



PROVINCE OF NEWFOUNDLAND AND LABRADOR

**FINANCIAL STATEMENTS OF
CROWN CORPORATIONS,
BOARDS AND AUTHORITIES
(N - Z)**

**FOR THE YEAR ENDED
31 MARCH 2007**





Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities (N – Z)

**For The Year Ended
31 March 2007**

INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2006-07 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: www.fin.gov.nl.ca/comptrollergeneral/publications.htm.

Table of Contents

Name	Page
Board of Commissioners of Public Utilities (2007)	1
Bull Arm Site Corporation (2007).....	11
Business Investment Corporation (2007).....	19
Central Regional Health Authority (2007).....	31
College of the North Atlantic (2007)	87
Conseil Scholaire Francophone Provincial de Terre-Neuve-et Labrador (2006)	113
Credit Union Deposit Guarantee Corporation (2006)	141
Director of Support Enforcement (2007)	151
Eastern Regional Health Authority (2007).....	159
Eastern School District (2006)	185
Embalmers and Funeral Directors Board of Newfoundland and Labrador (2006)	215
Labrador-Grenfell Regional Health Authority (2007).....	221
Labrador School Board (2006).....	281
Labrador Transportation Initiative Fund (2007).....	287
Livestock Owners Compensation Board (2007)	295
Marble Mountain Development Corporation (2007).....	301
Marble Mountain Management Corporation (2007)	323
Memorial University of Newfoundland (2007).....	331
Memorial University of Newfoundland Pension Plan (2007)	363
Multi-Materials Stewardship Board (2007).....	377
Municipal Assessment Agency Inc. (2007).....	389

Table of Contents (Continued)

Name	Page
Newfoundland and Labrador Arts Council (2007).....	399
Newfoundland and Labrador Centre for Health Information (2007)	407
Newfoundland and Labrador Crop Insurance Agency (2007)	417
Newfoundland and Labrador Film Development Corporation (2007).....	423
Newfoundland and Labrador Government Sinking Fund (2007).....	437
Newfoundland and Labrador Housing Corporation (2007).....	449
Newfoundland and Labrador Hydro (2006).....	467
Newfoundland and Labrador Immigrant Investor Fund Limited (2007).....	495
Newfoundland and Labrador Industrial Development Corporation (2007)	503
Newfoundland and Labrador Liquor Corporation (2007)	511
Newfoundland and Labrador Municipal Financing Corporation (2007).....	523
Newfoundland and Labrador Student Investment and Opportunity Corporation (2007)	535
Newfoundland Hardwoods Limited (2007).....	541
Newfoundland Ocean Enterprises Limited (2007).....	547
Newvest Realty Corporation (2006).....	555
Nova Central School District (2006).....	567
Office of the High Sheriff of Newfoundland and Labrador (2007).....	597
Province of Newfoundland and Labrador Pooled Pension Fund (2006).....	603
Provincial Advisory Council on the Status of Women – Newfoundland and Labrador (2007)	627
Provincial Information and Library Resources Board (2007)	635
Public Accountants Licensing Board (2006).....	649
Registrar of the Supreme Court (2007)	655
Special Celebrations Corporation of Newfoundland and Labrador Inc. (2007).....	665
Student Loan Corporation of Newfoundland and Labrador (2007)	673
The Rooms Corporation of Newfoundland and Labrador (2007)	683
Western Regional Integrated Health Authority (2007)	693
Western School District (2006).....	711

The financial statements of the following agencies were not received in time for the inclusion in this report:

C.A. Pippy Park Commission (2006 & 2007)
Consumer Protection Fund for Prepaid Funeral Services (2007)
Discovery Health Care Foundation Inc. (2007)
Dr. H. Bliss Murphy Cancer Care Foundation (2007)
Eastern Regional Integrated Health Authority – Blue Crest Cottages (2007)
Eastern Regional Integrated Health Authority – Golden Heights Manor Cottages (2007)
General Hospital Hostel Association (2006)
Grenfell Foundation Inc (2006)
Health Care Foundation of St. John's, Inc. (2007)
Heritage Foundation of Newfoundland and Labrador (2007)
Janeway Children's Hospital Foundation (2007)
Lions Manor Inc (2007)
Newfoundland and Labrador Farm Products (2006 & 2007)
Newfoundland and Labrador Legal Aid Commission (2005, 2006 & 2007)
Newfoundland Government Fund (2004, 2005 & 2006)
Norwest Rotary – Janeway Hostel Corporation (2007)
Private Training Corporation Train Out Fund (2006)
Public Health Laboratory (2007)
TCRHB Housing Complex Inc (2007)
The Burin Peninsula Health Care Foundation Inc. (2007)
Trinity-Conception-Placentia Health Foundation Inc. (2007)
Waterford Foundation Inc (2007)
Workplace Health, Safety and Compensation Commission (2006)

**NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL**

FINANCIAL STATEMENTS

31 MARCH 2007



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

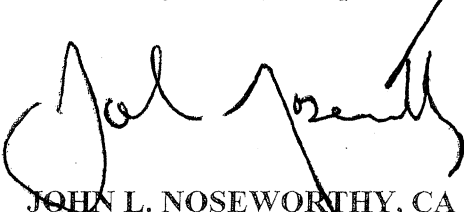
AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2007 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 Council as at 31 March 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
5 July 2007

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ 107,026	\$ -
Short term investments, at cost	-	2,127
Accounts receivable (Note 2)	33,062	53,709
Prepaid expenses	1,859	1,804
	<u>141,947</u>	<u>57,640</u>
Trust Account asset (Note 3)	5,261	11,068
Arts Fund assets (Note 5)	149,678	143,934
	<u>\$ 296,886</u>	<u>\$ 212,642</u>

LIABILITIES AND EQUITY

Current

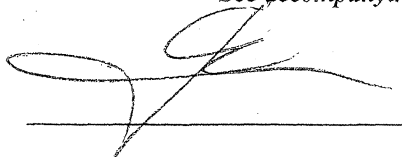
Bank indebtedness	\$ -	\$ 5,298
Accounts payable and accrued liabilities	65,504	72,747
Deferred revenue (Note 6)	121,116	25,000
	<u>186,620</u>	<u>103,045</u>
Trust Account liability (Note 3)	5,261	11,068
	<u>191,881</u>	<u>114,113</u>

Equity

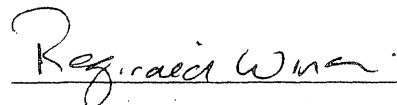
Deficit from operations	(44,673)	(45,405)
Arts Fund (Note 5)	149,678	143,934
	<u>105,005</u>	<u>98,529</u>
	<u>\$ 296,886</u>	<u>\$ 212,642</u>

See accompanying notes

Signed on behalf of the Council:



Chairperson



Member

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2007

2006

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador grants	\$ 1,148,063	\$ 1,148,063	\$ 950,000
Projects (Note 7)	263,522	264,138	163,656
Interest	6,290	6,200	1,511
	<u>1,417,875</u>	<u>1,418,401</u>	<u>1,115,167</u>
EXPENSES			
Grants awarded			
Project	437,400	440,000	332,981
Sustaining grants	325,000	325,000	245,500
Professional Artists Travel Fund grants	28,241	30,000	14,000
Labrador initiative	6,700	7,500	7,500
	<u>797,341</u>	<u>802,500</u>	<u>599,981</u>
Projects (Note 8)	306,452	303,138	269,595
Operating expenses (Note 9)	313,350	312,763	246,998
	<u>1,417,143</u>	<u>1,418,401</u>	<u>1,116,574</u>
Excess of revenues over expenses			
(expenses over revenues)	732	-	(1,407)
Deficit from operations, beginning of year	<u>(45,405)</u>	<u>(45,405)</u>	<u>(43,998)</u>
Deficit from operations, end of year	\$ (44,673)	\$ (45,405)	\$ (45,405)

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on an accrual basis. The Council does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	<u>2007</u>	<u>2006</u>
Harmonized Sales Tax	\$ 28,562	\$ 44,909
Other	4,500	8,800
	<hr/> \$ 33,062	<hr/> \$ 53,709

3. Trust Account

The Trust Account of \$5,261 (2006 - \$11,068) represents amounts received by the Council from the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) to provide funds to local artists in the event of an emergency. The Council administers the trust account on behalf of ACTRA, disbursing funds to local artists who meet the established criteria for emergency assistance.

