public Works for the rental of office space procured by the Department on the Board's behalf. The current lease expires September 30, 2004.

**5. Pensions**

All permanent employees of the Board are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Board's operating expenses.

## AUDITORS' REPORT

To the Board of Trustees of the Nova Scotia Public Service Long Term Disability Plan Trust Fund

We have audited the balance sheet of the Nova Scotia Public Service Long Term Disability Trust Fund as at December 31, 2000 and the statement of continuity of fund equity for the period then ended. These financial statements are the responsibility of the fund'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 fund as at December 31, 2000 and the continuity of the fund for the period then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON  
Chartered Accountants

March 7, 2001

**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND  
Balance Sheet  
as at December 31, 2000**

	<b>December 31 2000</b>	<b>March 31 2000</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash .....	\$ 246,920	\$ 619,909
Accounts receivable - premiums .....	1,139,984	592,736
- EI premium rebates .....	69,646	49,198
- C.P.P. rebates .....	97,948	36,637
Goods and Services Tax receivable .....	91,397	97,793
Investments (note 4) .....	<u>29,890,762</u>	<u>31,071,380</u>
	31,536,657	32,467,653
<b>CAPITAL ASSETS (note 5) .....</b>	<u>8,441</u>	<u>4,021</u>
	<u>\$ 31,545,098</u>	<u>\$ 32,471,674</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - Province of Nova Scotia .....	\$ 1,419,887	\$ 667,201
- other .....	184,213	84,144
Deferred revenue .....	<u>30,411</u>	<u>29,178</u>
	1,634,511	780,523
<b>FUND EQUITY</b>		
<b>FUND EQUITY .....</b>	<u>29,910,587</u>	<u>31,691,151</u>
	<u>\$ 31,545,098</u>	<u>\$ 32,471,674</u>

**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND  
Statement of Continuity of Fund Equity  
for the period ended December 31, 2000**

	<b>December 31 2000 (9 months)</b>	<b>March 31 2000 (12 months)</b>
<b>FUND INCREASES</b>		
Premiums (note 6) . . . . .	\$ 7,783,965	\$ 10,337,801
EI premium rebates . . . . .	531,567	954,409
Disability claim recoveries - subrogation . . . . .	63,363	342,299
	<u>8,378,895</u>	<u>11,634,509</u>
<b>FUND DECREASES</b>		
Actuarial . . . . .	44,266	64,199
Audit and accounting . . . . .	18,714	17,077
Disability claims . . . . .	8,757,872	11,059,566
GST adjustment . . . . .	6,395	---
Investment custodian . . . . .	24,655	28,031
Investment manager . . . . .	55,238	69,441
Legal - subrogation . . . . .	11,904	32,362
- other . . . . .	2,225	11,441
Office and sundry (note 7) . . . . .	138,893	155,146
Operational review . . . . .	---	20,700
Plan administration services . . . . .	299,723	339,136
Rehabilitation program . . . . .	191,618	154,804
	<u>9,551,503</u>	<u>11,951,903</u>
<b>DECREASE IN FUND EQUITY BEFORE INVESTMENT INCOME (LOSS) DURING THE PERIOD . . . . .</b>	<b>(1,172,608)</b>	<b>(317,394)</b>
<b>INVESTMENT INCOME (LOSS) . . . . .</b>	<b>(607,956)</b>	<b>7,836,520</b>
<b>INCREASE (DECREASE) IN FUND EQUITY DURING THE PERIOD . . . . .</b>	<b>(1,780,564)</b>	<b>7,519,126</b>
<b>FUND EQUITY - BEGINNING OF PERIOD . . . . .</b>	<b>31,691,151</b>	<b>24,172,025</b>
<b>FUND EQUITY - END OF PERIOD . . . . .</b>	<b>\$ <u>29,910,587</u></b>	<b>\$ <u>31,691,151</u></b>

**NOVA SCOTIA PUBLIC SERVICE  
LONG TERM DISABILITY PLAN TRUST FUND  
Notes to Financial Statements  
for the period ended December 31, 2000**

**1. AUTHORITY AND ACTIVITIES**

The fund was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the trustees.

**2. EFFECTIVE DATES**

The plan was established by Order in Council dated September 26, 1985.

The trust was established by Agreement and Declaration of Trust dated December 23, 1985.

Claimants' benefits became effective May 1, 1985 for employees who, at that time, met prescribed eligibility requirements.

**3. ACCOUNTING POLICIES**

Disability claims are recorded only for the qualifying disability periods to the date of the financial statements and no liabilities are recorded for future claim periods.

Marketable securities are stated at market value.

The fund records amortization of the capital assets at the annual rate of 30% using the declining balance method. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

**4. INVESTMENTS**

Investments include marketable securities, accrued interest thereon and the custodian's account balance. The investments as at December 31, 2000 are recorded at market value of \$29,890,762 (cost - \$25,263,083) and at March 31, 2000 were recorded at market value of \$31,071,380 (cost - \$22,684,152).

**5. CAPITAL ASSETS**

	<b>December 31 2000</b>		<b>March 31 2000</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
Computer equipment . . . . \$	24,366	\$ 16,185	\$ 8,181	\$ 3,684
Software . . . . .	3,068	2,808	260	337
	\$ 27,434	\$ 18,993	\$ 8,441	\$ 4,021

**6. PREMIUMS**

	<b>December 31 2000</b>	<b>March 31 2000</b>
Atlantic Provinces Special Education Authority Centres . . . . .	\$ 31,110	\$ 41,001
Central Regional Health Services . . . . .	109,908	144,928
Correctional officers . . . . .	153,826	205,223
Department of Transportation . . . . .	393,364	568,988
Eastern Regional Health Services . . . . .	78,103	106,840
Northern Regional Health Services . . . . .	51,337	62,481
Nova Scotia Government Employees Union . . . . .	35,259	38,078
Nova Scotia Legal Aid . . . . .	89,768	117,650
Nova Scotia Utility and Review Board . . . . .	17,666	23,101
Other . . . . .	15,084	19,358
Province of Nova Scotia Employees . . . . .	5,408,092	7,144,613
Queen Elizabeth II . . . . .	1,354,814	1,803,097
Western Regional Health Services . . . . .	45,634	62,443
	<u>\$ 7,783,965</u>	<u>\$ 10,337,801</u>

**7. OFFICE AND SUNDRY**

	<b>December 31 2000</b>	<b>March 31 2000</b>
Amortization . . . . .	\$ 1,580	1,724
Equipment rentals . . . . .	1,810	3,123
Miscellaneous . . . . .	26,325	23,127
Rent and taxes . . . . .	11,641	12,995
Salaries and benefits . . . . .	72,814	91,088
Supplies and postage . . . . .	14,050	14,903
Telephone . . . . .	3,461	4,503
Professional development . . . . .	4,634	1,688
Vehicle allowance and travel . . . . .	2,578	1,995
	<u>\$ 138,893</u>	<u>\$ 155,146</u>

**8. ACTUARIAL VALUATION**

The last actuarial valuation was completed as at March 31, 1997, which projected the present value of the fund liabilities for reported and estimated incurred but unreported claims to be \$66,079,000. The actuarial value of the fund assets as at March 31, 1997 was \$21,260,000, leaving an unfunded actuarial liability of \$44,819,000.

## AUDITOR'S REPORT

*To the Members of the Legislative  
Assembly of Nova Scotia, and*

*To the Minister of Finance*

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Public Service Superannuation Fund as at March 31, 2001 and the Statement of Change of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 2001 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 8, 2001  
(Except for notes 4 and 5 which are as of July 31, 2001)



**NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND**

**Statement of Net Assets Available for Benefits  
and Accrued Pension Benefits  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
		[Restated Notes 2 (d) and 4(a)]
		(in thousands)
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>Assets</b>		
Investments (Note 3) . . . . .	\$ 2,912,701	\$ 3,130,701
Contributions receivable		
Employees' . . . . .	2,034	2,067
Employers' . . . . .	2,162	2,267
Accrued income . . . . .	22,369	19,445
Prepaid expenses . . . . .	---	78
Cash . . . . .	680	1,986
<b>Total Assets</b> . . . . .	<u>2,939,946</u>	<u>3,156,544</u>
<b>Liabilities</b>		
Net investment transactions outstanding . . . . .	9,625	43,214
Accounts payable . . . . .	<u>16,570</u>	<u>24,179</u>
<b>Total liabilities</b> . . . . .	<u>26,195</u>	<u>67,393</u>
<b>Net Assets Available for Benefits</b> . . . . .	2,913,751	3,089,151
Actuarial asset value adjustment (Notes 2(d) and 4) . . . . .	1,000	(234,402)
<b>Actuarial value of net assets available for benefits</b> . . . . .	<u>\$ 2,914,751</u>	<u>\$ 2,854,749</u>
<b>ACCRUED PENSION BENEFITS AND SURPLUS</b>		
Accrued pension benefits . . . . .	\$ 2,970,060	\$ 2,760,100
(Deficiency) Surplus (Note 5) . . . . .	<u>(55,309)</u>	<u>94,649</u>
<b>Accrued pension benefits and surplus</b> . . . . .	<u>\$ 2,914,751</u>	<u>\$ 2,854,749</u>

See accompanying notes to financial statements.

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Changes in Net Assets Available for Benefits  
for the year ended March 31, 2001

	2001	2000
	(in thousands)	
<b>(Decrease) Increase in Assets</b>		
Investment activities (Note 3) . . . . .	\$ (90,835)	\$ 661,549
Contributions		
Employers'- matched . . . . .	32,486	32,756
Employees' - matched . . . . .	32,486	32,756
Employees' - unmatched . . . . .	263	155
Interest on the purchase of prior years service . . . . .	1,697	1,394
Transfers from other pension plans . . . . .	8,302	2,286
	<u>75,234</u>	<u>69,347</u>
Total (decrease) increase in assets . . . . .	<u>(15,601)</u>	<u>730,896</u>
<b>Decrease in Assets</b>		
Benefits paid . . . . .	135,667	131,060
Operating expenses (Note 6) . . . . .	7,301	6,775
Refund of contributions and interest and transfers to other pension plans . . . . .	16,831	9,780
Total decrease in assets . . . . .	<u>159,799</u>	<u>147,615</u>
<b>(Decrease) Increase in Net Assets</b> . . . . .	(175,400)	583,281
<b>Net Assets Available for Benefits</b>		
<b>at Beginning of Year</b> . . . . .	<u>3,089,151</u>	<u>2,505,870</u>
<b>Net Assets Available for Benefits</b>		
<b>at End of Year</b> . . . . .	<u>\$ 2,913,751</u>	<u>\$ 3,089,151</u>

See accompanying notes to financial statements.

# NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

## Notes to the Financial Statements March 31, 2001

### 1. Authority and Description of Plan

The Public Service Superannuation Fund (the Fund) was established by the Public Service Superannuation Act (the Act). It is the funding vehicle for the Public Service Superannuation Plan (the Plan), a pension plan which covers employees of the Province and certain other public sector organizations. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 5.4% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 7% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay and deferred pensions are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus pensionable service factor of 80 - "Rule of 80" (active members only);
- age 55 with two years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85" (deferred pensioners);
- age 60 with two years of service;
- age 65

Certain pension payments are attributable to previous early retirement programs and other unfunded benefits. They are charged to the Consolidated Fund of the Province and participating employers and are not paid from the Fund. These payments amounted to \$15,518,000 for the year ended March 31, 2001 (2000 - \$15,273,000).

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

#### (b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the trade dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) **Investments**

- (i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
- (ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.
- (iii) Investments include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of \$57.4 million (2.0% of Total Assets) as at March 31, 2001 (\$73.6 million (2.3% of total assets) as at March 31, 2000).

(d) **Changes in Determining the Actuarial Value of Net Assets Available for Benefits**

During 2001, the following change in determining the Actuarial value of net assets available for benefits relating to investments was made and applied retroactively:

The actuarial asset value adjustment reflects the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. These changes resulted in no change to the net assets available for benefits at March 31, 2001 (2000 reduction of \$235,802,000). Previously the actuarial value of assets was equal to the net assets available for benefits, determined on the basis of market values.

**3. Investments and Derivatives**

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employers. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) **Market value of investments and related income before allocating the effect of derivative contracts.**

	As at <u>March 31, 2001</u>		For the <u>Year</u>	As at <u>March 31, 2000</u>		For the <u>Year</u>
	Asset	%	(Loss) Income *	Asset	%	(Loss) Income *
			(in thousands)			
Money market . . . \$	307,874	10.6%	\$ 18,863	\$ 432,273	13.8%	\$ 18,775
Fixed income . . .	1,113,667	38.2%	96,284	957,362	30.6%	21,726
Equities						
- Cdn . . . . .	767,651	26.4%	(76,223)	1,148,621	36.7%	371,588
- US . . . . .	461,370	15.8%	(5,395)	191,523	6.1%	8,890
- Other foreign . . . . .	276,684	9.5%	(105,044)	382,683	12.2%	163,002
Derivatives . . . .	(14,545)	(0.5)%	(19,355)	18,239	0.6%	77,519
Other . . . . .	---	---	35	---	---	49
	<u>\$ 2,912,701</u>	<u>100.0%</u>	<u>\$ (90,835)</u>	<u>\$ 3,130,701</u>	<u>100.0%</u>	<u>\$ 661,549</u>

\* Includes realized gains of \$320.3 million (\$226.1 - 2000) and unrealized gains (losses) of \$(544.8) million (\$278.0 - 2000).

**(b) Derivative Contracts**

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. The following provides details of the derivative money market-to-equity swap contracts outstanding as at March 31, 2001. Notional amounts of derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index	BA Index	Market Value
			(in thousands)		
\$ 49,427	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	\$ (502)
57,552	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(6,783)
16,478	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(4,125)
<u>61,253</u>	0.8 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	<u>(2,433)</u>
\$ <u>184,710</u>					\$ <u>(13,843)</u>

The following provides details of the foreign currency swap contract outstanding as at March 1, 2001. The notional amount of the contract represents the volume of the outstanding transaction and serves as the basis upon which the return from and market value of the contract is determined.

Notional Principal	Credit Rating of Counter-party	BA Index	Market Value
Sell 1,150,000 Japanese(Yen)	AA (low)	CAD-BA-CDOR	\$ 702

**(c) Market value of investments and related income after allocating the effects of derivative contracts.**

	As at <u>March 31, 2001</u>		For the <u>Year</u>	As at <u>March 31, 2000</u>		For the <u>Year</u>
	Asset	%	(Loss) Income *	Asset	%	(Loss) Income *
			(in thousands)			(in thousands)
Money market.. \$	121,612	4.2%	\$ 5,537	\$ 186,614	6.0%	\$ 8,427
Fixed income...	1,113,667	38.2%	96,234	957,362	30.6%	21,726
Equities						
- Canadian ...	939,368	32.3%	(82,252)	1,412,519	45.1%	459,455
- US .....	461,370	15.8%	(5,395)	191,523	6.1%	8,890
- Other						
foreign ....	276,684	9.5%	(105,044)	382,683	12.2%	163,002
Other .....	---	---	35	---	---	49
	<u>\$ 2,912,701</u>	100.0%	<u>\$ (90,885)</u>	<u>\$ 3,130,701</u>	100.0%	<u>\$ 661,549</u>

\* Includes realized gains of \$320.3 million (\$226.1 million - 2000) and unrealized gains (losses) of \$(544.8) million (\$278.0 million - 2000).

**(d) Interest rate risk**

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the plan's assets and cash flows related to the plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At March 31, 2001 the \$1,113,667,000 fixed income securities had a modified duration of 5.60 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.60 %.

**(e) Credit risk**

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

**(f) Foreign currency risk**

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rates or other economic fundamentals.

The Plan's foreign currency exposure is summarized in the following table.

<b>Currency</b>	<b>March 31, 2001</b>	<b>March 31, 2000</b>
	(in thousands)	
Canada . . . . .	\$ 2,180,768	\$ 2,513,812
Eurozone . . . . .	105,141	102,522
Japan . . . . .	24,885	96,410
United Kingdom . . . . .	41,611	45,441
United States . . . . .	495,116	283,903
Other . . . . .	88,229	110,044
Total . . . . .	<u>\$ 2,935,750</u>	<u>\$ 3,152,132</u>

**4. Actuarial Asset Value Adjustment**

The actuarial asset value adjustment is comprised of the following:

	<b>2001</b>	<b>2001</b>
	(in thousands)	
Unamortized Investment (gains) losses . . . . .	\$ ---	\$ (235,802)
Service Buy-back Receivable . . . . .	1,000	1,400
	<u>\$ 1,000</u>	<u>\$ (234,402)</u>

**a) Unamortized Investment Gains and Losses**

The net assets available for benefits is subject to an actuarial asset value adjustment which moderates the effects of market volatility on investment value. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. The actuarial asset value adjustment reflects the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. This adjustment is subject to the condition that the actuarial asset value will not be greater than the fair market value of investments.

Unamortized investment (gains) losses were fully amortized at March 31, 2001 as a result of losses from investment activities for the year ended March 31, 2001.

**b) Service Buy--back Receivable**

This receivable represents the present value of outstanding employee and employer contributions which are due as a result of service buy-backs.

**5. Actuarial Valuation**

Actuarial valuations of the Public Service Superannuation Fund are carried out at least every three years and provide an estimate of the accrued pension benefits (fund liabilities) as at the valuation date, calculated on the basis of various assumptions with respect to pension costs and rates of return on investments. The calculations are updated in inter-valuation years. The last valuation of the Public Service Superannuation Fund was carried out by the Plan's consulting actuary, Morneau Sobeco, as at December 31, 2000 and reported on in July 2001.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the member's projected five year average salary at the expected date of retirement. The actuaries have used the unit credit method of determining the current cost and actuarial liability. The major economic and demographic assumptions used in the last valuation were as follows:

	Valuation December 31, 2000	Valuation December 31, 1999
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% real plus 1.0% merit increase	0.5% real plus 1.0% merit increase
Real Rate of Return on Investment	4.25% per annum	4.25% per annum
Average Retirement Age	20% - age 55 or "Rule of 80" 80% - age 60 or 35 years service	100% - age 59
Mortality	1994 Group Annuity Mortality Table projected to 2000 using scale AA	1983 Group Annuity Mortality Table (with one-year age setback)

The impact of the changes in actuarial assumptions used for the 2000 valuation as compared to the 1999 valuation:

- The assumed retirement age was changed from all member retire at age 59 to 20% of member retire upon the attainment of age 55 or "Rule of 80" and the rest at age 60 or 35 years of service. This increased the reported value of accrued liabilities by approximately \$50.5 million; and
- The mortality assumption was changed to the 1994 Group Annuity Mortality Table projected to 2000 using scale AA from 1983 Group Annuity Mortality Table (with one-year age setback. This change increased the reported value of accrued liabilities by approximately \$2.9 million.

The valuation as at December 31, 2000 indicated that the plan had a surplus of \$21.2 million (1999 - \$157.5 million). A projection to March 31, 2001, applying the same assumptions, indicated an unfunded liability of \$55.3 million (2000 surplus \$94.7 million).

**6. Operating Expenses**

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	<b>2001</b>	<b>2000</b>
	(in thousands)	
Investment management fees . . . . .	\$ 5,591	\$ 5,463
Professional services . . . . .	211	68
Salaries . . . . .	849	675
Supplies and services . . . . .	493	475
Travel . . . . .	28	24
Other . . . . .	129	70
	<u>\$ 7,301</u>	<u>\$ 6,775</u>



## AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nova Scotia Resources Limited as at December 31, 2000, and the consolidated statements of operations and deficit 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
March 9, 2001

NOVA SCOTIA RESOURCES LIMITED

Consolidated Balance Sheet  
December 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999
		(in thousands)
Gas properties (note 2) . . . . .	\$ 187,881	\$ 182,555
Receivables and other assets (note 3) . . . . .	14,497	1,896
Cash and short-term investments . . . . .	17,946	5,303
Investment tax credits receivable . . . . .	71	4,636
	<u>\$ 220,395</u>	<u>\$ 194,390</u>

LIABILITIES and SHAREHOLDER'S EQUITY (DEFICIENCY)

Commercial paper (note 4) . . . . .	\$ ---	\$ 349,151
Short-term borrowing (note 5) . . . . .	---	364,682
Provision for site restoration (note 6) . . . . .	12,864	34,343
Payables and accruals . . . . .	<u>14,721</u>	<u>8,288</u>
	<u>27,585</u>	<u>756,464</u>

Shareholder's equity (deficiency):

Capital stock:

Authorized: 40,000 common shares without par value

Issued and outstanding: 3 common shares . . . . .	1	1
Contributed surplus (note 7) . . . . .	796,400	
Deficit . . . . .	<u>(603,591)</u>	<u>(562,075)</u>
	<u>192,810</u>	<u>(562,074)</u>
	<u>\$ 220,395</u>	<u>\$ 194,390</u>

Commitments (note 8)

Subsequent events (note 9)

See accompanying notes to financial statements.

**Consolidated Statement of Operations and Deficit**  
**Year ended December 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
		(in thousands)
<b>Revenue:</b>		
Oil and gas revenue . . . . .	\$ 87,845	\$ 35,501
Royalties . . . . .	<u>25</u>	<u>1,293</u>
	87,820	34,208
Government funding and sundry income (note 10) . . . . .	<u>6,147</u>	<u>772</u>
	93,967	34,980
<b>Expenses:</b>		
Transportation . . . . .	24,332	---
Production . . . . .	11,006	40,904
General and administrative . . . . .	2,074	1,249
Depreciation and depletion . . . . .	<u>13,792</u>	<u>29,436</u>
	51,204	71,589
Earnings (loss) before financing cost, income taxes and other . . . . .	42,763	(36,609)
Interest expense . . . . .	44,038	26,385
Foreign exchange loss (gain) . . . . .	33,933	(37,330)
Litigation settlement (note 11) . . . . .	5,429	
Income taxes . . . . .	<u>879</u>	<u>500</u>
<b>Loss for the year . . . . .</b>	<b>41,516</b>	<b>26,164</b>
Deficit, beginning of year . . . . .	562,075	535,911
<b>Deficit, end of year . . . . .</b>	<b>\$ <u>603,591</u></b>	<b>\$ <u>562,075</u></b>

See accompanying notes to financial statements

**Consolidated Statement of Cash Flows**  
**year ended December 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Cash derived from (applied to):		
<b>Operating:</b>		
Loss for the year . . . . .	\$ (41,516)	\$ (26,164)
Items not involving cash:		
Depreciation and depletion . . . . .	13,792	29,436
Unrealized foreign exchange gain on commercial paper and short-term borrowing . . . . .	---	(18,264)
	(27,724)	(14,992)
Changes in non-cash operating working capital items:		
Collateral deposits . . . . .	---	245
Receivables and other assets . . . . .	(12,611)	6,321
Payables and accruals . . . . .	6,433	569
Income tax credits receivable . . . . .	4,565	(4,636)
	(29,337)	(12,493)
<b>Financing:</b>		
Decrease in commercial paper . . . . .	(349,151)	(589)
Increase in short-term borrowings . . . . .	431,718	117,003
	82,567	116,414
<b>Investing:</b>		
Expenditures on gas properties . . . . .	(19,108)	(115,593)
Increase in provision for site restoration . . . . .	1,071	13,000
Payments for site restoration . . . . .	(22,550)	(657)
	(40,587)	(103,250)
Increase in cash . . . . .	12,643	671
Cash and short-term investments, beginning of year . . . . .	5,303	4,632
Cash and short-term investments, end of year . . . . .	\$ 17,946	\$ 5,303

Supplemental cash flow information (note 12)

See accompanying notes to financial statements.

**1. Significant accounting policies:**

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially all of the Company's activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

(b) Gas properties:

The Company accounts for gas properties in accordance with the Canadian accounting guideline on full cost accounting.

Under this method, all costs associated with the acquisition, exploration and development of gas properties are capitalized in one cost centre. Depletion is calculated using the unit of production method based on gross proved reserves before royalties. A ceiling test is applied to ensure that the capitalized costs do not exceed the estimated future revenues, net of production, site restoration, administration and financing costs.

(c) Provision for site restoration:

The provision for future removal and site restoration costs for the Cohasset/Panuke project is based on current estimates and has been fully charged against income as part of depletion expense.

Provision for future removal and site restoration costs for the Sable Offshore Energy Project is being made based on estimated costs and is being charged to depletion over the life of the properties on a unit-of-production basis.

(d) Measurement uncertainty:

The amounts recorded for depletion and site restoration are based on estimates of reserves and future costs. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

(e) Foreign currency translation:

Monetary items that are denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rates in effect at the balance sheet date. Exchange gains and losses arising on the translation of short-term foreign currency balances are recorded in the statement of operations. The Company does not have any long-term foreign currency balances.

(f) Revenue recognition:

Revenue from the oil and gas fields offshore Nova Scotia is recorded at current sales prices once the product is delivered.

(g) Joint venture accounting:

A significant part of the Company's activities is conducted with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

**2. Gas properties:**

The Company has the following interests in gas fields and other interests offshore Nova Scotia:

	Cost	Accumulated depletion	2000 Net Book value	1999 Net Book value
(in thousands)				
Sable Offshore Energy Project				
-8.4% working interest . . . . .	\$ 200,639	\$ 14,268	\$ 186,371	\$ 181,177
SDL evaluations				
-Scotian Shelf . . . . .	1,510	---	1,510	1,378
	<u>\$ 202,149</u>	<u>\$ 14,268</u>	<u>\$ 187,881</u>	<u>\$ 182,555</u>

During 2000, interest totaling nil (1999 - \$8.3 million) has been capitalized to the cost of the Sable Offshore Energy Project.

During 1999, the Cohasset/Panuke project ceased producing oil in order to evaluate deeper hydrocarbon potential. The remaining value of the oil properties has been fully depleted and the remaining carrying value has been charged to depletion. The Company continues to hold 50% working interest in the shallow formations within the Cohasset/Panuke project and has negotiated a 2% gross overriding royalty on hydrocarbon reserves in deeper formations under Production License #2902.

In applying the ceiling test to its gas reserves, the Company used forecasted commodity prices at December 31, 2000 to determine the net recoverable amount from its gas activities. The Company compared this net recoverable amount to the carrying value of the gas properties and has determined that no write down is required.

The Company has provided a fixed and floating charge security on the real and personal property comprising the Sable Offshore Energy Project to secure its performance of its obligations under the Sable Offshore Project agreements.

**3. Receivable and other assets:**

	2000	1999
(in thousands)		
Accounts receivable, trade . . . . .	\$ 13,391	\$ 44
Prepaid expenses . . . . .	207	369
Receivable - J.V. partner . . . . .	861	239
Receivable - Offshore Infrastructure Fund . . . . .	---	1,200
Other assets . . . . .	38	44
	<u>\$ 14,497</u>	<u>\$ 1,896</u>

**4. Commercial paper:**

In 1986 the Company established a Euro Commercial Paper Programme under which it issues short-term notes to an aggregate principal amount not exceeding U.S. \$250 million. These notes are denominated in U.S. dollars and the principal balance outstanding at December 31, 2000 was U.S. nil (1999 - \$242 million). The average coupon rate for issuances in the year was 6.34% (1999 - 5.79% ). At December 31, 2000, the rate for new issues in the three month term was approximately nil (1999 - 6.05%).

To support the Euro Commercial Paper Programme, the Company arranged a demand credit facility which provides committed bank funding to U.S. \$250 million. The principal balance outstanding at December 31, 2000 was \$nil (1999 - nil).

Payment of principal and interest under the Euro Commercial Paper Programme and the demand credit facility were guaranteed by the Province of Nova Scotia. During the year the Company repaid all amounts outstanding under the Euro Commercial Paper Programme.

**5. Short-term borrowing:**

The short-term notes have face values totalling U.S. nil (1999 - \$222 million) and CDN nil (1999 - \$44 million). The short-term notes payable to the Province of Nova Scotia were forgiven during the year (note 13).

**6. Provision for site restoration - measurement uncertainty:**

The provision for site restoration as at December 31, is comprised as follows:

	2000	1999
	(in thousands)	
Cohasset/Panuke project.....	\$ 11,793	\$ 34,343
Sable Offshore energy Project.....	<u>1,071</u>	<u>---</u>
	<u>\$ 12,864</u>	<u>\$ 34,343</u>

The carrying value of the provision for site restoration costs for the Cohasset/Panuke Project is based on an abandonment study conducted by an independent third party. The actual costs will be determined when the extent of the site restoration is approved by the Canada - Nova Scotia Offshore Petroleum Board. The Company's share of the cost of site restoration, based on the option chosen, has been estimated to range between \$30 million and \$40 million and was recorded at \$35 million. As at December 31, 2000 \$23.3 million has been paid for site restoration leaving a remaining provision of \$11.7 million in respect of this project.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of \$17.5 million. This note is guaranteed by the Province of Nova Scotia.

As evidence of financial responsibility regarding the abandonment of the Sable Offshore Energy Project, the Company has issued a \$4.2 million letter of credit to the Canada - Nova Scotia Offshore Petroleum Board. This letter of credit is guaranteed by the Province of Nova Scotia.

**7. Contributed surplus:**

During the year, the Province of Nova Scotia (the shareholder), by Order in council, forgave all of the Company's outstanding debt owed to the Province of Nova Scotia. This amount, less return of surplus funds, has been recorded as contributed surplus.

**8. Commitments:**

The Company has committed to certain payments over the next five years as follows (in thousands of dollars):

	2001	2002	2003	2004	2005
Equipment leasing and drilling commitments for the Sable Offshore Energy Project.....	\$ 393	\$ 372	\$ 374	\$ 293	\$ 251
Natural gas transportation.....	21,379	21,251	21,251	21,251	21,251
Other.....	200	200	200	200	200
Total.....	<u>\$ 21,972</u>	<u>\$ 21,823</u>	<u>\$ 21,825</u>	<u>\$ 21,744</u>	<u>\$ 21,702</u>

The obligations of the Company relating to natural gas transportation have been fully guaranteed by the Province of Nova Scotia.

The amounts shown above for Cohasset/Panuke Project site restoration are included in the provision for site restoration in the balance sheet.

**9. Subsequent events:**

Subsequent to year-end, an offer was made to purchase the Company's net assets related to the Sable Offshore Energy Project and shares of the Company for a total of \$420 million. This transaction has not been finalized as of the date of these financial statements.

**10. Government funding and sundry income:**

Included in government funding and sundry income is an amount of \$5.0 million (1999 - nil) in infrastructure funding related to site restoration costs.

**11. Litigation settlement:**

During the year the Company reached a settlement related to a claim filed by TransCanada Pipelines Limited in prior years. As the outcome of the claim could not previously be determined, no amount has been accrued in prior years. The full amount of the settlement has been included as a current year charge against income.

**12. Supplemental cash flow information:**

	2000	1999
	(in thousands of dollars)	
Cash paid for:		
Interest . . . . .	\$ 54,625	\$ 24,956
Income taxes . . . . .	462	212
Cash received:		
Interest . . . . .	780	507
Income taxes . . . . .	4,678	---

**13. Financial instruments:**

(a) Risk management activities

The Company operates internationally and has significant exposure to fluctuation in the US dollar, interest rates and oil and gas prices.

At December 31, 2000 a total of nil (1999 - \$670 million) of liabilities are denominated in US dollars. In addition, substantially all of the oil and gas revenue is subject to fluctuation of US currency.

The Company has not entered into any foreign exchange contracts or interest rate swap agreements to manage its exposure to foreign currency and interest rate fluctuations on its US dollar denominated liabilities.

The Company has not entered into any gas futures or foreign exchange contracts to hedge anticipated sales.

(b) Interest rate risk

At December 31, 2000 the increase or decrease in annual net earnings for each one percent change in interest rate on floating rate debt and short-term fixed debt amounts to nil (1999 - \$7.1 million).

(c) Foreign exchange risk

For the 2000 fiscal year, the increase or decrease in annual net loss for each one cent change in the Canadian dollar, relative to the U.S. dollar, on oil and gas revenue, U.S. denominated



liabilities and interest expense amounts to \$1.0 million (1999 - \$9.7 million).

(d) Concentration of credit risk

All of the Company's accounts receivable-trade are with customers in the oil and gas industry and are subject to normal industry credit risks.

(e) Fair Values

The fair value of the Company's receivables and other assets, cash and short-term investments, payables and accruals, commercial paper and short-term borrowing approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

**14. Income taxes:**

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

The Company's oil and gas operations are conducted through a subsidiary, Nova Scotia Resources (Ventures) Limited. This subsidiary is a taxable corporation and has approximately \$831 million (1999 - \$808 million ) of deductions available to reduce future taxable income. The tax benefit related to the deductions has not been recognized in these financial statements.

During 2000, refundable investment tax credits totaling approximately \$71,000 (1999- \$4.9 million) were earned by Nova Scotia Resources (Ventures) Limited and have been recorded as a reduction in the cost of the Sable Offshore Energy Project.

**15. Related party transactions:**

The Company paid nil (1999 - \$272,453) in consulting fees to Directors of the Company for specialized oil and gas consulting, primarily related to the Sable Offshore Energy Project. These transactions are in the normal course of operations and were measured at fair market value.

## AUDITOR'S REPORT

To the Chairperson and Members of the  
Nova Scotia Talent Trust

I have examined the statements of financial position of the Nova Scotia Talent Trust Operating Fund and Investment Fund as at March 31, 2001 and the statements of revenues, expenses and fund balances for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In common with many similar organizations, the Trust derives revenue from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Trust and I was not able to determine whether any adjustments might be necessary to fund raising and donation revenues, (deficiency) excess of revenues over expenses, assets and Trust equity.

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 fund raising and donation revenues referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Trust as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R.Salmon, FCA  
Auditor General

Halifax, Nova Scotia  
May 18, 2001

**NOVA SCOTIA TALENT TRUST**

**Operating Fund Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	1,682 \$	7,364
Investments .....	---	5,000
Accrued interest .....	---	158
Due from Investment Fund .....	<u>301</u>	<u>---</u>
<b>Total Assets</b> .....	<u>\$ 1,983</u>	<u>\$ 12,522</u>
<b>LIABILITIES</b>		
Accounts payable .....	<u>---</u>	<u>1,725</u>
	<u>---</u>	<u>1,725</u>
<b>FUND BALANCE</b>		
Fund Balance - unappropriated .....	<u>1,983</u>	<u>10,797</u>
<b>Total Liabilities and Fund Balances</b> .....	<u>\$ 1,983</u>	<u>\$ 12,522</u>

**Investment Fund Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Short-term investments, at cost (Note 2) .....	40,699 \$	38,349
Accrued interest .....	<u>221</u>	<u>486</u>
	40,920	38,835
Long-term investments, at cost (Note 2) .....	<u>6,772</u>	<u>6,373</u>
<b>Total Assets</b> .....	<u>\$ 47,692</u>	<u>\$ 45,208</u>
<b>LIABILITIES</b>		
Due to Operating Fund .....	301 \$	---
<b>FUND BALANCE</b>		
Fund Balance - appropriated .....	<u>47,391</u>	<u>45,208</u>
<b>Total Liabilities and Fund Balances</b> .....	<u>\$ 47,692</u>	<u>\$ 45,208</u>

**NOVA SCOTIA TALENT TRUST**

**Operating Fund  
Statement of Revenues, Expenses and Fund Balance  
for the Year Ended March 31,2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Grant - Province of Nova Scotia . . . . .	\$ 46,500	\$ 50,000
Fund raising activities (donations) . . . . .	1,000	15,173
Interest income . . . . .	1,287	983
	<u>48,787</u>	<u>66,156</u>
<b>Expenses</b>		
Talent Trust grants . . . . .	53,000	53,300
Administration expenses (Note 3) . . . . .	4,601	4,605
	<u>57,601</u>	<u>57,905</u>
<b>(Deficiency) Excess of revenues over expenses . . . . .</b>	<b>(8,814)</b>	<b>8,251</b>
<b>Fund Balance, beginning of period . . . . .</b>	<b>10,797</b>	<b>5,746</b>
Transfer to Investment Fund . . . . .	---	(3,200)
<b>Fund Balance, end of period . . . . .</b>	<b>\$ <u>1,983</u></b>	<b>\$ <u>10,797</u></b>

**Investment Fund  
Statement of Revenues, Expenses and Fund Balance  
for the Year Ended March 31,2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Interest earned - investment fund . . . . .	\$ 2,183	\$ 2,025
<b>Expenses . . . . .</b>	<b>---</b>	<b>---</b>
<b>Excess of revenues over expenses . . . . .</b>	<b>2,183</b>	<b>2,025</b>
<b>Fund Balance, beginning of period . . . . .</b>	<b>45,208</b>	<b>39,983</b>
Transfer from Operating Fund . . . . .	---	3,200
<b>Fund Balance, end of period . . . . .</b>	<b>\$ <u>47,391</u></b>	<b>\$ <u>45,208</u></b>

**NOVA SCOTIA TALENT TRUST**

**Notes to Financial Statements  
March 31, 2001**

**1. Authority**

The Nova Scotia Talent Trust was established pursuant to a special resolution of the Nova Scotia Companies Act. The purpose of the Trust is to assist in the education and advancement of Nova Scotians in the visual and performing arts.