4. Capital assets

Capital assets, consisting of furniture, fixtures and equipment costing \$87,866, have been fully amortized. Minor capital asset purchases are charged to operations in the year of acquisition.

5. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the Fund is held in trust in the Fund until it is withdrawn. For the year ended 31 March 2007 interest of \$5,744 (2006 - \$3,786) has been earned through investment of the Fund.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2007

5. Arts Fund (cont.)

The Fund is comprised of monies received from:

	<u>2007</u>	<u>2006</u>
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
<u>Gifts and bequests as per Section 12(2) of the <i>Arts Council Act</i></u>	<u>10,352</u>	<u>10,352</u>
	<u>50,352</u>	<u>50,352</u>
Interest, beginning of year	93,582	89,796
<u>Interest earned</u>	<u>5,744</u>	<u>3,786</u>
<u>Interest, end of year</u>	<u>99,326</u>	<u>93,582</u>
<u>Fund balance</u>	<u>\$ 149,678</u>	<u>\$ 143,934</u>

At 31 March 2007, the Fund consists of investments of \$149,678. At 31 March 2006, the Fund consisted of investments of \$143,934.

6. Deferred revenue

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

	<u>2007</u>	<u>2006</u>
Visiting Artists' Program Revenue	\$ 6,116	\$ 25,000
School Touring Program	65,000	-
<u>Private Sector Project</u>	<u>50,000</u>	<u>-</u>
	<u>\$ 121,116</u>	<u>\$ 25,000</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2007

7. Revenues - Projects

	2007		2006
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$ 119,550	\$ 119,550	\$ 136,713
Winterset Award	12,000	12,000	12,800
Arts awards	9,500	9,500	10,500
HRDC – Summer Career Placement Program	2,088	2,088	3,143
Rhonda Payne Award	500	500	500
Larry Jackson Award	1,000	500	-
25 th Anniversary	55,000	55,000	-
Visiting Artist Program	63,884	65,000	-
	\$ 263,522	\$ 264,138	\$ 163,656

8. Expenses - Projects

	2007		2006
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$ 119,550	\$ 119,550	\$ 136,713
Consultation/Strategic Plan	3,529	3,500	49,496
25 th Anniversary	61,339	60,000	46,277
Arts awards	42,562	40,000	20,617
Winterset Award	12,000	12,000	12,849
HRDC – Summer Career Placement Program	2,088	2,088	3,143
Rhonda Payne Award	500	500	500
Larry Jackson Award	1,000	500	-
Visiting Artist Program	63,884	65,000	-
	\$ 306,452	\$ 303,138	\$ 269,595

9. Operating expenses

	2007		2006
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Salaries and employee benefits	\$ 239,344	\$ 234,900	\$ 195,046
Travel and Council meetings	26,480	28,000	16,781
Office and postage	16,160	17,200	16,778
Project evaluating fees	9,864	10,000	9,520
Telephone	5,208	5,200	3,166
Advertising	4,519	4,000	2,696
Professional services	2,600	2,600	2,300
Miscellaneous	9,175	10,863	711
	\$ 313,350	\$ 312,763	\$ 246,998

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2007

10. Related party transactions

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

11. Operating lease obligation

A photocopier has been leased for a five year term commencing 1 November 2002. Future minimum lease payments over the next year are as follows:

2008	\$3,316
------	---------

12. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2007 was \$14,491 (2006 - \$12,003).

13. Economic dependence

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

14. Financial instruments

The Council's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

15. Income taxes

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

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**Newfoundland and Labrador Centre for
Health Information
Financial Statements
March 31, 2007**

Grant Thornton 

Auditors' Report

To the Directors of the Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the **Newfoundland and Labrador Centre for Health Information** at March 31, 2007 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 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 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 Newfoundland and Labrador Centre for Health Information as at March 31, 2007 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 25, 2007

Grant Thornton LLP
Chartered Accountants

187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3P9
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Newfoundland and Labrador Centre for Health Information

Statements of Operations and Changes in Net Assets

Year Ended March 31	2007	2006
Revenue		
Government operating grants	\$ 3,071,151	\$ 2,624,319
Canada Health Infoway	5,560,610	1,074,548
Research funding	416,104	384,383
Government project grants	2,574,978	895,347
Amortization of deferred capital contributions	434,779	851,583
Interest income	270,000	-
Other	20,400	-
	12,348,022	5,830,180
Expenditure		
Advertising	4,042	2,422
Consulting fees	2,898,275	1,447,789
Data communications	138,795	107,244
Depreciation	486,723	883,353
Human Resources initiatives	12,500	-
Miscellaneous	4,368	4,520
Office supplies	130,995	106,922
Picture Archiving and Communication System		
Regional Integrated Health Authority reimbursements	4,621,505	-
Primary health care equipment	444,702	172,028
Professional fees	59,395	50,122
Rent	188,891	143,841
Salaries and benefits	2,619,076	2,481,440
Software maintenance	237,081	215,378
Telephone	89,467	72,421
Training	84,298	31,827
Travel	188,217	230,362
	12,208,330	5,949,669
Excess of revenue over expenditure (expenditure over revenue)	\$ 139,692	\$ (119,489)
Net assets, beginning of year	\$ 660,134	\$ 779,623
Excess of revenue over expenditure (expenditure over revenue)	139,692	(119,489)
Net assets, end of year	\$ 799,826	\$ 660,134

See accompanying notes to the financial statements.

**Newfoundland and Labrador Centre for
Health Information
Statement of Financial Position**

March 31 2007 2006

Assets

Current

Receivables (Note 3)	\$10,886,872	\$ 7,123,392
Deferred project costs	<u>4,719,475</u>	<u>-</u>
	15,606,347	7,123,392

Equipment (Note 4)	<u>5,562,153</u>	<u>597,607</u>
	<u>\$21,168,500</u>	<u>\$ 7,720,999</u>

Liabilities

Current

Payables and accruals (Note 5)	\$ 7,199,246	\$ 253,750
Deferred capital contributions (Note 6)	435,167	513,945
Deferred revenue	<u>7,333,325</u>	<u>6,047,557</u>
	14,967,738	6,815,252

Deferred capital contributions (Note 6)	5,016,490	-
---	-----------	---

Accrued severance pay	<u>384,446</u>	<u>245,613</u>
	20,368,674	7,060,865

Net Assets

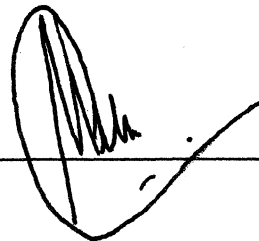
Net assets	<u>799,826</u>	<u>660,134</u>
	<u>\$21,168,500</u>	<u>\$ 7,720,999</u>

Commitment (Note 8)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Statement of Cash Flows

Year Ended March 31

2007

2006

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditure (expenditure over revenue)	\$ 139,692	\$ (119,489)
Items not requiring a cash outlay		
Depreciation	486,723	883,353
Amortization of deferred capital contributions	(434,779)	(851,583)
Increase in severance pay accrual	<u>138,833</u>	<u>40,179</u>
	330,469	(47,540)

Change in non-cash operating working capital (Note 7)	<u>(251,691)</u>	<u>110,160</u>
--	------------------	----------------

	<u>78,778</u>	<u>62,620</u>
--	---------------	---------------

Financing

Capital contributions	<u>5,372,491</u>	<u>-</u>
-----------------------	------------------	----------

Investing

Transfer to Department of Health and Community Services	-	(5,367)
Purchase of capital assets	<u>(5,451,269)</u>	<u>(57,253)</u>
	<u>(5,451,269)</u>	<u>(62,620)</u>

Increase in cash and cash equivalents

-	-
---	---

Cash and cash equivalents

Beginning of year	<u>-</u>	<u>-</u>
-------------------	----------	----------

End of year	<u>\$ -</u>	<u>\$ -</u>
-------------	-------------	-------------

See accompanying notes to the financial statements.

Grant Thornton 

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2007

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established by the Government of Newfoundland and Labrador in 1996 following the recommendation of the Health System Information Task Force (1995). Through the support of the provincial government and Canada Health Infoway, Inc., the Centre has been recognized for its contribution to the national agenda for development of the Electronic Health Record with the first provincial client registry designed and implemented for the Electronic Health Record. The Centre is also involved with data standards development and dissemination, applied health research and the evaluation of health information systems.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Use of estimates

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

Revenue recognition

Government grants are recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue. Revenue from research and other contracts is recognized as the related expenditures are incurred.

Administrative expenditures

The Centre is administered by contractual employees, salaried employees and employees seconded from and paid by the provincial Department of Health and Community Services. Administrative expenditures related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2007

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

Depreciation

Rates and basis of depreciation applied to write off the cost of equipment over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Pharmacy Network	33%, straight line
Unique Personal Identifier	33%, straight line

Impairment of long-lived assets

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

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight line basis using the same rates as the depreciation expense related to the capital assets purchased.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees and employees seconded from the provincial Department of Health and Community Services. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

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

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2007

3. Receivables	<u>2007</u>	<u>2006</u>
Government of Newfoundland and Labrador	\$ 564,021	\$ 448,174
Eastern Health	5,014,735	5,553,722
Health Infrastructure Atlantic	215,403	-
Canada Health Infoway	4,955,117	808,679
Other	<u>137,596</u>	<u>312,817</u>
	<u>\$10,886,872</u>	<u>\$ 7,123,392</u>

4. Equipment			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 891,571	\$ 769,639	\$ 121,932	\$ 164,962
Office furniture	109,326	72,542	36,784	29,275
Computer software	6,776,500	1,373,063	5,403,437	395,494
Pharmacy network	787,757	787,757	-	7,876
Unique Personal Identifier	<u>3,401,478</u>	<u>3,401,478</u>	<u>-</u>	<u>-</u>
	<u>\$11,966,632</u>	<u>\$ 6,404,479</u>	<u>\$ 5,562,153</u>	<u>\$ 597,607</u>

5. Payables and accruals	<u>2007</u>	<u>2006</u>
Trade and sundry	\$ 6,969,981	\$ 93,256
Vacation and compensatory pay	<u>229,265</u>	<u>160,494</u>
	<u>\$ 7,199,246</u>	<u>\$ 253,750</u>

6. Deferred capital contributions	<u>2007</u>	<u>2006</u>
Current		
Opening balance	\$ 513,945	\$ 746,918
Capital contributions	5,372,491	-
Transfer to Department of Health and Community Services	-	(5,367)
Purchase of capital assets	(5,451,269)	(57,253)
Amortization of deferred contribution	<u>-</u>	<u>(170,353)</u>
Ending balance	<u>\$ 435,167</u>	<u>\$ 513,945</u>

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2007

6. Deferred capital contributions (cont'd.)	<u>2007</u>	<u>2006</u>
Long term		
Opening balance		\$ 623,978
Purchase of capital assets	\$ 5,451,269	57,253
Amortization of deferred contributions	<u>(434,779)</u>	<u>(681,231)</u>
Ending balance	<u>\$ 5,016,490</u>	<u>\$ -</u>

7. Supplemental cash flow information	<u>2007</u>	<u>2006</u>
Change in non-cash operating working capital		
Receivables	\$ (3,763,480)	\$(5,357,722)
Deferred project costs	(4,719,475)	-
Payables and accruals	6,945,496	50,320
Deferred revenue	<u>1,285,768</u>	<u>5,417,562</u>
	<u>\$ (251,691)</u>	<u>\$ 110,160</u>

8. Commitment

The Centre is committed under a five year operating lease agreement for the rental of office space to make annual payments of \$285,108.

9. Financial instruments


The Centre's primary financial instruments recognized in the statement of financial position consist of receivables, payables and accruals, deferred capital contributions, deferred revenue, contractual obligations and accrued severance pay. The carrying value of the primary financial instruments of the Centre approximate fair value due to the normal trade credit terms and conditions of those instruments.

10. Subsequent event

The Newfoundland and Labrador Centre for Health Information Act was proclaimed on April 27, 2007, thereby establishing the Centre as a Corporation without share capital under the Corporations Act. The Centre will subsequently act as an agent of the Crown.

11. Comparative figures

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

Grant Thornton 

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
FINANCIAL STATEMENTS
31 MARCH 2007



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

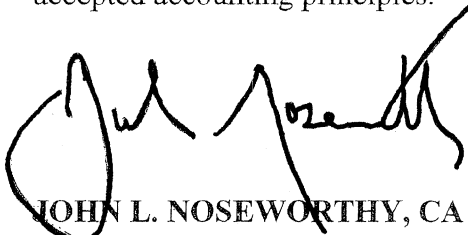
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2007 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency'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 Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
19 June 2007

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
BALANCE SHEET**

31 March

2007

2006

ASSETS

Current

Cash	\$ 152,248	\$ 140,718
Accounts receivable (Note 2)	2,312	5,754
	<u>\$ 154,560</u>	<u>\$ 146,472</u>

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities (Note 3)	\$ 2,782	\$ 1,777
---	----------	----------

Equity

Contributions – Province of Newfoundland and Labrador	280,000	280,000
Deficit	(128,222)	(135,305)
	<u>151,778</u>	<u>144,695</u>
	<u>\$ 154,560</u>	<u>\$ 146,472</u>

See accompanying notes

Signed on behalf of the Board:

C. MacDonald
Chair

B. Spence
Member

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT**

For the Year Ended 31 March

2007

2006

REVENUES

Government of Canada (Note 4)	\$ 172,727	\$ 143,679
Province of Newfoundland and Labrador (Note 4)	115,151	95,786
Premiums from insured persons	49,782	23,322
Appeal administration fee	300	-
	<u>337,960</u>	<u>262,787</u>

EXPENSES

Administration (Note 5)		
Bank charges	40	37
Board expenses	1,992	2,056
Equipment supplies	150	2,790
Professional services	1,250	1,250
Purchased services	2,879	5,568
Salaries and employee benefits	176,555	141,833
Supplies	11,356	10,391
Transportation and communications	20,810	21,322
	<u>215,032</u>	<u>185,247</u>
Bad debt expense	1,746	-
Indemnity claims	114,099	26,075
	<u>330,877</u>	<u>211,322</u>
Excess of revenues over expenses	7,083	51,465
Deficit, beginning of year	(135,305)	(186,770)
Deficit, end of year	\$ (128,222)	\$ (135,305)

See accompanying notes

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund which provides insurance to farmers of the Province through restricting the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency's management in accordance with Canadian generally accepted accounting principles. The Agency does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	<u>2007</u>	<u>2006</u>
Province of Newfoundland and Labrador	\$ 1,100	\$ 1,055
Premiums from insured persons	6,013	7,754
	<hr/> 7,113	<hr/> 8,809
Less: allowance for doubtful accounts	4,801	3,055
	<hr/> \$ 2,312	<hr/> \$ 5,754

3. Accounts payable and accrued liabilities

	<u>2007</u>	<u>2006</u>
Claims overpayment	\$ -	\$ (24)
Province of Newfoundland and Labrador	2,782	1,801
	<hr/> \$ 2,782	<hr/> \$ 1,777

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

4. Premium contributions and administration expenditures

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of the total government contribution for premiums and eligible administration expenses.