**2. Investments**

Investments consist of Royal Bank Guaranteed Investment Certificate and three Royal Bank Mutual Funds - Royal Canadian Money Market, Royfund Balanced Fund and Royal Canadian T-Bill Fund.

**3. Administrative Expenses**

These financial statements do not reflect administrative expenses incurred by the Provincial Department of Tourism and Culture on behalf of the Trust.

**4. Statement of Cash Flow**

A Statement of Cash Flow is not provided as disclosure in the balance sheets and statements of revenues, expenses and fund balance is considered adequate.

## AUDITOR'S REPORT

*To the Members of the Legislative  
Assembly of Nova Scotia, and*

*To the Minister of Finance*

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Teachers' Pension Fund as at December 31, 2000 and the Statement of Changes of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at December 31, 2000 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, FCA  
Auditor General

Halifax, Nova Scotia  
June 8, 2001

(Except for notes 4 and 5 which are as of July 24, 2001)

**NOVA SCOTIA TEACHERS' PENSION FUND**

**Statement of Net Assets Available for Benefits  
and Accrued Pension Benefits  
as at December 31, 2000**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
<b>Assets</b>		
Investments (Note 4) . . . . .	\$ 3,575,982	\$ 3,365,834
Receivable from School Boards (Note 1) . . . . .	158,903	175,500
Contributions receivable		
Employees' . . . . .	941	894
Employers' . . . . .	7,348	3,745
Accrued income . . . . .	18,963	14,463
Net investment transactions outstanding . . . . .	---	3,458
Cash . . . . .	670	2,523
<b>Total Assets . . . . .</b>	<u>3,762,807</u>	<u>3,566,417</u>
<b>Liabilities</b>		
Net investment transactions outstanding . . . . .	777	---
Accounts payable . . . . .	20,183	20,248
<b>Total liabilities . . . . .</b>	<u>20,960</u>	<u>20,248</u>
<b>Net assets available for benefits . . . . .</b>	3,741,847	3,546,169
Actuarial asset value adjustment (Note 5) . . . . .	44,902	56,955
<b>Actuarial value of net assets available for benefits . . . . .</b>	<u>\$ 3,786,749</u>	<u>\$ 3,603,124</u>
<b>ACCRUED PENSION BENEFITS AND DEFICIENCY</b>		
Accrued pension benefits (Note 6) . . . . .	\$ 3,998,940	\$ 3,778,237
Deficiency (Note 6) . . . . .	(212,191)	(175,113)
<b>Accrued pension benefits and deficiency . . . . .</b>	<u>\$ 3,786,749</u>	<u>\$ 3,603,124</u>

See accompanying notes to financial statements.

**NOVA SCOTIA TEACHERS' PENSION FUND**

**Statement of Changes in Net Assets Available for Benefits  
for the Year ended December 31  
(with 9 months ended December 31, 1999)**

	<b>12 months 2000</b>	<b>9 months 1999</b>
	(in thousands)	
<b>Increase In Assets</b>		
Investment activities (Note 4) . . . . .	\$ 263,144	\$ 528,011
Interest on receivable from School Boards. . . . .	13,852	11,321
	<u>276,996</u>	<u>539,332</u>
<b>Contributions</b>		
Employers' - matched . . . . .	49,083	36,182
Employees' - matched . . . . .	49,083	36,182
Employers' - unmatched - Province . . . . .	15,626	10,947
Employees' - unmatched . . . . .	1,140	665
Transfers from other pension plans . . . . .	1,639	853
	<u>116,571</u>	<u>84,829</u>
Total increase in assets . . . . .	<u>393,567</u>	<u>624,161</u>
<b>Decrease In Assets</b>		
Benefits paid . . . . .	186,917	138,539
Operating expenses (Note 7) . . . . .	7,868	5,354
Refund of contributions and interest and transfers to other pension plans . . . . .	3,104	1,938
Total decrease in assets . . . . .	<u>197,889</u>	<u>145,831</u>
<b>Increase in Net Assets</b> . . . . .	195,678	478,330
<b>Net Assets Available for Benefits at</b>		
<b>Beginning of Year</b> . . . . .	<u>3,546,169</u>	<u>3,067,839</u>
<b>Net Assets Available for Benefits at</b>		
<b>End of Year</b> . . . . .	<u>\$ 3,741,847</u>	<u>\$ 3,546,169</u>

See accompanying notes to financial statements.



# NOVA SCOTIA TEACHERS' PENSION FUND

## Notes to Financial Statements

December 31, 2000

### 1. Authority and Description of Plan

The Teachers' Pension Fund (the Fund) was established by the Teachers' Pension Act (the Act). It is the funding vehicle for the Teachers' Pension Plan (the Plan), a pension plan which covers public school and some community college teachers. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 8.3% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 9.9 % of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay are increased on January 1 of each year at a rate equal to the increase in the Consumers Price Index for Canada less 1%, to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- 35 years of service;
- age 50 with 30 years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85";
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

On July 22, 1994, the Governor in Council authorized an early retirement program (ERP) for plan members. Each employing school board was required to pay into the Plan an amount in respect of each eligible teacher in the employ of the school board who retired in accordance with these regulations. At December 31, 2000 the balance outstanding was \$158,903,000 (December 31, 1999 - \$175,500,000) which is repayable over 8 years and bears interest at 8%.

The fiscal year end of the Plan has been changed to coincide with the calendar year effective December 31, 1999. This brings the Fund into conformity with pension industry practice allowing effective comparison of the Funds performance with industry data published by Statistics Canada and professional associations.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

#### (b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

**(c) Investments**

- (i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
- (ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.
- (iii) Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of \$103.5 million (2.8% of Total Assets) as at December 31, 2000.

**3. Agreement to Address Unfunded Liability**

On November 25, 1993 the Act was amended to incorporate the terms of an agreement signed May 13, 1993 between the Nova Scotia Teachers' Union and the Province of Nova Scotia to address the unfunded liability in the Plan.

As part of this agreement the Province assumed responsibility for \$300 million of the unfunded liability. By July 18, 1997 the Province has paid the amount in full.

The Province also agreed to make payments over a ten year period equal to \$10 million per year in 1993, increased by 7.5% per year. This commitment is set out in Schedule B of the Teachers' Pension Act.

**4. Investments and Derivatives**

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employer. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

**(a) Market value of investments and related income before allocating the effects of derivative contracts.**

	As at <u>December 31, 2000</u>		As at <u>December 31, 1999</u>		<u>9 months</u>	
	Assets	%	Income * (Loss)	Assets	%	Income * (Loss)
			(in thousands)			
Money market. \$	447,933	12.6%	\$ 19,595	\$ 343,312	10.2%	\$ 13,974
Fixed income. .	1,273,050	35.6%	122,969	948,634	28.2%	(13,005)
Equities						
- Cdn . . . . .	1,005,753	28.1%	153,322	1,229,854	36.5%	282,722
- US . . . . .	479,309	13.4%	9,851	289,200	8.6%	6,525
- Other foreign . . .	379,286	10.6%	(77,971)	524,577	15.6%	188,230
Derivatives . . .	(9,349)	(0.3)%	35,348	30,257	0.9%	49,506
Other . . . . .	---	---	30	---	---	59
	<u>\$ 3,575,982</u>	<u>100.0%</u>	<u>\$ 263,144</u>	<u>\$ 3,365,834</u>	<u>100.0%</u>	<u>\$ 528,011</u>

\* Includes realized gains of \$452.4 million (gain of \$126.7 million - 1999 - 9 months) and unrealized losses of \$397.3 million (gains of \$302.7 million - 1999 - 9 months).

**(b) Derivative contracts**

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. Section (f) of this note provides a summary of these contracts as at December 31, 2000.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at December 31, 2000. Notional amounts of these derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and the market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index	BA Index	Market Value
					(in thousands)
\$ 19,587	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	\$ (1,707)
61,504	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	(11,863)
68,406	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,716
79,018	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,846
<u>\$ 228,515</u>					<u>\$ (8,008)</u>

The following provides details of the foreign currency swap contract outstanding as at December 31, 2000. The notional amount of the contract represents the volume of the outstanding transaction and serves as the basis upon which the return from and market value of the contract is determined.

Notional Principal	Credit Rating of Counter-party	BA Index	Market Value
			(in thousands)
Sell 1,150,000 Japanese (Yen)	AA(low)	CAD-BA-CDOR	\$ 1,351

**(c) Market value of investments and related income after allocating the effect of derivative contracts.**

	As at December 31, 2000	%	12 months Income *	As at December 31, 1999	%	9 months Income *
	Assets		(Loss)	Assets		(Loss)
			(in thousands)			
Money market.	\$ 215,939	6.0%	\$ 4,148	\$ 124,975	3.7%	\$ 6,233
Fixed income..	1,273,050	35.6%	122,969	948,634	28.2%	(13,005)
Equities						
- Cdn .....	1,228,398	34.4%	204,117	1,478,448	43.9%	339,969
- US .....	479,309	13.4%	9,851	289,200	8.6%	6,525
- Other						
foreign ...	379,286	10.6%	(77,971)	524,577	15.6%	188,230
Other .....	---	---	30	---	---	59
	<u>\$ 3,575,982</u>	100.0%	<u>\$ 263,144</u>	<u>\$ 3,365,834</u>	100.0%	<u>\$ 528,011</u>

\* Includes realized gains of \$452.4 million (gain of \$126.7 million - 1999 - 9 months) and unrealized losses of \$397.3 million (gains of \$302.7 million - 1999 - 9 months).

**(d) Interest rate risk**

Interest rate risk refers to the fact that the plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At December 31, 2000 the \$1,273,050,000 fixed income securities had a modified duration of 5.3 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.3%.

**(e) Credit risk**

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

**(f) Foreign currency risk**

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rate spreads or other economic fundamentals.

The Plan's foreign currency exposure as at December 31, 2000 is summarized in the following table.

<b>Currency</b>	December 31, 2000	December 31, 1999
	(in thousands)	
Canada	\$ 2,724,987	\$ 2,560,069
Eurozone	162,538	141,551
Japan	26,438	159,241
United Kingdom	52,107	42,558
United States	515,870	343,288
Other	113,675	136,113
Total	<u>\$ 3,595,615</u>	<u>\$ 3,382,820</u>

**5. Actuarial Asset Value Adjustment**

The actuarial asset value adjustment is comprised of the present value of future payments under Schedule B of the Act. As at December 31, 2000, the present value of these future payments was \$44,902,000 (1999: \$56,955,000).

**6. Actuarial Valuation**

Actuarial valuations of the Fund are required every year by the Act, and provide an estimate of the accrued pension benefits (Fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, William M. Mercer Limited performed a valuation as at December 31, 2000 which indicated that the Plan had an unfunded liability of \$212.2 million reported in July 2001.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation were as follows:

	Valuation December 31, 2000	Valuation December 31, 1999
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase (the average salary assumptions used in 2000 is the equivalent to the assumptions used in 1999)	0.5% per annum real plus merit ranging from 0.0% to 2.75% based on 5 year age bands	0.5% per annum real plus merit ranging from approximately 0.25% to approximately 1.5% based on 10 year age bands
Real Rate of Return on Investments	4.25% per annum	4.25% per annum
Average Retirement Age		
- Retire at earliest age for an unreduced pension	60%	60%
- Retire at age 65 or with 35 years of service	40%	40%
Mortality	1994 Group Annuitant Mortality Table projected to 2000 using scale AA	1983 Group Annuitant Mortality Table (with one-year age setback)

The impact of the change in major actuarial assumptions used for the 2000 valuation as compared to the 1999 valuation:

- The mortality assumption was changed to the 1994 Group Annuitant Mortality Table projected to 2000 using scale AA from the 1983 Group Annuitant Mortality Table with a one year set back. This change had no material impact on the Plan liabilities.

**7. Operating Expenses**

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	12 months ended December 31, 2000	9 months ended December 31, <u>1999</u>
Investment management fees . . . . .	\$ 6,302	\$ 4,439
Professional services . . . . .	151	60
Salaries . . . . .	751	467
Supplies and services . . . . .	520	333
Travel . . . . .	28	19
Other . . . . .	116	36
	<u>\$ 7,868</u>	<u>\$ 5,354</u>

## AUDITORS' REPORT

To the Chair and Members of the  
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2001, and the statements of operations, accumulated surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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, 2001, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 18, 2001

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Operations  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Grant from the Province of Nova Scotia (Note 2) . . . . .	\$ 2,099,000	\$ 2,407,825
Assessments to utilities (Note 2) . . . . .	581,125	684,520
Recoveries (Notes 2 and 10) . . . . .	1,202,648	777,330
Interest . . . . .	<u>33,935</u>	<u>46,144</u>
	<u>3,916,708</u>	<u>3,915,819</u>
<b>Expenses</b>		
Salaries, wages and benefits . . . . .	2,256,077	2,364,472
Consulting and legal fees . . . . .	824,431	485,521
Rent and business taxes (Note 11) . . . . .	381,355	439,970
Travel . . . . .	186,193	165,964
Telecommunications . . . . .	81,642	42,324
Transcribing and printing . . . . .	60,757	24,247
Office supplies and services . . . . .	46,702	23,043
Depreciation . . . . .	46,490	51,609
Advertising . . . . .	44,596	17,843
Dues and fees . . . . .	35,684	32,857
Maintenance . . . . .	26,840	35,521
Equipment (Note 3) . . . . .	21,475	27,105
Books and reports . . . . .	17,023	13,240
Postage and couriers . . . . .	10,605	9,626
Staff training and development . . . . .	6,501	5,572
Sundry expenses . . . . .	<u>4,691</u>	<u>4,557</u>
	<u>4,051,062</u>	<u>3,743,471</u>
Operating (deficit) surplus for the year . . . . .	<u>\$ (134,354)</u>	<u>\$ 172,348</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Accumulated Surplus  
Year Ended March 31, 2001**

	<u>2001</u>		
	<u>Province of Nova Scotia</u>	<u>Public Utilities</u>	<u>Total</u>
<b>Restricted (Note 13)</b>			
Balance, beginning of year . . . . .	\$ ---	\$ ---	---
Transferred from general. . . . .	<u>248,625</u>	<u>103,505</u>	<u>352,130</u>
Balance, end of year . . . . .	<u>248,625</u>	<u>103,505</u>	<u>352,130</u>
 <b>General</b>			
Balance, beginning of year . . . . .	642,746	289,570	932,316
Operating deficit. . . . .	(105,222)	(29,132)	(134,354)
Transferred to restricted . . . . .	<u>(248,625)</u>	<u>(103,505)</u>	<u>(352,130)</u>
Balance, end of year . . . . .	<u>288,899</u>	<u>156,933</u>	<u>445,832</u>
<b>Total accumulated surplus. . . . .</b>	<u>\$ 537,524</u>	<u>\$ 260,438</u>	<u>\$ 797,962</u>

	<u>2000</u>		
	<u>Province of Nova Scotia</u>	<u>Public Utilities</u>	<u>Total</u>
<b>Restricted (Note 13)</b>			
Balance, beginning of year . . . . .	\$ ---	\$ ---	---
Transferred from general. . . . .	---	---	---
Balance, end of year . . . . .	---	---	---
 <b>General</b>			
Balance, beginning of year . . . . .	533,133	226,835	759,968
Operating surplus for year . . . . .	109,613	62,735	172,348
Transferred to restricted . . . . .	---	---	---
Balance, end of year . . . . .	<u>642,746</u>	<u>289,570</u>	<u>932,316</u>
<b>Total accumulated surplus. . . . .</b>	<u>\$ 642,746</u>	<u>\$ 289,570</u>	<u>\$ 932,316</u>

See accompanying notes to financial statements.



**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Cash and cash equivalents (Notes 3 and 6)		
Board operations . . . . .	\$ 850,006	\$ 128,028
War Service pension . . . . .	167,756	179,861
Public service award. . . . .	300,712	275,192
Accounts receivable (Note 4) . . . . .	379,489	1,181,372
Inventory (Note 5) . . . . .	3,437	3,954
	<u>1,701,400</u>	<u>1,768,407</u>
 Service award advances . . . . .	 10,604	 12,374
Capital assets. . . . .	67,130	100,867
	<u>\$ 1,779,134</u>	<u>\$ 1,881,648</u>

**LIABILITIES**

Current		
Payables and accruals . . . . .	\$ 387,704	\$ 369,279
 Long term		
War Service pension liability (Note 7) . . . . .	167,756	179,861
Public service award liability (Note 8) . . . . .	300,712	275,192
Advances for working capital (Note 9) . . . . .	125,000	125,000
	<u>593,468</u>	<u>580,053</u>
	<u>981,172</u>	<u>949,332</u>

**SURPLUS (Note 2)**

Restricted (Note 13). . . . .	352,130	---
General. . . . .	445,832	932,316
	<u>797,962</u>	<u>932,316</u>
	<u>\$ 1,779,134</u>	<u>\$ 1,881,648</u>

Commitment (Note 11)

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Capital Assets  
Year Ended March 31, 2001**

	<u>Cost</u>				<u>Accummulated Depreciation</u>				<b>2001 Net Book Value</b>	<b>2000 Net Book Value</b>
	<b>Opening</b>	<b>Additions</b>	<b>Deletions</b>	<b>Closing</b>	<b>Opening</b>	<b>Expense</b>	<b>Deletions</b>	<b>Closing</b>		
Furniture .....	\$ 151,035	\$ ---	\$ ---	\$ 151,035	\$ 116,150	\$ 4,726	\$ ---	\$ 120,876	\$ 30,159	\$ 34,885
Computer Equipment .....	144,741	---	---	144,741	115,815	27,495	---	143,310	1,431	28,926
Computer software .....	4,675	5,727	---	10,402	2,993	2,750	---	5,743	4,659	1,682
Equipment .....	<u>55,218</u>	<u>7,026</u>	<u>---</u>	<u>62,244</u>	<u>19,844</u>	<u>11,519</u>	<u>---</u>	<u>31,363</u>	<u>30,881</u>	<u>35,374</u>
Total .....	<u>\$ 355,669</u>	<u>\$ 12,753</u>	<u>\$ ---</u>	<u>\$ 368,422</u>	<u>\$ 254,802</u>	<u>\$ 46,490</u>	<u>\$ ---</u>	<u>\$ 301,292</u>	<u>\$ 67,130</u>	<u>\$ 100,867</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Operating (deficit) surplus . . . . . \$	(134,354)	\$ 172,348
Depreciation . . . . .	46,490	51,609
	<u>(87,864)</u>	<u>223,957</u>
 Change in non-cash operating working capital		
(Note 12) . . . . .	822,595	(1,126,372)
	<u>734,731</u>	<u>(902,415)</u>
 <b>Financing</b>		
(Decrease) increase in War Service pension liability . . . . .	(12,105)	24,458
Increase in Public service award liability . . . . .	25,520	6,299
	<u>13,415</u>	<u>30,757</u>
 <b>Investing</b>		
Purchase of capital assets. . . . .	(12,753)	(69,312)
 Net increase (decrease) in cash and cash equivalents . . . . .	735,393	(940,970)
 Cash and cash equivalents		
Beginning of year . . . . .	583,081	1,524,051
End of year . . . . . \$	<u>1,318,474</u>	<u>\$ 583,081</u>

See accompanying notes to the financial statements.

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**Notes to the Financial Statements  
March 31, 2001**

**1. Incorporation**

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the Utility and Review Board Act, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

**2. Authority**

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the Utility and Review Board Act. Section 15(1) of the Public Utilities Act requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Sections 31 and 41 of the Gas Distribution Act allow the Board to set fees and award costs for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

**3. Summary of significant accounting policies**

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Short term investments

Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets

Capital assets purchased by the Board with a value greater than \$1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years

d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investment. Bank borrowings are considered to be financing activities.

**4. Accounts receivable**

	<b>2001</b>	<b>2000</b>
Province of Nova Scotia . . . . .	\$ 194,257	\$ 52,879
Public Utilities . . . . .	144,195	1,120,365
Other . . . . .	41,037	8,128
	<u>\$ 379,489</u>	<u>\$ 1,181,372</u>

**5. Inventory**

Inventory consists of Daily Vehicle Trip Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

**6. Pledged assets**

The Board has an operating line of credit of \$150,000 of which none has been used at March 31, 2001. As security, the Board has pledged short term investments.

**7. Pensions**

**Public service superannuation fund**

Pursuant to Section 10 of the Utility and Review Board Act, all full time employees of the Board are entitled to receive pension benefits under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

**War Service pension liability**

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits are the responsibility of the Board and are billed to the Board as pensions are paid. Employee pension contributions are used to defray future obligations for war service credits. The Board of Commissioners of Public Utilities, one of the predecessor boards, transferred its war service liability to the Nova Scotia Utility and Review Board on consolidation. An actuarial review was performed in 2000 which indicated that an additional \$38,238 was needed to recognize an increase in the present value of pension benefits. That amount was fully amortized into the fund during that fiscal year.

	<b>2001</b>	<b>2000</b>
The status of the liability account is as follows:		
Employee contributions .....	\$ 44,311	\$ 44,311
Accumulated interest .....	143,879	134,443
Board contributions .....	<u>178,818</u>	<u>178,818</u>
	367,008	357,572
Less: pension payments to date .....	<u>199,252</u>	<u>177,711</u>
	<u>\$ 167,756</u>	<u>\$ 179,861</u>

**8. Public service award liability**

The Board follows provisions similar to those found in the Civil Service Act with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

**9. Advances for working capital**

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	<b>2001</b>	<b>2000</b>
Province of Nova Scotia . . . . .	\$ <u>125,000</u>	\$ <u>125,000</u>

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the Public Utilities Act. The advance is non-interest bearing, with no set terms of repayment.

**10. Recoveries**

Consultants are engaged by the Board to provide advice related to utility and natural gas administration and operations and to provide expert testimony during hearings. Consulting fees for specific hearings are generally recovered directly from the entities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

**11. Commitments**

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2002 . . . . .	\$ 202,342
2003 . . . . .	202,342
2004 . . . . .	202,342
2005 . . . . .	205,353
2006 . . . . .	209,569
Subsequently . . . . .	750,954
	<u>\$ 1,772,902</u>

Approximately 1,000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

**12. Supplemental cash flow information**

Change in non-cash operating working capital

	<b>2001</b>	<b>2000</b>
Accounts receivable . . . . .	\$ 801,883	\$ (1,021,773)
Prepays . . . . .	---	4,894
Inventory . . . . .	517	(1,270)
Service award advances . . . . .	1,770	47
Payables and accruals . . . . .	18,425	133,345
Deferred revenue . . . . .	---	(241,615)
	<u>\$ 822,595</u>	<u>\$ (1,126,372)</u>

**13. Restricted surplus**

Certain amounts of surplus have been restricted as necessary for ongoing and future operations of the Board. Details are as follows:

	Province of Nova Scotia	Public Utilities	2001 Total	2000 Total
Working capital .....	\$ 101,043	\$ 48,957	\$ 150,000	---
Tangible capital assets .....	45,220	21,910	67,130	---
Deferred capital expenditures.	102,362	32,638	135,000	---
	<u>\$ 248,625</u>	<u>\$ 103,505</u>	<u>\$ 352,130</u>	<u>\$ ---</u>

**14. Related party transactions**

The Nova Scotia Utility and Review Board is a quasi-judicial tribunal operating at arms length from the Government of the Province of Nova Scotia. A significant amount of the funding for the Board is provided from the Consolidated Fund of the Province through a public service vote.

The Department of Transportation and Public Works for the Province of Nova Scotia sublets approximately 1,000 square feet of the Board's premises on behalf of the Nova Scotia Police Commission. The Board recovers the cost of the sublet space from the Department.

Direct expenses and a portion of salary costs incurred by the Board in relation to its adjudicative duties pursuant to the Liquor Control Act, Gaming Control Act and Theatre and Amusements Act are recovered from the Province through the Alcohol and Gaming Authority of the Department of Environment and Labour.

During fiscal years 2000 and 2001, the Province charged the Board for use of its new trunked mobile radio system. Those charges have been included in telecommunications expense.

The Board purchases certain stationery supplies from the central government stationery stockroom. Purchases are included in office supplies expense.

Transaction with the Province by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Statement of Operations:		
Grant from the Province of Nova Scotia .....	\$ 2,099,000	\$ 2,407,825
Recoveries:		
Premises sublet to Province .....	24,570	17,119
Alcohol, gaming and amusement adjudicative costs .....	99,787	---
Telecommunications expense .....	58,291	9,000
Office supplies expense .....	11,285	8,522
Balance sheet:		
Accounts receivable (Note 4) .....	194,257	52,879
Payables and accruals .....	132,567	85,602
Advances for working capital (Note 9) .....	125,000	125,000
Surplus .....	537,524	642,748

To minimize cost to government, some administrative support is provided by the Board to other agencies, in particular the Nova Scotia Police Commission and the Freedom of Information and Protection of Privacy Review Office (FOIPOP Review Office). The Board recovers some shared support costs and any direct expenses incurred on behalf of these agencies.

Transactions with the Nova Scotia Police Commission by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Balance sheet:		
Accounts receivable.....\$	609	542

Transactions with the FOIPOP Review Office by financial statement category are as follows:

	<b>2001</b>	<b>2000</b>
Statement of operations:		
Recoveries..... \$	11,800	10,188
Balance Sheet:		
Accounts receivable.....	51,204	2,256

**15. Comparative figures**

Certain of the 2000 comparative figures have been reclassified to conform with the current year financial statement presentation.



## NOVACO LIMITED

Balance Sheet  
as at March 31, 2001

	2001	2000
<b>Assets</b>		
Current Assets		
Bank . . . . .	\$ 26,458	\$ 26,458
Accrued interest . . . . .	22,828	20,983
Investments		
Term deposit . . . . .	561,090	537,958
Total Assets . . . . .	<u>\$ 610,376</u>	<u>\$ 585,399</u>
<b>Liability &amp; Equity</b>		
Current Liabilities		
Accounts payable . . . . .	\$ 360	\$ 288
Long Term Liabilities		
Deferred provincial grant . . . . .	---	---
Total Liabilities . . . . .	<u>360</u>	<u>288</u>
<b>Equity</b>		
Capital Stock . . . . .	5,000	5,000
<b>Earnings</b>		
Beginning retained earnings . . . . .	582,260	226,295
Current earnings . . . . .	<u>22,756</u>	<u>353,816</u>
<b>Ending Retained Earnings</b> . . . . .	605,016	580,111
Total Equity . . . . .	<u>610,016</u>	<u>585,111</u>
<b>Total Liabilities/Equity</b> . . . . .	<u>\$ 610,376</u>	<u>\$ 585,399</u>

Income Statement  
for the fiscal year ended March 31, 2001

	2001	2000
<b>Revenue</b>		
Natural Resources, Minerals & Energy Branch . . . . .	\$ ---	\$ 332,905
Investment income . . . . .	<u>22,828</u>	<u>20,983</u>
<b>Total revenue</b> . . . . .	<u>\$ 22,828</u>	<u>\$ 353,888</u>
<b>Expenses</b>		
Corporate registration . . . . .	<u>\$ 72</u>	<u>\$ 72</u>
<b>Total Expenses</b> . . . . .	<u>\$ 72</u>	<u>\$ 72</u>
<b>Net Income</b> . . . . .	<u>\$ 22,756</u>	<u>\$ 353,816</u>

Unaudited

**NOVACO LIMITED**  
**Investment Income**  
**for the year ending March 31, 2001**

<b>Purchase Date</b>	<b>Maturity Date</b>	<b># Days</b>	<b>Interest Rate</b>	<b>Principal</b>	<b>Value March 31, 2001</b>	<b>Interest</b>	<b>Total Interest</b>
May 5, 2000	May 7, 2001	367	4.50%	561,090.40	583,918.32	22,827.92 <sup>(1)</sup>	22,827.92

(1) accrued interest for 332 days (366 - 34 days - April to May 4/2000)

## NOVACO LIMITED

## Notes to Financial Statements

March 31, 2001

**1. Authority**

Novaco Limited was incorporated under the Nova Scotia Companies Act in 1970. The Company provides an advisory role to Government with respect to all current and proposed coal mining operations, and may undertake surface coal mining operations that the Government wishes to undertake on its own behalf in the Province.

**2. Accounting Policy**

Land acquisition costs

All costs relating to land acquisition are expensed as project development costs in the year in which they are incurred.

**3. Deferred Provincial Grant**

The company has received \$883,900 from the Province of Nova Scotia for the purpose of acquiring surface rights for new coal mining projects.

Details for these grants are as follows:

	2001	2000
Received to date. . . . .	\$ 883,900	\$ 883,900
Expenditures to date. . . . .	883,900	550,995
Repayment of outstanding balance, April 1, 2000 . . . . .	---	332,905
Balance, end of year . . . . .	\$ <u>---</u>	\$ <u>---</u>

**4. Land Reclamation Costs**

The Articles of Association of the company require that a reclamation fund be established, separate from the operating accounts of the company, for the reclamation of lands disturbed by mining operations.

**5. Future Operations**

Novaco Limited has closed its office in Sydney Mines, Nova Scotia, has disposed of all of its fixed assets and is operating in a nominal manner. At the fiscal year end, the company was not engaged in any near-surface mining or reclamation operations and there were no approved sites for future operations. Novaco Limited's Take or Pay Agreement with Curragh Resources Inc. is no longer in effect due to the cancellation of the purchase and sale of coal contract between the Nova Scotia Power Corporation and Curragh Resources Inc.

## AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members  
of the Provincial Community Pasture Board

I have audited the balance sheet of the Provincial Community Pasture Board as at March 31, 2001 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Community Pasture Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 10, 2001

**PROVINCIAL COMMUNITY PASTURE BOARD**

**Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable . . . . .	\$ 6,045	\$ 4,708
<b>Livestock</b> - at lower of cost and net realizable value (cost -2001 \$26,300; 2000 \$30,625) (Note 2) . . . . .	18,900 <u>24,945</u>	20,080 <u>24,788</u>
	<u>\$ 24,945</u>	<u>\$ 24,788</u>
<b>EQUITY</b>		
<b>Retained Earnings</b> . . . . .	\$ <u>24,945</u>	\$ <u>24,788</u>
Future operations (Note 4)		

**Statement of Income and Retained Earnings  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Revenues (Schedule A) . . . . .	\$ 62,717	\$ 51,229
Expenses (Schedule A) . . . . .	<u>73,802</u>	<u>149,313</u>
Net loss on pasture operations . . . . .	11,085	98,084
Loss (gain) on livestock (Note 3) . . . . .	<u>(1,030)</u>	<u>2,580</u>
Net loss before government contribution . . . . .	10,055	100,664
Contribution by the Government of Nova Scotia . . . . .	<u>10,212</u>	<u>103,834</u>
<b>Net income</b> . . . . .	157	3,170
<b>Retained earnings,</b> beginning of year . . . . .	<u>24,788</u>	<u>21,618</u>
<b>Retained earnings,</b> end of year . . . . .	<u>\$ 24,945</u>	<u>\$ 24,788</u>

**Notes to Financial Statements**  
**March 31, 2001**

**1. Authority**

The Provincial Community Pasture Board was established pursuant to Section 176(1) of the Agriculture and Marketing Act. The purpose of the Board is to establish, conduct and operate community pastures at such locations as the Board deems advisable.

**2. Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles modified by the following policies.

Livestock is comprised of breeding bulls on-hand at the end of the fiscal year. The bulls are valued at the lower of cost and net realizable value. The carrying-cost of bulls sold and any write-down of bulls to net realizable value is charged to expenses.

Further, under Section 183 of the Agriculture and Marketing Act, the administration costs of the Board are expenses of the Department of Agriculture and Fisheries, and are not reflected in these financial statements.

**3. Loss (Gain) on Livestock**

	<b>2001</b>	<b>2000</b>
Sale of bulls . . . . .	\$ 2,210	\$ 4,540
Carrying cost of bulls sold . . . . .	<u>2,510</u>	<u>4,700</u>
Loss on bulls sold . . . . .	300	160
Write-down (up) of bulls to net realizable value . . . . .	<u>(1,330)</u>	<u>2,420</u>
	<u>\$ (1,030)</u>	<u>\$ 2,580</u>

**4. Future Operations**

As of March 31, 2001, the Board no longer operates the pastures. Pasture operations will be assumed by other agricultural organizations, namely nonprofit community pasture cooperatives. Livestock and equipment will be sold or transferred to the new Cooperatives and/or other government agencies.