	<u>2007</u>	<u>2006</u>
Government of Canada		
Premiums contributions	\$ 43,708	\$ 32,651
Payments for administration	<u>129,019</u>	<u>111,028</u>
	<u>\$ 172,727</u>	<u>\$ 143,679</u>
Province of Newfoundland and Labrador		
Premiums contributions	\$ 29,138	\$ 21,767
Payments for administration	<u>86,013</u>	<u>74,019</u>
	<u>\$ 115,151</u>	<u>\$ 95,786</u>

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Natural Resources. Salaries and other costs, excluding bank charges, of \$214,992 (2006 - \$185,210) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada.

6. Economic dependence

As a result of the Agency's reliance on Provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

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

8. Income taxes

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

**Newfoundland and Labrador Film
Development Corporation**

Financial Statements

March 31, 2007

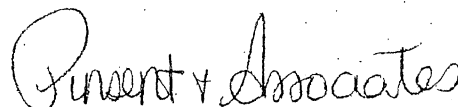
Auditors' Report

To the Board
Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of Newfoundland and Labrador Film Development Corporation as at March 31, 2007 and the statement of operations, surplus, cash flow and schedule of receipts and commitments - Equity Investment Program for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Pinsent & Associates
Certified General Accountants

St. John's, NL
May 25, 2007

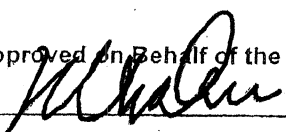
Newfoundland and Labrador Film Development Corporation

Balance Sheet

As At March 31, 2007

	Note	2007	2006
Assets			
Current Assets			
Cash		\$ 985,685	\$ 424,041
Accounts receivable	2.	17,480	16,035
Prepaid		8,342	6,633
Total Current Assets		1,011,507	446,709
Property, plant and equipment	3.	18,207	10,193
Deferred interest		139	-
Total Assets		\$ 1,029,853	\$ 456,902
Liabilities and Shareholders' Equity			
Current Liabilities			
Payables and accruals		\$ 11,508	\$ 32,931
Equity investment program payables		817,975	272,945
Holdbacks payable - Equity investment program		72,648	122,759
Deferred income/revenue		39,145	-
Current portion of long term lease		2,160	-
Total Current Liabilities		943,436	428,635
Capital leases	4.	2,592	-
Total Liabilities		946,028	428,635
Equity			
Share capital	5.	3	3
Surplus - end of year		83,822	28,265
Total Equity		83,825	28,268
Total Liabilities & Equity		\$ 1,029,853	\$ 456,903

Approved on Behalf of the Board;



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

Newfoundland and Labrador Film Development Corporation

Statement of Operations

For the Year Ended March 31, 2007

	Note	2007	2006
Revenue			
Atlantic Canada Opportunities Agency - Business Development Program (BDP)		\$ -	\$ 180,488
Government of Newfoundland and Labrador - Department of Tourism, Culture & Recreation		550,000	315,000
Economic Impact Study Grant - Dept. of Tourism, Culture & Recreation		10,855	-
Total revenue		560,855	495,488
Operating expenses			
Advertising and promotion		14,811	2,215
Promotional materials and publications		4,988	9,336
Amortization of tangible assets		6,623	3,872
Office administration		71,262	72,999
Professional fees	6.	58,741	13,545
Salaries and wages		259,443	267,932
Municipal taxes and other fees		1,032	2,064
Miscellaneous expense		849	1,288
Conferences and travel		60,226	66,604
Sponsorships		55,103	58,743
Printed materials		7,505	2,101
Total operating expenses		540,583	500,699
Income (Loss) from operations		20,272	(5,211)
Non operating income and expenses			
Gains (losses) on disposal		(2,614)	-
Excess of revenue over expenditure (expenditure over revenue)		\$ 17,658	\$ (5,211)

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

Newfoundland and Labrador Film Development Corporation

Statement of Surplus

For the Year Ended March 31, 2007

	Note	2007	2006
Surplus - beginning of year	\$	28,265	\$ 11,371
Excess of revenue over expenditure		17,658	(5,210)
Excess of receipts over commitments (commitments over receipts) - Equity Investment Program (EIP) - Schedule of Receipts and Commitments		37,899	22,104
Surplus - end of year	\$	83,822	\$ 28,265

Composition of Surplus (Deficit):

Operations Account	\$	(8,937)	\$ (26,504)
Equity Investment Account		92,759	54,769
Surplus - end of year	\$	83,822	\$ 28,265

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

Newfoundland and Labrador Film Development Corporation

Statement of Cash Flow

For the Year Ended March 31, 2007

	Note	2007	2006
Cash flow from operating activities			
Net income (loss) for the period	\$	17,568	\$ (5,210)
Excess of receipts over commitments (commitments over receipts)		37,989	22,104
Amortization		6,623	3,872
Gain (Loss) on sale of capital assets		2,614	-
		64,794	20,766
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable		(1,445)	10,620
Accounts payable and accrued liabilities		473,496	240,198
Decrease (increase) in prepaid expense		(1,709)	2,135
Total cash flow from operating activities		535,136	273,719
Cash flows from/used in investing activities			
Property, plant and equipment additions		(17,251)	(1,520)
Deferred charges		(139)	-
Total cash flows from/used in investing activities		(17,390)	(1,520)
Cash flows from/used in financing activities			
Capital lease		4,752	-
Total cash flows from/used in financing activities		4,752	-
Net increase in cash and cash equivalents		522,498	272,199
Net cash and cash equivalents, beginning of period		424,041	151,843
Net cash and cash equivalents, end of period	\$	946,539	\$ 424,042

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

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2007

1. Accounting Policies

Basis of preparation

The accounting policies of the Corporation are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year except for policies relating to program grants, loans and equity investments. Outlined below are those policies considered particularly significant.

Nature of operations

The Corporation is incorporated under the laws of the Province of Newfoundland and Labrador. Its primary purpose is to promote the development of, and to stimulate employment and investment in, the Provincial film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Fair values

The company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Amortization

Property, plant and equipment is carried at cost. Amortization is provided annually at rates indicated, calculated to write off the assets over their useful lives, except in the year of acquisition when one-half of the rate is used.

Change in accounting policy

During fiscal 2007 the Corporation changed its policy regarding the treatment of Equity Investment in Films and Project Development Loans. Equity Investment in Films and Project Development Loans which were previously recorded as revenue and expense in the years received are now recorded as assets and appropriate allowances taken, as indicated in Notes 7 and 8.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2007

2. Accounts Receivable

Accounts receivable consists of the following:

	2007	2006
Receivable - HST	\$ 3,808	\$ 1,439
Receivable - Atlantic Canada Opportunities Agency	13,672	3,610
Receivable - Equity Investment Program	-	10,986
Total	\$ 17,480	\$ 16,035

3. Property, Plant and Equipment

Property, plant and equipment consists of the following:

		2007	2006
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	45% \$ 40,901	\$ (26,835)	\$ 14,066
Furniture & fixtures	20% 17,445	(13,304)	4,141
Computer software	100% 1,899	(1,899)	-
Total	\$ 60,245	\$ (42,038)	\$ 18,207

4. Long Term Leases

The company has the following obligation under capital lease:

	2007	2006
CIT Financial Services		
Lease repayable in 36 equal monthly instalment of \$188.	\$ 4,752	\$ -
Current portion	(2,160)	-
Long-term portion	\$ 2,592	\$ -

Obligations under capital leases are as follows:

2008	\$ 2,160
2009	2,217
2010	375
Total	\$ 4,752

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2007

5. Shareholders' Equity

Authorized:

600 common shares of no par value

Issued and outstanding shares:

600 common shares

	2007	2006
Common shares	\$ 3	\$ 3

6. Professional Fees

Professional fees consists of the following:

	2007	2006
Accounting and audit fees	\$ 8,500	\$ 8,900
Economic impact study fees	10,855	-
Preparation of production guide fees	35,665	-
Preparation of annual returns fees	2,021	2,699
Other fees	1,700	1,946
Total	\$ 58,741	\$ 13,545

7. 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 benefits to Newfoundlanders and Labradorians. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as recoupment.