PROVINCIAL COMMUNITY PASTURE BOARD

Pasture Operations  
for the year ended March 31, 2001

	Cape Mabou	Cape John	Other	Totals	
				2001	2000
<b>Revenues</b>					
Pasture fees . . . . . \$	24,493 \$	37,753 \$	--- \$	62,246 \$	50,758
Pasture rentals . . . . .	---	---	471	471	471
	<u>24,493</u>	<u>37,753</u>	<u>471</u>	<u>62,717</u>	<u>51,229</u>
<b>Expenses</b>					
Bad debt expense . . . . .	---	---	---	---	1,431
Building . . . . .	---	---	---	---	4,804
Bulls feed and care . . . . .	979	971	---	1,950	8,808
Electricity . . . . .	161	1,242	---	1,403	1,257
Equipment maintenance . . . . .	356	97	---	453	1,637
Equipment purchases . . . . .	---	---	---	---	2,814
Fencing . . . . .	---	300	---	300	3,456
Fertilizer and lime . . . . .	---	---	---	---	21,220
Insurance . . . . .	798	799	---	1,597	2,022
Miscellaneous . . . . .	115	---	---	115	115
Operating assistance . . . . .	---	---	---	---	12,259
Supplies and services . . . . .	6,056	5,104	67	11,227	33,241
Wages . . . . .	26,934	29,823	---	56,757	56,249
	<u>35,399</u>	<u>38,336</u>	<u>67</u>	<u>73,802</u>	<u>149,313</u>
<b>Net loss on pasture operations . . . . . \$</b>	<u>10,906</u> \$	<u>583</u> \$	<u>(404)</u> \$	<u>11,085</u> \$	<u>98,084</u>

## AUDITOR'S REPORT

To the Board of Directors of  
Provincial Drug Distribution Program

We have audited the statement of financial position of the Provincial Drug Distribution Program (the "PDDP") as at March 31, 2001, and the statements of fund balances, revenues and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the PDDP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 financial statements present fairly, in all material respects, the financial position of the PDDP as at March 31, 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 29, 2001



**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Statement of Financial Position  
as at March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
			(in thousands)	
<b>Current</b>				
Accounts receivable (Note 3) .....	\$ 6,461	\$ ---	\$ 6,461	\$ 6,858
Due from Nova Scotia Hospital .....	3,406	---	3,406	1,405
Inventories .....	<u>2,853</u>	<u>---</u>	<u>2,853</u>	<u>2,853</u>
	12,720	---	12,720	11,116
Deferred charges (Note 4) .....	---	39	39	47
Capital Assets .....	<u>---</u>	<u>56</u>	<u>56</u>	<u>96</u>
<b>Total Assets</b> .....	<u>\$ 12,720</u>	<u>\$ 95</u>	<u>\$ 12,815</u>	<u>\$ 11,259</u>

**LIABILITIES**

<b>Current</b>				
Bank indebtedness .....	\$ 2,984	\$ ---	\$ 2,984	\$ 1,377
Accounts payable and accrued liabilities .....	2,225	---	2,225	2,474
Deferred other revenue .....	109	---	109	---
Due to Department of Finance (note 5) .....	<u>7,341</u>	<u>---</u>	<u>7,341</u>	<u>7,341</u>
	12,659	---	12,659	11,192

**FUND BALANCE**

Operating fund .....	61	---	61	67
Net assets .....	<u>---</u>	<u>95</u>	<u>95</u>	<u>---</u>
<b>Total Liabilities &amp; Fund Balance</b> .....	<u>\$ 12,720</u>	<u>\$ 95</u>	<u>\$ 12,815</u>	<u>\$ 11,259</u>

**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Statement of Fund Balances  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
<b>OPERATING FUND</b>		
<b>Balance, beginning of year</b> .....	\$ 67	\$ 22
Net revenues over expenditures.....	61	45
	<u>128</u>	<u>67</u>
Approved equity transfer to capital fund.....	<u>(67)</u>	<u>---</u>
<b>Balance, end of year</b> .....	\$ <u>61</u>	\$ <u>67</u>

**INVESTMENT IN CAPITAL ASSETS**

<b>Capital funding, beginning of year</b> .....	\$ ---	\$ ---
Approved equity transfer to capital fund.....	67	---
Capital funding from the Department of Health.....	<u>28</u>	<u>---</u>
	<u>95</u>	<u>---</u>
<b>Balance, end of year</b> .....	\$ <u>95</u>	\$ <u>---</u>

**Statement of Revenues and Expenditures  
year ended March 31, 2001**

	<b>Total 2001</b>	<b>Total 2000</b>
	(in thousands)	
<b>Operating</b>		
Revenues ( Schedule A).....	\$ 47,022	\$ 43,561
Expenditures (Schedule B).....	<u>46,939</u>	<u>43,516</u>
	83	45
Net capital amortization.....	<u>(22)</u>	<u>---</u>
<b>Results from operating activities</b> .....	<u>61</u>	<u>45</u>
<b>Net revenues over expenditures</b> .....	\$ <u>61</u>	\$ <u>45</u>

**PROVINCIAL DRUG DISTRIBUTION PROGRAM**

**Statement of Cash Flow  
year ended March 31,2001**

	<b>2001</b>	<b>2000</b>
	(in thousands)	
<b>Operating Activities</b>		
Net revenues over expenditures .....	\$ 61	\$ 45
Items not requiring cash		
Amortization of capital funding .....	22	---
Changes in non-cash working-capital items .....	<u>(1,736)</u>	<u>601</u>
<b>Cash (used in) provided by operating activities .....</b>	<u><b>(1,653)</b></u>	<u><b>646</b></u>
<b>Financing Activities</b>		
Capital funding from Department of Health .....	<u>28</u>	<u>---</u>
	<u>28</u>	<u>---</u>
<b>Investing Activities</b>		
Disposal (purchase) of capital assets .....	<u>18</u>	<u>(143)</u>
<b>Cash used in investing activities .....</b>	<u><b>18</b></u>	<u><b>(143)</b></u>
<b>Net cash (outflow) inflow during the year .....</b>	<b>(1,607)</b>	<b>503</b>
Bank indebtedness, beginning of year .....	<u>(1,377)</u>	<u>(1,880)</u>
<b>Bank indebtedness, end of year .....</b>	<u><b>\$ (2,984)</b></u>	<u><b>\$ (1,377)</b></u>

See accompanying notes

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Notes to Financial Statements  
March 31, 2001

1. Nature of Organization

The Provincial Drug Distribution Program (PDDP) is the responsibility of the Minister of Health and a board of managers. Effective April 1, 1998, the Regional Health Boards (RHBs) and non-designated organizations (NDOs) agreed to purchase all of their drug requirements through the PDDP. Sales are made to hospitals at cost and to nursing homes at cost plus a mark up of 12%. The Nova Scotia Hospital administers the program.

2. Significant Accounting Policies

The PDDP follows the deferral method of accounting for contributions. These financial statements have been prepared in accordance with generally accepted accounting principles and include the following specific accounting policies.

Operating Costs:

These financial statements do not include certain expenses which are absorbed by the Nova Scotia Hospital.

Capital Assets

Capital assets are valued at cost and are amortized on a straight-line basis over the useful life of each asset.

Inventory

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

3. Accounts Receivable

	2001	2000
	(in thousands)	
Customer receivables . . . . .	\$ 6,338	\$ 6,562
Out dated drugs receivable . . . . .	123	296
	<u>\$ 6,461</u>	<u>\$ 6,858</u>

4. Deferred Charges

The Department of Health entered into an agreement dated January 1, 2000 with a national buying group. As a result, the PDDP will be entitled to receive all negotiated vendor contract prices for pharmaceutical supplies. The PDDP paid a one-time non-refundable joining fee. This investment is recorded at cost and will be amortized to \$1 over a five year period beginning in 2000-2001.

**5. Due to Department of Finance**

In prior years, the Province of Nova Scotia processed and recorded the receipts and disbursements of the Nova Scotia Hospital and PDDP. The cumulative difference between receipts and disbursements was recognized as a liability to the Province at year end. As of April 1, 1997 the Hospital began to process and record receipts and disbursements. Repayment terms for this liability are not specified.

**6. Comparative Figures**

Certain of the March 31, 2000 comparative figures have been reclassified to conform with the presentation adopted in the current year.

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Schedule A

Schedule of Revenues  
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Drug Sales .....	\$ 46,491	\$ 43,073
Department of Health .....	352	379
Other .....	179	109
<b>Revenues</b> .....	<u>\$ 47,022</u>	<u>\$ 43,561</u>

Schedule B

Schedule of Expenditures  
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Drugs .....	\$ 46,162	\$ 42,718
Compensation .....	516	560
Fees .....	156	188
Plant maintenance supplies .....	63	16
Other .....	40	31
Amortization .....	22	---
Travel .....	<u>2</u>	<u>3</u>
	46,961	43,516
Less: Amortization .....	<u>22</u>	<u>---</u>
<b>Expenditures</b> .....	<u>\$ 46,939</u>	<u>\$ 43,516</u>

Schedule C

Schedule of Changes in Capital  
Year ended March 31, 2001

	2001	2000
	(in thousands)	
<b>Capital Funding</b>		
Approved equity transfer to capital fund .....	\$ 67	\$ ---
Capital funding from Department of Health .....	<u>28</u>	<u>---</u>
	95	---
 <b>Capital Expenditures</b>		
2000 Capital Equipment .....	---	96
2000 Capital Investment .....	<u>---</u>	<u>47</u>
	---	143
<b>Capital Deficit Funding from Department of Health</b> .....	<u>\$ 95</u>	<u>\$ ---</u>

## PROVINCIAL RESORT HOTELS

Statement of User Fees and Expense  
for the year ended March 31, 2001

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals	
				2001	2000
<b>User Fees</b>					
Rooms .....	\$ 2,130,486	\$ 1,952,961	\$ 813,840	\$ 4,897,287	\$ 4,500,814
Food .....	1,393,239	1,705,179	723,400	3,821,818	3,738,463
Beverage .....	289,354	364,900	100,308	754,562	706,205
Other .....	736,017	474,054	209,335	1,419,406	1,364,912
	<u>4,549,096</u>	<u>4,497,094</u>	<u>1,846,883</u>	<u>10,893,073</u>	<u>10,310,394</u>
<b>Expense</b>					
Salaries & Wages ...	2,050,778	1,865,266	929,748	4,845,792	4,555,578
Travel .....	15,616	14,363	5,421	35,400	47,281
Supplies & Services .	1,886,279	1,652,898	661,819	4,200,996	4,131,832
Other .....	31,231	136,455	30,610	198,296	667,963
	<u>3,983,904</u>	<u>3,668,982</u>	<u>1,627,598</u>	<u>9,280,484</u>	<u>9,402,654</u>
<b>Operating</b>					
<b>Profit (Loss) .....</b>	<u>565,192</u>	<u>828,112</u>	<u>219,285</u>	<u>1,612,589</u>	<u>907,740</u>
Property					
Improvements .....	600,055	622,181	151,019	1,373,255	1,049,737
Recoveries .....	---	---	---	---	297,000
Profit (Loss) .....	<u><u>\$ (34,863)</u></u>	<u><u>\$ 205,931</u></u>	<u><u>\$ 68,266</u></u>	<u><u>\$ 239,334</u></u>	<u><u>\$ 155,003</u></u>

**PROVINCIAL RESORT HOTELS**

**Notes to Financial Statements**

**March 31, 2001**

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Tourism and Culture. Recoveries represent expenditures transferred to the Economic Diversification Agreement.

The following costs are not included in this statement as they are expenses recorded by the Department of Transportation and Public Works:

	<b>2001</b>	<b>2000</b>
Capital expenditures for construction, renovations and facility upgrading . . . . .	\$ ---	\$ 518,050
Golf course maintenance - Pines Resort * . . . . .	---	395,112
Resort maintenance and non-capital improvements . . . . .	<u>411,859</u>	<u>74,309</u>
	<u>\$ 411,859</u>	<u>\$ 987,471</u>

\*During the year, responsibility for the golf course maintenance reverted back to the Department of Tourism and Culture.



## **Review Engagement Report**

To the Board of Trustees of  
The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds

We have reviewed the balance sheet of The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds (Archives) as at March 31, 2001 and the statements of changes in net assets and revenue and expenditures for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Archives.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PRICE,WATERHOUSE,COOPERS LLP  
Chartered Accountants

**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Balance Sheet  
As at March 31, 2001**

	<b>Endowment Fund, Collections</b>	<b>Archival Ancillary Fund</b>	<b>2001 Total</b>	<b>2000 Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash .....	\$ 10,000	\$ 91,434	\$ 101,434	\$ 68,747
Marketable securities .....	33,041	61,451	94,492	79,975
Amount held in trust by Province of Nova Scotia .....	61,022	---	61,022	68,630
	<u>104,063</u>	<u>152,885</u>	<u>256,948</u>	<u>217,352</u>
<b>Capital assets (note 3) .....</b>	<u>---</u>	<u>30,981</u>	<u>30,981</u>	<u>34,217</u>
	<u>\$ 104,063</u>	<u>\$ 183,866</u>	<u>\$ 287,929</u>	<u>\$ 251,569</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Amounts payable and accrued liabilities .....	\$ ---	\$ 3,000	\$ 3,000	\$ 2,062
Deferred revenue .....	---	48,727	48,727	23,984
	<u>---</u>	<u>51,727</u>	<u>51,727</u>	<u>26,046</u>
<b>Net assets</b>				
Endowments .....	66,100	---	66,100	66,100
Earnings on endowments .....	37,963	---	37,963	33,331
Invested in capital assets .....		30,981	30,981	34,217
Unrestricted .....	<u>104,063</u>	<u>101,158</u>	<u>101,158</u>	<u>91,875</u>
	<u>104,063</u>	<u>132,139</u>	<u>236,202</u>	<u>225,523</u>
	<u>\$ 104,063</u>	<u>\$ 183,866</u>	<u>\$ 287,929</u>	<u>\$ 251,569</u>

**Statement of Changes in Net Assets  
For the Year ended March 31, 2001**

<b>Net assets - Beginning of year .....</b>	\$ 99,431	\$ 126,092	\$ 225,523	\$ 145,629
Excess of revenue over expenditures for the year .....	4,632	6,047	10,679	79,894
<b>Net assets - End of Year .....</b>	<u>\$ 104,063</u>	<u>\$ 132,139</u>	<u>\$ 236,202</u>	<u>\$ 225,523</u>

**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Statement of Revenue and Expenditures  
for the Year Ended March 31, 2001**

	<b>Endowment Fund, Collections</b>	<b>Archival Ancillary Fund</b>	<b>2001 Total</b>	<b>2000 Total</b>
<b>Revenue</b>				
Transitional Provincial Contribution. . . . .	\$ ---	\$ ---	\$ ---	\$ 102,000
Reprographic and other recoveries. . . . .	---	50,105	50,105	67,282
Funding for special collections maintenance. . . . .	---	95,382	95,382	12,667
Sale of equipment. . . . .	---	---	---	10,602
Interest . . . . .	4,632	7,411	12,043	10,469
	<u>4,632</u>	<u>152,898</u>	<u>157,530</u>	<u>203,020</u>
<b>Expenditures</b>				
Amortization . . . . .	---	4,536	4,536	4,406
Building operating expenses				
Electricity. . . . .	---	---	---	16,479
Heating fuel . . . . .	---	---	---	351
Maintenance. . . . .	---	---	---	38,048
Security. . . . .	---	---	---	1,252
Telecommunications. . . . .	---	---	---	3,203
Water . . . . .	---	---	---	1,243
Conferences and seminars. . . . .	---	3,047	3,047	360
Equipment repair and maintenance . . . . .	---	1,882	1,882	594
Freight and express. . . . .	---	748	748	700
General operating. . . . .	---	7,814	7,814	6,896
Membership dues . . . . .	---	230	230	65
Miscellaneous . . . . .	---	4,614	4,614	3,770
Other services . . . . .	---	5,253	5,253	15,685
Postage . . . . .	---	---	---	796
Printing and stationery . . . . .	---	730	730	2,158
Professional services . . . . .	---	17,083	17,083	9,053
Special collections maintenance . . . . .	---	95,382	95,382	12,667
Staff training . . . . .	---	2,005	2,005	3,365
Subscriptions and periodicals . . . . .	---	---	---	145
Travel . . . . .	---	3,527	3,527	1,890
	<u>\$ ---</u>	<u>146,851</u>	<u>146,851</u>	<u>123,126</u>
<b>Excess of revenue over expenditures</b>				
<b>for the year . . . . .</b>	<u>\$ 4,632</u>	<u>\$ 6,047</u>	<u>\$ 10,679</u>	<u>\$ 79,894</u>

**PUBLIC ARCHIVES OF NOVA SCOTIA -  
ARCHIVAL ANCILLARY AND TRUST FUNDS**

**Notes to Financial Statements  
March 31, 2001**

**1. Status and nature of activities**

As of April 1, 1999, the functions of the Provincial Archives of Nova Scotia were transferred to the control of the Province of Nova Scotia (Province). Management of the Archives retains control over ancillary revenues and expenditures and over the three trust funds that were previously endowed to the Archives. These funds are the Blakely, Fergusson, and Shand trust funds.

The Archives is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province. The Archives is both a deposit library for publications of the Government of Nova Scotia and a historical research facility.

**2. Significant accounting policies**

The accounting policies of the Archives for the Archival Ancillary and Trust funds are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

**Management estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and movements of funds during the year. Actual results could differ from these estimates.

**Fund accounting**

The Archives uses fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, capital assets and unrestricted balances.

The Archival Ancillary Fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and capital assets.

The Endowment Fund, Collections accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

**Financial instruments**

Financial instruments are stated at cost, or at cost less amounts written off to reflect a permanent decline in value, and where there is a fixed rate of return, accrued interest is included in book value. The fair value of these financial instruments approximates their carrying values, due to the short-term and/or the fixed nature of these instruments.

**Revenue recognition**

The Archives follows the restricted fund method of accounting for contributions, which include designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be reasonable estimated and collection is reasonably assured.

Contributions received for projects not completed at year-end are shown as deferred revenue to the extent that contributions exceed expenditures to-date on these projects.

**Capital assets**

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Archives' ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods at the following rates:

Computer software	straight-line 10 years
Microfilm Equipment	straight-line 5 years
Other office equipment	straight-line 10 years

**3. Capital assets**

	<u>2001</u>			<u>2000</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer software . . . . .	\$ 17,262	\$ 3,452	\$ 13,810	\$ 15,536
Microfilm Equipment . . . . .	21,361	5,360	16,001	18,681
Other office equipment . . . . .	1,300	130	1,170	---
	<u>\$ 39,923</u>	<u>\$ 8,942</u>	<u>\$ 30,981</u>	<u>\$ 34,217</u>

## AUDITOR'S REPORT

To the Minister of Justice; and  
To the Public Trustee

I have audited the balance sheet of the Public Trustee Trust Funds as at March 31, 2001 and the statement of continuity of assets for the year then ended. These financial statements are the responsibility of the Public Trustee. My responsibility is to express an opinion on these financial statements based on my audit.

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

In common with many trust funds, it is not possible to verify by audit procedure that all the assets of any given trust actually came under the administration of the Public Trustee. Accordingly, my verification of trust assets was limited to those recorded in the records.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to verify the completeness of assets of the trust funds, these financial statements present fairly, in all material respects, the financial position of the Public Trustee Trust Funds as at March 31, 2001 and the continuity of assets for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.  
Auditor General

Halifax, Nova Scotia  
June 1, 2001

**PUBLIC TRUSTEE TRUST FUNDS**

**Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Estates and Trusts</b>		
Cash .....	\$ 1,079,254	\$ 191,941
Securities, real estate and other assets (Note 3) .....	17,288,339	16,765,882
Common Fund securities (Note 4) .....	1,249,794	1,304,794
	<u>19,617,387</u>	<u>18,262,617</u>
<b>Special Reserve Fund (Note 5)</b>		
Cash and securities .....	1,292,263	1,192,613
	<u>\$ 20,909,650</u>	<u>\$ 19,455,230</u>
<b>LIABILITIES</b>		
<b>Estates and Trusts</b>		
Estates and trusts balances .....	\$ <u>19,617,387</u>	\$ <u>18,262,617</u>
<b>Special Reserve Fund (Note 5)</b>		
Restricted funds .....	1,223,171	1,136,042
Funds transferable to Province of Nova Scotia .....	69,092	56,571
	<u>1,292,263</u>	<u>1,192,613</u>
	<u>\$ 20,909,650</u>	<u>\$ 19,455,230</u>

**PUBLIC TRUSTEE TRUST FUNDS**

**Statement of Continuity of Assets  
For The Year Ended March 31, 2001**

	<b>Estates and Trusts</b>	<b>Special Reserve Fund</b>	<b>Fees Earned</b>	<b>2001 Total</b>	<b>2000 Total</b>
Balance, beginning of year . . . . .	\$ 18,262,617	\$ 1,192,613	\$ ---	\$ 19,455,230	\$ 19,017,843
<i>Add:</i>					
Assets acquired during the year . . . . .	12,737,683	---	---	12,737,683	8,949,456
Income earned . . . . .	789,182	---	---	789,182	718,090
Fees earned . . . . .	---	---	462,175	462,175	436,820
Interest earned on Special Reserve Fund investments . . . . .	---	69,092	---	69,092	56,571
Excess interest transferred from Common Fund . . . . .	---	87,129	---	87,129	79,505
	<u>13,526,865</u>	<u>156,221</u>	<u>462,175</u>	<u>14,145,261</u>	<u>10,240,442</u>
<i>Less:</i>					
Distributions of estates and trusts . . . . .	11,851,306	---	---	11,851,306	9,135,084
Transfers to the Province Fees . . . . .	---	---	462,175	462,175	436,820
Undistributable estates and trusts (per Section 28) . . . . .	320,789	---	---	320,789	173,115
Investment income earned on Special Reserve Fund . . . . .	---	56,571	---	56,571	58,036
	<u>12,172,095</u>	<u>56,571</u>	<u>462,175</u>	<u>12,690,841</u>	<u>9,803,055</u>
Balance, end of year . . . . .	<u>\$ 19,617,387</u>	<u>\$ 1,292,263</u>	<u>\$ ---</u>	<u>\$ 20,909,650</u>	<u>\$ 19,455,230</u>



## **PUBLIC TRUSTEE TRUST FUNDS**

### **Notes to Financial Statements March 31, 2001**

#### **1. Authority**

The Office of the Public Trustee was established pursuant to the Public Trustee Act. The Public Trustee is empowered to perform the duties of a guardian, custodian, trustee, and executor or administrator of an estate. All investments by the Public Trustee are to be made in accordance with the Trustee Act.

#### **2. Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, modified by the following policies.

- a) The Office of the Public Trustee uses a cash basis of accounting. These financial statements do not include accrued interest and other receivables, as well as accrued fees and other payables.
- b) The market value of stocks and bonds at year end is not disclosed in the financial statements.

#### **3. Securities, Real Estate and Other Assets**

Securities consist of deposit certificates, bonds, debentures and stocks. Securities purchased by the Public Trustee are valued at cost. Securities taken over by the Public Trustee are valued at market value as at the date of death for estates of deceased persons or as at the date that control is assumed for all other estates.

The Public Trustee is responsible for administering certain other assets such as real estate, personal effects and chattels. Real estate is valued at estimated market value based on annual assessments for municipal tax purposes. Personal effects and chattels are valued at estimated market value as at the date control is assumed. If market value is not readily ascertainable, they are each recorded at a nominal value of \$1.

#### **4. Common Fund Securities**

Section 30 of the Public Trustee Act permits the Public Trustee to invest monies, not subject to any express trust or direction for investment thereof, in a Common Fund. Investments of the Common Fund are valued at cost.

#### **5. Special Reserve Fund**

Section 32 of the Public Trustee Act provides for the establishment of a Special Reserve Fund. The purposes of the Fund are to provide for any deficiencies between income earned on investments of the Common Fund and interest required to be paid to estates comprising the Common Fund; and also to provide for any deficiency between the aggregate amount of sums invested and the realized value of investments of the Common Fund.

The Fund consists of investment income earned on Common Fund securities in excess of interest paid to Common Fund estates. Income earned on securities held in the Special Reserve Fund also forms part of the Fund.

Income earned on securities held in the Special Reserve Fund is eligible for transfer to the Province. The remainder of the Fund is restricted to the purposes described above.

## 6. Operating Costs

Operating costs of the Office for the Public Trustee are absorbed by various government departments and are not reflected in the statement of continuity of assets. These costs are offset by fees charged for administering estates and by investment income.

	2001	2000
Department of Justice		
- Salaries and benefits . . . . .	\$ 590,536	\$ 619,457
- Other operating costs . . . . .	39,300	36,751
Department of Transportation and Public Works		
- Rent . . . . .	35,765	32,340
	<u>665,601</u>	<u>688,548</u>
Less transfers to Province		
- Fees . . . . .	462,175	436,820
- Special Reserve Fund income . . . . .	56,571	58,036
	<u>518,746</u>	<u>494,856</u>
Net cost to the Province . . . . .	<u>\$ 146,855</u>	<u>\$ 193,692</u>

## AUDITORS' REPORT

To the Board of Directors of  
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORTON  
Chartered Accountants

Truro, Nova Scotia  
May 9, 2001

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Operations  
Year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenues</b>		
Deposits		
Gross revenues from deposits . . . . .	\$ 26,068,255	\$ 27,220,278
Less: Harmonized sales tax . . . . .	(3,397,546)	(3,613,080)
	<u>22,670,709</u>	<u>23,607,198</u>
Sales of recyclable materials. . . . .	3,790,780	3,181,876
Stewardship . . . . .	802	8,139
Tire program . . . . .	2,781,057	2,947,357
<b>Total revenues</b> . . . . .	<u>29,243,348</u>	<u>29,744,570</u>
 <b>Cost of sales</b>		
Inventory, beginning of year. . . . .	101,116	104,603
Deposit refunds . . . . .	9,822,750	9,639,581
Enviro-Depot handling fees . . . . .	5,923,382	5,805,185
Local cartage . . . . .	911,893	898,637
Regional processing. . . . .	754,705	936,533
Freight-in. . . . .	79,971	65,752
Central processing expenses (Page 490) . . . . .	408,245	405,552
Non-deposit materials . . . . .	25,611	44,189
Used tires . . . . .	1,725,393	1,812,806
Derelict vehicle program . . . . .	17,310	---
Paint/Household Hazardous Waste program . . . . .	165,523	151,000
	<u>19,935,899</u>	<u>19,863,838</u>
Less inventory, end of year. . . . .	74,724	101,116
	<u>19,861,175</u>	<u>19,762,722</u>
Gross margin. . . . .	9,382,173	9,981,848
Administrative expenses (Page 490) . . . . .	<u>1,248,688</u>	<u>1,147,233</u>
<b>Operating income</b>	8,133,485	8,834,615
(Decrease) increase in equity interest of an affiliated company (Note 3). . . . .	(43,786)	71,164
Interest and other income. . . . .	<u>595,042</u>	<u>447,113</u>
<b>Excess of revenues over expenses</b>	\$ <u>8,684,741</u>	\$ <u>9,352,892</u>

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Financial Position  
year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents . . . . .	\$ 12,149,093	\$ 11,706,143
Receivables . . . . .	2,486,693	2,474,947
Accrued interest receivable . . . . .	47,839	107,234
Inventory . . . . .	74,724	101,116
Prepays . . . . .	2,922	---
	<u>14,761,271</u>	<u>14,389,440</u>
Investment at cost . . . . .	7,000	304,186
Equipment (Note 4) . . . . .	667,174	725,094
Organizational costs, net of accumulated amortization . . . . .	47,990	172,044
	<u>\$ 15,483,435</u>	<u>\$ 15,590,764</u>

<b>LIABILITIES</b>		
<b>Current</b>		
Payables and accruals . . . . .	\$ 2,830,077	\$ 2,294,235
Municipal solid waste diversion credits payable . . . . .	5,071,031	4,650,389
Unearned revenue . . . . .	3,155,100	3,175,500
	<u>11,056,208</u>	<u>10,120,124</u>

**NET ASSETS (Page 486)**

Invested in capital assets . . . . .	715,164	897,138
Invested in value added manufacturing . . . . .	7,000	304,186
Restricted for future projects . . . . .	1,109,507	856,107
Restricted for approved programs . . . . .	2,595,556	3,413,209
	<u>4,427,227</u>	<u>5,470,640</u>
	<u>\$ 15,483,435</u>	<u>\$ 15,590,764</u>

Commitments (Note 6)

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Changes in Net Assets  
Year Ended March 31, 2001**

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total 2001	Total 2000
Balance, beginning of year . . . . .	\$ 897,138	\$ 304,186	\$ 856,107	\$ 3,413,209	\$ ---	\$ 5,470,640	\$ 3,947,772
Excess of revenues over expenses . . . . .	(375,688)	(43,786)	---	---	9,104,215	8,684,741	9,352,892
Investment in capital assets . . . . .	<u>193,714</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(193,714)</u>	<u>---</u>	<u>---</u>
	715,164	260,400	856,107	3,413,209	8,910,501	14,155,381	13,300,664
Internally imposed restrictions . . . . .	---	---	---	4,455,251	(4,455,251)	---	---
Investment in value-added manufacturing . . . . .	---	(253,400)	253,400	---	---	---	---
Payments during the year							
Education and awareness . . . . .	---	---	---	(1,097,925)	---	(1,097,925)	(1,062,889)
Regional co-ordinators . . . . .	---	---	---	(226,770)	---	(226,770)	(210,000)
Approved programs . . . . .	---	---	---	(3,413,209)	615,781	(2,797,428)	(1,907,051)
Nova Scotia Department of Environment & Labour . . . . .	---	---	---	(535,000)	---	(535,000)	---
Allocation to Municipal solid waste diversion payable . . . . .	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(5,071,031)</u>	<u>(5,071,031)</u>	<u>(4,650,084)</u>
<b>Balance, end of year . . . . .</b>	<u><u>\$ 715,164</u></u>	<u><u>\$ 7,000</u></u>	<u><u>\$ 1,109,507</u></u>	<u><u>\$ 2,595,556</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 4,427,227</u></u>	<u><u>\$ 5,470,640</u></u>

See accompanying notes to the financial statements

**RESOURCE RECOVERY FUND BOARD INC.**

**Statement of Cash Flows  
year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents:		
<b>Operating</b>		
Excess of revenues over expenses . . . . .	\$ 8,684,741	\$ 9,352,892
Decrease (increase) in equity interest of an affiliated company . . . . .	43,786	(71,164)
Depreciation and amortization . . . . .	372,801	332,706
Loss on sale of equipment . . . . .	2,887	6,636
	9,104,215	9,621,070
Change in non-cash operating working capital		
Receivables . . . . .	47,649	(66,188)
Inventory . . . . .	26,392	3,487
Prepays . . . . .	(2,922)	2,033
Payables and accruals . . . . .	956,484	789,884
Unearned revenue . . . . .	(20,400)	480,000
	10,111,418	10,830,286
<b>Investing</b>		
Proceeds on sale of property and equipment . . . . .	--	1,750
Purchase of Equipment . . . . .	(187,050)	(322,652)
Organizational costs . . . . .	(6,664)	--
Investment - value added manufacturing . . . . .	253,400	21,000
	59,686	(299,902)
<b>Allocation of net assets to:</b>		
Municipal solid waste diversion . . . . .	(5,071,031)	(4,650,084)
Approved programs . . . . .	(4,657,123)	(3,179,940)
	(9,728,154)	(7,830,024)
Net increase in cash and cash equivalents . . . . .	442,950	2,700,360
Cash and cash equivalents, beginning of year . . . . .	11,706,143	9,005,783
Cash and cash equivalents, end of year . . . . .	\$ 12,149,093	\$ 11,706,143

See accompanying notes to the financial statements.

**RESOURCE RECOVERY FUND BOARD INC.**

**Notes to the Financial Statements  
March 31, 2001**

**1. Nature of operations**

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste-Resource Management Regulations.

**2. Summary of signification accounting policies**

**Depreciation**

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%	straight-line
Office and warehouse equipment	20%	straight-line
Computer hardware and software	33 1/3%	straight-line
Containers	33 1/3%	straight-line
Vehicles	33 1/3%	straight-line

**Inventory**

Inventory is valued at the lower of cost and net realizable value.

**Unearned revenue**

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

**Organizational costs**

Organizational costs for new programs are amortized on a straight line basis over five years.

**Income taxes**

The company is exempt from income taxes under Section 149(I)(d) of the Canadian Income Tax Act.

**Revenue recognition**

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.



**Financial instruments**

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, investment in an affiliated company, payables and accruals, and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

**3. (Decrease) increase in equity interest of an affiliated company**

In accordance with the terms of the Shareholders' Agreement of Novapet Inc., the preference shares were redeemed and certain common shares were purchased from the Board at their original costs of \$253,400. This has resulted in a decrease in the Board's equity position to 5% and a reduction of accumulated equity earnings of \$43,786.

**4. Equipment**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2001 Net Book Value</u>	<u>2000 Net Book Value</u>
Field Equipment . . . . .	\$ 174,908	\$ 114,396	\$ 60,512	\$ 89,912
Office and warehouse equipment . . . . .	96,016	74,422	21,594	37,874
Leasehold Improvements . . . . .	9,960	2,668	7,292	8,716
Containers . . . . .	890,515	403,568	486,947	435,692
Computer hardware and software . . . . .	406,179	320,892	85,287	122,744
Vehicles . . . . .	73,842	68,300	5,542	30,156
	<u>\$ 1,651,420</u>	<u>\$ 984,246</u>	<u>\$ 667,174</u>	<u>\$ 725,094</u>

**5. Bank indebtedness**

The company has an operating line of credit of \$2,500,000 all of which is unused at March 31, 2001.