Based on the Corporation's low recoupment rate an allowance has been set up to write-off the cumulative equity investment.

	2007	2006
Equity investment	\$ 9,010,360	\$ 7,268,415
Allowance against equity investment	(8,960,972)	(7,219,263)
Recoupment - Equity investment	(49,388)	(49,152)
Total	\$ -	\$ -

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2007

8. Project Development Loans

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party.

An allowance has been set up to write-off the cumulative amount of these development loans.

	2007	2006
Development loans	\$ 1,720,796	\$ 1,462,842
Allowance against development loans	(1,720,796)	(1,462,842)
Total	\$ -	\$ -

9. Commitments

The Corporation entered into a three-year rental agreement with Imperial House Inc. commencing June 1, 2006.

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, 2007, the Corporation was contractually committed to advance funds totaling \$841,413 from the Equity Investment Program as investments and loans in respect of current and future projects subject to the availability of funds and terms and conditions outlined in the funding agreement.

	2007/2008
Dark Flowers Productions Inc. - "Atlantic Blue"	\$ 500,000
Pope Productions Inc. - "Diverted"	250,000
Newfound Films Inc. - "Down to the Dirt"	39,250
Rink Rat Productions Inc. - "Maudie"	21,685
Rink Rat Productions Inc. - "The Republic"	13,738
Pangur Ban Productions Inc. - "Africa: Cradle and Grave"	8,910
Kickham East Productions Inc. - "Gros Morne"	7,830
	<u>\$ 841,413</u>

10. Economic Dependence

The Corporation is economically dependant on the Provincial government for annual funding.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2007

11. Financial Instruments

The Corporation's financial instruments consist of receivables, accounts payable, equity investment payables, holdback payables, and commitments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

12. Comparative Figures

Prior year figures have been reclassified where applicable to conform with the current year presentation.

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

	Note	2007	2006
Receipts:			
Government Funding	Equity Investment Program	1,999,663	1,975,000
Recoupment	Equity Investment Program	326	5,906
Funding which has lapsed:			
Augusta Productions	Duckworth	11,440	-
Augusta Productions	Girl on the Road	9,000	-
Edge of the Earth Productions	Birds Eye View	4,109	-
Edge of the Earth Productions	Berry Pickers	4,115	-
Fire Crown Productions Inc.	Tricksters	20,750	-
Kickham East Productions Inc.	Salt Fish and Molasses	6,750	-
Rink Rat Productions	The Sergeant's Son (Phase II)	22,748	-
Rink Rat Productions	Maudie	32,248	-
		2,111,149	1,980,906
Current year commitments:			
2M Innovations	Hatching Matching & Dispatching	150,000	251,696
2M Innovations	Hatching Matching & Dispatching - 7-9	27,135	-
Above and Beyond Inc.	Above and Beyond	200,000	399,322
Augusta Productions Inc.	Girl on the Road	45,917	9,000
Best Boy Productions Inc.	The Flummies	10,000	10,000
Best Boy Productions Inc.	Speaking Volumes	10,000	10,000
Best Boy Productions Inc.	A Little Problem with Murder	9,634	-
Danger Tree Films Inc.	South Coast	-	10,000
Dancing Trout Productions Inc.	Feel the Earth Move	52,056	-
Dark Flowers Productions Inc.	Atlantic Blue	465,000	-
Edge of the Earth Productions Inc.	Torn from the Sea	8,000	-
Edge of the Earth Productions Inc.	Birds Eye View	-	4,109
Edge of the Earth Productions Inc.	The Berry Pickers	-	4,115
Fire Crown Productions Inc.	Kamataukatshuit Explored	-	4,750
Fire Crown Productions Inc.	Tricksters	4,750	36,000
Girl Culture Inc.	Girl Culture	-	13,250
Hey Day Productions Inc.	Hey Day	100,000	100,000
Kickham East Productions Inc.	Salt Fish & Molasses	-	6,750
Kickham East Productions Inc.	Two Girlfriend's	7,900	-
Killick Productions Inc.	From Botwood to Foynes	8,301	-
Legends Productions Inc.	Legends and Lore	50,000	44,008
Life with Derek Inc.	Life with Derek	-	250,000

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

	Note	2007	2006
Current year commitments (cont'd)			
Media Connections Inc.	The Real Matriarch	7,125	-
Morag Loves Company Limited	An Iceberg's Journey	6,062	-
Morag Loves Company Limited	Surfing in Newfoundland (Phase II)	8,914	-
Morag Loves Company Limited	Alligator	10,599	-
Morag Loves Company Limited	The March Hare	6,945	-
Morag Loves Company Limited	Death By Lottery	6,170	-
Morag Loves March Hare	The March Hare	20,539	-
Morag Loves Moebius Corporation	Jean Giraud - A Life in Pictures	13,300	-
Morag Productions Inc.	Love and Savagery	-	25,218
Morag Productions Inc.	Surfing in Newfoundland	-	12,587
Morag Productions Inc.	Confessions of a Pot Smuggler	-	20,216
Muinjij Productions Inc.	Mix Bloods	16,599	-
Muinjij Productions Inc.	Romancing the Labrador	25,000	17,186
Muinjij Productions Inc.	Scat Stories	12,780	-
Nanobody Productions Inc.	Nanobods	-	5,000
Newfound Films Inc.	Bookshorts	15,300	-
Newfound Films Inc.	Down to the Dirt	77,791	-
Newfound Films Inc.	Growing Pains	16,493	-
Newfound Films Inc.	Heartless Disappearance into Labrador	11,319	-
Newfound Films Inc.	St. John's West (Phase II)	6,800	8,000
Newfound Films Inc.	The King Hunt	-	6,532
Newfound Films Inc.	A Humorous History of NL	-	8,066
Opportunity Knox	Grown Up Movie Star	-	11,538
Pilots Three Inc.	3 Pilots	77,043	-
Plain Sight Pictures	Wish	7,013	-
Plain Sight Pictures	Wingman	11,760	-
Pope Productions Inc.	Why Angels Sing	9,800	-
Pope Productions Inc.	Lighthouse	11,885	-
Pope Productions Inc.	Diverted	250,000	-
Pope Productions Inc.	Monkshood	11,647	-
Pope Productions Inc.	Access to Health	8,100	-
Pope Productions Inc.	Her Majesties' Pen	4,640	-
Pope Productions Inc.	Atlantic Sound	-	9,245
Pope Productions Inc.	Kicker	-	12,704
Rain Productions Inc.	Define Yourself	-	15,000
Rain Productions Inc.	Finding Balance	15,000	-

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program

For the Year Ended March 31, 2007

	Note	2007	2006
Current year commitments (cont'd)			
Rink Rat Productions Inc.	Euro League	26,460	-
Rink Rat Productions Inc.	Christopher House: Ahead of the Curve	20,000	-
Rink Rat Productions Inc.	The Big Bang	12,623	-
Rink Rat Productions Inc.	Feast of Cohen	8,308	-
Rink Rat Productions Inc.	Maudie	5,512	32,248
Rink Rat Productions Inc.	The Sergeant's Son	-	22,777
Rink Rat Productions Inc.	To Think Like a Composer	-	46,346
Sky Bridge Productions	Ferry Command	18,596	30,000
Small Pond Productions	Rabbittown	50,000	89,494
Springwater Productions Inc.	Homegrown	-	24,858
Springwater Productions Inc.	Jean Claude Roy	-	15,952
Springwater Productions Inc.	Breaking Ground	-	29,475
Streely Maid Films Ltd.	The Songwriter - Diamonds in a Bucket	20,400	-
Strong Language Inc.	Grangeways	-	7,515
The Giggle Factory Inc.	Kent and Donny's Bits and Pieces	-	5,727
The Giggle Factory Inc.	George Street TV - Season III	50,000	50,000
The Giggle Factory Inc.	George Street TV - Season IV	21,344	-
The Giggle Factory Inc.	George Street TV - Season V	22,600	-
50796 Newfoundland & Lab. Inc.	Keeping Up with Cathy Jones	-	59,438
522721 Newfoundland & Lab. Inc.	Young Triffie	-	240,680
		2,073,160	1,958,802
Excess of receipts over commitments (commitments over receipts)		37,990	22,104
Opening Balance		54,769	32,665
Closing Balance		\$ 92,759	\$ 54,769

**NEWFOUNDLAND AND LABRADOR
GOVERNMENT SINKING FUND**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

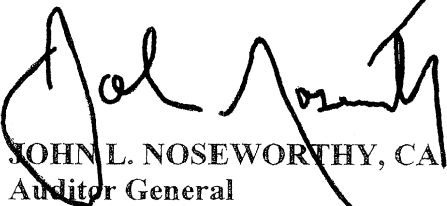
To the Board of Trustees
Newfoundland and Labrador Government Sinking Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Government Sinking Fund as at 31 March 2007 and the statements of statutory contributions, retained earnings, revenues and expenses, and cash flows for the year then ended. These financial statements have been prepared to meet the information needs of the Board of Trustees and the Government of Newfoundland and Labrador under Section 39 of the *Financial Administration Act* and under the various debentures which require the establishment of sinking funds. 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 Fund as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund and the Government of Newfoundland and Labrador to meet their information needs under Section 39 of the *Financial Administration Act* and under the various debentures which require the establishment of sinking funds. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purposes.



JOHN L. NOSEWORTHY, CA
Auditor General


St. John's, Newfoundland and Labrador
20 June 2007

**NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
BALANCE SHEET**

31 March	2007	2006
	(000's)	(000's)
ASSETS		
Current		
Cash	\$ 90	\$ 69
Term deposits and short-term investments, at cost	65,931	12,185
Interest and other receivables		
Province of Newfoundland and Labrador – guaranteed	11,459	10,936
Other	3,797	3,665
	<u>81,277</u>	<u>26,855</u>
Investments, at amortized cost (Schedule 1)		
Cost	772,483	739,689
Accumulated amortization of discounts and premiums	92,678	82,560
	<u>865,161</u>	<u>822,249</u>
	<u>\$ 946,438</u>	<u>\$ 849,104</u>
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 12	\$ 12
Due to Province of Newfoundland and Labrador	14	12
	<u>26</u>	<u>24</u>
Sinking fund equity		
Statutory contributions (Statement 2)	496,829	454,350
Retained earnings (Statement 3)	449,583	394,730
	<u>946,412</u>	<u>849,080</u>
	<u>\$ 946,438</u>	<u>\$ 849,104</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF STATUTORY CONTRIBUTIONS
For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
Balance, beginning of year	\$ 454,350	\$ 415,296
Statutory contributions for the year	44,348	44,472
	498,698	459,768
Foreign currency translation adjustment	(1,869)	(5,418)
Balance, end of year	\$ 496,829	\$ 454,350

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF RETAINED EARNINGS

For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
Balance, beginning of year	\$ 394,730	\$ 347,316
Excess of revenues over expenses	<u>56,259</u>	<u>52,373</u>
	450,989	399,689
Foreign currency translation adjustment	<u>(1,406)</u>	<u>(4,959)</u>
Balance, end of year	\$ 449,583	\$ 394,730

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March	2007	2006
	(000's)	(000's)
REVENUES		
Interest income		
Debentures	\$ 45,209	\$ 41,558
Term deposits and short-term investments	1,541	1,227
Other	17	16
	<u>46,767</u>	<u>42,801</u>
<u>Amortization of discounts and premiums</u>	<u>9,734</u>	<u>9,889</u>
	<u>56,501</u>	<u>52,690</u>
EXPENSES		
Salaries and benefits	125	200
General	117	117
	<u>242</u>	<u>317</u>
Excess of revenues over expenses	\$ 56,259	\$ 52,373

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 56,259	\$ 52,373
Adjustment for non-cash item		
Amortization of discounts and premiums	(9,734)	(9,889)
	46,525	42,484
Change in non-cash working capital	(653)	(1,875)
	45,872	40,609
Cash flows from financing activities		
Statutory contributions	44,348	44,472
Effect of foreign currency on statutory contributions	(1,869)	(5,418)
Effect of foreign currency on retained earnings	(1,406)	(4,959)
	41,073	34,095
Cash flows from investing activities		
Purchase of investments	(43,210)	(122,323)
Proceeds from redemption and sale of investments	6,549	5,256
Effect of foreign currency on investments	3,483	8,681
	(33,178)	(108,386)
Net increase (decrease) in cash and cash equivalents	53,767	(33,682)
Cash and cash equivalents, beginning of year	12,254	45,936
Cash and cash equivalents, end of year	\$ 66,021	\$ 12,254
Cash and cash equivalents include:		
Cash	\$ 90	\$ 69
Term deposits and short-term investments	65,931	12,185
	\$ 66,021	\$ 12,254

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
SCHEDULE OF INVESTMENTS

31 March

2007

2006

	<u>Face Value or Par</u> (000's)	<u>Amortized Cost</u> (000's)	<u>Face Value or Par</u> (000's)	<u>Amortized Cost</u> (000's)
Canadian				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	\$ 186,946	\$ 196,964	\$ 180,870	\$ 190,526
Newfoundland and Labrador Municipal Financing Corporation	50,773	50,787	53,073	53,106
Coupons and residuals	324,612	181,204	319,123	167,231
	562,331	428,955	553,066	410,863
Other securities	83,087	85,302	70,087	72,939
Other coupons and residuals	58,567	40,863	57,804	38,202
	703,985	555,120	680,957	522,004
U.S.				
Province of Newfoundland and Labrador - guaranteed				
Province of Newfoundland and Labrador	155,534	176,411	143,926	162,114
Other securities	114,767	124,271	118,435	129,324
Other coupons and residuals	17,512	9,359	17,715	8,807
	287,813	310,041	280,076	300,245
Total investments	\$ 991,798	\$ 865,161	\$ 961,033	\$ 822,249

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Province of Newfoundland and Labrador issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund. This is an unincorporated body formed under the *Financial Administration Act*. All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by the Board's management in accordance with the significant accounting policies set out below to meet the information needs of the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund and the Government of Newfoundland and Labrador under Section 39 of the *Financial Administration Act* and under the various debentures which require the establishment of sinking funds. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because the impact of foreign currency translation adjustments arising from the translation of U.S. denominated investments is not recognized in income during the year. These gains or losses are unrealized and it is intended that they will remain so since it is not the intention of the Fund that these investments, which are held in U.S. funds, will ever actually be converted to Canadian dollars.

(a) Cash and cash equivalents

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

(b) Investment transactions

- (i) Purchases: Investments are initially recorded at cost.
- (ii) Amortization: Discounts and premiums are amortized on a straight-line basis from the date of purchase until maturity.
- (iii) Sales: Sales of investments are at a negotiated selling price. Sales are recorded at the proceeds less the investment's average amortized cost, with any resulting gain or loss also recorded.
- (iv) Redemptions: On occasion, investments held in the Fund will be called for redemption by the issuer. In such instances, a gain is recorded equal to the redemption proceeds less the investment's average amortized cost.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2007

1. Basis of accounting (cont.)

- (c) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund has been provided.

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

(ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

- (d) Interest income

Interest income is recorded on an accrual basis.

- (e) Foreign currency translation

Assets, liabilities, revenues and expenses denominated in U.S. currency are translated as follows:

- (i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and
(ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Foreign currency translation adjustments arising from the translation of U.S. denominated investments are deferred and shown as separate components of the sinking fund equity. These gains or losses are unrealized and it is intended that they will remain so since it is not the intention of the Fund that these investments, which are held in U.S. funds, will ever actually be converted to Canadian dollars.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2007

2. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operating costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland and Labrador Government Sinking Fund.

3. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognized on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables, accounts payable and accrued liabilities and due to Province of Newfoundland and Labrador. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Fund holds long-term investments which have an amortized cost of \$865,161,000 (2006 - \$822,249,000). The face value of these investments is \$991,798,000 (2006 - \$961,033,000). The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Fund and there is no rate risk associated with these investments.

4. Income taxes

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

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2007 and the statements of revenues, expenses and 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy', written over a horizontal line.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
22 June 2007

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
BALANCE SHEET**

31 March

2007

2006

(000's)

(000's)

ASSETS

Accounts receivable (Note 2)	\$ 2,631	\$ 1,852
Due from Canada Mortgage and Housing Corporation (CMHC)	3,274	-
Due from the Province of Newfoundland and Labrador		
- Labrador Housing Programs (Note 3)	5,041	5,805
Inventory and prepaid expenses (Note 4)	3,406	3,273
Mortgages and loans receivable (Note 5)	21,237	26,194
Receivable from municipalities re: land transfers (Note 6)	1,967	2,384
Repossessed units (Note 7)	20	7
Land assemblies (Note 8)	8,745	7,684
Rental properties (Note 9)	209,784	218,823
Capital assets (Note 10)	7,191	5,755
	\$ 263,296	\$ 271,777

LIABILITIES AND EQUITY

Bank indebtedness (Note 11)	\$ 3,548	\$ 2,110
Accounts payable and accrued liabilities	11,794	9,200
Due to CMHC	-	305
Deferred revenue (Note 12)	921	960
Group health and life insurance retirement benefits (Note 13)	11,040	10,158
Capital replacement fund (Note 14)	7,386	7,713
Mortgage insurance fund (Note 15)	3,252	3,245
Mortgages, debentures and similar indebtedness (Note 16)	29,563	36,555
CMHC investment in cost-shared programs (Note 17)	133,916	143,072
	201,420	213,318

Equity

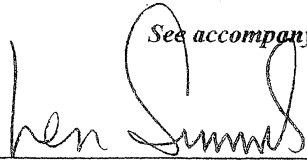
Contributed capital - Province of Newfoundland and Labrador (Note 18)	62,861	62,861
Deficit	(985)	(4,402)
	61,876	58,459
	\$ 263,296	\$ 271,777

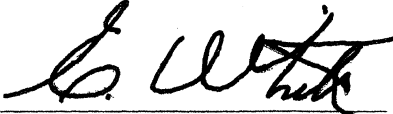
Contingent liabilities (Note 19)

Commitments (Note 20)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
REVENUES		
CMHC (Note 22)	\$ 60,274	\$ 59,588
Rent	18,727	19,275
Province of Newfoundland and Labrador operating grant	15,111	9,650
Interest	6,821	7,646
Other income	824	295
Gains on mortgages, loans and repossessions	384	-
Profit from land sales by municipalities	376	410
Land assemblies sales	75	561
Gain on sale of rental properties	-	161
	102,592	97,586
EXPENSES		
CMHC share of interest revenue	699	967
Community based housing operating subsidies	9,859	9,585
Grants to homeowners	10,174	7,601
Interest expense	3,091	3,698
Land assemblies costs (Note 8)	141	459
Losses on mortgages, loans and repossessions	-	475
Loss on sale of rental properties	71	-
Mortgage subsidies	1,480	1,785
Municipal receivable write-off	-	234
Administrative expenses (Note 23)	15,521	15,437
Rent supplement subsidies	3,660	3,537
Rental properties write-off	1,026	282
Rental properties expenses (Note 24)	53,453	52,913
	99,175	96,973
Excess of revenues over expenses	3,417	613
Deficit, beginning of year	(4,402)	(5,015)
Deficit, end of year	\$ (985)	\$ (4,402)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 3,417	\$ 613
Add (deduct) non-cash items:		
Mortgage subsidies	1,480	1,785
(Gains) losses on mortgages, loans and repossessions	(384)	475
Amortization of rental properties (Note 24)	6,866	6,495
Amortization of community based housing	689	622
Amortization of Labrador Housing Programs	775	819
Write-off of rental properties	1,026	282
Loss (gain) on sale of rental properties	71	(161)
Amortization of capital assets	501	436
CMHC portion of non-cash items	769	791
Group health and life insurance retirement benefits (Note 13)	882	726
	16,092	12,883
Net change in other operating items	(2,900)	1,479
	13,192	14,362
Cash flows from investing activities:		
Advances of mortgages and loans	(1,473)	(1,969)
Principal recoveries of mortgages and loans	5,321	5,475
Proceeds from sale of rental properties	387	1,502
Investment in capital assets	(1,937)	(581)
Labrador Housing Programs	(11)	(55)
	2,287	4,372
Cash flows from financing activities:		
Repayments of mortgages, debentures, and similar indebtedness	(6,992)	(7,969)
Repayments of CMHC investment in cost-shared programs	(9,925)	(10,221)
	(16,917)	(18,190)
(Increase) decrease in bank indebtedness	(1,438)	544
Bank indebtedness, beginning of year	(2,110)	(2,654)
Bank indebtedness, end of year	\$ (3,548)	\$ (2,110)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

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

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Reposessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs and interest.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from Government departments, costs have been recorded at \$1. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

1. Significant accounting policies (cont.)

(d) Rental properties (cont.)

Non-profit housing

- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years

Market housing

- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware and software	Straight line, 4 years
Vehicles	Straight line, 5 years

(f) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

(g) Revenue recognition

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

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the year.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

2. Accounts receivable

	2007 (000's)	2006 (000's)
Rents	\$ 159	\$ 217
Miscellaneous	2,575	1,792
	2,734	2,009
Less: allowance for doubtful accounts	103	157
	\$ 2,631	\$ 1,852

3. Due from the Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Mary's Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period. As at 31 March 2007 the amount due from the Province was \$5,041,000 (2006 - \$5,805,000).

These projects are being amortized over a 15 year period at \$1,050,000 annually.

4. Inventory and prepaid expenses

	2007 (000's)	2006 (000's)
Inventory	\$ 521	\$ 527
Prepaid expenses	2,885	2,746
	\$ 3,406	\$ 3,273

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

5. Mortgages and loans receivable

	2007	2006
	(000's)	(000's)
Subsidized mortgages to homeowners	\$ 7,515	\$ 10,606
Residential Rehabilitation Assistance Program loans	7,049	9,081
Provincial Home Repair Program	7,050	6,951
Other mortgages and loans	1,931	2,970
	23,545	29,608
Less: allowance for impaired accounts	2,308	3,414
	\$ 21,237	\$ 26,194

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

6. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2007, twenty agreements have been completed for the transfer of lands to municipalities at a carrying value of \$1,967,000 (2006 - \$2,384,000).

7. Repossessed units

	2007	2006
	(000's)	(000's)
Repossessioned units	\$ 59	\$ 41
Less: allowance for impairment	39	34
	\$ 20	\$ 7

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

8. Land assemblies

	2007 (000's)	2006 (000's)
Land assemblies, beginning of year	\$ 7,684	\$ 7,952
Cost incurred during the year:		
Land acquisition and development	968	40
Interest, capitalized	234	151
	8,886	8,143
Less: cost of earned sales recognized during year	141	459
Land assemblies, end of year	\$ 8,745	\$ 7,684

Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them. In September 1998, the Province directed the Corporation to divest of the majority of its land holdings.

9. Rental properties

	2007			2006
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Non-profit housing				
- Capital cost	\$ 256,333	\$ 53,577	\$ 202,756	\$ 211,301
- Renovation costs	4,981	2,014	2,967	3,317
Market housing				
- Capital cost	6,560	2,632	3,928	4,072
Leased land	133	-	133	133
	\$ 268,007	\$ 58,223	\$ 209,784	\$ 218,823

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

10. Capital assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(000's)	(000's)	(000's)	(000's)
Office buildings	\$ 7,732	\$ 2,587	\$ 5,145	\$ 5,250
Furniture and office equipment	111	72	39	50
Computer hardware and software	2,068	426	1,642	195
Vehicles	2,069	1,704	365	260
	\$ 11,980	\$ 4,789	\$ 7,191	\$ 5,755

11. Bank indebtedness

Bank indebtedness consists of an operating loan with a limit of \$6,000,000 and interest rate at prime.