**6. Commitments**

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2002	\$ 99,088
2003	\$ 99,088
2004	\$ 99,088
2005	\$ 99,088
2006	\$ 96,164

**RESOURCE RECOVERY FUND BOARD INC.**

**Schedule of Central Processing Expenses  
Year Ended March 31**

	<b>2001</b>		<b>2000</b>
Building expenses . . . . .	\$ 42,621	\$	49,239
Depreciation and amortization . . . . .	126,123		95,210
Equipment lease or rent . . . . .	---		6,965
Insurance . . . . .	788		725
Meetings and travel . . . . .	9,137		11,735
Postage and delivery . . . . .	6,924		9,072
Propane - forklift . . . . .	1,934		2,573
Repairs and maintenance - bulk bags . . . . .	42,085		56,904
Repairs and maintenance - equipment . . . . .	7,207		7,093
Salaries and benefits . . . . .	119,943		114,380
Shipping supplies . . . . .	37,324		38,902
Telecommunications . . . . .	9,841		12,419
Vehicle expense . . . . .	4,308		335
	<u>\$ 408,235</u>	\$	<u>405,552</u>

**Schedule of Administrative Expenses  
Year Ended March 31**

	<b>2001</b>		<b>2000</b>
Bad debt expense . . . . .	\$ 10,417	\$	8,452
Bank charges . . . . .	6,001		5,759
Board fees and expenses . . . . .	56,814		50,572
Building expenses . . . . .	70,169		72,216
Depreciation and amortization . . . . .	191,880		182,708
Dues and fees . . . . .	4,740		8,179
Equipment lease or rent . . . . .	4,865		4,814
Meetings and travel . . . . .	46,992		61,499
Office expense . . . . .	6,596		6,744
Postage and delivery . . . . .	9,852		14,485
Printing and stationery . . . . .	6,298		7,000
Professional fees . . . . .	116,049		86,926
Public relations . . . . .	68,174		86,173
Salaries and benefits . . . . .	481,536		479,208
Software development and support . . . . .	127,912		32,439
Telecommunications . . . . .	26,997		33,153
Training . . . . .	9,617		4,673
Vehicle expense . . . . .	3,779		2,233
	<u>\$ 1,248,688</u>	\$	<u>1,147,233</u>

## AUDITORS' REPORT

To the Members of the  
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2001 and the statements of operations, fund balances, 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 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 Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles adopted for museum boards in the Province of Nova Scotia.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 1, 2001

**SHERBROOKE RESTORATION COMMISSION**

**Balance Sheet  
as at March 31, 2001**

	<b>2001</b>		<b>2000</b>	
<b>ASSETS</b>				
<b>Current</b>				
Cash (Note 2) . . . . .	\$	33,022	\$	86,008
Guaranteed Investment Certificate (Note 3) . . . . .		96,644		25,000
Accounts receivable . . . . .		40,311		34,542
Inventory (Note 2) . . . . .		125,390		103,754
Prepaid expense . . . . .		11,282		2,320
		<u>306,649</u>		<u>251,624</u>
<b>Capital assets, at cost (Note 2)</b>				
Property, buildings and furnishings . . . . .		4,268,852		4,189,808
	\$	<u>4,575,501</u>	\$	<u>4,441,432</u>

**LIABILITIES AND EQUITY**

<b>Current</b>				
Accounts payable . . . . .	\$	<u>45,278</u>	\$	<u>39,351</u>
<b>Equity</b>				
Investment in capital assets . . . . .		4,268,852		4,189,808
Reserve for development (Note 3) . . . . .		96,644		25,000
Operating fund surplus . . . . .		164,727		187,273
		<u>4,530,223</u>		<u>4,402,081</u>
	\$	<u>4,575,501</u>	\$	<u>4,441,432</u>

**Statement of Operations  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2001</b>		<b>2000</b>	
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>	
<b>Revenue</b>						
Operating grants						
Board of Governors of the Nova Scotia Museum . . . . .	\$	970,430	\$	970,430	\$	970,404
Capital grants						
Department of Transportation and Public Works (Note 4) . . . . .		---		---		84,907
Program revenue (Schedule 2) . . . . .		294,100		394,247		349,338
Other						
Gate admissions . . . . .		145,000		137,715		152,296
Interest . . . . .		6,000		19,581		14,179
Miscellaneous . . . . .		7,050		18,072		7,650
		<u>158,050</u>		<u>175,368</u>		<u>174,125</u>
Total revenue . . . . .		<u>1,422,580</u>		<u>1,540,045</u>		<u>1,578,774</u>
<b>Expenditures</b>						
General operating (Schedule 1) . . . . .		574,340		548,024		548,275
Program (Schedule 2) . . . . .		830,010		868,099		894,232
Capital . . . . .		5,000		74,824		73,295
Total expenditures . . . . .		<u>1,409,350</u>		<u>1,490,947</u>		<u>1,515,802</u>
<b>Net revenue</b> . . . . .	\$	<u>13,230</u>	\$	<u>49,098</u>	\$	<u>62,972</u>

**SHERBROOKE RESTORATION COMMISSION**

**Statement of Fund Balances  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>INVESTMENT IN CAPITAL ASSETS</b>		
<b>Balance, beginning of year</b> .....	\$ <u>4,189,808</u>	\$ <u>4,105,198</u>
Additions		
Furnishings and equipment .....	4,220	11,315
Renovations - Department of Transportation and Public Works .....	---	73,295
Renovations funded out of operations .....	<u>74,824</u>	<u>---</u>
	79,044	84,610
<b>Balance, end of year</b> .....	\$ <u><u>4,268,852</u></u>	\$ <u><u>4,189,808</u></u>

**OPERATING FUND SURPLUS**

<b>Balance, beginning of year</b> .....	\$ 187,273	\$ 149,301
Net revenue .....	<u>49,098</u>	<u>62,972</u>
	236,371	212,273
Transfer to reserve for development (Note 3) .....	<u>71,644</u>	<u>25,000</u>
<b>Balance, end of year</b> .....	\$ <u><u>164,727</u></u>	\$ <u><u>187,273</u></u>

**RESERVE FOR DEVELOPMENT (Note 3)**

<b>Balance, beginning of year</b> .....	\$ 25,000	\$ ---
Transfer from operating fund surplus .....	<u>71,644</u>	<u>25,000</u>
<b>Balance, end of year</b> .....	\$ <u><u>96,644</u></u>	\$ <u><u>25,000</u></u>

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net revenue .....	\$ 49,098	\$ 62,972
Add capital expenditures charged to operations .....	<u>79,044</u>	<u>84,610</u>
	128,142	147,582
Changes in non-cash operating capital items (Note 6) .....	<u>(30,440)</u>	<u>(14,380)</u>
	<u>97,702</u>	<u>133,202</u>
<b>Investing</b>		
Additions to property, buildings and furnishings .....	(79,044)	(84,610)
Investment in guaranteed investment certificate .....	<u>(71,644)</u>	<u>(25,000)</u>
	<u>(150,688)</u>	<u>(109,610)</u>
<b>Net cash inflow (outflow)</b> .....	(52,986)	23,592
<b>Cash position , beginning of year</b> .....	<u>86,008</u>	<u>62,416</u>
<b>Cash position , end of year</b> .....	\$ <u><u>33,022</u></u>	\$ <u><u>86,008</u></u>
Represented by:		
Cash .....	\$ <u><u>33,022</u></u>	\$ <u><u>86,008</u></u>

# SHERBROOKE RESTORATION COMMISSION

## Notes to the Financial Statements Year Ended March 31, 2001

### 1. DESCRIPTION OF OPERATIONS

The Commission operates the Sherbrooke Village Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting policies considered appropriate for the museums of Nova Scotia. The more significant of these accounting policies are summarized below:

#### a) Fund Accounting

The assets and liabilities of the Commission are segregated into two funds - Operating and Investment in Property, Buildings and Furnishings. The Operating Fund assets and liabilities are those which are used for the general operations of the Commission. The Investment in Property, Buildings and Furnishings Fund comprises assets of enduring benefit and any related debt.

#### b) Amortization

Amortization is not recorded on the capital assets.

#### c) Capital Assets

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31, 1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

#### d) Inventory

Inventories of finished goods for resale and raw materials are accounted for at the lower of cost and market.

#### e) Cash

Cash consists of amounts held at financial institutions.

### 3. GUARANTEED INVESTMENT CERTIFICATE

During the year, the Sherbrooke Restoration Commission internally restricted \$71,644 for the Sherbrooke Village Development Fund. This brings the total of internally restricted cash to \$96,664. This fund will be for capital items that will fulfil the long-term objectives of the Commission, such as enhancements.

### 4. CAPITAL GRANTS - DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

In 2000, the Commission received grants for capital projects from the Nova Scotia Department of Transportation and Public Works. The portion of these grants relating to reimbursement for Workers' Compensation was applied directly to reduce the Workers' Compensation expense, rather than to revenue.

No grants were received in the current year from the Department of Transportation and Public works.

**5. PENSION PLAN**

The Commission has a defined benefit pension plan which covers all employees. The plan is contributory and provides retirement benefits based on length of service and average earnings as defined. The last actuarial valuation was carried out in 1998, and covered the financial position of the plan as at December 31, 1997. At that time, the assets of the plan amounted to \$657,922 and the liabilities amounted to \$528,205, with the result that the plan had a surplus of \$129,717 at that date.

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations at January 1, 1998 are as follows:

Expected long-term rate of return on plan assets	7%
Rate of compensation increases	5%

**6. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<b>2001</b>	<b>2000</b>
Accounts receivable . . . . .	\$ (5,769)	\$ (16,718)
Inventory . . . . .	(21,636)	(5,347)
Prepaid expenses . . . . .	(8,962)	19,995
Accounts payable . . . . .	5,927	(12,310)
	<u>\$ (30,440)</u>	<u>\$ (14,380)</u>

**7. COMPARATIVE FIGURES**

Certain of the March 31, 2000 figures have been reclassified to conform with the current year financial statement presentation.

**SHERBROOKE RESTORATION COMMISSION**

Schedule 1

**Schedule of General Operating Expenditures  
Year Ended March 31, 2001**

	<b>2001 Budget</b>		<b>2001 Actual</b>		<b>2000 Actual</b>
Advertising and brochures . . . . .	\$ 23,000	\$	22,151	\$	20,765
Bad debts . . . . .	---		1,878		---
Freight . . . . .	2,000		2,797		2,200
Heat, light and power . . . . .	64,000		56,538		58,404
Insurance and taxes . . . . .	4,800		3,882		5,523
Interest and bank charges . . . . .	2,600		2,456		2,488
Maintenance supplies . . . . .	15,000		20,395		20,856
Miscellaneous . . . . .	7,700		11,718		7,596
Motor vehicles . . . . .	3,000		5,682		3,934
Office supplies and postage . . . . .	15,000		15,420		18,943
Sewer and water . . . . .	40,000		34,293		35,257
Professional fees . . . . .	7,000		7,679		7,537
Property maintenance and security salaries . . . . .	101,880		106,616		103,716
Pension plan and other benefits . . . . .	75,000		55,149		56,728
Salaries and wages - Administration . . . . .	139,360		140,348		144,977
Staff and Commission training . . . . .	25,000		9,066		9,795
Special projects wages . . . . .	---		(194)		194
Telephone . . . . .	16,000		15,465		16,728
Travel . . . . .	10,000		11,573		11,114
Workers' compensation . . . . .	23,000		25,112		21,520
	<u>\$ 574,340</u>	\$	<u>548,024</u>	\$	<u>548,275</u>

Schedule 2

**Schedule of Program Revenue and Expenditures  
Year Ended March 31, 2001**

	<b>2001 Budget</b>		<b>2001 Net Expenditures</b>		<b>2000 Net Expenditures</b>
Blacksmith shop . . . . .	\$ 13,445	\$	11,751	\$	11,903
Boat shop . . . . .	1,800		150		---
Costume shop . . . . .	26,150		24,128		30,768
Craft shop . . . . .	26,710		30,199		35,578
Emporium (Schedule 3) . . . . .	(32,290)		(39,275)		(29,794)
Exhibit operations . . . . .	1,200		241		3,301
Jordan barn . . . . .	36,815		45,812		46,202
Pottery shop . . . . .	27,700		29,575		31,244
Program management . . . . .	80,675		79,262		83,220
Restaurant . . . . .	(1,000)		612		11,349
Print shop . . . . .	1,000		(138)		302
Sawmill operations . . . . .	27,020		25,892		26,355
Ambrotype Studio . . . . .	12,500		8,599		5,718
Turner shop . . . . .	26,190		16,601		19,054
Woodworking shop . . . . .	22,790		1,248		24,714
Education program . . . . .	(13,000)		(32,736)		(28,376)
Guides . . . . .	275,195		271,727		269,701
Riverfront project . . . . .	---		---		4
Theatre program . . . . .	3,010		204		3,651
	<u>\$ 535,910</u>	\$	<u>473,852</u>	\$	<u>544,894</u>
Program expenditures . . . . .	\$ 830,010	\$	868,099	\$	894,232
Less: Program revenue . . . . .	294,100		394,247		349,338
Net expenditures . . . . .	<u>\$ 535,910</u>	\$	<u>473,852</u>	\$	<u>544,894</u>



**SHERBROOKE RESTORATION COMMISSION**

**Schedule 3**

**Schedule of Retail Operations  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Sales .....	\$ <u>187,341</u>	\$ <u>170,597</u>
 Cost of goods sold		
Merchandise inventory, opening .....	33,856	26,427
Purchases .....	<u>112,190</u>	<u>111,119</u>
Merchandise available for sale .....	146,046	137,546
Less: Merchandise inventory, ending .....	<u>33,926</u>	<u>33,586</u>
Cost of goods sold .....	<u>112,120</u>	<u>103,960</u>
 Gross profit on sales .....	<u>75,221</u>	<u>66,637</u>
 Expenses		
Salaries and wages .....	30,975	30,027
General expense .....	<u>4,971</u>	<u>6,816</u>
	<u>35,946</u>	<u>36,843</u>
<b>Net retail income .....</b>	<b>\$ <u><u>39,275</u></u></b>	<b>\$ <u><u>29,794</u></u></b>

## AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
South Shore District Health Authority

We have audited the statement of financial position of the South Shore District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority'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 District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche  
Chartered Accountants

June 15, 2001

**SOUTH SHORE DISTRICT HEALTH AUTHORITY**

**Statement of Operations**  
**Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Revenue</b>			
Department of Health funding . . . . .	\$ 9,269,759	\$ ---	\$ 9,269,759
Department of Veteran's Affairs . . . . .	387,969	---	387,969
Patient services . . . . .	174,608	---	174,608
Physician funding . . . . .	275,079	---	275,079
Program recoveries and sales . . . . .	263,234	---	263,234
Amortization of deferred capital grants . . . . .	---	607,557	607,557
	<u>10,370,649</u>	<u>607,557</u>	<u>10,978,206</u>
<b>Expenses</b>			
Administration and support . . . . .	251,390	---	251,390
Addiction services . . . . .	339,127	---	339,127
Diagnostic imaging . . . . .	566,055	---	566,055
Environmental services . . . . .	383,331	---	383,331
Finance . . . . .	113,799	---	113,799
Food & nutritional services . . . . .	534,850	---	534,850
Health registry . . . . .	315,761	---	315,761
Human resources . . . . .	95,026	---	95,026
Information services . . . . .	189,613	---	189,613
Laboratory . . . . .	615,752	---	615,752
Materials management . . . . .	273,964	---	273,964
Mental health . . . . .	664,400	---	664,400
Nursing . . . . .	4,462,763	---	4,462,763
Pharmacy . . . . .	126,916	---	126,916
Plant and support services . . . . .	667,886	---	667,886
Public Health . . . . .	281,375	---	281,375
Rehabilitation services . . . . .	202,349	---	202,349
Other programs . . . . .	233,919	---	233,919
Retirement allowances . . . . .	7,456	---	7,456
Depreciation . . . . .	---	597,422	597,422
Interest . . . . .	---	16,949	16,949
Other programs . . . . .	69,625	---	69,625
	<u>10,395,357</u>	<u>614,371</u>	<u>11,009,728</u>
<b>Deficiency of revenues over expenses . . . . .</b>	<u><u>\$ (24,708)</u></u>	<u><u>\$ (6,814)</u></u>	<u><u>\$ (31,522)</u></u>

**SOUTH SHORE DISTRICT HEALTH AUTHORITY**

**Statement of Financial Position  
as at March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Current</b>			
Cash and cash equivalents (Page 502) . . . . .	\$ 360,314	\$ 816,498	\$ 1,176,812
Accounts receivable (Note 4) . . . . .	5,321,752	443,966	5,765,718
Inventory . . . . .	565,773	---	565,773
Prepaid expenses . . . . .	180,287	22,871	203,158
	6,428,126	1,283,335	7,711,461
Long-term assets (Note 5) . . . . .	426,376	---	426,376
Property, plant and equipment (Note 6) . . . . .	---	26,866,432	26,866,432
	\$ 6,854,502	\$ 28,149,767	\$ 35,004,269

**LIABILITIES**

<b>Current</b>			
Accounts payable and accrued liabilities (Note 8) . . . . .	\$ 5,233,488	\$ 63,078	\$ 5,296,566
Current portion of long-term debt (Note 9) . . . . .	---	157,865	157,865
Revenue received in advance . . . . .	1,637,358	---	1,637,358
	6,870,846	220,943	7,091,789
<b>Long-term debt (Note 9) . . . . .</b>	---	529,753	529,753
<b>Deferred capital grants (Note 10) . . . . .</b>	---	27,177,938	27,177,938
	6,870,846	27,928,634	34,799,480

**FUND BALANCES**

<b>Restricted (Page 501) . . . . .</b>	8,364	---	8,364
<b>Unrestricted (Page 501) . . . . .</b>	(24,708)	221,133	196,425
	(16,344)	221,133	204,789
	\$ 6,854,502	\$ 28,149,767	\$ 35,004,269

**Commitments (Note 11)**  
**Contingency (Note 15)**

**SOUTH SHORE DISTRICT HEALTH AUTHORITY**

**Statement of Changes in Fund Balances  
Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Restricted Fund Balances</b>			
Balance, beginning of period. . . . .	\$ ---	\$ ---	\$ ---
Restricted fund balance transferred from			
Western Regional Health Board (Note 2) . . . . .	8,364	---	8,364
Balance, end of period. . . . .	8,364	---	8,364
<b>Unrestricted Fund Balances</b>			
Balance, beginning of period. . . . .	---	---	---
Unrestricted fund balance transferred from			
Western Regional Health Board . . . . .	---	227,947	227,947
Deficiency of revenues over expenses (Page 499). . . . .	(24,708)	(6,814)	(31,522)
Balance, end of period. . . . .	(24,708)	221,133	196,425
<b>Total Fund Balances. . . . .</b>	<b>\$ (16,344)</b>	<b>\$ 221,133</b>	<b>\$ 204,789</b>

**SOUTH SHORE DISTRICT HEALTH AUTHORITY**

**Statements of Cash Flows**  
**Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>			
<b>Operating</b>			
Deficiency of revenues over expenses (page 499) . . . . \$	(24,708)\$	(6,814) \$	(31,522)
Adjusted for:			
Depreciation (Page 499) . . . . .	---	597,422	597,422
Amortization (Page 499) . . . . .	---	(607,557)	(607,557)
Changes in working capital items (Note 13) . . . . .	<u>803,034</u>	<u>(403,759)</u>	<u>399,275</u>
	<u>778,326</u>	<u>(420,708)</u>	<u>357,618</u>
<b>Financing</b>			
Assumption of long-term debt from Western			
Regional Health Board . . . . .	---	724,900	724,900
Proceeds from capital grants (Note 10) . . . . .	---	27,785,495	27,785,495
Repayment of long-term debt . . . . .	---	(37,283)	(37,283)
Net increase in restricted fund balance from			
Western Regional Health Board . . . . .	8,364	---	8,364
Net increase in unrestricted fund balance from			
Western Regional Health Board . . . . .	<u>---</u>	<u>227,947</u>	<u>227,947</u>
	<u>8,364</u>	<u>28,701,059</u>	<u>28,709,423</u>
<b>Investing</b>			
Investment in long-term assets from Western			
Regional Health Board . . . . .	(427,076)	---	(427,076)
Proceeds from long-term assets . . . . .	700	---	700
Net capital assets of the Western Regional			
Health Board . . . . .	---	(27,402,754)	(27,402,754)
Acquisition of property, plant and equipment . . . . .	---	(64,465)	(64,465)
Proceeds on disposal of property, plant and			
equipment . . . . .	<u>---</u>	<u>3,366</u>	<u>3,366</u>
	<u>(426,376)</u>	<u>(27,463,853)</u>	<u>(27,890,229)</u>
<b>Net cash inflow, being cash and cash equivalents at end of period . . . . .</b>	<u>\$ 360,314</u>	<u>\$ 816,498</u>	<u>\$ 1,176,812</u>

**SOUTH SHORE DISTRICT HEALTH AUTHORITY**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. DESCRIPTION OF ORGANIZATION**

The South Shore District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000. The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001.

The facilities owned and operated by the District Health Authority are the Fishermen's Memorial Hospital, South Shore Regional Hospital and Queen's General Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Lunenburg and Queen's counties and supports two (2) Community Health Boards.

**2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES**

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South Shore District Health Authority effective January 1, 2001, as follows:

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Cash and cash equivalents. . . . .	\$ 1,079,694	\$ 492,258	\$ 1,571,952
Accounts receivable. . . . .	4,064,059	499,537	4,563,596
Inventory . . . . .	626,811	---	626,811
Prepaid expenses. . . . .	248,313	26,399	274,712
Long-term assets . . . . .	427,076	---	427,076
Property, plant and equipment (net book value). . . . .	---	27,402,754	27,402,754
Accounts payable and accrued liabilities. . . . .	(4,868,853)	(314,446)	(5,183,299)
Current portion of long-term debt . . . . .	---	(154,311)	(154,311)
Revenue received in advances. . . . .	(1,568,736)	---	(1,568,736)
Long-term debt . . . . .	---	(570,589)	(570,589)
Deferred capital grants . . . . .	---	(27,153,655)	(27,153,655)
Restricted fund balance. . . . .	(8,364)	---	(8,364)
Unrestricted fund balance. . . . .	---	(227,947)	(227,947)
	<u>---</u>	<u>---</u>	<u>---</u>
	<u>---</u>	<u>---</u>	<u>---</u>

**3. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

**a) Fund Accounting**

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the South Shore District Health Authority's capital assets and special purposes and endowment funds.

**b) Revenue Recognition**

The South Shore District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**c) Property, Plant and Equipment**

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

**d) Deferred Capital Grants**

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

**e) Inventory**

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

**4. ACCOUNTS RECEIVABLE**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Department of Health			
Operating funding . . . . .	\$ 4,436,201	\$ ---	\$ 4,436,201
Transition support program . . . . .	188,137	---	188,137
Capital grants . . . . .	---	280,358	280,358
Patient Care . . . . .	255,601	---	255,601
HST rebates . . . . .	176,896	14,339	191,235
Extended care facilities . . . . .	36,187	---	36,187
Homecare/VON . . . . .	37,320	---	37,320
Charitable foundations . . . . .	62,069	149,269	211,338
Psychiatric recoveries . . . . .	53,311	---	53,311
Federal grant funding . . . . .	26,311	---	26,311
Other . . . . .	49,719	---	49,719
	<u>\$ 5,321,752</u>	<u>\$ 443,966</u>	<u>\$ 5,765,718</u>



**5. LONG-TERM ASSETS**

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions, and a prepaid maintenance contract.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land and land improvements . . . . .	\$ 999,173	\$ 601,314	\$ 397,859
Building and building service equipment . . . . .	34,687,919	13,263,160	21,424,759
Equipment . . . . .	23,863,763	19,448,961	4,414,802
Equipment under capital lease. . . . .	<u>1,313,836</u>	<u>684,824</u>	<u>629,012</u>
	<u>\$ 60,864,691</u>	<u>\$ 33,998,259</u>	<u>\$ 26,866,432</u>

**7. BANK INDEBTEDNESS**

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling \$2.7 million. As well, the District Health Authority has available a capital line of credit in the amount of \$675,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade payables . . . . .	\$ 834,616	\$ 37,919	\$ 872,535
Accrued liabilities . . . . .	525,719	25,159	550,878
Vacation pay. . . . .	2,182,094	---	2,182,094
Salary and benefits . . . . .	1,657,222	---	1,657,222
Other . . . . .	<u>33,837</u>	<u>---</u>	<u>33,837</u>
	<u>\$ 5,233,488</u>	<u>\$ 63,078</u>	<u>\$ 5,296,566</u>

**9. LONG-TERM DEBT**

	<b>2001</b>
Obligations Under Capital Leases - Interest between 0% and 11%, maturing between 2005 and 2006 . . . . .	\$ 687,618
Current portion . . . . .	<u>(157,865)</u>
	<u>\$ 529,753</u>

Estimated minimum principal repayments over the next five years are expected to be as follows:

	<b><u>2002</u></b>		<b><u>2003</u></b>		<b><u>2004</u></b>		<b><u>2005</u></b>		<b><u>2006</u></b>
	\$ 157,865		\$ 173,341		\$ 190,743		\$ 155,573		\$ 10,096

**10. DEFERRED CAPITAL GRANTS**

Balance, beginning of year . . . . .	\$	---
Transferred from Western Regional Health Board. . . . .		27,153,655
Grant received for:		
Capital assets purchased. . . . .		62,675
Future capital asset purchases . . . . .		<u>569,165</u>
		27,785,495
Amortization of deferred capital grants . . . . .		<u>(607,557)</u>
Balance, end of year. . . . .	\$	<u><u>27,177,938</u></u>

**11. COMMITMENTS**

**Leases and Purchase Commitments**

The South Shore District Health Authority has committed funds from operations for occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	\$ 166,744	\$ 146,122	\$ 116,754	\$ 47,528	\$ 47,528

**12. PENSION PLAN**

The South Shore District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of \$nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of \$nil. The South Shore District Health Authority bears no financial responsibility for any unfunded liability of either plan.

**13. CHANGES IN WORKING CAPITAL ITEMS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Accounts receivable . . . . .	\$ (5,321,752)	\$ (443,966)	\$ (5,765,718)
Inventory. . . . .	(565,773)	---	(565,773)
Prepaid expenses. . . . .	(180,287)	(22,871)	(203,158)
Accounts payable and accrued liabilities . . . . .	5,233,488	63,078	5,296,566
Revenue received in advance. . . . .	<u>1,637,358</u>	---	<u>1,637,358</u>
	\$ <u><u>803,034</u></u>	\$ <u><u>(403,759)</u></u>	\$ <u><u>399,275</u></u>

**14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES**

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year. . . . .	\$ 7,611,700	\$ 6,578,200	\$ 5,655,800
Current Service Costs . . . . .	445,500	413,600	382,400
Interest on Liability. . . . .	528,600	458,700	396,100
Current Year (Gain) Loss . . . . .	---	161,200	143,900
Liability, March 31, End of Year. . . . .	<u>\$ 8,585,800</u>	<u>\$ 7,611,700</u>	<u>\$ 6,578,200</u>

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

**15. CONTINGENCY**

The South Shore District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South Shore District Health Authority.

**16. COMPARATIVE FIGURES**

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

## AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of  
South West Nova District Health Authority

We have audited the statement of financial position of the South West Nova District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority'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 District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP  
Chartered Accountants

June 15, 2001

**SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY**

**Statement of Operations**  
**Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Revenue</b>			
Department of Health funding . . . . .	\$ 11,860,373	\$ ---	\$ 11,860,373
Department of Veteran's Affairs . . . . .	280,350	---	280,350
Patient services . . . . .	186,311	---	186,311
Physician funding . . . . .	303,824	---	303,824
Program recoveries and sales . . . . .	619,209	---	619,209
Amortization of deferred capital grants . . . . .	---	819,848	819,848
Other . . . . .	87,136	---	87,136
	<u>13,337,203</u>	<u>819,848</u>	<u>14,157,051</u>
<b>Expenses</b>			
Administration and support . . . . .	283,248	---	283,248
Addiction services . . . . .	325,547	---	325,547
Diagnostic imaging . . . . .	658,309	---	658,309
Environmental services . . . . .	686,831	---	686,831
Finance . . . . .	138,153	---	138,153
Food & nutritional services . . . . .	950,274	---	950,274
Health registry . . . . .	312,178	---	312,178
Human resources . . . . .	116,940	---	116,940
Information services . . . . .	230,202	---	230,202
Laboratory . . . . .	951,386	---	951,386
Materials management . . . . .	332,592	---	332,592
Mental health . . . . .	780,425	---	780,425
Nursing . . . . .	4,928,807	---	4,928,807
Pharmacy . . . . .	125,537	---	125,537
Plant and support services . . . . .	1,080,231	---	1,080,231
Public health . . . . .	422,282	---	422,282
Rehabilitation services . . . . .	206,799	---	206,799
Other programs . . . . .	165,918	---	165,918
Retirement allowances . . . . .	9,017	---	9,017
Depreciation . . . . .	---	742,312	742,312
Other . . . . .	675,019	6,087	681,106
	<u>13,379,695</u>	<u>748,399</u>	<u>14,128,094</u>
(Deficiency) excess of revenues over expenses . . . . .	<u>\$ (42,492)</u>	<u>\$ 71,449</u>	<u>\$ 28,957</u>

**SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY**

**Statement of Financial Position  
as at March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Current</b>			
Accounts receivable (Note 4) . . . . .	\$ 7,045,698	\$ 1,790,778	\$ 8,836,476
Inventory . . . . .	742,395	---	742,395
Prepaid expenses . . . . .	178,436	35,906	214,342
	7,966,529	1,826,684	9,793,213
Long-term assets (Note 5) . . . . .	75,980	---	75,980
Property, plant and equipment (Note 6) . . . . .	---	58,846,389	58,846,389
	\$ 8,042,509	\$ 60,673,073	\$ 68,715,582

**LIABILITIES**

<b>Current</b>			
Bank indebtedness (Note 7) . . . . .	\$ 1,342,298	\$ 736,330	\$ 2,078,628
Accounts payable and accrued liabilities (Note 8) . . . . .	4,872,788	451,272	5,324,060
Current portion of long-term debt (Note 9) . . . . .	---	5,448	5,448
Revenue received in advance . . . . .	1,799,698	---	1,799,698
	8,014,784	1,193,050	9,207,834
<b>Long-term debt (Note 9) . . . . .</b>	---	18,008	18,008
<b>Deferred capital grants (Note 10) . . . . .</b>	---	58,727,778	58,727,778
	8,014,784	59,938,836	67,953,620

**FUND BALANCES**

<b>Restricted (Page 511) . . . . .</b>	70,217	10,645	80,862
<b>Unrestricted (Page 511) . . . . .</b>	(42,492)	723,592	681,100
	27,725	734,237	761,962
	---	---	---
	\$ 8,042,509	\$ 60,673,073	\$ 68,715,582

**Commitments (Note 11)**  
**Contingency (Note 15)**

**SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY**

**Statement of Changes in Fund Balances  
Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Restricted Fund Balances</b>			
Balance, beginning of period. . . . .	\$ ---	\$ ---	\$ ---
Restricted fund balance transferred from			
Western Regional Health Board (Note 2) . . . . .	70,217	10,645	80,862
Balance, end of period. . . . .	70,217	10,645	80,862
<b>Unrestricted Fund Balances</b>			
Balance, beginning of period. . . . .	---	---	---
Unrestricted fund balance transferred from			
Western Regional Health Board (Note 2) . . . . .	---	652,143	652,143
(Deficiency) excess of revenues over expenses (Page 509). . . . .	(42,492)	71,449	28,957
<b>Balance, end of period. . . . .</b>	<b>(42,492)</b>	<b>723,592</b>	<b>681,100</b>
<b>Total Fund Balances. . . . .</b>	<b>\$ 27,725</b>	<b>\$ 734,237</b>	<b>\$ 761,962</b>

**SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY**

**Statements of Cash Flows**  
**Three-month period ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>			
<b>Operating</b>			
(Deficiency) excess of revenues over expenses (page 509) . . . . .	\$ (42,492)	\$ 71,449	\$ 28,957
Adjusted for:			
Depreciation (Page 509) . . . . .	---	742,312	742,312
Amortization (Page 509) . . . . .	---	(819,848)	(819,848)
Changes in working capital items (Note 13) . . . . .	<u>(1,294,043)</u>	<u>(1,375,412)</u>	<u>(2,669,455)</u>
	<u>(1,336,535)</u>	<u>(1,381,499)</u>	<u>(2,718,034)</u>
<b>Financing</b>			
Assumption of long-term debt from Western Regional Health Board . . . . .	---	24,818	24,818
Proceeds from capital grants (Note 10) . . . . .	---	59,547,626	59,547,626
Repayment of long-term debt . . . . .	---	(1,362)	(1,362)
Net increase in restricted fund balance from Western Regional Health Board . . . . .	70,217	10,645	80,862
Net increase in unrestricted fund balance from Western Regional Health Board . . . . .	<u>---</u>	<u>652,143</u>	<u>652,143</u>
	<u>70,217</u>	<u>60,233,870</u>	<u>60,304,087</u>
<b>Investing</b>			
Investment in long-term assets from Western Regional Health Board . . . . .	(77,260)	---	(77,260)
Proceeds from long-term assets . . . . .	1,280	---	1,280
Net capital assets of the Western Regional Health Board . . . . .	---	(58,542,418)	(58,542,418)
Acquisition of property, plant and equipment . . . . .	---	(1,042,174)	(1,042,174)
Loss on disposal of property, plant and equipment . . . . .	<u>---</u>	<u>(4,109)</u>	<u>(4,109)</u>
	<u>(75,980)</u>	<u>(59,588,701)</u>	<u>(59,664,681)</u>
Net cash outflow, being bank indebtedness at end of period . . . . .	<u>\$ (1,342,298)</u>	<u>\$ (736,330)</u>	<u>\$ (2,078,628)</u>



**SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY**

**Notes to the Financial Statements  
Three-month period ended March 31, 2001**

**1. DESCRIPTION OF ORGANIZATION**

The South West Nova District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000. The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001.

The facilities owned and operated by the District Health Authority are Digby General Hospital, Roseway Hospital and Yarmouth Regional Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Digby, Shelburne and Yarmouth counties and supports four (4) Community Health Boards.

**2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES**

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South West Nova District Health Authority effective January 1, 2001, as follows:

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Cash and cash equivalents. . . . .	\$ 209,885	\$ (878,115)	\$ (668,230)
Accounts receivable. . . . .	4,858,998	1,382,865	6,241,863
Inventory . . . . .	822,494	---	822,494
Prepaid expenses. . . . .	284,900	40,695	325,595
Long-term assets . . . . .	77,260	---	77,260
Property, plant and equipment (net book value). . . . .	---	58,542,418	58,542,418
Accounts payable and accrued liabilities. . . . .	(4,537,160)	(492,434)	(5,029,594)
Current portion of long-term debt . . . . .	---	(5,447)	(5,447)
Revenue received in advance. . . . .	(1,646,160)	---	(1,646,160)
Long-term debt . . . . .	---	(19,371)	(19,371)
Deferred capital grants . . . . .	---	(57,907,823)	(57,907,823)
Restricted fund balance. . . . .	(70,217)	(10,645)	(80,862)
Unrestricted fund balance. . . . .	---	(652,143)	(652,143)
	<u>---</u>	<u>---</u>	<u>---</u>
	<u>---</u>	<u>---</u>	<u>---</u>

**3. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

**a) Fund Accounting**

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the South West Nova District Health Authority's capital assets and special purposes and endowment funds.

**b) Revenue Recognition**

The South West Nova District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**c) Property, Plant and Equipment**

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation on assets under construction is provided once the asset or portion thereof becomes available for use. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

**d) Deferred Capital Grants**

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

**e) Inventory**

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

**4. ACCOUNTS RECEIVABLE**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Department of Health			
Operating funding . . . . .	\$ 4,649,201	\$ ---	\$ 4,649,201
Transition support program . . . . .	250,521	---	250,521
Capital grants . . . . .	---	1,207,324	1,207,324
Patient Care . . . . .	240,605	---	240,605
HST rebates . . . . .	255,625	120,928	376,553
Extended care facilities . . . . .	1,371,645	---	1,371,645
Homecare/VON . . . . .	79,295	---	79,295
Charitable foundations . . . . .	---	85,962	85,962
Psychiatric recoveries . . . . .	51,782	---	51,782
Other . . . . .	147,024	376,564	523,588
	<u>\$ 7,045,698</u>	<u>\$ 1,790,778</u>	<u>\$ 8,836,476</u>

**5. LONG-TERM ASSETS**

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land and land improvements . . . . .	\$ 862,453	\$ 98,898	\$ 763,555
Building and building service equipment . . . . .	73,269,038	19,040,723	54,228,315
Equipment . . . . .	14,569,786	10,744,954	3,824,832
Equipment under capital lease. . . . .	<u>51,146</u>	<u>21,459</u>	<u>29,687</u>
	<u>\$ 88,752,423</u>	<u>\$ 29,906,034</u>	<u>\$ 58,846,389</u>

**7. BANK INDEBTEDNESS**

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling \$3.2 million. As well, the District Health Authority has available a capital line of credit totalling \$800,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001 as the consolidated bank balance for South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority was positive. Subsequent to year-end, capital bank indebtedness was eliminated through the collection of a receivable from the Department of Health.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Trade payables . . . . .	\$ 728,280	\$ 54,525	\$ 782,805
Accrued liabilities . . . . .	684,162	396,747	1,080,909
Vacation pay. . . . .	802,773	---	802,773
Salary and benefits . . . . .	2,620,475	---	2,620,475
Other . . . . .	<u>37,098</u>	<u>---</u>	<u>37,098</u>
	<u>\$ 4,872,788</u>	<u>\$ 451,272</u>	<u>\$ 5,324,060</u>

**9. LONG-TERM DEBT**

Obligations Under Capital Leases - interest at 0%, maturing in 2006 . . . . .	\$ 23,456
Current portion . . . . .	<u>(5,448)</u>
	<u>\$ 18,008</u>

Estimated minimum principal repayments over the next five years are expected to be as follows:

	<u><b>2002</b></u>		<u><b>2003</b></u>		<u><b>2004</b></u>		<u><b>2005</b></u>		<u><b>2006</b></u>
	\$ 5,448	\$	5,448	\$	5,448	\$	5,448	\$	1,664

**10. DEFERRED CAPITAL GRANTS**

Balance, beginning of period . . . . .	\$	---
Transferred from Western Regional Health Board. . . . .		57,907,823
Grants received for:		
Capital assets purchased. . . . .		888,317
Future capital asset purchases . . . . .		<u>751,486</u>
		59,547,626
Amortization of deferred capital grants . . . . .		(819,848)
Balance, end of period . . . . .	\$	<u><u>58,727,778</u></u>

**11. COMMITMENTS**

**a) Leases and Purchase Commitments**

The South West Nova District Health Authority has committed funds from operations for occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	\$ 159,022	\$ 143,840	\$ 96,285	\$ 12,160	\$ 11,147

**b) Yarmouth Redevelopment Project**

The District Health Authority has committed to a redevelopment project for the Yarmouth Regional Hospital in the amount of \$47.9 million, of which its share is 25% (\$11.975 million). Also, committed is \$1.027 million for design and construction management fees, required until such a time as the next phase of the project can be brought before the District Health Authority's Board for approval.

**12. PENSION PLAN**

The South Shore West Nova Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of \$nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of \$nil. The South West Nova District Health Authority bears no financial responsibility for any unfunded liability of either plan.

**13. CHANGES IN WORKING CAPITAL ITEMS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total</b>
Accounts receivable . . . . .	\$ (7,045,698)	\$ (1,790,778)	\$ (8,836,476)
Inventory. . . . .	(742,395)	---	(742,395)
Prepaid expenses. . . . .	(178,436)	(35,906)	(214,342)
Accounts payable and accrued liabilities . . . . .	4,872,788	451,272	5,324,060
Revenue received in advance. . . . .	1,799,698	---	1,799,698
	<u>\$ (1,294,043)</u>	<u>\$ (1,375,412)</u>	<u>\$ (2,669,455)</u>

**14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES**

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year. . . . .	\$ 7,611,700	\$ 6,578,200	\$ 5,655,800
Current Service Costs . . . . .	445,500	413,600	382,400
Interest on Liability. . . . .	528,600	458,700	396,100
Current Year (Gain) Loss . . . . .	---	161,200	143,900
Liability, March 31, End of Year. . . . .	<u>\$ 8,585,800</u>	<u>\$ 7,611,700</u>	<u>\$ 6,578,200</u>

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

**15. CONTINGENCY**

The South West Nova District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South West Nova District Health Authority.

**16. COMPARATIVE FIGURES**

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

## AUDITORS' REPORT

To the Chairperson and Members  
of the Southwest Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Southwest Regional School Board as at March 31, 2001, and the statements of operations for the year then ended. These financial statements are the responsibility of the Southwest Regional School 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. These 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 Southwest Regional School Board as at March 31, 2001, and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

GRANT THORNTON LLP  
Registered Municipal Auditors

Bridgewater, Nova Scotia  
June 7, 2001

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
<b>Current</b>		
Receivables (Note 2) . . . . .	\$ 2,637,908	\$ 4,789,114
Inventory . . . . .	416,544	404,775
Prepaid expenses . . . . .	101,982	80,632
	3,156,434	5,274,521
Restricted cash . . . . .	5,986	61,283
Restricted investments . . . . .	---	100,916
	5,986	162,199
<b>Fixed assets, at cost</b>		
Land, buildings and improvements (Note 3) . . . . .	55,815,866	55,152,477
Equipment and furnishings . . . . .	17,759,594	17,429,486
School buses and other vehicles . . . . .	11,244,939	10,955,583
	84,820,399	83,537,546
	\$ 87,982,819	\$ 88,974,266

**LIABILITIES**

<b>Current</b>		
Bank overdraft . . . . .	\$ 428,161	\$ 1,567,143
Payables and accruals		
Trade . . . . .	1,549,594	1,640,590
Payroll and employee deductions . . . . .	248,959	192,662
C.S.A.P (Note 7) . . . . .	78,704	798,045
Deferred revenue . . . . .	385,809	352,904
	2,691,227	4,551,344
<b>Long term</b>		
Commitment to Early Retirement Program (Note 6) . . . . .	---	22,225,143
	---	22,225,143
<b>Equity</b>		
Reserves . . . . .	242,587	662,199
Surplus . . . . .	228,606	223,177
Investment in Early Retirement Program (Note 6) . . . . .	---	(22,225,143)
Investment in capital assets . . . . .	84,820,399	83,537,546
	85,291,592	62,197,779
	\$ 87,982,819	\$ 88,974,266

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Current		
Receivables (Note 2) . . . . .	\$ 2,637,908	\$ 4,789,114
Inventory . . . . .	416,544	404,775
Prepaid expenses . . . . .	101,982	80,632
	<u>\$ 3,156,434</u>	<u>\$ 5,274,521</u>

**LIABILITIES**

Current		
Bank overdraft . . . . .	\$ 428,161	\$ 1,567,143
Payables and accruals		
Trade . . . . .	1,549,594	1,640,590
Payroll and employee deductions . . . . .	248,959	192,662
C.S.A.P. . . . .	78,704	798,045
Deferred revenue . . . . .	385,809	352,904
	<u>2,691,227</u>	<u>4,551,344</u>
Long term debt		
Commitment to Early Retirement Program (Note 6) . . . . .	---	22,225,143
Due to Reserve Fund . . . . .	<u>236,601</u>	<u>500,000</u>

**EQUITY**

Investment in Early Retirement Program (Note 6) . . . . .	---	(22,225,143)
Surplus . . . . .	228,606	223,177
	<u>228,606</u>	<u>(22,001,966)</u>
	<u>\$ 3,156,434</u>	<u>\$ 5,274,521</u>

See accompanying notes to the financial statements.



**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year Ended March 31, 2001**

	<b>Budget</b>	<u><b>2001 Actual</b></u>	<u><b>2000 Actual</b></u>
<b>Revenue</b>			
Province of Nova Scotia . . . . .	\$ 72,657,300	\$ 73,603,832	\$ 76,903,881
Government of Canada . . . . .	1,076,788	1,154,645	1,050,594
Appropriations from Councils . . . . .	18,174,400	18,174,402	18,120,546
Board Operations . . . . .	594,100	927,763	748,011
Transfer from Reserves . . . . .	662,199	662,199	251,642
	<u>\$ 93,164,787</u>	<u>\$ 94,522,841</u>	<u>\$ 97,074,674</u>
<b>Expenditures</b>			
Regional Board Management . . . . .	\$ 2,674,442	\$ 2,713,542	\$ 2,887,730
School Administration and Instruction . . . . .	63,139,090	63,328,695	63,045,525
Special Education . . . . .	9,708,980	9,516,996	9,258,960
Adult Education . . . . .	589,383	657,034	535,570
Summer School . . . . .	30,000	23,766	28,191
Property Service . . . . .	8,742,776	9,305,537	8,931,616
Student Transportation . . . . .	6,712,064	6,865,773	6,793,634
Operating Capital . . . . .	1,568,052	1,869,468	4,860,634
Prior Years' Deficit . . . . .	---	---	227,478
	<u>\$ 93,164,787</u>	<u>\$ 94,280,811</u>	<u>\$ 96,569,338</u>
Excess of revenue over expenditures . . . . .	\$ ---	\$ 242,030	\$ 505,336
Transfer to Reserve - Future Operations . . . . .	---	(236,601)	(500,000)
Excess of revenue over expenditures after transfer to reserves . . . . .	<u>\$ ---</u>	<u>\$ 5,429</u>	<u>\$ 5,336</u>

**Statement of Continuity of Surplus  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Deficit, beginning of year . . . . .	\$ 223,177	\$ (63,382)
Transfer from current operations . . . . .	---	141,834
Reduction of 1997 deficit of \$506,605		
Province of Nova Scotia - Reduction . . . . .	---	132,197
Deficit repayment . . . . .	---	85,644
	<u>223,177</u>	<u>296,293</u>
Transfer to current operations . . . . .	---	(78,452)
Excess of revenue over expenditures . . . . .	242,030	5,336
Transfer to reserves - future projects . . . . .	(236,601)	---
Surplus, end of year . . . . .	<u>\$ 228,606</u>	<u>\$ 223,177</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
March 31, 2001**

**ASSETS**

Fixed assets, at cost		
Land, buildings and improvements (Note 3) .....	\$ 55,815,866	\$ 55,152,477
Equipment and furnishings .....	17,759,594	17,429,486
School buses and other vehicles .....	11,244,939	10,955,583
	<u>\$ 84,820,399</u>	<u>\$ 83,537,546</u>

**EQUITY**

Investment in capital assets .....	<u>84,820,399</u>	<u>83,537,546</u>
	<u>\$ 84,820,399</u>	<u>\$ 83,537,546</u>

**Statement of Continuity of Investment in Capital Assets  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year .....	<u>\$ 83,537,546</u>	<u>\$ 78,661,808</u>
Capital purchases		
Land, building and improvements .....	663,389	3,814,677
New Germany High Upgrade .....	---	200,000
Digby High Energy Management System .....	---	200,000
Equipment and furnishings .....	330,108	361,653
	<u>993,497</u>	<u>4,576,330</u>
School bus and motor vehicle dispositions .....	(793,667)	(670,987)
School buses and motor vehicles .....	1,083,023	970,395
	<u>289,356</u>	<u>299,408</u>
Balance, end of year .....	<u>\$ 84,820,399</u>	<u>\$ 83,537,546</u>

**Reserve Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>	<b>2000</b>
Restricted cash .....	\$ 5,986	\$ 61,283
Restricted investments .....	---	100,916
Due from operating fund .....	236,601	500,000
	<u>\$ 242,587</u>	<u>\$ 662,199</u>

**EQUITY**

Reserve for future operations .....	\$ ---	\$ 500,000
Reserve for future projects .....	242,587	4,850
Reserve for retirement awards .....	---	108,866
Reserve for equipment .....	---	17,826
Reserve for capital projects .....	---	30,657
	<u>\$ 242,587</u>	<u>\$ 662,199</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Statement of Continuity of Reserves  
March 31, 2001**

	Balance Beginning of Year	Transfer To/ from Operating Fund	Interest Revenue	Balance End of Year
Future operations . . . . .	\$ 500,000	\$ (500,000)	\$ ---	\$ ---
Future projects . . . . .	---	236,601		236,601
Future projects - investment increase . . . . .	4,850	(4,850)	5,986	5,986
Retirement awards . . . . .	108,866	(108,866)	---	---
Library upgrade . . . . .	---	---	---	---
Technology and equipment . . . . .	17,826	(17,826)	---	---
School bus replacement . . . . .	---	---	---	---
Future capital - air handling project . . . . .	---	---	---	---
Future capital projects . . . . .	30,657	(30,657)	---	---
	<u>\$ 662,199</u>	<u>\$ (425,598)</u>	<u>\$ 5,986</u>	<u>\$ 242,587</u>

**Supplementary Details of Revenues  
Year Ended March 31, 2001**

	Budget	2001 Actual	2000 Actual
<b>Province of Nova Scotia</b>			
General formula . . . . .	\$ 65,650,100	\$ 65,784,387	\$ 65,723,586
General formula - other . . . . .	---	---	500,000
Grants - Junior High Computer Networks . . . . .	---	60,000	220,000
Special education . . . . .	4,941,000	4,941,000	4,941,000
Learning disability grant . . . . .	155,800	152,311	188,787
Textbook credit . . . . .	905,400	905,400	787,200
Bus purchase . . . . .	814,800	814,800	814,800
Emergency capital . . . . .	---	198,672	3,051,540
Other:			
Wage recovery . . . . .	---	---	279,091
APEF - Learning Resources . . . . .	---	---	118,200
APEF - Provincial Development . . . . .	---	---	118,200
Pilot Costs - Provincial funding . . . . .	---	76,367	---
Reading recovery . . . . .	25,000	34,979	---
PSA Development . . . . .	29,300	22,750	---
School initiative - P3 schools . . . . .	50,000	50,000	50,000
Level 5 treatment facility . . . . .	58,700	59,434	59,620
Gas tax rebate . . . . .	7,000	13,995	14,401
Fuel/oil pressure relief . . . . .	---	350,000	---
Relocation - Adult Ed/Daycare - Milton . . . . .	---	20,000	---
French monitor program . . . . .	10,000	34,664	26,733
Technology refresh . . . . .	---	17,018	---
Technologist grant - Meadowfields . . . . .	10,200	68,055	10,393
SAC - Inservice Grant . . . . .	---	---	330
	<u>\$ 72,657,300</u>	<u>\$ 73,603,832</u>	<u>\$ 76,903,881</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Revenues (continued)  
Year Ended March 31, 2001**

	<u>Budget</u>	<u>2001 Actual</u>	<u>2000 Actual</u>
<b>Government of Canada</b>			
Acadia/Shubenacadie First Nation Band			
Councils .....	\$ 260,000	\$ 299,719	\$ 262,718
Employment and Immigration .....	---	51,193	29,499
French formula grant .....	60,000	80,761	58,875
French special projects .....	275,000	260,731	292,389
IEI Technology project .....	481,788	462,241	407,113
	<u>\$ 1,076,788</u>	<u>\$ 1,154,645</u>	<u>\$ 1,050,594</u>
<b>Appropriations from Councils</b>			
Town of Bridgewater .....	\$ 1,462,626	\$ 1,462,626	\$ 1,483,960
Town of Lunenburg .....	429,780	429,781	423,399
Town of Mahone Bay .....	188,426	188,426	186,891
Municipality of Chester .....	2,123,123	2,123,124	2,091,730
Municipality of Lunenburg .....	3,906,187	3,906,187	3,853,626
Region of Queens Municipality .....	2,239,253	2,239,253	2,289,348
Municipality of Barrington .....	909,992	909,992	901,107
Town of Clark's Harbour .....	113,151	113,151	114,097
Town of Shelburne .....	245,305	245,305	248,173
Municipality of Shelburne .....	705,535	705,535	696,187
Town of Lockeport .....	78,840	78,840	79,582
Town of Yarmouth .....	1,138,494	1,138,494	1,141,879
Municipality of Yarmouth .....	1,302,340	1,302,340	1,296,164
Municipality of Digby .....	823,746	823,746	819,119
Town of Digby .....	280,083	280,083	284,502
Municipality of Clare .....	1,154,143	1,154,143	1,140,756
Municipality of Argyle .....	1,073,376	1,073,376	1,070,026
	<u>\$ 18,174,400</u>	<u>\$ 18,174,402</u>	<u>\$ 18,120,546</u>
<b>Board Operations</b>			
Investment income .....	\$ 85,000	\$ 179,518	\$ 73,062
Adult education fees .....	100,100	94,738	83,532
Nursery school fees .....	84,000	115,985	93,762
After school programs .....		6,879	---
Summer school fees .....	30,000	29,278	28,395
Other fees/revenues			
Extracurricular bus trips .....	70,000	169,002	144,795
Vandalism reimbursement .....	1,000	1,002	614
English second language .....	18,000	---	---
International student program .....	200,000	209,126	257,271
Literacy programs .....	---	11,629	---
Environmental Protection Agency .....	---	10,279	---
Grass roots funding .....	---	11,900	---
Millennium Programs - Gulf of Maine Project .....	---	66,826	---
Curriculum programming - various grants .....	---	---	45,781
Miscellaneous .....	---	290	9,124
Total other fees/revenues .....	<u>588,100</u>	<u>906,452</u>	<u>736,336</u>
Facilities rental .....	5,000	4,010	6,880
Sale of assets .....	1,000	17,301	4,795
	<u>\$ 594,100</u>	<u>\$ 927,763</u>	<u>\$ 748,011</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures  
Year Ended March 31, 2001**

	Budget	2001 Actual	2000 Actual
<b>Regional Board Management</b>			
Salaries, wages and honoraria:			
- administration . . . . .	\$ 481,789	\$ 470,839	\$ 508,895
- board members . . . . .	151,200	153,107	134,709
- clerical . . . . .	659,805	628,680	650,074
- other . . . . .	165,122	167,034	126,847
Employer benefits			
- statutory benefits . . . . .	93,935	92,483	84,657
- group insurance/pension . . . . .	85,291	93,604	79,551
- professional development . . . . .	12,500	5,016	11,509
Supplies and materials . . . . .	225,700	196,160	238,939
In-service training . . . . .	3,000	833	2,069
Travel and conference			
- staff . . . . .	70,900	64,383	91,318
- board members . . . . .	75,600	88,091	86,515
Liability insurance . . . . .	131,000	131,230	140,127
Professional services			
- audit . . . . .	21,000	12,406	20,352
- legal . . . . .	70,000	205,742	141,057
Contracts: bank charges . . . . .	500	50	---
Board office: rental . . . . .	54,000	53,138	54,984
Occupational health and safety . . . . .	8,600	12,767	10,881
Board office			
- telephone . . . . .	104,200	74,716	105,148
- utilities . . . . .	35,000	35,889	27,285
Dues/fees . . . . .	49,700	48,281	87,958
School board elections . . . . .	18,000	37,233	17,745
Computer services/equipment/data communication . . . . .	74,000	79,049	123,776
Other:			
Debt service . . . . .	---	---	22,749
Advertising . . . . .	36,600	36,333	48,668
Board office: maintenance . . . . .	27,000	24,044	22,697
Overdraft interest . . . . .	20,000	2,434	33,500
Employee compensation study . . . . .	---	---	15,720
	\$ 2,674,442	\$ 2,713,542	\$ 2,887,730

See accompanying notes to financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2001**

	Budget	2001 Actual	2000 Actual
<b>School Administration and Instruction</b>			
Salaries and wages			
- administration . . . . .	\$ 4,795,298	\$ 4,911,257	\$ 4,727,930
- instruction . . . . .	44,918,104	44,926,482	44,591,828
- substitutes . . . . .	1,450,000	1,619,786	1,460,511
- sabbatical . . . . .	250,000	250,000	427,284
- support services . . . . .	496,237	477,532	553,652
- library . . . . .	485,139	450,647	448,914
- guidance . . . . .	1,048,731	1,077,906	1,010,522
- student assistants/tutors . . . . .	25,000	8,586	12,865
- clerical . . . . .	1,581,172	1,571,108	1,456,373
- lunch and bus . . . . .	400,000	398,108	389,119
- other . . . . .	17,984	17,228	67,864
Employer benefits			
- statutory benefits . . . . .	2,917,550	2,958,413	2,911,917
- service awards . . . . .	70,000	77,295	81,434
- group insurance/pension . . . . .	264,820	250,373	275,998
- professional development . . . . .	269,258	292,104	190,781
School admin. and instruction - supplies			
- administration . . . . .	---	110,067	92,355
- instruction and curriculum . . . . .	1,045,250	461,250	511,312
- copier leases . . . . .	---	407,679	370,969
- postage . . . . .	---	19,871	19,519
- books . . . . .	---	18,860	37,692
- furniture and equipment . . . . .	---	81,041	99,731
- APEF - Learning Resources - supplies . . . . .	---	---	118,200
- SAC Allocation . . . . .	19,315	19,356	19,352
- Junior High Network . . . . .	---	60,000	220,000
Total school admin and instruction . . . . .	<u>60,053,858</u>	<u>60,464,949</u>	<u>60,096,122</u>
Supplies and materials			
- guidance . . . . .	---	---	1,047
- library . . . . .	146,321	74,051	129,537
- textbook credit . . . . .	905,400	905,400	787,200
- other supplies . . . . .	197,500	212,383	180,880
- Tech Refresh . . . . .	77,742	55,005	
In-service training . . . . .	---	105,109	136,220
Travel			
- circuit/library/clerical . . . . .	40,000	65,794	73,404
- other staff travel/conference . . . . .	180,700	180,610	184,660
Telephone/fax/data communication . . . . .	301,305	278,792	301,163
Computer services . . . . .	178,300	197,457	171,536
Other:			
CSAP - purchase of services . . . . .	445,076	174,175	345,804
Extracurricular - board paid/supplies . . . . .	---	---	2,500
Needs Assessment . . . . .	---	---	38,518
International Student program . . . . .	130,000	151,990	189,821
IEI Program . . . . .	481,788	462,242	407,113
Other expenses . . . . .	1,100	738	---
	<u>3,085,232</u>	<u>2,863,746</u>	<u>2,949,403</u>
	<u>\$ 63,139,090</u>	<u>\$ 63,328,695</u>	<u>\$ 63,045,525</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2001**

	<u>Budget</u>	<u>2001 Actual</u>	<u>2000 Actual</u>
<b>Special Education</b>			
Salaries and wages			
- administration . . . . .	\$ 22,353	\$ 21,469	\$ 61,649
- instruction . . . . .	4,631,469	4,379,268	4,200,052
- support services . . . . .	818,834	799,092	801,372
- student assistants . . . . .	3,360,422	3,445,195	3,327,838
- clerical . . . . .	24,143	6,741	23,721
Benefits			
- statutory benefits . . . . .	563,676	577,296	544,008
- group insurance/pension . . . . .	15,000	10,298	115,135
- professional development . . . . .	136,068	148,004	15,230
Supplies and materials . . . . .	34,730	31,320	25,309
In-service training . . . . .	12,700	4,886	35,303
Travel			
- circuit/resource . . . . .	47,500	47,546	55,616
- other travel/conference . . . . .	35,885	22,992	39,066
Telephone/fax/data communication . . . . .	3,700	10,129	13,927
Other . . . . .	2,500	12,760	734
	<u>\$ 9,708,980</u>	<u>\$ 9,516,996</u>	<u>\$ 9,258,960</u>
<b>Adult Education</b>			
Salaries and wages			
- administration . . . . .	\$ 156,567	\$ 181,244	\$ 119,313
- instruction . . . . .	223,514	244,555	214,424
- support services . . . . .	48,766	88,158	49,690
- clerical . . . . .	19,771	24,833	26,487
Benefits			
- statutory benefits . . . . .	36,025	42,933	32,933
- group insurance/pension . . . . .	22,740	12,970	9,726
Supplies and materials . . . . .	36,300	42,897	37,789
In-service training . . . . .	1,000	---	---
Travel: other travel/conference . . . . .	7,200	3,512	4,128
Building rental - nursery . . . . .	---	7,030	11,000
Telephone/fax/dat communication . . . . .	12,500	14,932	13,920
Program deficits to next year . . . . .	---	(32,616)	---
Other . . . . .	25,000	26,586	16,160
	<u>\$ 589,383</u>	<u>\$ 657,034</u>	<u>\$ 535,570</u>
<b>Summer School</b>			
Salaries and wages			
- instruction . . . . .	\$ 13,700	\$ 8,250	\$ 12,000
- other . . . . .	11,300	10,500	10,750
Benefits			
- statutory benefits . . . . .	1,000	742	735
- group insurance/pension . . . . .	---	16	---
Supplies and materials . . . . .	4,000	4,258	4,706
	<u>\$ 30,000</u>	<u>\$ 23,766</u>	<u>\$ 28,191</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Property Services</b>			
Salaries and wages			
- supervisory . . . . .	\$ 189,767	\$ 196,662	\$ 195,308
- maintenance . . . . .	380,638	356,022	375,357
- custodial . . . . .	3,223,069	3,171,151	3,176,520
- clerical . . . . .	52,784	54,937	49,781
- grounds . . . . .	85,800	81,431	---
- other . . . . .	---	---	69,924
Benefits			
- statutory benefits . . . . .	316,964	340,809	329,575
- group insurance / pension . . . . .	199,803	197,154	199,075
- service awards . . . . .	20,000	64,236	---
- other benefits . . . . .	1,000	1,629	2,641
Supplies and materials		---	
- maintenance . . . . .	536,500	467,250	528,902
- custodial . . . . .	280,000	252,351	279,230
- other . . . . .	67,600	59,448	62,511
Insurance . . . . .	215,000	226,021	207,256
	<u>5,568,925</u>	<u>5,469,101</u>	<u>5,476,080</u>
<b>Utilities</b>			
Electricity . . . . .	1,370,000	1,499,540	1,379,697
Heat-fuel oil . . . . .	875,000	1,247,097	727,078
Sewer/water/fire . . . . .	203,676	203,385	203,694
	<u>2,448,676</u>	<u>2,950,022</u>	<u>2,310,469</u>
In-service training . . . . .	7,000	6,829	5,856
Travel/conference . . . . .	28,000	29,693	41,431
Rental of facilities . . . . .	84,250	80,856	81,296
Contracted services: maintenance . . . . .	390,400	341,992	558,873
	<u>509,650</u>	<u>459,370</u>	<u>687,456</u>
<b>Contracted services: custodial</b>			
Snow removal . . . . .	82,000	268,203	134,367
Garbage removal . . . . .	84,000	98,355	112,003
Other contracted services: custodial . . . . .	7,500	7,524	7,544
	<u>173,500</u>	<u>374,082</u>	<u>253,914</u>
Telephone/fax . . . . .	22,025	35,221	35,110
Computer services . . . . .	5,000	5,897	---
Equipment repairs . . . . .	10,000	10,188	10,656
P3 maintenance charges . . . . .	---	---	152,384
Architectural fees . . . . .	5,000	1,656	5,547
	<u>42,025</u>	<u>52,962</u>	<u>203,697</u>
	<u>\$ 8,742,776</u>	<u>\$ 9,305,537</u>	<u>\$ 8,931,616</u>

See accompanying notes to the financial statements.



**SOUTHWEST REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditures (continued)  
Year Ended March 31, 2001**

	<u>Budget</u>	<u>2001 Actual</u>	<u>2000 Actual</u>
<b>Pupil Transportation</b>			
Salaries and wages			
- supervisory . . . . .	\$ 138,944	\$ 142,882	\$ 141,574
- drivers . . . . .	3,435,839	3,466,976	3,404,371
- mechanics and helpers . . . . .	504,289	502,335	480,444
- dispatchers . . . . .	67,832	63,479	71,545
Benefits			
- statutory benefits . . . . .	346,963	375,232	359,794
- service awards . . . . .	15,000	14,868	19,488
- group insurance/pension . . . . .	260,097	241,290	238,984
- other benefits . . . . .	13,000	10,901	13,617
Supplies and materials . . . . .	80,600	64,078	75,878
Vehicle operating expenses			
- gas/oil/grease . . . . .	585,800	773,815	512,568
- tires/tubes . . . . .	100,000	97,330	109,223
- registration / license . . . . .	106,000	111,019	101,177
- insurance . . . . .	72,000	57,732	62,066
- repairs/maintenance . . . . .	536,000	453,940	763,642
Garage expenses			
- repairs/maintenance . . . . .	50,500	73,447	60,248
- utilities . . . . .	52,600	63,509	53,108
In-service training . . . . .	15,000	10,669	18,075
Travel/conference . . . . .	23,300	29,284	43,761
Extra-curricular travel . . . . .	100,000	175,264	113,874
Contract conveyance . . . . .	95,000	79,247	64,720
Telephone/fax . . . . .	34,300	32,857	39,358
Computer services . . . . .	40,000	---	12,838
Bus site maintenance . . . . .	6,000	13,826	6,309
Equipment repairs . . . . .	33,000	11,793	26,972
	<u>\$ 6,712,064</u>	<u>\$ 6,865,773</u>	<u>\$ 6,793,634</u>
<b>Operating capital</b>			
Repairs and renovations			
- property service . . . . .	\$ 511,000	\$ 507,669	\$ 504,891
- other programs . . . . .	---	---	4,557
Emergency capital . . . . .	---	198,672	3,051,540
Furniture and equipment			
- schools . . . . .	137,000	80,103	99,998
- property service . . . . .	---	---	129,252
Vehicles			
- property service . . . . .	88,000	100,753	78,913
- school buses . . . . .	832,052	982,271	891,483
Capital debt service . . . . .	---	---	100,000
	<u>\$ 1,568,052</u>	<u>\$ 1,869,468</u>	<u>\$ 4,860,634</u>

See accompanying notes to the financial statements.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Notes to the Financial Statements  
March 31, 2001**

**1. Accounting principles**

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

**Inventories**

Garage parts inventory is recorded at cost. All other supplies and purchases are expensed.

**Financial statement presentation**

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

**Expenditure recognition**

Expenditures other than salaries are recorded on an accrual basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

**Capital equipment and school buses**

Fixed assets are recorded at cost. Assets received from the various boards as at January 1, 1982, under the agreement creating the Southwest Regional School Board, are treated as additions to investments in fixed assets. The Board does not record depreciation on its fixed assets, as the Tangible Capital Asset Policy has not been adopted for the year ended March 31, 2001.

**2. Receivables**

	2001	2000
Government of Canada .....	\$ 316,431	\$ 843,847
Province of Nova Scotia .....	1,049,576	2,233,029
NSSRA - NSTU Sal Con Insurance (Note 8) .....	250,000	250,000
Municipalities .....	69,969	---
First Nations Band Councils .....	90,983	421,629
C.S.A.P. ....	---	67,788
Other .....	860,949	972,821
	<u>\$ 2,637,908</u>	<u>\$ 4,789,114</u>

**3. Land, buildings and improvements**

Prior to the formation of the Southwest Regional School Board, certain municipal units had joined to form District School Boards. Under various agreements, land and school buildings on hand remained assets of the appropriate municipal units but were under the operational control of the District School Boards until such time as the Board no longer required the assets for school purposes. At that time, control reverted back to the appropriate municipality. These agreements will now remain in force with the Southwest Regional School Board.

The Southwest Regional School Board has a vested interest in capital improvements to school buildings. Under the Education Act, should a municipal unit sell a building returned to it by the Board under the circumstances noted above, a portion of the proceeds will be payable to the Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds will similarly be payable to the Board.

#### 4. Commitments

##### Service awards

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teacher's Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

Digby District	- \$80 per year of service
Queens District	- 0.45 of one percent of a TC5 - MAX per year of service
Shelburne District	- \$90 per year of service
Yarmouth District	- 0.75 of one percent of annual salary per year of service
Lunenburg District	- \$200 per year of service
Clare/Argyle District	- 0.60 of one percent of annual salary per year of service

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and Southwest Regional School Board the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The amount of \$77,295 recorded as a service award expense represents the cash payment to teachers who retired in the fiscal year 2000/01 and under the Early Retirement Program. Appropriations are not made for the cost of service award credits earned in the current year by teachers who have not yet retired. Any future liability is completely unfunded.

##### P-3 Operating Expenses

Forest Ridge Academy, Bayview Community School and Aspotogan Consolidated Elementary School were opened for the 2000/01 school year. Meadowfields Community School had been opened in the 1999/2000 school year. The lease contains both a capital and operating component and all payments are to be made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the school board. As there are going to be a significant number of leased schools in the next few years, it has been agreed by the Province to establish a province-wide rate for this recovery from school boards. This rate has been revised to \$3.05 per square foot, from \$4.00 per square foot. The Province of Nova Scotia has reduced funding by : \$152,400 for the year ended March 31, 2000; \$343,600 for the year ended March 31, 2001; and \$122,900 for the year ended March 31, 2002, totalling \$618,900 for the P3 schools. Budgets for expenditures under the property service section are also reduced.

##### Purchase

The Board has entered into an agreement to purchase a new payroll system. The final payment remaining under the agreement is \$50,000 for the 2001/02 fiscal year.

#### 5. Pensions plans

The Board makes payments into the following pension plans:

Lunenburg District	- C.U.P.E. staff and support staff non-teaching defined benefit plans.
Queens District	- Non-teaching staff money purchase plan and defined benefit plan.
Shelburne District	- Non-teaching staff money purchase plan and defined benefit plan.
Yarmouth District	- Non-teaching staff money purchase plan and undivided registered retirement savings plan.
Digby District	- Non-teaching staff defined benefit plan.

Recent actuarial reports have not been prepared for these various plans and therefore no balances have been reflected in these financial statements. The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers Pension Act.

**6. Early Retirement (1994-98) Program (ERP)**

During the 2000/01 fiscal year, the province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1996).

**7. Contingencies**

**Receivable**

Included in receivables is \$250,000 due from the Province of Nova Scotia for the Nova Scotia Board Association insurance rebate. This has been outstanding for a number of years and the Board cannot make a determination of the amount of likelihood of any writedown that might be required upon settlement with the Province.

**Legal**

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

**C.S.A.P.**

Included in the balance sheet is \$78,704, which represents the final settlement to the Conseil Scolaire Acadien Provincial for the cost of English students attending the CSAP schools. Discussions are still underway as to the amount of this final settlement. The maximum the Board is willing to settle on is \$78,704.

**8. Board Restructuring**

The Southwest Regional School Board was restructured into two districts - The South Shore District School Board and the Tri County District School Board during the fiscal year. The Southwest Regional School Board will be responsible for operational issues and the two school districts will be responsible for educational issues.

**SOUTHWEST REGIONAL SCHOOL BOARD**

**Trust Funds Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Assets</b>		
Cash.....	\$ <u>571,055</u>	\$ <u>358,717</u>
 <b>Equity</b>		
Estate of Marjorie E. Jones.....	\$ 64,087	\$ 60,689
Digby Community Theatre.....	168,889	
CUPE Pension Fund.....	80,534	62,909
Reserve for scholarships		
Teachers' Scholastic Scholarship.....	6,276	5,779
Forbes Mountain Scholarship.....	698	855
Josephine Christie Fredea Award.....	1,586	1,576
L.C.D.S.B. Memorial Scholarship.....	4,832	4,477
Murray Barkhouse Scholarship Fund.....	3,115	3,015
Robert Hirtle Memorial Fund.....	4,275	920
Dr. K.C. Gandhi Marfatia Scholarship Fund.....	0.00	-
W.G.L.Hirtle Scholarship.....	10,691	10,555
Elinor Muir Leary Scholarship.....	10,600	10,672
Irene and Derrell Ernst Scholarship.....	5,380	5,338
David Lowe Scholarship.....	8,109	7,659
Clara Quinlan Scholarship.....	5,258	5,101
Monte Oickle Scholarship.....	5,158	4,885
Cameron Smith Memorial.....	153	145
Paul Eisnor Memorial.....	326	405
Austin Nauss Scholarship.....	1,832	2,032
Rodney Veinot Memorial.....	2,512	2,671
Timothy Daniels Memorial.....	3,694	2,994
Sylvia Weagle Bursary.....	29,833	29,715
Dr. J.C. Wickwire.....	2,557	2,712
Augusta Nickerson.....	13,362	12,653
J. Pask memorial.....	123	116
Margaret Ernst MacLeod.....	3,610	3,419
Elsie Hemeon Fund.....	495	469
Stay-in-School Bursary.....	148	1,711
F. Dakin and P. Dakin Dickson.....	44,309	42,438
Dr. Charles and Mary Webster.....	22,200	22,506
Erma Westhaver Loomis.....	37,148	36,828
Yarmouth District Scholarship Society		
Unassigned.....	3,549	3,361
Samuel Margolian Trust - Yarmouth High.....	5,089	169
Samuel Margolian Trust - St. Ambrose.....	5,089	169
Churchill Trust.....	1,492	1,321
Loraleis Trust.....	1,600	1,589
Blackader - Kirk Trust.....	3,265	3,587
Olson.....	2,887	---
Andrew Maxwell.....	3,252	3,277
	\$ <u>571,055</u>	\$ <u>358,717</u>

See accompanying notes to the financial statements.

## SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds  
For the Year Ended March 31, 2001

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Estate of Marjorie E. Jones. . . . .	\$ 60,689	\$ ---	\$ ---	\$ 3,398	\$ ---	64,087
Digby Community Theatre Fund. . . . .	---	123,500	44,086	1,303	---	168,889
CUPE Pension Fund. . . . .	62,909	13,748	---	3,877	---	80,534
Teachers Scholastic . . . . .	5,779	7,187	---	335	(7,025)	6,276
Forbes Mountain . . . . .	855	---	---	43	(200)	698
J.C. Fredea Award. . . . .	1,576	---	---	85	(75)	1,586
L.C.D.S.B. Memorial . . . . .	4,477	---	100	255	---	4,832
M. Barkhouse Scholarship Fund. . . . .	3,015	---	231	171	(300)	3,117
Robert Hirtle Memorial Fund . . . . .	920	---	300	55	---	1,275
Dr. K.C. Marfatia Ghandi. . . . .	---	---	6,000	292	(250)	6,042
W.G.L.Hirtle . . . . .	10,555	---	---	586	(450)	10,691
Elinor Muir Leary . . . . .	10,672	---	---	578	(650)	10,600
Irene/Derrell Ernst . . . . .	5,338	---	---	292	(250)	5,380
David Lowe . . . . .	7,659	---	20	430	---	8,109
Clara Quinlan . . . . .	5,101	---	---	282	(125)	5,258
Monte Oickle . . . . .	4,885	---	---	275	---	5,160
Cameron Smith . . . . .	145	---	---	8	---	153
Paul Eisnor . . . . .	405	---	---	21	(100)	326
Austin Nauss . . . . .	2,032	---	---	100	(300)	1,832
Balance forward . . . . .	\$ 187,012	\$ 144,435	\$ 50,737	\$ 12,386	\$ (9,725)	\$ 384,845

## SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds (Continued)  
For the Year Ended March 31, 2001

	Balance Beginning <u>of Year</u>	<u>Contributions</u>	<u>Receipt of Donations</u>	<u>Interest Earned</u>	<u>Scholarships Awarded</u>	<u>Balance End of Year</u>
Balance carried forward . . . . .	\$ 187,012	\$ 144,435	\$ 50,737	\$ 12,386	\$(9,725)	\$ 384,845
Rodney Veinot . . . . .	2,671	---	---	141	(300)	2,512
Timothy Daniels . . . . .	2,994	---	1,000	200	(500)	3,694
S Weagle Bursary . . . . .	29,715	---	---	1,618	(1,500)	29,833
Dr. J.C. Wickwire . . . . .	2,712	---	---	145	(300)	2,557
Augusta Nickerson . . . . .	12,653	---	---	709	---	13,362
J. Pask Memorial . . . . .	116	---	---	6	---	122
M. Ernst MacLeod . . . . .	3,419	---	---	191	---	3,610
Elsie Hemeon . . . . .	469	---	---	26	---	495
Stay-in-School Bursary . . . . .	1,711	---	---	37	(1,600)	148
F. Dakin/P. Dakin Dickson . . . . .	42,438	---	---	2,371	(500)	44,309
Dr. Charles/Mary Webster . . . . .	22,506	---	---	1,194	(1,500)	22,200
Erma Westhaver Loomis . . . . .	36,828	---	---	2,020	(1,700)	37,148
Yarmouth District Scholarship Society						
Unassigned . . . . .	3,361	---	---	388	(200)	3,549
S. Margolian Trust - Yarmouth High. . . . .	169	4,862	---	227	(169)	5,089
S. Margolian Trust - St. Ambrose . . . . .	169	4,862	---	227	(169)	5,089
Churchill Trust . . . . .	1,321	---	200	71	(100)	1,492
Loraleis Trust . . . . .	1,589	---	---	86	(75)	1,600
Blackader - Kirk Trust . . . . .	3,587	---	---	178	(500)	3,265
Olson . . . . .	---	2,959	---	127	(200)	2,886
Andrew Maxwell . . . . .	3,277	---	---	173	(200)	3,250
	<u>\$ 358,717</u>	<u>\$ 157,118</u>	<u>\$ 51,937</u>	<u>\$ 22,521</u>	<u>\$(19,238)</u>	<u>\$ 571,055</u>

See accompanying notes to the financial statements.

## AUDITOR'S REPORT

To the Chairman and Members  
Strait Regional School Board

I have audited the Operating Fund and Capital Fund of the Strait Regional School Board as at March 31, 2001 and the statements of operations and capital financing for the year then ended. These financial statements are the responsibility of the School Board's Management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2001 and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia Municipalities.

WILLIAM B. DRAPER  
Chartered Accountant  
Registered Municipal Auditor

Antigonish, Nova Scotia  
June 25, 2001



**STRAIT REGIONAL SCHOOL BOARD**

**Consolidated Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Current			
Cash.....	\$ 2,900	\$	3,450
Prepaid expenses.....	172,672		303,898
Receivables			
Province of Nova Scotia.....	1,409,182		2,068,159
Municipal Councils.....	136,228		437,042
Government of Canada.....	1,722,720		1,860,724
General public.....	894,014		171,440
	<u>4,337,716</u>		<u>4,844,713</u>
Fixed assets, at undepreciated cost			
Equipment and furnishings.....	3,168,996		3,284,936
School buses and other vehicles.....	3,459,560		4,828,769
School buildings and improvements.....	34,354,558		38,171,731
	<u>40,983,114</u>		<u>46,285,436</u>
	<u>\$ 45,320,830</u>	\$	<u>\$ 51,130,149</u>

**LIABILITIES**

Current			
Cheques issued in excess of funds on deposit.....	\$ 2,025,658	\$	1,497,770
Payables and accruals			
Trade and other.....	2,281,661		3,054,102
Employee deductions and salary accruals.....	268,863		280,553
Current portion of early retirement program.....	---		1,665,252
	<u>4,576,182</u>		<u>6,497,677</u>
Long term - commitment to early retirement program (Note 3).....	---		19,909,283
	<u>4,576,182</u>		<u>26,406,960</u>

**EQUITY**

Surplus (deficit) current year.....	(238,466)		12,288
Investment in capital assets.....	40,983,114		46,285,436
Investment in early retirement program.....	---		(21,574,535)
	<u>40,744,648</u>		<u>24,723,189</u>
	<u>\$ 45,320,830</u>	\$	<u>\$ 51,130,149</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Operating Fund Balance Sheet  
March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
Current			
Cash . . . . .	\$ 2,900	\$	3,450
Prepaid expenses . . . . .	172,672		303,898
Receivables			
Province of Nova Scotia . . . . .	1,409,182		2,068,159
Municipal councils . . . . .	136,228		437,042
Government of Canada . . . . .	1,722,720		1,860,724
General public . . . . .	894,014		171,440
	<u>\$ 4,337,716</u>	\$	<u>4,844,713</u>

**LIABILITIES**

Current			
Cheques issued in excess of funds on deposit . . . . .	\$ 2,025,658	\$	1,497,770
Payables, accruals and deferrals			
Trade and other . . . . .	2,281,661		3,054,102
Employee deductions and salary accruals . . . . .	268,863		280,553
Current portion of early retirement program . . . . .	---		1,665,252
	<u>4,576,182</u>		<u>6,497,677</u>
Long term - commitment to early retirement program			
(Note 3) . . . . .	---		19,909,283
	<u>4,576,182</u>		<u>26,406,960</u>

**EQUITY**

Surplus (deficit) current year . . . . .	(238,466)		12,288
Investment in early retirement program . . . . .	---		(21,574,535)
	<u>(238,466)</u>		<u>(21,562,247)</u>
	<u>\$ 4,337,716</u>	\$	<u>4,844,713</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Statement of Operations  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Province of Nova Scotia . . . . .	\$ 49,592,018	\$ 52,008,020	\$ 52,294,689
Government of Canada . . . . .	1,017,245	1,153,951	1,290,611
Board operations . . . . .	1,772,678	1,511,319	652,143
Appropriation from councils . . . . .	8,139,500	8,114,468	7,880,700
	<u>60,521,441</u>	<u>62,787,758</u>	<u>62,118,143</u>
<b>Expenditures</b>			
Regional Board Management . . . . .	2,199,314	2,619,968	2,510,713
School administration and instruction . . . . .	39,341,011	40,026,440	40,151,536
Property service . . . . .	6,979,657	7,783,767	6,763,994
Student transportation . . . . .	5,137,972	5,398,115	5,001,326
Special education . . . . .	5,240,487	5,488,155	5,046,195
Capital expenditures and repayments . . . . .	1,540,288	1,629,924	2,501,124
Cafeteria . . . . .	95,000	92,143	178,173
	<u>60,533,729</u>	<u>63,038,512</u>	<u>62,153,061</u>
Current year operating . . . . .	(12,288)	(250,754)	(34,918)
Surplus of previous year . . . . .	12,288	12,288	<u>47,206</u>
Excess of revenue over expenditure (deficit) . . . . .	<u>---</u>	<u>\$(238,466)</u>	<u>\$ 12,288</u>

**Statement of Continuity of Surplus (Deficit)  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year (deficit) . . . . .	\$ 12,288	\$ 47,206
Add:		
Current year surplus (deficit) . . . . .	<u>(238,466)</u>	<u>12,288</u>
	(226,178)	59,494
Deduct:		
Surplus of prior year included in revenue . . . . .	<u>12,288</u>	<u>47,206</u>
Balance, end of year . . . . .	<u>\$(238,466)</u>	<u>\$ 12,288</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Capital Fund Balance Sheet  
March 31, 2001**

<b>ASSETS</b>		
	<b>2001</b>	<b>2000</b>
Fixed assets, at cost		
Equipment and furnishings. . . . .	\$ 3,168,996	\$ 3,284,936
School buses and other vehicles. . . . .	3,459,560	4,828,769
School buildings and improvements. . . . .	<u>34,354,558</u>	<u>38,171,731</u>
	\$ <u><u>40,983,114</u></u>	\$ <u><u>46,285,436</u></u>

**INVESTMENT IN CAPITAL ASSETS**

Investment in capital assets . . . . .	\$ <u>40,983,114</u>	\$ <u>46,285,436</u>
	\$ <u><u>40,983,114</u></u>	\$ <u><u>46,285,436</u></u>

**Statement of Continuity of Investment in Capital Assets  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year . . . . .	\$ 46,285,436	\$ 52,193,932
Capital purchases		
Buses and other vehicles . . . . .	113,459	937,420
Equipment . . . . .	<u>676,309</u>	<u>615,399</u>
	47,075,204	53,746,751
Retirement of assets and depreciation provision . . . . .	<u>6,092,090</u>	<u>7,461,315</u>
Balance, end of year . . . . .	\$ <u><u>40,983,114</u></u>	\$ <u><u>46,285,436</u></u>

**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Detail of Revenue  
Year Ended March 31, 2001**

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Province of Nova Scotia</b>			
General formula and special .....	\$ 45,462,600	\$ 45,701,600	\$ 42,063,747
Transportation - operating .....	---	---	4,801,600
Property service. ....	:	---	371,487
Professional Development .....	---	---	66,800
Special education .....	2,978,000	2,978,000	2,978,000
Textbook credit allocation .....	526,900	543,277	460,097
Emergency capital .....	---	345,039	80,554
Capital bus purchase .....	---	---	609,000
Special programs and projects. ....	624,518	2,440,104	863,404
	<u>\$ 49,592,018</u>	<u>\$ 52,008,020</u>	<u>\$ 52,294,689</u>
 <b>Government of Canada</b>			
Indian and Northern Affairs .....	\$ 922,950	\$ 975,337	\$ 922,975
Minority language .....	33,000	42,859	29,422
Special programs and projects. ....	61,295	135,755	338,214
	<u>\$ 1,017,245</u>	<u>\$ 1,153,951</u>	<u>\$ 1,290,611</u>
 <b>Board Operations</b>			
Cafeterias .....	\$ 95,000	\$ 91,209	\$ 163,394
Investment income. ....	40,000	71,417	88,422
Program and rental income and sale of assets. ....	144,678	116,114	342,131
Other, including P3 management fee. ....	1,493,000	1,232,579	58,196
	<u>\$ 1,772,678</u>	<u>\$ 1,511,319</u>	<u>\$ 652,143</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditure  
Year Ended March 31, 2001**

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Regional Board Management</b>			
Salaries and wages			
Administrative and clerical. . . . .	\$ 1,207,419	\$ 1,431,755	\$ 1,394,100
Board Members . . . . .	88,800	88,800	85,800
Employee benefits. . . . .	198,133	287,078	198,720
Supplies, materials and equipment. . . . .	153,000	160,699	198,606
Telephone and data transmission . . . . .	72,000	67,062	78,532
Staff travel and conference expenses. . . . .	100,400	142,259	198,753
Liability insurance. . . . .	89,012	89,012	80,920
Professional fees . . . . .	106,000	170,642	95,087
Bank service and overdraft charges. . . . .	10,000	31,783	2,641
Board members expense . . . . .	91,550	93,323	92,067
NSSBA Dues . . . . .	39,000	25,994	59,713
Other, including computer services & election. . . . .	44,000	31,561	25,774
	<u>\$ 2,199,314</u>	<u>\$ 2,619,968</u>	<u>\$ 2,510,713</u>
<b>School Administration and Instruction</b>			
Salaries and wages			
Administration. . . . .	\$ 4,175,493	\$ 3,370,612	\$ 4,062,643
Instruction. . . . .	26,219,277	26,483,866	25,490,864
Guidance. . . . .	637,013	818,890	690,121
Library. . . . .	572,569	583,763	657,982
Substitutes. . . . .	1,082,765	1,162,314	1,142,574
Clerical. . . . .	1,091,149	1,158,992	1,139,148
Lunch and bus supervision. . . . .	270,000	272,451	308,581
Employee benefits including professional development . . . . .	2,688,159	2,636,101	3,400,411
Supplies, materials and telephone. . . . .	1,241,500	1,447,376	982,516
Textbook credit allocation. . . . .	526,900	544,221	458,942
Travel and in service. . . . .	100,734	103,001	115,131
Other programs and projects (Note 4) . . . . .	735,452	1,444,853	1,702,623
	<u>\$ 39,341,011</u>	<u>\$ 40,026,440</u>	<u>\$ 40,151,536</u>
<b>Property Service</b>			
Salaries and wages. . . . .	\$ 3,226,275	\$ 3,329,288	\$ 3,214,298
Employee benefits . . . . .	494,132	529,229	454,329
Insurance . . . . .	171,600	170,879	155,344
Utilities. . . . .	2,206,000	2,650,301	2,128,307
Supplies and materials. . . . .	648,950	654,831	626,324
Telephone, travel, contracted services & other . . . . .	232,700	449,239	185,392
	<u>\$ 6,979,657</u>	<u>\$ 7,783,767</u>	<u>\$ 6,763,994</u>

**STRAIT REGIONAL SCHOOL BOARD**

**Supplementary Details of Expenditure (continued)  
Year Ended March 31, 2001**

**Student Transportation**

Salaries and wages . . . . .	\$ 3,299,704	\$ 3,541,211	\$ 3,351,892
Employee benefits . . . . .	534,768	547,558	509,828
Travel . . . . .	23,500	13,846	17,299
In-service . . . . .	23,000	6,695	6,075
Vehicle operating			
Gas and oil . . . . .	572,000	668,547	496,005
Tires . . . . .	75,000	77,985	78,781
License fees . . . . .	60,000	57,714	57,517
Insurance . . . . .	47,000	44,413	41,040
Repairs and maintenance . . . . .	275,000	282,679	264,229
Garage maintenance, supplies and utilities. . . . .	133,000	71,441	79,468
Contract conveyance, telephone and other . . . . .	95,000	86,026	99,192
	<u>\$ 5,137,972</u>	<u>\$ 5,398,115</u>	<u>\$ 5,001,326</u>

**Special Education**

Salaries and Wages			
Administration . . . . .	\$ 76,638	\$ 77,815	\$ 71,401
Instruction . . . . .	2,581,443	2,812,115	2,495,142
Professional services . . . . .	438,855	411,462	530,507
Student Program assistants . . . . .	1,612,925	1,663,356	1,475,793
Clerical . . . . .	33,990	26,893	7,979
Employee benefits . . . . .	400,886	412,940	355,186
Supplies, materials and telephone . . . . .	45,750	35,944	37,796
Travel and conference . . . . .	50,000	47,630	72,391
	<u>\$ 5,240,487</u>	<u>\$ 5,488,155</u>	<u>\$ 5,046,195</u>

**Capital Expenditures and Repayments**

Regional Board management - equipment . . . . .	\$ 21,000	\$ 50,785	\$ 28,150
School administration & instruction - equipment . . . . .	583,309	434,749	541,642
Property service			
Capital repairs and projects . . . . .	665,140	901,285	578,683
Stabilization loans . . . . .	85,380	---	89,319
Vehicles . . . . .	---	---	78,591
Municipal Finance Loan . . . . .	---	---	64,063
Bridge financing . . . . .	---	---	216,240
Student transportation			
Buses . . . . .	88,459	178,160	842,464
Vehicle . . . . .	25,000	24,311	16,365
Equipment . . . . .	72,000	40,634	41,115
Special education equipment . . . . .	---	---	4,492
	<u>\$ 1,540,288</u>	<u>\$ 1,629,924</u>	<u>\$ 2,501,124</u>

**Cafeteria**

Salaries and wages . . . . .	\$ 45,000	\$ 43,150	\$ 85,306
Employee benefits . . . . .	5,000	4,708	9,780
Supplies and expenses . . . . .	45,000	44,285	83,087
	<u>\$ 95,000</u>	<u>\$ 92,143</u>	<u>\$ 178,173</u>

## STRAIT REGIONAL SCHOOL BOARD

### Notes to Financial Statements Year Ended March 31, 2001

#### 1. Significant accounting policies and principles

These financial statements have been prepared to conform in all material respects, to the accounting principles prescribed by the Nova Scotia School Board Financial Handbook.

- (a) Financial Statement Presentation:  
The financial statements of the Board have been prepared in accordance with the fund basis of accounting.
- (b) Revenue and Expenditure Recognition:  
Major revenues and expenditures are recorded on the accrual basis. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Non teacher salaries are accrued at year end but teacher salaries are not, so that 195 teaching days salary is recorded as an expense. Outstanding purchase orders are accrued and recorded as payables at year end. The cost of inventories of supplies and materials is not recognized at year end, extraordinary circumstances excepted.
- (c) Fixed Assets are recorded at undepreciated cost. The cost of Assets received from various in the counties of Antigonish, Guysborough, Inverness and Richmond on January 1, 1982 were treated as additions to the investment in capital assets of the respective new boards formed at the time. On January 1, 1996 the Antigonish District School Board, the Guysborough County District School Board, the Inverness District School Board and the Richmond District School Board were amalgamated to form the Strait Regional School Board. Land and buildings involved in this agreement remain assets of the original municipal units but will be under the operational control of the Strait Regional School Board until such time as the Board no longer requires them for school purposes. At that time, control will revert back to the appropriate municipality.

Depreciated is calculated using the reducing balance method using rates prescribed by Canada Customs and Revenue Agency.

#### 2. Service Awards

Under the terms of the collective agreement between the Nova Scotia Teachers Union and the Strait Regional School Board, the Board is required to pay service awards in accordance with Article 12 of the agreement as follows:

- 12.1 A Service Award/Death Benefit shall be paid to a teacher who has been employed by the board for ten (10) or more consecutive years and ceases employment with the Board or dies in the service of the Board.
- 12.2 For all teachers in the former Antigonish District School Board who were hired prior to January 13, 1989, the award shall be calculated as follows:
  - (a) For at least ten (10) years of service with the Board, nine percent (9%) of the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;
  - (b) For at least fifteen (15) years of service with the Board, fourteen percent (14%) of the salary pursuant to Article 12.2 (a);
  - (c) For at least (20) years of service with the board, nineteen percent (19%) of the salary pursuant to Article 12.2 (a); and
  - (d) For at least twenty-five (25) years of service with the Board, twenty-three (23%) of the salary pursuant to Article 12.2 (a).



- 12.3 For all teachers in the former Inverness District School Board Region who were hired prior to January 1, 1999, the award shall be calculated as follows:

The Service Award/Death Benefit shall be calculated at the rate of zero decimal six percent (0.6%) for each year of service with the Board multiplied by the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;

- 12.4 For all teachers hired by the former Antigonish District School Board Region after January 13, 1989, for all teachers hired by the former Inverness District School Board Region after January 1, 1999, for all teachers employed by the former Richmond District School Board and the former Guysborough District School Board and for all other teachers hired by the Strait Regional School Board after January 1, 1996, the award shall be calculated as follows:

- (a) For at least ten (10) years of service with the Board, the sum of twenty-six hundred dollars (\$2,600.00); and
- (b) For each additional year thereafter, the sum of two hundred sixty dollars (\$260.00) per year of service to a maximum of seventy-eight hundred dollars (\$7,800.00) upon completion of thirty (30) years of service.

- 12.5 A teacher shall be entitled to file with the Board, a written Designation of Beneficiary for the purpose of the payment of a Service Award/Death Benefit pursuant to a teacher who dies in the service of the Board.

- 12.6 The Service Award/Death Benefit shall be paid in one (1) lump sum or in equal monthly instalments at the option of the teacher.

- 12.7 Notwithstanding the provisions of this article, the Board shall advance, at least (30) days prior to the effective date of the teacher's resignation, to the Pension Services Group for the purposes of purchasing past service, the lesser of:

- (a) The full Service Award/Death Benefit available to the teacher; or
- (b) The actual amount required by the Pension Fund for the purpose of past service.

- 12.8 The following conditions must be met before funds shall be released pursuant to Article 12.7:

- (a) The teacher has resigned his/her position;
- (b) The teacher requests the Board, in writing, to release the funds; and
- (c) The teacher files with the Board, a letter from the Pension Services Group stating the amount of funds required to purchase the past service.

- 12.9 Service Award/Death Benefits shall be due and payable immediately after the necessary documentation is supplied.

### **3. Early Retirement Program**

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under the plan. During the year ended March 31, 2001 the Province of Nova Scotia made payments on behalf of the regional school board to fulfill the annual obligation due under the provisions of the plan.

During the 2000-01 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

**4. School Administration and Instruction - other programs and projects**

	<b>Budget</b>	<b>2001 Actual</b>	<b>2000 Actual</b>
Sensen - Alin. . . . .	\$ ---	\$ 407,421	\$ 265,994
HRDC - interns . . . . .	---	---	281,692
IEI project . . . . .	---	268,800	205,091
French special projects000. . . . .	273,941	286,802	327,448
Minority official language . . . . .	33,000	36,362	30,559
Mulgrave PD Centre . . . . .	145,663	148,942	174,747
Adult education . . . . .	---	241	861
Distance education . . . . .	203,040	227,216	325,658
Venture centre. . . . .	54,000	53,660	81,506
Middle school . . . . .	25,808	15,409	9,067
	<u>\$ 735,452</u>	<u>\$ 1,444,853</u>	<u>\$ 1,702,623</u>

## AUDITOR'S REPORT

To the Minister Responsible for Sydney Environmental Resources Limited

I have audited the operating fund balance sheet of Sydney Environmental Resources Limited for the year ended March 31, 2001, and the statement of revenue and expenditures 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 March 31, 2001, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles except as disclosed in Note 3.

JOHN NASH  
Chartered Accountant

April 24, 2001

**SYDNEY ENVIRONMENTAL RESOURCES LIMITED**

**Balance Sheet  
as at March 31, 2001**

**ASSETS**

	<b>2001</b>		<b>2000</b>
<b>Current</b>			
Cash . . . . .	\$ 127,044	\$	183,820
Accounts receivable . . . . .	77,901		42,784
Prepaid expenses			
Operations . . . . .	50,000		---
Asbestos abatement project (Note 4) . . . . .	69,781		---
	<u>\$ 324,726</u>	\$	<u>226,604</u>

**LIABILITIES**

<b>Current</b>			
Accounts payable and accrued liabilities . . . . .	\$ 293,184	\$	146,662
Due to Province of Nova Scotia (Note 5) . . . . .	31,541		79,941
	<u>324,725</u>		<u>226,603</u>

**EQUITY**

Share capital (Note 9) . . . . .	<u>1</u>		<u>1</u>
	<u>\$ 324,726</u>	\$	<u>226,604</u>

Commitments (Note 8)

**Statement of Revenue and Expenditures  
Year Ended March 31, 2001**

	<b>2001</b>		<b>2000</b>
<b>Operating revenue . . . . .</b>	<u>\$ 1,854,400</u>	\$	<u>1,890,953</u>
<b>Operating expenditures</b>			
Civic taxes . . . . .	3,329		3,348
Directors' fees . . . . .	10,142		11,152
Health, safety and environmental . . . . .	162,663		227,558
Incineration plant operation and maintenance . . . . .	52,898		48,538
Incineration plant overhead . . . . .	185,476		205,721
Site security and other community costs . . . . .	385,995		343,151
Office . . . . .	21,288		19,418
Professional fees . . . . .	15,159		9,619
Public information . . . . .	44,585		50,498
Rent . . . . .	32,500		27,849
Salaries and benefits . . . . .	836,723		809,732
Technical services . . . . .	86,156		113,724
Telephone . . . . .	9,466		10,336
Travel . . . . .	8,020		10,309
	<u>1,854,400</u>		<u>1,890,953</u>
<b>Excess revenue over expenditures . . . . .</b>	<u>\$ ---</u>	\$	<u>---</u>

**SYDNEY ENVIRONMENTAL RESOURCES LIMITED**

**Notes to the Financial Statements  
Year Ended March 31, 2001**

**1. AUTHORITY AND OBJECTIVE**

The Company was incorporated under the Nova Scotia Companies Act on July 10, 1990. It was established as a crown corporation of the Province of Nova Scotia by Order-in-Council on March 26, 1991. On January 7, 1998 the company changed its name from Sydney Tar Ponds Clean-Up Inc. to Sydney Environmental Resources Limited.

Its current objective is to utilize its resources in emerging community based environmental initiatives.

**2. CONTINUATION OF THE BUSINESS**

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon obtaining necessary funding from the Province of Nova Scotia and/or the Government of Canada.

**3. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with generally accepted accounting principles except as outlined below:

a) **Financing**

The Company, an agency of Her Majesty, receives legislative appropriations for operating expenditures. These appropriations are reflected as operating grants to the extent of operating expenditures. Any excess appropriations are accounted for as deferred operating grants. Consequently, the Company does not have any equity.

b) **Capital Assets**

In accordance with funding requirements, the cost of capital assets are accounted for as current operating expenditures.

**4. ASBESTOS ABATEMENT PROJECT**

The company has undertaken an Asbestos Abatement Project on its operating site in which it has entered in separate funding agreements with the Province of Nova Scotia for \$968,000 and Human Resources Development Canada for \$92,000. Total expenditures to March 31, 2001 were \$582,711 while \$512,930 was received from the funding partners, resulting in a net receivable of \$69,781.

Expenditures are summarized as follows:

Wages and benefits .....	\$	357,084
Supplies .....		111,870
Equipment .....		45,569
Asbestos disposal .....		32,371
Air monitoring .....		19,784
Employee training .....		16,033
	\$	<u>582,711</u>

**5. DUE FROM PROVINCE OF NOVA SCOTIA**

The payable to the Province of Nova Scotia as at March 31, 2001 represents operating funding received for the year ended March 31, 2001 in excess of operating expenditures.

**6. RELATED PARTY TRANSACTIONS**

During the year, the Company received a net current operating grant of \$1,854,400 (2000 - \$1,890,953) from the Province of Nova Scotia.

In addition to the above-noted related party transactions, the Company is related in terms of common ownership to all Province of Nova Scotia created departments, agencies and crown corporations. The Company enters into transactions with these entities in the normal course of business.

**7. COMPENSATION LEGISLATION**

The Company has complied with the provisions of the Public Sector Compensation Act.

**8. COMMITMENTS**

**a) Operations**

The Company has committed to the Province of Nova Scotia, that it will run its affairs in accordance with Provincial standards. Its operations will be accountable to the Province through the Minister responsible for Sydney Environmental Resources Limited.

**b) Land Lease**

The Company has entered into an agreement with Canadian National Railway Company to lease approximately 46 acres of land for an annual rental of \$1.00. The land gives the Company access to the Sydney Tar Ponds. The Company undertakes not to further contaminate any leased lands. The lease expires October 31, 2001.

**c) Sydney Steel Corporation**

The Company has undertaken to hire displaced Sydney Steel Corporation employees.

**9. SHARE CAPITAL**

Authorized  
50,000 common shares with no par value

Issued  
1 Share at \$1 \$           1

## AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of net assets in liquidation of Sydney Steel Corporation as at December 31, 2000, the balance sheet as at December 31, 1999 and the statements of loss, shareholder's equity (deficiency) and cash flows for the year ended December 31, 2000. These financial statements are 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.

As described in Note 2 to the financial statements, the Corporation has changed its basis of accounting as of December 31, 2000 from the going concern basis to the liquidation basis.

Note 7 to the financial statements describes the Province's commitment of directly assume legal responsibility for unfunded pension costs and obligations and directly assume legal responsibility for environmental matters related to the Sysco site. In as much as the Corporation has not disclosed in the statement of loss the obligations related to these matters nor has it disclosed in the statement of shareholder's equity (deficiency) the offsetting contribution by the Province to discharge these obligations, the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except for the effects of the departure described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999, the net assets in liquidation as at December 31, 2000 and the results of its operations and its cash flows for the year ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Sydney, Canada  
February 28, 2001

**SYDNEY STEEL CORPORATION**

**Statement of Net Assets in Liquidation  
December 31, 2000**

**ASSETS**

**in thousands)**

Current assets:		
Cash .....	\$	20,484
Accounts receivable .....		3,468
Contribution receivable from Province of Nova Scotia .....		12,315
Inventories .....		<u>4,492</u>
		40,759
Property, plant and equipment:		
Land, buildings and equipment , at cost .....		441,298
Less accumulated depreciation and write-downs .....		<u>441,297</u>
		1
Total assets .....	\$	<u><u>40,760</u></u>

**LIABILITIES**

Current liabilities		
Trade payables .....	\$	1,143
Wages, benefits and severances payable .....		9,851
Provision for estimated remaining closure costs .....		<u>3,316</u>
Total liabilities .....	\$	<u><u>14,310</u></u>
<b>Net assets in liquidation .....</b>	<b>\$</b>	<b><u><u>26,450</u></u></b>



**SYDNEY STEEL CORPORATION**

**Balance Sheet  
December 31, 1999**

**ASSETS**

(in thousands)

Current assets:	
Cash .....	\$ 13
Accounts receivable .....	9,538
Inventories .....	53,887
Prepaid expenses .....	<u>1,657</u>
	65,095
Property, plant and equipment:	
Land, buildings and equipment .....	441,231
Less accumulated depreciation and write-downs .....	<u>(415,896)</u>
	<u>25,335</u>
	<u>\$ 90,430</u>

**LIABILITIES AND SHAREHOLDER'S DEFICIENCY**

Current liabilities	
Cheques issued in excess of funds on deposit .....	\$ 2,648
Demand loans, guaranteed by the Province of Nova Scotia .....	142,047
Demand loans, secured by charge on inventory .....	13,315
Trade payables .....	15,260
Wages and benefits payable .....	<u>4,488</u>
	177,758
Accrued pension obligation .....	40,800
Shareholder's deficiency:	
Contributed surplus .....	523,018
Deficit .....	<u>(651,146)</u>
	<u>(128,128)</u>
	<u>\$ 90,430</u>

See accompanying notes to financial statements.

**SYDNEY STEEL CORPORATION**

**Statement of Loss  
Year Ended December 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
	(in thousands)	
Sales .....	\$ 66,335	\$ 85,865
Expenses and other income:		
Manufacturing .....	58,495	83,004
Repairs and maintenance .....	5,284	18,350
Administrative and selling .....	6,546	8,729
Interest on short-term borrowing .....	2,534	7,260
Interest on unfunded pension obligations (note 5) .....	3,264	3,000
Depreciation .....	3,305	2,955
Other income .....	<u>(1,337)</u>	<u>(2,944)</u>
	78,091	120,354
Loss before below-noted items .....	<u>11,756</u>	<u>34,489</u>
Special closure costs:		
Severances .....	12,315	---
Provision for write down of inventories .....	6,205	---
Provision for write down of capital assets .....	22,096	---
Provision for estimated remaining closure costs .....	<u>3,316</u>	<u>---</u>
	43,932	---
Loss for the year .....	<u>\$ 55,688</u>	<u>\$ 34,489</u>

**Statement of Shareholder's Equity (Deficiency)  
Year Ended December 31, 2000, with comparative figures for 1999**

	<b>Accumulated deficit</b>	<b>Contributed surplus</b>	<b>Total</b>
Balance, January 1, 1999 .....	\$ (616,657)	\$ 523,018	\$ (93,639)
Loss for the year .....	<u>(34,489)</u>	<u>---</u>	<u>(34,489)</u>
Balance, December 31, 1999 .....	(651,146)	523,018	(128,128)
Loss for the year .....	(55,688)	---	(55,688)
Contributions by the Province of Nova Scotia (note 6) .....	---	210,266	210,266
Balance, December 31, 2000 .....	<u>\$ (706,834)</u>	<u>\$ 733,284</u>	<u>\$ 26,450</u>

See accompanying notes to financial statements.

**SYDNEY STEEL CORPORATION**

**Statement of Cash Flows**  
**Year Ended December 31, 2000, with comparative figures for 1999**

	<b>2000</b>	<b>1999</b>
Cash provided by (used in):		
Operations:		
Loss for the year . . . . .	\$ (55,688)	\$ (34,489)
Items not involving cash:		
Depreciation . . . . .	3,305	2,955
Interest on unfunded pension obligations . . . . .	3,264	3,000
Provision for write down of inventories . . . . .	6,205	---
Provision for write down of capital assets . . . . .	22,096	---
Provision for estimated remaining closure costs . . . . .	3,316	---
Change in non-cash operating working capital :		
Decrease (increase) in accounts receivable . . . . .	6,070	(2,732)
Decrease (increase) in inventories . . . . .	43,190	(15,218)
Decrease (increase) in prepaid expenses . . . . .	1,657	(618)
Increase (decrease) in trade payables . . . . .	(14,117)	561
Increase in wages, benefits and severances payable . . . . .	5,363	739
	24,661	(45,802)
Financing:		
Repayment of demand loans . . . . .	(155,362)	---
Increase in demand loans . . . . .	---	51,677
Capital contributions by Province of Nova Scotia . . . . .	153,887	---
	(1,475)	51,677
Investments:		
Expenditures on property, plant and equipment . . . . .	(67)	(2,895)
	23,119	2,980
Increase in cash position . . . . .	23,119	2,980
Cash position, beginning of year . . . . .	(2,635)	(5,615)
Cash position, end of year . . . . .	\$ 20,484	\$ (2,635)

Cash position is defined as cash net of cheques issued in excess of funds on deposit.

See accompanying notes to financial statements.

## SYDNEY STEEL CORPORATION

### Notes to Financial Statements Year Ended December 31, 2000

Sydney Steel Corporation is a Crown Corporation incorporated by special act of the Province of Nova Scotia. Its principal business activities include the manufacturing of steel products.

#### 1. Future operations:

The Corporation (Sysco) is wholly owned by the Province of Nova Scotia (the Province).

On January 28, 2000 Sysco and the Province appointed Ernst & Young Inc. as agent with : mandate to sell the business or assets of the Corporation as a going concern or in any other manner.

On June 21, 2000, Sysco and the Province signed a tentative agreement with Duferco Steel (Nova Scotia) Limited (Duferco) which would have resulted in Duferco acquiring substantially all Sysco's assets and maintaining operations as a going concern. In early January 2001, Duferco withdrew from the agreement and the Province has indicated its intent to liquidate the assets of the Corporation.

#### 2. Basis of presentation:

For the period January 1, 2000 to December 30, 2000, Sysco's operations are reflected on a going concern basis. As a result of the terminated Duferco agreement and subsequent decision to liquidate the assets of the Corporation, the Corporation changed its basis of accounting for its financial statements as of December 31, 2000 from the going concern basis of accounting to the liquidation basis of accounting in accordance with generally accepted accounting principles. Consequently, assets have been valued at estimated net realizable values and liabilities are presented at their estimated settlement amounts, including costs associated with carrying out the liquidation. The actual realization of assets and settlement of liabilities could be higher or lower than amounts indicated and are based upon management's estimates as of December 31, 2000.

Differences between the stated amounts and actual cash transactions will be recognized in the period in which they can be determined.

#### 3. Use of estimates and measurements uncertainties:

The preparation of the financial statements of the Corporation in accordance with Canadian generally accepted accounting principles, including those applicable to the liquidation basis of accounting, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include fair values of assets held for liquidation, collectibility of accounts receivable and future liability settlement amounts. Actual results may differ from amounts estimated.

#### 4. Plan of liquidation:

Consequent with the termination of Duferco agreement, the Province and Sysco authorized Ernst & Young Inc. to call for proposals for the purchase or liquidation of the Company's assets. Responses are expected in late March, 2001 and the outcome of this process will dictate the nature and form of the final liquidation plan.

**5. Pension cost and obligations:**

The Corporation contributes to defined benefit plans on behalf of virtually all employees. Pursuant to a prior agreement, the Province had agreed to assume responsibility for pension costs and obligations of the Corporation accrued up to December 31, 1994. At that date, the Province became indebted to the plans in an amount equal to the estimated unfunded obligations at that time. Since January 1, 1995, the total pension expense recorded by the Corporation has been as follows:

Year ended	Current service	Plan amendments	Interest on unfunded obligations	Total
(in thousands)				
December 31, 1995. . . . .	\$ 634	\$ ---	\$ ---	634
December 31, 1996. . . . .	501	---	---	501
December 31, 1997. . . . .	648	35,000	---	35,648
December 31, 1998. . . . .	1,462	---	2,800	4,262
December 31, 1999. . . . .	1,604	---	3,000	4,604
December 31, 2000. . . . .	833	---	3,264	4,097

a) Current service:

Current service costs represent the cost of pension benefits provided in exchange for employees services rendered in the current period and for which the Corporation funds on a cash basis.

b) Plan amendments:

In 1997 the Corporation negotiated labor agreements which resulted in enhancements to its pension plans. The net present value of benefits related to the enhancements was estimated at \$35 million and the Corporation, in contemplation of divestiture, had included the full estimated cost of the enhancements separately in the 1997 Statement of Loss and accrued pension obligations.

c) Interest on unfunded obligations:

Because the Corporation had not yet provided funding for the \$35 million cost of 1997 plan amendments, the Corporation has included in the determination of income and in accrued pension obligations additional amounts of \$3.3, \$3.0 and \$2.8 million respectively in 2000, 1999 and 1998 representing interest on the unfunded obligations.

An actuarial review of the pension plans carried out as a December 31, 1999 indicated that pension plan liabilities exceeded pension plan assets by some \$102 million ( of this amount, \$40.8 million had been included in accrued pension obligations at December 31, 1999).

In addition, during the year 2000 the Company negotiated further pension enhancements having an estimated net present value of approximately \$40 million.

The province of Nova Scotia has agreed to accept responsibility for all unfunded pension plan obligations accrued up to the time of closure.

In its financial statements, the Corporation has accounted only for the current service, the 1997 plan amendments and interest on unfunded obligations described above and has recorded a transfer of \$44.1 million of accrued pension obligations at December 31, 2000 to the Province (see note 6).

The Corporation has not accounted for the incurrence nor subsequent transfer to the Province of the estimated remaining pension costs consisting principally of unfunded obligations measured at and since December 31, 1999 together with the cost of pension benefits negotiated during fiscal 2000 (see note 7).

**6. Contributions by the Province of Nova Scotia**

During the year, the Province made the following capital contributions to the Company:

• Contributions to the Corporation principally to assist in repaying bank indebtedness guaranteed by the Province .....	\$ 153,887
• Contributions to the Corporation principally to assist meeting severance obligations .....	12,315
• Assumption of pension obligations accrued in the accounts of the Corporation at December 30, 2000 .....	<u>44,064</u>
	<u>\$ 210,266</u>

**7. Other transactions with the Province of Nova Scotia**

a) Pension costs:

As described in notes 5 and 6, the Province has directly assumed responsibility for certain of the Corporation's pension costs and obligations. As a result, the Corporation has accounted for neither the incurrence of such costs in its Statement of Loss nor the subsequent capital contribution by the Province in assuming responsibility for the costs.

b) Environmental matters:

The Province of Nova Scotia has agreed to assume direct legal responsibility for any Sysco site environmental issues and consequently, management has not attempted to quantify any environmental obligations. As a result, the Corporation has accounted for neither the incurrence of such costs in its Statement of Loss nor the subsequent capital contribution by the Province in assuming responsibility for the costs.

TIDAL POWER CORPORATION

Balance Sheet  
as at March 31, 2001

	2001	2000
<b>Assets</b>		
Current Assets		
Bank . . . . .	\$ 43,672	\$ 41,615
Fixed Assets		
Office furniture . . . . .	7,178	7,178
Less Accumulated Depreciation . . . . .	4,068	3,709
	<u>3,110</u>	<u>3,469</u>
Computer Equipment . . . . .	4,875	4,875
Less Accumulated Depreciation . . . . .	2,922	2,435
	<u>1,953</u>	<u>2,440</u>
<b>Total Assets . . . . .</b>	<u><u>\$ 48,735</u></u>	<u><u>\$ 47,524</u></u>
<b>Liability</b>		
Liabilities . . . . .	\$ ---	\$ ---
<b>Equity</b>		
Opening retained earnings . . . . .	47,524	46,778
Current earnings . . . . .	1,211	746
Closing retained earnings . . . . .	<u>48,735</u>	<u>47,524</u>
<b>Long Term Liabilities/Equity . . . . .</b>	<u><u>\$ 48,735</u></u>	<u><u>\$ 47,524</u></u>

Income Statement  
for the year ended March 31, 2001

	2001	2000
<b>Revenue</b>		
Investment income . . . . .	\$ 2,075	\$ 1,592
<b>Total revenue . . . . .</b>	<u>2,075</u>	<u>1,592</u>
<b>Expenses</b>		
Administration-Bank charges . . . . .	\$ 18	\$ ---
Depreciation Expense		
Furniture/Equipment . . . . .	359	359
Computer . . . . .	487	487
<b>Total Expenses . . . . .</b>	<u>864</u>	<u>846</u>
<b>Net Income . . . . .</b>	<u><u>\$ 1,211</u></u>	<u><u>\$ 746</u></u>

## TIDAL POWER CORPORATION

Schedule of Interest and Charges  
year ended March 31, 2001

Month	Interest	Charges
April .....	\$ 153.86	---
May .....	159.62	---
June .....	172.28	---
July .....	178.69	---
August .....	179.51	---
September .....	174.39	---
October .....	180.99	---
November .....	175.92	---
December .....	182.49	---
January .....	183.28	---
February .....	157.96	---
March .....	175.52	17.50
<b>Total</b> .....	<u>\$ 2,074.51</u>	<u>\$ 17.50</u>

Notes to Financial Statements  
March 31, 2001**1. Authority**

The Tidal Power Corporation was established by the Tidal Power Corporation Act which came into force on April 22, 1971. The object of the Corporation is to obtain, for Nova Scotia, the maximum benefit which may be derived from exploitation of tidal power and undertakings which are ancillary to, connected with, or may arise as a result of exploitation.

**2. Significant Accounting Policies**

## Fixed Assets

Fixed assets are stated at cost. Depreciation is provided on a straight-line basis at an annual rate of 5% for office furniture and 10% for computer equipment.



## AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Trade Centre Limited as at March 31, 2001 and the statements of operations and deficit 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, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP  
Chartered Accountants

Halifax, Canada  
June 1, 2001

**TRADE CENTRE LIMITED**

**Balance Sheet**  
**March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 2,670,673	\$ 3,002,191
Accounts receivable (note 2) . . . . .	2,052,557	1,707,363
Inventories . . . . .	125,585	115,425
Prepaid expenses . . . . .	43,741	41,349
	4,892,556	4,866,328
Property and equipment (note 3):		
Land, building, furniture and equipment and tenant leaseholds . . . . .	38,593,751	38,073,897
Less accumulated depreciation and amortization . . . . .	(21,595,912)	(20,063,827)
	16,997,839	18,010,070
	\$ 21,890,395	\$ 22,876,398

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 1,455,562	\$ 1,207,016
Due to the Province of Nova Scotia . . . . .	561,065	608,909
Event deposits . . . . .	497,166	484,870
Deferred revenue . . . . .	16,443	46,103
	2,530,236	2,346,898
Shareholder's equity:		
Capital stock:		
Authorized: 1,000,000 common shares without par value		
Issued and outstanding: 100 common shares . . . . .	100	100
Contributed surplus (note 4) . . . . .	45,173,101	45,173,101
Deficit . . . . .	(25,813,042)	(24,643,701)
	19,360,159	20,529,500
	\$ 21,890,395	\$ 22,876,398

Commitments (note 5)

Contingencies (note 6)

See accompanying notes to financial statements.

**TRADE CENTRE LIMITED**

**Statement of Operations and Deficit  
Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
<b>Revenues:</b>		
Convention Centre . . . . .	\$ 5,122,152	\$ 5,190,150
Office Tower . . . . .	2,124,192	1,982,222
Exhibition Park . . . . .	1,196,062	---
World Trade Centre and Windows . . . . .	659,149	627,766
Halifax Regional Municipality Convention Centre Subsidy (note 8) . . . . .	471,925	457,292
	9,573,480	8,257,430
<b>Expenses:</b>		
Event expenses . . . . .	3,343,843	2,984,636
Salaries, wages and benefits . . . . .	2,084,013	1,765,278
Administration . . . . .	648,779	560,446
Advertising and marketing . . . . .	652,359	579,133
Maintenance . . . . .	857,844	598,699
Energy . . . . .	810,856	493,181
Taxes and insurance . . . . .	896,967	815,515
	9,294,661	7,796,888
Income before other items . . . . .	278,819	460,542
<b>Other income:</b>		
Gain on disposal of assets . . . . .	5,440	---
Interest income on short-term investments . . . . .	160,985	176,216
Pension contribution holiday . . . . .	---	98,682
	166,425	274,898
	445,244	735,440
<b>Other expenses:</b>		
Depreciation and amortization . . . . .	1,547,111	1,556,937
Loss for the year . . . . .	(1,101,867)	(821,497)
Deficit, beginning of year . . . . .	(24,643,701)	(23,822,204)
Change in accounting policy (note 1 (g)) . . . . .	(67,474)	---
Deficit, end of year . . . . .	\$ (25,813,042)	\$ (24,643,701)

See accompanying notes to financial statements.

**TRADE CENTRE LIMITED**

**Statement of Cash Flows**  
**Year ended March 31, 2001, with comparative figures for 2000**

	<b>2001</b>	<b>2000</b>
Cash provided by (used in):		
Operations:		
Loss for the year . . . . .	\$ (1,101,867)\$	(821,497)
Items not involving cash:		
Depreciation and amortization . . . . .	1,547,111	1,556,937
Gain on disposal of assets . . . . .	(5,440)	---
Change in non-cash operating working capital . . . . .	<u>(241,882)</u>	<u>71,938</u>
	197,922	807,378
Investments:		
Proceeds on disposal of furniture and equipment . . . . .	10,511	---
Purchase of property and equipment . . . . .	<u>(539,951)</u>	<u>(1,992,985)</u>
	(529,440)	(1,992,985)
Decrease in cash and cash equivalents . . . . .	<u>(331,518)</u>	<u>(1,185,607)</u>
Cash and cash equivalents, beginning of year . . . . .	3,002,191	4,187,798
Cash and cash equivalents, end of year . . . . .	<u>\$ 2,670,673</u>	<u>\$ 3,002,191</u>

See accompanying notes to financial statements.

**TRADE CENTRE LIMITED**

**Notes to Financial Statements  
Year ended March 31, 2001**

The Trade Centre Limited is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, leasing of office and commercial space and the operation of Exhibition Park. Trade Centre Limited is a government business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

**1. Significant accounting policies:**

(a) Divisional operations:

The Trade Centre Limited consists of four divisions; the Convention Centre, the Office Tower, Exhibition Park and the World Trade Centre. Revenue and expenses are recorded on the accrual basis.

(b) Cash and cash equivalents:

Cash and cash equivalents include amounts on deposit with financial institutions and investments with maturities of 90 days or less.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Property and equipment:

Property and equipment is stated at cost, net of government assistance. Depreciation and amortization is provided on the straight-line basis over the following terms:

<b>Asset</b>	<b>Rate</b>
Buildings	15 to 30 years
Furniture and equipment	3 to 5 years
Tenant leaseholds	Lease term

(e) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These significant estimates include the provision for the settlement of the Atlantic Winter Fair liabilities assumed upon taking over management of Exhibition Park. Actual results could differ from these estimates.

(f) Employee future benefits:

(i) Public service award:

Upon retirement, employees are eligible for a public service award equal to one week's salary per year of service to a maximum of six months salary. Management recognizes compensation expense on an accrual basis.

(ii) Pension Plan:

Full time employees of the Trade Centre Limited are members of the Nova Scotia Public Service Superannuation Plan. Accrued benefit obligations are recognized in the financial statements of the Province of Nova Scotia.

(g) Change in accounting policy

Trade Centre Limited has implemented Section 3461 of the CICA Handbook, Employee Future Benefits ("Section 3461") and has reported the cumulative effect of this change in the statement of operations and deficit as an adjustment to opening deficit for the year ended March 31, 2001. The change in accounting policy is for Public Service Awards, which were previously recognized as an expense when paid to retiring employees.

The cumulative effect of this change for Public Service Awards of \$67,474 is determined as of April 1, 2000 and is reported separately in the statement of operations and deficit as : restatement of the opening balance.

2. **Accounts receivable:**

	<b>2001</b>	<b>2000</b>
Halifax Metro Centre . . . . .	\$ 675,941	\$ 277,128
Due from Halifax Regional Municipality . . . . .	471,925	457,292
Convention Centre events . . . . .	404,161	657,567
Exhibition Park events . . . . .	341,469	35,031
Events Halifax funding . . . . .	183,717	95,014
World Trade Club . . . . .	34,438	68,794
Other . . . . .	19,669	17,675
Office Tower rents . . . . .	---	149,983
	<u>2,131,320</u>	<u>1,758,484</u>
Less allowance for doubtful accounts . . . . .	(78,763)	(51,121)
	<u>\$ 2,052,557</u>	<u>\$ 1,707,363</u>

3. **Property and equipment:**

	<b>Cost</b>	<b>Accumulated depreciation and amortization</b>	<b>2001 Net</b>	<b>2000 Net</b>
Land . . . . .	\$ 213,113	\$ ---	\$ 213,113	\$ 210,001
Building . . . . .	33,636,231	17,466,038	16,170,193	17,013,032
Furniture and equipment . . . . .	3,238,649	2,902,774	335,875	287,060
Tenant leaseholds . . . . .	1,505,758	1,227,100	278,658	499,977
	<u>\$ 38,593,751</u>	<u>\$ 21,595,912</u>	<u>\$ 16,997,839</u>	<u>\$ 18,010,070</u>

4. **Contributed surplus:**

	<b>2001</b>	<b>2000</b>
Government of Canada . . . . .	\$ 2,750,000	\$ 2,750,000
Halifax Regional Municipality . . . . .	1,500,000	1,500,000
Province of Nova Scotia . . . . .	40,923,101	40,923,101
	<u>\$ 45,173,101</u>	<u>\$ 45,173,101</u>

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

**5. Commitments:**

(a) Trade Centre Limited is committed to payments under operating leases with terms expiring between 2002 and 2004. Annual payments are as follows:

2002.....	\$	48,625
2003.....		48,625
2004.....		26,109

(b) Trade Centre Limited has entered into a contract in which they have guaranteed a minimum profit in the amount of \$3,000,000 to the Canadian Hockey Association in connection with the hosting of the world Junior Hockey Championship by the Halifax Metro Centre in 2003.

As of March 31, 2001, the event has sales commitments for approximately 7,000 ticket packages at \$580 each, for a total of \$4,060,000.

**6. Contingencies**

Trade Centre Limited is in a dispute with the Halifax Regional Municipality ("HRM") regarding an obligation to pay property taxes and grant-in-lieu of business occupancy taxes for Exhibition Park.

HRM has billed Trade Centre Limited approximately \$266,000 for fiscal 2001 taxes for Exhibition Park. No amount has been accrued as it is management's position that, as a crown corporation, Trade Centre Limited is exempt from these items.

**7. Operating subsidy from the Halifax Regional Municipality:**

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. In this respect, the Trade Centre Limited has recognized the contribution relating to the 2001 fiscal year in these financial statements.

**8. Related party transactions:**

The Trade Centre Limited rents significant office tower space to departments and agencies of the Province of Nova Scotia.

For the year ended March 31, 2001, rental revenue and tenant recoveries included \$1,695,850 (2000 - \$1,519,182 ) received from departments and agencies of the Province of Nova Scotia.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

**9. Events Halifax:**

Events Halifax ("Eh!") is a new division of the Centre established in fiscal 2000. The purpose of Eh! is to provide marketing and promotion services for the benefit of bringing major sporting and cultural events to the Halifax Regional Municipality.

Convention centre revenue and advertising and marketing expense both include the amount of \$209,245 (2000 - \$165,635 ) relating to the operations of Eh!. Contributions in the amount of \$15,645 (2000 - \$24,088) have been deferred and included in deferred revenue.

TRANSPORTATION TRUST FUND

Continuity of Transportation Trust Fund  
for the year ended March 31, 2001

	2001	2000
Balance, beginning of year . . . . . \$	--- \$	---
<i>Add:</i> Revenue collected during year . . . . .	35,629,724.00	38,211,162.63
	<u>35,629,724.00</u>	<u>38,211,162.63</u>
 <i>Deduct:</i> Refund of Payments . . . . .	 8,073,506.00	 193,309.92
Department of Transportation and Public Works Expenditures (Schedule 1) . . . . .	23,458,818.78	25,080,401.87
Transfer to consolidated Fund . . . . .	4,112,095.22	12,937,450.84
	<u>35,644,420.00</u>	<u>38,211,162.63</u>
Balance - end of year . . . . . \$	<u>--- \$</u>	<u>---</u>

Transportation Trust Fund Expenditures  
for the year ended March 31, 2001

Highway	2001	2000
101 . . . . . \$	3,652,383.69 \$	1,721,786.36
102 . . . . .	4,576,798.11	2,446,125.49
103 . . . . .	1,221,732.75	4,176,993.11
104 . . . . .	5,791,201.59	8,509,456.62
105 . . . . .	3,188,878.48	2,668,029.29
106 . . . . .	157,966.05	---
107 . . . . .	160,000.00	2,629,926.88
111 . . . . .	297,368.21	9,737.77
113 . . . . .	500,000.00	66,474.50
118 . . . . .	---	1,667.90
125 . . . . .	3,840,319.80	2,816,664.89
142 . . . . .	---	---
Misc . . . . .	72,170.10	33,539.06
Total Expenditure . . . . . \$	<u>23,458,818.78 \$</u>	<u>25,080,401.87</u>



## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the balance sheet of Upper Clements Family Theme Park Limited as at March 31, 2001, and the statement of income and deficit 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 Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. SALMON, F.C.A.  
Auditor General

Halifax, Nova Scotia  
May 9, 2001

**UPPER CLEMENTS FAMILY THEME PARK LIMITED**

**Balance Sheet  
as at March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash .....	\$ <u>107</u>	\$ <u>1,904</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities .....	\$ 4,680	\$ 296
Current portion of long-term liability .....	<u>---</u>	<u>813</u>
	<u>4,680</u>	<u>1,109</u>
<b>Long-term</b>		
Workers' compensation benefits liability (Note 2) .....	<u>---</u>	<u>10,436</u>
<b>Equity</b>		
Capital stock .....	1	1
Contributed surplus (Note 3) .....	5,667,174	5,667,174
Deficit .....	<u>(5,671,748)</u>	<u>(5,676,816)</u>
	<u>(4,573)</u>	<u>(9,641)</u>
	\$ <u>107</u>	\$ <u>1,904</u>

Contingency (Note 5)

**Statement of Income and Deficit  
for the year ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>Revenue</b>		
Contributions from the Province (Note 4) .....	\$ 31,700	\$ 24,000
Refund on Safety Deposit box. ....	<u>---</u>	<u>40</u>
	31,700	24,040
<b>Expenses</b>		
Professional fees .....	2,000	1,000
Workers' compensation benefits (Note 2) .....	32,037	26,522
Dues and fees .....	85	85
Miscellaneous .....	<u>79</u>	<u>35</u>
	34,201	27,642
Less: Adjustment to workers' compensation benefits (Note 2) .....	<u>7,569</u>	<u>15,419</u>
	<u>26,632</u>	<u>12,223</u>
<b>Net Income</b> .....	<u>5,068</u>	<u>11,817</u>
<b>Deficit, beginning of year</b> .....	<u>(5,676,816)</u>	<u>(5,688,633)</u>
<b>Deficit, end of year</b> .....	\$ <u>(5,671,748)</u>	\$ <u>(5,676,816)</u>

See accompanying notes to financial statements.

**UPPER CLEMENTS FAMILY THEME PARK LIMITED**

**Notes to Financial Statements  
March 31, 2001**

**1. Authority**

The Upper Clements Family Theme Park Limited was created by Order-in-Council #88-17 for the purpose of assisting in the establishment and operation of a family theme park. On April 6, 1994 the Company transferred all of its fixed assets to its shareholder, the Province of Nova Scotia.

The Province has subsequently entered into leasing arrangements with third parties to continue the operations of the park, the latest effective February 1, 1997 to January 31, 2007. Revenue and costs associated with the lease arrangements are included in the accounts of the Province.

The Company's affairs are being managed by staff of the Department of Tourism and Culture, and it is not actively involved in the operation of the family theme park.

**2. Significant Accounting Policies**

*(a) Basis of Financial Statement Presentation*

These financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the balance sheet and income statement is considered adequate.

*(b) Workers' Compensation Benefits*

This balance represents management's best estimate of the present value of the future payments required for workers' compensation benefits of a former employee. An adjustment to workers' compensation benefits occurs when changes are made to the assumptions used in estimating the long-term liability. During the 2001 fiscal year, a settlement was accepted by the individual receiving benefit payments which eliminated the long-term liability.

**3. Contributed Surplus**

The contributed surplus balance represents the Province of Nova Scotia's investment in the fixed assets of the park when it was created net of a reduction made in 1994 when the fixed assets were transferred to the Province. No gain or loss was realized on the transfer.

**4. Economic Dependence and Related Party Transactions**

The Province of Nova Scotia is a related party of the Company. The Company is economically dependent on contributions from the Province of Nova Scotia to continue operating. The extent to which this assistance will be received in the future has not been determined. Details of any transactions between the related parties are separately disclosed in the financial statements.

**5. Contingent Liability**

An individual, who incurred injuries while working at the park and was receiving workers' compensation benefits, received a lump sum settlement this year. At some point in the future, if the individual's condition becomes worse, additional workers' compensation benefits would be payable by the Company.

## VICTIMS' ASSISTANCE FUND

Balance Sheet  
as at March 31, 2001

## ASSETS

	2001	2000
Cash .....	\$ 292,274.87	\$ 260,334.40
Investments .....	747,187.27	814,829.50
	<u>\$ 1,039,462.14</u>	<u>\$ 1,075,163.90</u>

## LIABILITIES

Fund .....	<u>\$ 1,039,462.14</u>	<u>\$ 1,075,163.90</u>
------------	------------------------	------------------------

Continuity of Fund  
for the year ended March 31, 2001

	2001	2000
Balance, beginning of year .....	\$ 1,075,163.90	\$ 1,079,392.59
Receipts:		
Investment income .....	37,311.33	35,310.24
Bank interest .....	19,392.77	16,795.85
Deposits .....	843,542.69	941,967.68
	<u>900,246.79</u>	<u>994,073.77</u>
Disbursements .....	(935,948.55)	(998,302.46)
Balance, end of year .....	<u>\$ 1,039,462.14</u>	<u>\$ 1,075,163.90</u>

Note to the Financial Statements  
March 31, 2001

Investments at March 31, 2001 consisted of the following:

\$156,465.69 Honda Canada Finance		
4.94% March 15, 2001 to April 26, 2001 .....	\$	155,581.68
596,942.25 CIBC Banker's Acceptance		
5.4% January 31, 2001 to April 2, 2001 .....		591,605.59
	<u>\$</u>	<u>747,187.27</u>

## AUDITORS' REPORT

To the Shareholder of  
Waterfront Development Corporation Limited

We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 2001 and the statements of earnings 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 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, 2001, and the results of its operations and cash flows for the year ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP  
Chartered Accountants

Halifax, Nova Scotia  
May 11, 2001

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Statement of Earnings and Retained Earnings  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Revenue		
Rents .....	\$ 2,790,989	\$ 3,011,407
Recoveries .....	1,778	3,615
Interest income .....	11,327	9,932
Other income .....	25,941	21,125
Gain on sale of properties .....	307,484	
Grant revenue		
Non-owned infrastructure .....	---	196,762
	<u>3,137,519</u>	<u>3,242,841</u>
Property Expenses		
Property taxes .....	47,635	55,321
Operating .....	538,984	423,797
Depreciation and amortization .....	248,067	221,280
	<u>834,686</u>	<u>700,398</u>
Income before other items .....	<u>2,302,833</u>	<u>2,542,443</u>
Corporate expenses		
Directors fees and expenses .....	21,798	16,701
Doubtful accounts .....	3,519	1,442
Office operations .....	51,945	50,219
Professional fees		
Audit .....	12,050	9,500
Consultants .....	14,502	54,558
Planning study .....	72,321	109,337
Legal .....	15,066	12,941
Salaries and benefits .....	341,110	329,476
Waterfront promotions and public relations .....	8,229	14,677
	<u>540,540</u>	<u>598,851</u>
Loan interest		
Expense .....	805,126	743,259
Contributions from the Province of Nova Scotia .....	---	(302,400)
	<u>805,126</u>	<u>440,859</u>
Depreciation on facilities for public access .....	79,511	79,672
Contribution to non-owned infrastructure .....	6,136	315,362
	<u>1,431,313</u>	<u>1,434,744</u>
Net earnings .....	\$ <u>871,520</u>	\$ <u>1,107,699</u>
Retained earnings (deficit), beginning of year .....	\$ 826,047	\$ (2,486,652)
Net earnings .....	871,520	1,107,699
Transfer (to) from General Development Fund (Note 7) .....	(450,000)	2,205,000
Transfer to Infrastructure Renewal Fund (Note 8) .....	<u>(400,000)</u>	<u>---</u>
Retained earnings, end of year .....	\$ <u>847,567</u>	\$ <u>826,047</u>

See accompanying notes to the financial statements.

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Balance Sheet  
March 31, 2001**

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Receivables - trade .....	\$ 180,122	\$ 252,182
Notes receivable (Note 3) .....	112,176	148,821
Prepays .....	24,054	20,987
Real estate and development projects (Note 4) .....	26,744,052	28,484,825
Deferred pension cost .....	11,791	12,697
	<u>\$ 27,072,195</u>	<u>\$ 28,919,512</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5 and 9) .....	\$ 149,024	\$ 343,168
Payables and accruals .....	462,775	502,468
Deferred dock recovery .....	15,000	
Loan payable (Note 5) .....	<u>10,100,000</u>	<u>12,600,000</u>
	<u>10,726,799</u>	<u>13,445,636</u>
<b>SHAREHOLDER'S EQUITY</b>		
Capital stock (Note 6) .....	3	3
General Development Fund (Note 7) .....	1,350,000	900,000
Infrastructure Renewal Fund (Note 8) .....	400,000	
Contributed surplus .....	13,747,826	13,747,826
Retained Earnings .....	847,567	826,047
	<u>16,345,396</u>	<u>15,473,876</u>
	<u>\$ 27,072,195</u>	<u>\$ 28,919,512</u>

Commitments (Note 10)

See accompanying notes to the financial statements.

**WATERFRONT DEVELOPMENT CORPORATION LIMITED**

**Statement of Cash Flows  
Year Ended March 31, 2001**

	<b>2001</b>	<b>2000</b>
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net earnings . . . . .	\$ 871,520	\$ 1,107,699
Gain on sale of property . . . . .	(307,484)	---
Depreciation and amortization . . . . .	<u>327,578</u>	<u>300,952</u>
	891,614	1,408,651
Change in non-cash operating working capital (Note 9) . . . . .	<u>45,206</u>	<u>(24,543)</u>
	<u>936,820</u>	<u>1,384,108</u>
<b>Financing</b>		
Decrease in notes receivable, net. . . . .	36,645	27,910
Decrease in capital grants receivable. . . . .	---	706,048
Decrease in loan payable . . . . .	<u>(2,500,000)</u>	<u>(1,000,000)</u>
	<u>(2,463,355)</u>	<u>(266,042)</u>
<b>Investing</b>		
Purchase of		
Equipment . . . . .	(5,050)	(21,245)
Real estate and construction projects . . . . .	(498,842)	(348,872)
Proceeds from sale of property . . . . .	<u>2,224,571</u>	<u>---</u>
	<u>1,720,679</u>	<u>(370,117)</u>
Net increase in cash and cash equivalents . . . . .	194,144	747,949
Bank indebtedness, net of cash and cash equivalents		
Beginning of year . . . . .	<u>(343,168)</u>	<u>(1,091,117)</u>
End of year . . . . .	<u>\$ (149,024)</u>	<u>\$ (343,168)</u>

See accompanying notes to the financial statements.



# WATERFRONT DEVELOPMENT CORPORATION LIMITED

## Notes to the Financial Statements

March 31, 2001

### 1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is the stewardship, long term development and revitalization of the Halifax and Dartmouth waterfronts, including the encouragement of promotional activity to attract public attention and use of these areas.

### 2. Summary of significant accounting policies

#### Capitalization

All expenditures directly related to acquisition, renovation and development are included in the cost of real estate.

#### Government assistance

Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

#### Income taxes

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of The Income Tax Act.

#### Depreciation

##### Building and equipment

Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

##### Long-term lease

The cost of the lease referred to in Note 4 is amortized over its term.

##### Development costs

Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

#### Use of estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### Bank indebtedness and cash equivalents

Bank indebtedness is comprised of cash on hand, cash held in banks and an operating line of credit.

<b>3. Notes receivable</b>	<b>2001</b>	<b>2000</b>
Note receivable bearing interest at 7%, repayable in blended monthly payments of \$1,185, maturing March 2002, secured by an assignment of land and building. . . . .	\$ 13,877	\$ 26,649
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of \$1,712, maturing June 2006. \$75,000 of the principal amount has been guaranteed by a third party . . . . .	82,389	104,756
Note receivable bearing interest at 9%, repayable in blended monthly payments of \$253, maturing April 2008 . . . . .	15,910	17,416
	<u>\$ 112,176</u>	<u>\$ 148,821</u>

<b>4. Real estate and development projects</b>		<b>2001</b>	<b>2000</b>
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
			<b>Net Book Value</b>
Facilities for public access . . . . .	\$ 6,415,085	\$ 1,199,187	\$ 5,215,898
Real estate and development projects . . . . .	<u>25,145,373</u>	<u>3,617,219</u>	<u>21,528,154</u>
	<u>\$ 31,560,458</u>	<u>\$ 4,816,406</u>	<u>\$ 26,744,052</u>
			<u>\$ 28,484,825</u>

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

**5. Credit facility**

The Corporation has available a combined credit facility of \$14,500,000 bearing interest at prime, less one percent. The line is secured by a guarantee of the Province of Nova Scotia. Of this amount, \$1,000,000 has been allocated to operations with the remaining \$13,500,000 for capital projects. To date \$188,290 and \$10,100,000 have been drawn on the operating and capital lines, respectively. In addition, the Corporation has the ability to borrow additional funds on an unsecured basis with interest at prime less 1/2%.

**6. Capital stock**

	<b>2001</b>	<b>2000</b>
Authorized 5,000 shares without nominal or par value		
Issued: 3 shares . . . . .	<u>\$ 3</u>	<u>\$ 3</u>

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

**7. General Development Fund**

	<b>2001</b>	<b>2000</b>
Beginning balance.....	\$ 900,000	\$ 3,105,000
Transfer from (to) operations.....	<u>450,000</u>	<u>(2,205,000)</u>
Ending balance.....	<u>\$ 1,350,000</u>	<u>\$ 900,000</u>

The Board of Directors has established this fund for future development and promotional projects. Expenditures from this fund will be at their discretion.

**8. Infrastructure Renewal Fund**

The infrastructure renewal fund shall be used for the renewal or replacement of public use facilities such as wharves, boardwalks, and parks, when such work is required as a result of aging. In general, the fund will not be used for ordinary repairs necessitated by other causes, or for repair/replacement of minor portions of such assets. Exceptions may be made when deemed appropriate by management in consultation with the Board.

**9. Supplemental cash flow information**

Change in non cash operating working capital

	<b>2001</b>	<b>2000</b>
Receivables.....	\$ 72,060	\$ (130,102)
Operating grants receivable.....	---	162,720
Deferred dock recovery.....	15,000	---
Prepays.....	(3,067)	(20,987)
Payables and accruals.....	(39,693)	(37,082)
Deferred pension cost.....	906	908
	<u>\$ 45,206</u>	<u>\$ (24,543)</u>

Bank indebtedness and cash equivalents are comprised of the following:

Cash in bank account and on hand.....	\$ 39,266	\$ 16,039
Line of credit.....	<u>(188,290)</u>	<u>(359,207)</u>
	<u>\$ (149,024)</u>	<u>\$ (343,168)</u>
Interest paid.....	<u>\$ 805,126</u>	<u>\$ 743,259</u>

**10. Commitments**

- (i) The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2002.....	1,016
2003.....	1,016
2004.....	1,016
2005.....	1,016
2006.....	1,016

- (ii) As part of the Bishop's Landing development project, the Corporation is committed to construct a public park and parking plaza anticipated to be in the range of \$500,000.

**11. Financial instruments**

The fair values of cash and receivables approximate their carrying amounts because of their short term to maturity. The fair value of loans receivable approximate their carrying amounts because of variable interest rates and an insignificant fluctuation in the interest rates for those with fixed rates.

The fair values of payables and accruals and note payable approximate their carrying amounts because of their short term to maturity and variable interest rate.

**12. Employee pension plan**

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Sector Superannuation Plan. The plan required the payment costs for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at December 31, 1999 and includes pension assets of \$2,881,300,000, and pension liabilities of \$2,723,800,000, resulting in a pension surplus of \$157,500,000. This surplus has resulted in a pension holiday for its participants. The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only three employees.

**13. Subsequent event**

Effective April 1, 2001, Waterfront Development Corporation Limited amalgamated with the Bedford Waterfront Development Corporation Limited.

## AUDITORS' REPORT

To the Chairman and Members of the Board of Directors  
Western Regional Health Board

We have audited the statement of financial position of the Western Regional Health Board as at March 31, 2001 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 Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP  
Chartered Accountants

June 15, 2001

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Operations  
Year Ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Revenue</b>				
Department of Health				
Operating funding . . . . .	\$ 95,371,554	\$ ---	\$ 95,371,554	\$ 124,830,584
Year 2000 funding . . . . .	---	---	---	1,978,051
Department of Veteran's Affairs . . . . .	3,217,878	---	3,217,878	4,290,504
Patient services . . . . .	3,023,261	---	3,023,261	3,594,119
Physician funding . . . . .	2,704,988	---	2,704,988	3,613,457
Program recoveries and sales . . . . .	3,770,474	---	3,770,474	5,211,938
Amortization of deferred capital grants . . . . .	---	5,634,383	5,634,383	7,471,087
Other . . . . .	557,587	7,037	564,624	408,908
	<u>108,645,742</u>	<u>5,641,420</u>	<u>114,287,162</u>	<u>151,398,648</u>
<b>Expenses</b>				
Administration and support . . . . .	3,281,942	---	3,281,942	4,258,753
Addiction services . . . . .	2,714,382	---	2,714,382	4,248,942
Diagnostic imaging . . . . .	5,813,562	---	5,813,562	7,591,820
Environmental services . . . . .	4,948,000	---	4,948,000	6,088,110
Finance . . . . .	1,162,455	---	1,162,455	1,683,236
Food & nutritional services . . . . .	6,748,973	---	6,748,973	8,772,061
Health registry . . . . .	3,032,504	---	3,032,504	3,724,555
Human resources . . . . .	894,401	---	894,401	1,478,420
Information services . . . . .	1,777,948	---	1,777,948	1,827,144
Laboratory . . . . .	7,572,246	---	7,572,246	10,063,420
Materials management . . . . .	2,883,966	---	2,883,966	3,658,759
Mental health . . . . .	7,215,613	---	7,215,613	10,078,416
Nursing . . . . .	44,864,805	---	44,864,805	57,724,525
Pharmacy . . . . .	1,070,831	---	1,070,831	1,421,601
Plant & support services . . . . .	7,193,201	---	7,193,201	9,160,258
Public Health . . . . .	2,862,764	---	2,862,764	3,713,211
Rehabilitation services . . . . .	1,976,830	---	1,976,830	2,476,874
Other programs . . . . .	2,303,928	---	2,303,928	2,973,244
Retirement allowances . . . . .	66,868	---	66,868	1,978,051
Depreciation . . . . .	---	6,032,185	6,032,185	8,019,914
Interest . . . . .	---	159,885	159,885	228,659
Other . . . . .	251,712	56,370	308,082	1,024,658
	<u>108,636,931</u>	<u>6,248,440</u>	<u>114,885,371</u>	<u>152,194,631</u>
Excess (deficiency) of revenues over expenses before accumulated deficit and debt incremental funding . . . . .	<u>8,811</u>	<u>(607,020)</u>	<u>(598,209)</u>	<u>(795,983)</u>
Accumulated deficit and debt incremental funding (Note 4) . . . . .	---	---	---	19,392,568
<b>Excess (deficiency) of revenues over expenses . . . . .</b>	<u>\$ 8,811</u>	<u>\$ (607,020)</u>	<u>\$ (598,209)</u>	<u>\$ 18,596,585</u>

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Financial Position  
as at March 31, 2001**

**ASSETS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Current</b>				
Cash and cash equivalents (Page 586).....\$	---	\$ ---	---	\$ 4,388,515
Accounts receivable (Note 5).....	---	---	---	24,012,371
Inventory .....	---	---	---	2,283,962
Prepaid expenses .....	---	---	---	768,892
	<u>---</u>	<u>---</u>	<u>---</u>	<u>31,453,740</u>
<b>Long-term assets (Note 6) .....</b>	---	---	---	668,383
<b>Property, plant and equipment (Note 7) .....</b>				
	---	---	---	129,986,155
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 162,108,278</u>

**LIABILITIES**

<b>Current</b>				
Accounts payable and accrued liabilities (Note 8)..... \$	---	\$ ---	---	\$ 21,200,006
Current portion of long-term debt (Note 9) .....	---	---	---	185,513
Revenue received in advance.....	---	---	---	5,211,480
	<u>---</u>	<u>---</u>	<u>---</u>	<u>26,596,999</u>
<b>Long-term debt (Note 9) .....</b>	---	---	---	837,832
<b>Deferred capital grants (Note 10) .....</b>				
	---	---	---	131,464,690
	<u>---</u>	<u>---</u>	<u>---</u>	<u>158,899,521</u>

**FUND BALANCES**

<b>Restricted (Page 584) .....</b>	---	---	---	332,567
<b>Unrestricted (Page 584) .....</b>	---	---	---	2,876,190
	<u>---</u>	<u>---</u>	<u>---</u>	<u>3,208,757</u>
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 162,108,278</u>

**WESTERN REGIONAL HEALTH BOARD**

**Statement of Changes in Fund Balances  
as at March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Restricted Fund Balances</b>				
Balance, beginning of year. . . . . \$	78,581 \$	253,986 \$	332,567 \$	854,778
Transfer to unrestricted fund . . . . .	---	---	---	(522,211)
Restricted fund balance transferred to:				
South Shore District				
Health Authority. . . . .	(8,364)	---	(8,364)	---
South West Nova District				
Health Authority. . . . .	(70,217)	(10,645)	(80,862)	---
Annapolis Valley District				
Health Authority. . . . .	---	(243,341)	(243,341)	---
	<u>---</u>	<u>(243,341)</u>	<u>(243,341)</u>	<u>---</u>
Balance, end of year. . . . .	<u>---</u>	<u>---</u>	<u>---</u>	<u>332,567</u>
<b>Unrestricted Fund Balances</b>				
Balance, beginning of year. . . . .	(1,934,611)	4,810,801	2,876,190	(16,242,606)
Transfer from restricted fund. . . . .	---	---	---	522,211
Transfer from capital fund . . . . .	1,925,800	(1,925,800)	---	---
Unrestricted fund balance transferred to:				
South Shore District				
Health Authority. . . . .	---	(227,947)	(227,947)	---
South West Nova District				
Health Authority. . . . .	---	(652,143)	(652,143)	---
Annapolis Valley District				
Health Authority. . . . .	---	(1,397,891)	(1,397,891)	---
Excess (deficiency) of revenues over expenses (Page 582) . . . . .	<u>8,811</u>	<u>(607,020)</u>	<u>(598,209)</u>	<u>18,596,585</u>
Balance, end of year. . . . .	<u>---</u>	<u>---</u>	<u>---</u>	<u>2,876,190</u>
<b>Total Fund Balances. . . . .</b> \$	<u>---</u> \$	<u>---</u> \$	<u>---</u> \$	<u>3,208,757</u>



**WESTERN REGIONAL HEALTH BOARD**

**Statements of Cash Flows  
Year Ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Net inflow (outflow) of cash related to the following activities:</b>				
<b>Operating</b>				
Excess (deficiency) of revenues over expenses (Page 582) . . . . . \$	8,811 \$	(607,020)\$	(598,209)\$	18,596,585
Adjusted for:				
Depreciation (Page 582). . . . .	---	6,032,185	6,032,185	8,019,914
Amortization (Page 582) . . . . .	---	(5,634,383)	(5,634,383)	(7,471,087)
Changes in working capital items (Note 13) . . . . .	(6,881,371)	7,566,667	685,296	(16,792,559)
Appropriation from capital . . . . .	1,925,800	(1,925,800)	---	---
	<u>(4,946,760)</u>	<u>5,431,649</u>	<u>484,889</u>	<u>2,352,853</u>
<b>Financing</b>				
Disposition of long-term debt:				
South Shore District				
Health Authority. . . . .	---	(724,900)	(724,900)	---
South West Nova District				
Health Authority. . . . .	---	(24,818)	(24,818)	---
Annapolis Valley District				
Health Authority. . . . .	---	(134,119)	(134,119)	---
Disposition of deferred capital grants:				
South Shore District				
Health Authority. . . . .	---	(27,153,655)	(27,153,655)	---
South West Nova District				
Health Authority. . . . .	---	(57,907,823)	(57,907,823)	---
Annapolis Valley District				
Health Authority. . . . .	---	(45,897,177)	(45,897,177)	---
Assumption of long-term debt . . . . .	---	---	---	377,383
Proceeds from capital grants (Note 10). . . . .	---	5,128,348	5,128,348	32,600,095
Repayment of long-term debt . . . . .	---	(139,508)	(139,508)	(3,353,964)
	<u>---</u>	<u>(126,853,652)</u>	<u>(126,853,652)</u>	<u>29,623,514</u>

**WESTERN REGIONAL HEALTH BOARD**

**Statements of Cash Flows (continued)  
Year Ended March 31, 2001**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
<b>Investing</b>				
Net decrease in restricted fund balance to:				
South Shore District				
Health Authority. . . . .	(8,364)	---	(8,364)	---
South West Nova District				
Health Authority. . . . .	(70,217)	(10,645)	(80,862)	---
Annapolis Valley District				
Health Authority. . . . .	---	(243,341)	(243,341)	---
Net decrease in unrestricted fund balance to:				
South Shore District				
Health Authority. . . . .	---	(227,947)	(227,947)	---
South West Nova District				
Health Authority. . . . .	---	(652,143)	(652,143)	---
Annapolis Valley District				
Health Authority. . . . .	---	(1,397,891)	(1,397,891)	---
Transfer of long-term assets to:				
South Shore District				
Health Authority. . . . .	427,076	---	427,076	---
South West Nova District				
Health Authority. . . . .	77,260	---	77,260	---
Annapolis Valley District				
Health Authority. . . . .	92,328	---	92,328	---
Proceeds from long-term assets . . .	40,162	---	40,162	---
Transfer of long-term assets to:				
South Shore District				
Health Authority. . . . .	---	27,402,754	27,402,754	---
South West Nova District				
Health Authority. . . . .	---	58,542,418	58,542,418	---
Annapolis Valley District				
Health Authority. . . . .	---	47,267,628	47,267,628	---
Investment in long-term assets. . . .	---	---	---	(620,004)
Acquisitions of property, plant and equipment . . . . .	---	(9,534,350)	(9,534,350)	(27,695,211)
Proceeds on disposals of property, plant and equipment. . . . .	---	275,520	275,520	526,329
	558,245	121,422,003	121,980,248	(27,788,886)
Net cash (outflow) inflow . . . . .	(4,388,515)	---	(4,388,515)	4,187,481
Cash and cash equivalents, beginning of year. . . . .	4,388,515	---	4,388,515	201,034
Cash and cash equivalents, end of year. . . . .	\$ ---	\$ ---	\$ ---	\$ 4,388,515

**WESTERN REGIONAL HEALTH BOARD**

**Notes to the Financial Statements  
Year Ended March 31, 2001**

**1. DESCRIPTION OF ORGANIZATION**

The Western Regional Health Board was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 30, 1994. The Board's mission is to facilitate the development of community based primary health care in the Western Region of Nova Scotia and ensure the provision of quality primary and secondary health services in response to identified needs.

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards, District Health Authorities and respective Provincial Health Care Centres. This Act provides for the establishment of District Health Authorities effective January 1, 2001 to govern and manage the delivery of all health services formerly under the governance of the Western Regional Health Board. Current year financial statements include nine months operations of the Western Regional Health Board from April 1, 2000 to December 31, 2000. Operations from January 1, 2001 to March 31, 2001 are presented in the financial statements of the following District Health Authorities:

DHA #1	-	South Shore District Health Authority
DHA #2	-	South West Nova District Health Authority
DHA #3	-	Annapolis Valley District Health Authority

**2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES**

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred, in accordance with the allocation methodology approved by the Department of Health, to District Health Authority (#1), District Health Authority (#2) and District Health Authority (#3) effective January 1, 2001 as follows:

	Dec.31,2000 WRHB	January 1, 2001			Total Transferred
		DHA#1	DHA#2	DHA#3	
Cash and cash equivalents . . . . . \$	3,694,177	1,571,952	(668,230)	2,790,455	3,694,177
Accounts receivable . . . . .	16,899,476	4,563,596	6,241,863	6,094,017	16,899,476
Inventory . . . . .	2,462,606	626,811	822,494	1,013,301	2,462,606
Prepaid expenses . . . . .	998,671	274,712	325,595	398,364	998,671
Long-term assets . . . . .	596,664	427,076	77,260	92,328	596,664
Property, plant & equipment (net book value) . . . . .	133,212,800	27,402,754	58,542,418	47,267,628	133,212,800
Accounts payable and accrued liabilities . . . . .	(17,990,301)	(5,183,299)	(5,029,594)	(7,777,408)	(17,990,301)
Current portion of long-term debt . . . . .	(189,198)	(154,311)	(5,447)	(29,440)	(189,198)
Revenue received in advance . . . . .	(5,421,053)	(1,568,736)	(1,646,160)	(2,206,157)	(5,421,053)
Long-term debt . . . . .	(694,639)	(570,589)	(19,371)	(104,679)	(694,639)
Deferred capital grants . . . . .	(130,958,655)	(27,153,655)	(57,907,823)	(45,897,177)	(130,958,655)
Restricted fund balance . . . . .	(332,567)	(8,364)	(80,862)	(243,341)	(332,567)
Unrestricted fund balance . . . . .	(2,277,981)	(227,947)	(652,143)	(1,397,891)	(2,277,981)
	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

### 3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and include the following significant accounting policies:

#### a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Western Regional Health Board's capital assets and special purposes and endowment funds.

#### b) Revenue Recognition

The Western Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances. Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Designated capital assets are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

#### d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

#### e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

### 4. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING

During the year ended March 31, 2001, the Department of Health provided funding to cover accumulated debts and deficits to March 31, 1999 of Regional Health Boards and Non-Designated Organization. This incremental one-time amount was applied in the amount of \$19,392,568 for operating deficits which is included in revenue. The amount applied for capital was \$1,069,362 was recorded as a contribution to deferred capital grants.

**5. ACCOUNTS RECEIVABLE**

	<b>Total 2001</b>	<b>Total 2000</b>
Department of Health		
Operating funding . . . . .	\$ ---	\$ 8,582,233
Early Departure and Retirement Incentives . . . . .	---	838,957
Capital grants . . . . .	---	9,051,897
Department of Veteran's Affairs . . . . .	---	51,334
Patient Care . . . . .	---	1,021,825
HST rebates . . . . .	---	1,041,063
Extended care facilities . . . . .	---	844,049
Homecare/VON . . . . .	---	176,534
Charitable foundations . . . . .	---	1,207,196
Psychiatric recoveries . . . . .	---	355,574
Federal grant funding . . . . .	---	258,664
Other . . . . .	---	583,045
	<u>\$ ---</u>	<u>\$ 24,012,371</u>

**6. LONG-TERM ASSETS**

At March 31, 2000, long-term assets were comprised of employee advances, a prepaid maintenance contract ,and other non-current receivables.

**7. PROPERTY, PLANT AND EQUIPMENT**

	<u>Net Book Value</u>	
	<b>2001</b>	<b>2000</b>
Land and land improvements . . . . .	\$ ---	\$ 1,223,820
Building and building service equipment . . . . .	---	112,408,278
Equipment . . . . .	---	15,277,137
Equipment under capital lease . . . . .	---	1,076,920
	<u>\$ ---</u>	<u>\$ 129,986,155</u>

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>Total 2001</b>	<b>Total 2000</b>
Trade payables . . . . .	\$ ---	\$ 4,923,121
Accrued liabilities . . . . .	---	2,993,305
Vacation pay . . . . .	---	5,881,315
Salary and benefits . . . . .	---	7,109,975
Other . . . . .	---	292,290
	<u>\$ ---</u>	<u>\$ 21,200,006</u>

**9. LONG-TERM DEBT**

	<b>2001</b>	<b>2000</b>
Bayer Agfa - non-interest bearing . . . . .	\$ ---	\$ 6,242
Obligations Under Capital Leases - interest between 7-11% . . . . .	---	1,017,103
<b>Current portion</b> . . . . .	---	(185,513)
	<u>\$ ---</u>	<u>\$ 837,832</u>

**10. DEFERRED CAPITAL GRANTS**

	<b>2001</b>	<b>2000</b>
Balance, beginning of year . . . . .	\$ 131,464,690	\$ 106,335,682
Proceeds from capital assets . . . . .	5,128,348	---
Transfer of net capital assets to:		
South Shore District Health Authority . . . . .	(27,153,655)	---
South West Nova District Health Authority . . . . .	(57,907,823)	---
Annapolis Valley District Health Authority . . . . .	(45,897,177)	---
Grants received for capital asset purchases . . . . .	---	27,648,974
Department of Health accumulated deficit and debt		
incremental funding (Note 4) . . . . .	---	1,069,362
To offset assets under capital lease . . . . .	---	368,006
To fund assets yet to be purchased . . . . .	---	3,513,753
	<u>5,634,383</u>	<u>138,935,777</u>
Amortization of deferred capital grants . . . . .	<u>(5,634,383)</u>	<u>(7,471,087)</u>
Balance, end of year . . . . .	<u>---</u>	<u>\$ 131,464,690</u>

**11. CONTINGENCIES**

The South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority have yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability.

**12. PENSION PLAN**

Up to December 31, 2000, the Western Regional Health Board contributed to two pension plans on behalf of its employees. The first plan was administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of nil. The second plan was administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of nil. The Western Regional Health Board bears no financial responsibility for any unfunded liability of either plan.

**13. CHANGES IN WORKING CAPITAL ITEMS**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Total 2001</b>	<b>Total 2000</b>
Accounts receivable . . . . .	\$ 13,085,754	\$ 10,958,174	\$ 24,043,928	\$ (13,858,442)
Inventory . . . . .	2,283,962	---	2,283,962	(163,388)
Prepaid expenses . . . . .	617,109	151,783	768,892	807,489
Accounts payable and accrued liabilities . . . . .	(17,656,716)	(3,543,290)	(21,200,006)	2,265,637
Revenue received in advance . . . . .	(5,211,480)	---	(5,211,480)	(5,843,855)
	<u>\$ (6,881,371)</u>	<u>\$ 7,566,667</u>	<u>\$ 685,296</u>	<u>\$ (16,792,559)</u>

**14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES**

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year.....	\$ 7,611,700	\$ 6,578,200	\$ 5,655,800
Current Service Costs.....	445,500	413,600	382,400
Interest on Liability.....	528,600	458,700	396,100
Current Year (Gain) Loss.....	---	161,200	143,900
Liability, March 31, End of Year.....	<u>\$ 8,585,800</u>	<u>\$ 7,611,700</u>	<u>\$ 6,578,200</u>

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

## AUDITORS' REPORT

### **To the Members of the Board of Directors Workers' Compensation Board of Nova Scotia**

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 2000 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

The financial statements for the preceding year were examined by other chartered accountants.

Ernst & Young, LLP  
Chartered Accountants

Halifax, Nova Scotia  
March 6, 2001



**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Financial Position  
as at December 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>ASSETS</b>		
Cash .....	\$ 8,122,039	\$ 5,206,949
Receivables (Note 3) .....	20,168,465	9,551,449
Investments (Note 4 and 15) .....	621,035,031	533,318,939
Deferred charges (Note 5) .....	---	923,195
Property and equipment (Note 6) .....	12,573,649	10,567,057
Other assets (Note 7) .....	2,100,000	2,250,000
	<u>\$ 663,999,184</u>	<u>\$ 561,817,589</u>

**LIABILITIES**

Payables and accruals .....	\$ 13,641,310	\$ 10,028,213
Employee future benefits (Notes 2e, 8 and 19) .....	3,143,426	---
Benefits liabilities (Note 10) .....	<u>955,003,522</u>	<u>890,545,991</u>
	971,788,258	900,574,204
Unfunded liability .....	<u>(307,789,074)</u>	<u>(338,756,615)</u>
	<u>\$ 663,999,184</u>	<u>\$ 561,817,589</u>

Commitment (Note 17)  
Contingencies (Note 18)

See accompanying notes.

**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Operations and Unfunded Liability  
Year Ended December 31, 2000**

	<b>2000</b>	<b>1999</b>
Revenue		
Assessments (Note 11 and 15) . . . . .	\$ 192,750,378	\$ 180,379,331
Net investment income (Note 15) . . . . .	62,103,123	52,760,235
Government contribution (Note 9) . . . . .	---	4,600,000
	<u>254,853,501</u>	<u>237,739,566</u>
Claims costs incurred (Note 10 and 15)		
Short-term disability. . . . .	27,383,063	23,358,015
Long-term disability . . . . .	52,777,136	51,444,564
Survivor benefits. . . . .	6,022,115	5,831,247
Health care . . . . .	18,262,716	16,098,360
Rehabilitation. . . . .	1,692,708	1,586,190
	<u>106,137,738</u>	<u>98,318,376</u>
Growth in present value of benefits liabilities and actuarial adjustments (Note 10) . . . . .	82,277,983	63,118,914
Administration costs (Notes 12 and 15). . . . .	25,465,681	22,640,245
Legislated obligations (Note 13) . . . . .	7,269,158	5,154,149
	<u>221,150,560</u>	<u>189,231,684</u>
Excess of revenue over expenses before below noted item . . . . .	33,702,941	48,507,882
Adjustment to benefits liabilities (Note 10) . . . . .	---	17,412,819
Excess of revenue over expenses applied to reduce the unfunded liability . . . . .	33,702,941	31,095,063
Unfunded liability, beginning of year. . . . .	(338,756,615)	(369,851,678)
Employee future benefits (Note 2e) . . . . .	(2,735,400)	---
Unfunded liability, end of year. . . . .	\$ <u>(307,789,074)</u>	\$ <u>(338,756,615)</u>

See accompanying notes

**WORKERS' COMPENSATION BOARD OF NOVA SCOTIA**

**Statement of Cash Flows  
Year Ended December 31, 2000**

	<b>2000</b>	<b>1999</b>
<b>Operating Activities</b>		
Cash received from:		
Employers, for assessments . . . . .	\$ 181,877,148	\$ 178,938,402
Net Investment income . . . . .	62,103,123	52,760,235
	<u>243,980,271</u>	<u>231,698,637</u>
Cash paid to:		
Claimants or third parties on their behalf. . . . .	(123,979,228)	(111,704,263)
Suppliers, for administrative and other goods and services. . . . .	<u>(26,318,149)</u>	<u>(23,731,291)</u>
	(150,297,377)	(135,435,554)
Deferred Charges (Note 5) . . . . .	<u>923,195</u>	<u>(923,195)</u>
Net cash provided by operating activities. . . . .	<u>94,606,089</u>	<u>95,339,888</u>
<b>Investing Activities</b>		
Increase in investments . . . . .	(87,716,092)	(88,085,848)
Cash paid for:		
Purchases of property and equipment . . . . .	<u>(3,974,907)</u>	<u>(4,172,639)</u>
Net cash used in investing activities. . . . .	<u>(91,690,999)</u>	<u>(92,258,487)</u>
Net increase in cash . . . . .	2,915,090	3,081,401
Cash, beginning of year . . . . .	<u>5,206,949</u>	<u>2,125,548</u>
Cash, end of year . . . . .	\$ <u><u>8,122,039</u></u>	\$ <u><u>5,206,949</u></u>

See accompanying notes

**Notes to the Financial Statements**  
**Year Ended December 31, 2000**

**1. NATURE OF OPERATIONS**

The Workers' Compensation Board ("the WCB") was established by the Nova Scotia Legislature in 1917, under the Workers' Compensation Act ("the Act"). and as such is exempt from income tax. The WCB is responsible, in accordance with the provisions of the Act, for administering the payments of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new Act received Royal Assent on February 6, 1995. The Act contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990, will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

**a) Assessments Receivable**

Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

**b) Investments**

Fixed-term investments are recorded at amortized cost. Gain or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write down is included in the income of the year in which it occurs.

**c) Property and Equipment**

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

**d) Other Assets**

Other assets are stated at cost, less accumulated amortization, which is charged on a straight-line basis over 25 years.

**e) Employee Future Benefits**

Effective January 1, 2000, the WCB retroactively adopted an accounting policy to record its liability for employee future benefits. The main components of this change are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.
- The cumulative effect of this accounting policy change as of January 1, 2000 is an increase to the employee future benefits of \$2,735,400 and an increase to the unfunded liability for the same amount.
- A liability for employee future benefits of \$3,143,426 has been included in the financial statements, in the current year.
- The current year's net expense incurred for future employee benefits is \$408,026.

Actuarial gains and losses are amortized on a straight-line basis over the employee's average remaining service life.

As the effect of this accounting change on the prior year is not reasonably determinable, the comparative statements have not been restated to reflect this change.

**f) Benefits Liabilities**

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents 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/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also note 10).

**g) Foreign Currency Translation**

Monetary assets denominated in foreign currencies, exist as investments, and are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date recognized on disposal are deferred and amortized on a straight-line basis over a five-year period.

**h) Measurement Uncertainty**

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

**i) Financial Instruments**

The carrying values of WCB's financial instruments, other than investments, approximate fair values because of their short-term maturity and normal credit terms. Investments are recorded as described in note 2b.

The WCB's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of employers on normal credit terms.

At year-end, the WCB did not have any exposure relating to derivative instruments.

**3. RECEIVABLES**

	<b>2000</b>	<b>1999</b>
Assessments . . . . .	\$ 18,761,827	\$ 7,492,745
Self-insured employers (Note 14). . . . .	<u>4,457,049</u>	<u>4,850,208</u>
Assessments receivable . . . . .	23,218,876	12,342,953
Self-insured employers - deposits (Note 14). . . . .	(4,001,250)	(4,001,250)
Government of Nova Scotia. . . . .	---	527,765
Harmonized Sales Tax rebate . . . . .	465,271	249,396
Other . . . . .	<u>485,568</u>	<u>432,585</u>
	<u>\$ 20,168,465</u>	<u>\$ 9,551,449</u>

Assessments receivable are net of allowance for doubtful accounts of \$1,250,913 in 2000 (1999 - \$775,824). Other receivables are net of allowance for doubtful accounts of \$71,282 in 2000 (1999 - \$66,022).

**4. INVESTMENTS**

	<b>2000</b>	<b>1999</b>
Money Market . . . . .	\$ 86,566,419	\$ 105,480,613
Fixed-term investment (market value 2000 - \$247,672,406; 1999 - \$174,628,538). . . . .	243,992,047	180,927,930
Equities (market value 2000 - \$369,990,287; 1999 - \$340,748,058; . . . . .	336,429,222	271,322,648
Accrued interest. . . . .	<u>3,247,249</u>	<u>3,134,732</u>
	670,234,937	560,865,923
Deferred investment gains. . . . .	<u>(49,199,906)</u>	<u>(27,546,984)</u>
	<u>\$ 621,035,031</u>	<u>\$ 533,318,939</u>

**5. DEFERRED CHARGES**

During 1999, the WCB entered into an agreement with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested \$923,195 to assist with the startup costs of the Registry. Initially, the deferred charge was to be amortized to expense over the next five years at a rate equivalent to the savings in transaction fees. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the additional project costs during 2000.

**6. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	
			<b>2000</b>	<b>1999</b>
Land . . . . .	\$ 154,764	\$ ---	\$ 154,764	\$ 154,764
Building . . . . .	3,278,302	1,214,786	2,063,516	2,068,785
Furniture . . . . .	1,719,471	503,643	1,215,828	348,661
Equipment and computer hardware . . . . .	3,119,731	1,794,322	1,325,409	1,616,690
Software and process development. . . . .	<u>13,016,107</u>	<u>5,201,975</u>	<u>7,814,132</u>	<u>6,378,157</u>
	<u>\$ 21,288,375</u>	<u>\$ 8,714,726</u>	<u>\$ 12,573,649</u>	<u>\$ 10,567,057</u>

**7. OTHER ASSETS**

	<b>2000</b>	<b>1999</b>
Cost.....	\$ 3,750,000	\$ 3,750,000
Accumulated amortization.....	<u>(1,650,000)</u>	<u>(1,500,000)</u>
	<u>\$ 2,100,000</u>	<u>\$ 2,250,000</u>

During 1990, the WCB paid \$3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

**8. EMPLOYEE FUTURE BENEFITS**

The WCB has provided for employee future benefits other than pensions as follows: retirement allowance, life insurance, dental and medical programs.

The significant actuarial assumptions adopted in measuring the WCB's accrued benefit obligations are as follows:

**Other Benefit Plans 2000**

Discount rate	6.75%
Expected health care costs trend rate	10% in 2000; decreasing annually by 1% increments to an ultimate rate of 5%.
Drug claim increases trend rate	12% in 2000; decreasing annually by 1% increments to an ultimate rate of 6%.
Retirement age assumption	59 years.

**9. GOVERNMENT CONTRIBUTION**

In 1995, the Government of Nova Scotia agreed to contribute \$23,000,000 to the WCB, payable in five equal instalments of \$4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate. There are no further amounts due pursuant to the agreement.

**10. BENEFITS LIABILITIES**

	<b>Short-Term Disability</b>	<b>Long-Term Disability</b>	<b>Survivor Benefits</b>	<b>Health Care</b>	<b>Rehabilitation</b>	<b>2000</b>	<b>Total 1999</b>
<b>Balance, beginning of year . . . . .</b>	\$ <u>40,146,569</u>	\$ <u>654,307,704</u>	\$ <u>118,833,197</u>	\$ <u>69,919,983</u>	\$ <u>7,338,538</u>	\$ <u>890,545,991</u>	\$ <u>823,903,110</u>
Growth in present value of benefits liabilities . . . . .	2,609,527	47,437,309	8,615,407	4,544,799	477,005	63,684,047	58,571,207
Actuarial adjustments . . . . .	<u>11,316,094</u>	<u>(3,699,818)</u>	<u>2,887,168</u>	<u>7,382,319</u>	<u>708,173</u>	<u>18,593,936</u>	<u>4,547,707</u>
	<u>13,925,621</u>	<u>43,737,491</u>	<u>11,502,575</u>	<u>11,927,118</u>	<u>1,185,178</u>	<u>82,277,983</u>	<u>63,118,914</u>
Claims costs incurred . . . . .	27,383,063	52,777,136	6,022,115	18,262,716	1,692,708	106,137,738	98,318,376
Claims payments made . . . . .	(30,285,881)	(53,459,735)	(14,373,720)	(23,780,365)	(2,058,489)	(123,958,190)	(112,207,228)
Adjustment to benefits liabilities . . . . .	---	---	---	---	---	---	17,412,819
<b>Balance, end of year . . . . .</b>	\$ <u><u>51,169,372</u></u>	\$ <u><u>697,362,596</u></u>	\$ <u><u>121,984,167</u></u>	\$ <u><u>76,329,452</u></u>	\$ <u><u>8,157,935</u></u>	\$ <u><u>955,003,522</u></u>	\$ <u><u>890,545,991</u></u>

**Adjustment to Benefits Liabilities**

The 1999 adjustment to the benefits liabilities of \$17,412,819 combined with an adjustment of \$40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to the amendments to the Act which received Royal Assent on April 16, 1999 (Note 1).

The WCB's independent actuaries, in their report of February 28, 2001, have noted that limited data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is \$385,272,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and the magnitude of such a variance, which could be material, is presently undeterminable.



## 11. ASSESSMENTS

	2000	1999
Classes .....	\$ 160,240,872	\$ 149,679,867
Self-insured employers (Note 14) .....	29,520,841	27,917,724
Premium adjustment charge .....	1,329,752	2,031,420
Assessment and reporting penalties .....	<u>1,658,913</u>	<u>750,320</u>
	<u>\$ 192,750,378</u>	<u>\$ 180,379,331</u>

Assessment revenue is shown net of bad debt expense of \$797,686 in 2000 (1999 - \$566,128).

## 12. ADMINISTRATION COSTS

	2000	1999
Salaries and staff expense .....	\$ 16,824,424	\$ 15,236,476
Amortization .....	2,099,430	1,812,518
Professional fees .....	1,297,846	1,271,608
Building operations .....	1,278,098	992,404
Services contracted .....	1,095,432	867,302
Supplies .....	873,042	693,180
Training and development .....	750,268	439,252
Communications .....	610,464	727,573
Travel and accommodations .....	584,833	563,937
Equipment rental .....	28,976	20,722
Miscellaneous .....	<u>22,868</u>	<u>15,273</u>
	<u>\$ 25,465,681</u>	<u>\$ 22,640,245</u>

## 13. LEGISLATED OBLIGATIONS

	2000	1999
Occupational Health and Safety .....	\$ 3,994,818	\$ 3,339,535
Workers' Compensation Appeal Tribunal .....	1,971,590	1,814,614
Workers' Advisers Program .....	<u>1,302,750</u>	<u>---</u>
	<u>\$ 7,269,158</u>	<u>\$ 5,154,149</u>

The WCB is required by the Act to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Environment and Labour. Total operating expenses incurred by the WCB for 2000 were \$3,994,818 (1999 - \$3,339,535).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Act to absorb the operating costs of the WCAT.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the Act to absorb the operating costs of the WAP.

**14. SELF-INSURED EMPLOYERS**

These financial statements include the effects of transactions carried out for self-insured employers-federal and provincial government bodies-who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	<b>2000</b>	<b>1999</b>
Revenue. ....	\$ <u>29,520,841</u>	\$ <u>27,917,724</u>
Claims costs incurred		
Short-term disability. ....	\$ 2,989,890	\$ 2,463,779
Long-term disability. ....	14,975,735	14,408,973
Survivor benefits. ....	3,556,667	3,516,898
Health care. ....	3,674,208	3,480,383
Rehabilitation. ....	<u>138,707</u>	<u>231,633</u>
	25,335,207	24,101,666
Administration costs. ....	<u>4,185,634</u>	<u>3,816,058</u>
	\$ <u>29,520,841</u>	\$ <u>27,917,724</u>

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

**15. RELATED PARTY TRANSACTIONS**

Pursuant to various legislative amendments to the Act, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 2000 were \$1,177,160 (1999 - \$1,091,497 ). Claims payments indicated in Note 10 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 14 for the Province of Nova Scotia are as follows:

	<b>2000</b>	<b>1999</b>
Revenue. ....	\$ <u>2,878,679</u>	\$ <u>2,113,231</u>
Claims costs incurred. ....	\$ 2,369,001	\$ 1,888,617
Administration charges. ....	<u>509,678</u>	<u>224,614</u>
	\$ <u>2,878,679</u>	\$ <u>2,113,231</u>

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due to and due from related parties are non-interest bearing and under normal credit terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled \$4,560,070 in 2000 (1999 - \$4,847,848 ). Total funds invested in notes due from the Province as at December 31, 2000 were \$40,000,000 (1999 - \$69,000,000).

## 16. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee	2000	1999
Construction	Nova Scotia Construction Safety Association	\$ 897,847	\$ 944,090
Forestry	Nova Scotia Forestry Safety Society	\$ 290,504	\$ 296,192
Trucking	Nova Scotia Trucking Safety Association	\$ 183,097	---
Retail Gasoline	Retail Gasoline Dealers' Association	\$ 18,595	\$ 30,695

## 17. COMMITMENT

The WCB has committed to the following operating lease payments, for office premises and equipment, over the next five years:

2001	\$ 805,582
2002	\$ 637,546
2003	\$ 180,634
2004	\$ 21,837
2005	\$ 21,837

## 18. CONTINGENCIES

### a) Chronic Pain-Related Benefits

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the Act and Regulations were unconstitutional. This decision was overturned by the Court of Appeal on November 8, 2000; however, the Appellants are now seeking Leave to Appeal to the Supreme Court of Canada. The provisions affected by the decision relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

### b) Survivor Benefits

On April 25, 2000, the Supreme Court of Nova Scotia ruled that the legislation which ended survivors' benefits on remarriage was unconstitutional and ordered retroactive reinstatement of benefits. This decision was appealed to the Nova Scotia Court of Appeal, by the Attorney General of Nova Scotia, and was heard February 9, 2001. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately \$10,800,000. The probability of such an increase in the liabilities is currently undeterminable.

## 19. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation fund, (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total employer contributions for 2000 were \$754,775 (1999 - \$553,234) and are recognized as an expense in the period. The WCB is not responsible for any unfunded liability, nor does the WCB have any access to any surplus that may arise in this Plan.

## 20. COMPARATIVE FIGURES

Certain 1999 comparative figures have been reclassified to conform with the 2000 presentation format.