12. Deferred revenue

	2007	2006
	(000's)	(000's)
Rentals	\$ 921	\$ 960

Deferred revenue rentals consist of rental payments received by the Corporation in advance of the due dates.

13. Group health and life insurance retirement benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health benefits. As at 31 March 2007, the plans provided benefits to 150 retirees.

The actuarial valuation prepared by the Corporation's actuary was based on a number of assumptions about future events including an interest rate of 6%, health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Corporation's best estimates of expected long-term rates and short-term forecasts.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

13. Group health and life insurance retirement benefits (cont.)

Group health and life insurance retirement benefits liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

	Estimated Accrued Benefit Obligation (000's)	Unamortized Experience Losses (000's)	Net Liability 2007 (000's)	Net Liability 2006 (000's)	Change (000's)
Group health retirement benefits	\$ 10,872	\$(1,149)	\$ 9,723	\$ 8,926	\$ 797
Group life insurance retirement benefits	1,337	(20)	1,317	1,232	85
	\$ 12,209	\$(1,169)	\$ 11,040	\$10,158	\$ 882

There are no fund assets associated with these plans.

Group health and life insurance retirement benefits expense

In these statements group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

	Corporation's Share of Current Period Costs (000's)	Interest Expense on the Liability (000's)	Corporation's Current Period Contributions (000's)	Current Period Amortization of Experience Changes (000's)	Change (000's)
Group health retirement benefits	\$ 231	\$ 614	\$ (169)	\$ 121	\$ 797
Group life insurance retirement benefits	18	75	(10)	2	85
	\$ 249	\$ 689	\$ (179)	\$ 123	\$ 882

Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The unamortized experience loss at 31 March 2007 resulted from a change in the discount rate used by the actuary and an increase in health premium rates.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**NOTES TO FINANCIAL STATEMENTS****31 March 2007**

14. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	<u>2007</u>	<u>2006</u>
	(000's)	(000's)
Balance, beginning of year	\$ 7,713	\$ 8,008
Capital replacement expenditures	(327)	(295)
Balance, end of year	\$ 7,386	\$ 7,713

15. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 22), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a \$3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	<u>2007</u>	<u>2006</u>
	(000's)	(000's)
Balance, beginning of year	\$ 3,245	\$ 3,393
Gains (losses) for the year	7	(148)
Balance, end of year	\$ 3,252	\$ 3,245

The fund covers a portfolio of federal loans totalling \$158,933,062. The majority of these loans relate to either Social Housing projects that receive significant federal/provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

16. Mortgages, debentures and similar indebtedness

	2007	2006
	(000's)	(000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 4.12% repayable in blended annual installments of \$2,093,539, with final due dates ranging from March 2022 to January 2030	\$ 26,570	\$ 27,563
(b) Toronto Dominion Bank fixed rate bankers acceptances, at an interest rate of 4.35%, due on 13 April 2007	2,993	8,992
	\$ 29,563	\$ 36,555

Principal repayments for the next five years on the \$29,563,000 of debt with fixed terms of repayment are as follows:

	(000's)
2008	\$ 4,024
2009	\$ 1,074
2010	\$ 1,119
2011	\$ 1,165
2012	\$ 1,218

17. CMHC investment in cost-shared programs

	2007	2006
	(000's)	(000's)
Non-profit rental housing	\$ 89,203	\$ 90,158
Rural and native housing	39,126	45,697
Home repair assistance	5,587	7,217
	\$ 133,916	\$ 143,072

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 22).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

18. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances of \$62,861,000 made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

19. Contingent liabilities

(a) Claims have been filed against the Corporation for:

- (i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.
- (ii) \$100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.
- (iii) Special damages related to an alleged breach of contract and/or negligence relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

- (b) The Corporation has provided guarantees on outstanding mortgage balances totalling \$341,907 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.
- (c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled \$2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost \$10,000,000.
- (d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of \$6,000,000.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

19. Contingent liabilities (cont.)

- (e) In 1999, the Corporation learned of possible environmental liabilities relating to 17 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at \$1,000,000. To date, expenditures related to this work have totalled \$317,000. All 17 tanks have been removed and remediation has been completed on 7 of the 17 sites.
- (f) During 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. The cost of environmental remediation is estimated at \$1,400,000.

20. Commitments

The Corporation has commitments totalling \$5,332,046 comprised of uncompleted purchase and construction contracts at year end of \$2,772,256 and commitments under lending programs of \$2,559,790.

21. Financial instruments

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

The Corporation's long-term financial instruments recognized on the balance sheet consist of due from the Province of Newfoundland and Labrador - Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**NOTES TO FINANCIAL STATEMENTS**31 March 2007

22. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2007	2006
	(000's)	(000's)
1997 Canada-Newfoundland Social Housing Agreement	\$ 53,082	\$ 53,784
Provincial Home Repair Program	4,466	4,528
Affordable Housing Program	2,718	939
Mortgages	10	12
Residential Rehabilitation Assistance Program	(2)	325
	<hr/> \$ 60,274	<hr/> \$ 59,588

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

23. Administrative expenses

	2007	2006
	(000's)	(000's)
Advertising and promotion	\$ 75	\$ 65
Computer system costs	1,155	1,161
General	459	449
Office equipment leases	50	54
Office equipment purchases	55	34
Office supplies	144	134
Rent, heat, light, cleaning and maintenance	1,004	1,027
Salaries and employee benefits	11,836	11,782
Telephone and postage	323	329
Travel and vehicle expenses	420	402
	<hr/> \$ 15,521	<hr/> \$ 15,437

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

24. Rental properties expenses

	2007	2006
	(000's)	(000's)
Amortization	\$ 6,866	\$ 6,495
Bad debts	-	72
Heat, light and operating	8,816	8,598
Interest on debt	18,764	19,873
Municipal taxes	4,878	4,640
Repairs and maintenance	14,129	13,235
	<hr/> \$ 53,453	<hr/> \$ 52,913

25. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2007 was \$956,685 (2006 - \$929,000).

26. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

27. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributes approximately 15% (2006 - 10%) of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

28. Income taxes

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

**NEWFOUNDLAND AND LABRADOR HYDRO
FINANCIAL STATEMENTS**

DECEMBER 31, 2006

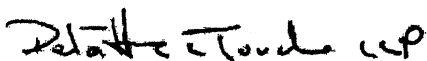
AUDITORS' REPORT

To the Lieutenant-Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of Newfoundland and Labrador Hydro as at December 31, 2006 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by The Hydro Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



Chartered Accountants

St. John's, Newfoundland and Labrador

Canada

February 9, 2007

CONSOLIDATED BALANCE SHEET

<i>As at December 31 (millions of dollars)</i>	2006	2005
Assets		
Current assets		
Cash and cash equivalents	10.0	3.0
Short-term investments	11.7	6.1
Accounts receivable	72.4	67.9
Current portion of long-term receivable	1.1	1.1
Current portion of regulatory assets (Note 3)	45.3	41.8
Fuel and supplies	54.4	59.7
Prepaid expenses	1.5	2.3
	196.4	181.9
Property, plant and equipment (Note 2)	1,791.5	1,781.6
Long-term receivables (Note 4)	19.2	1.4
Sinking funds (Note 12)	97.3	85.8
Regulatory assets (Note 3)	102.9	145.5
Investments (Note 5)	5.2	5.2
Deferred charges (Note 7)	3.5	2.7
	2,216.0	2,204.1

See accompanying notes

CONSOLIDATED BALANCE SHEET

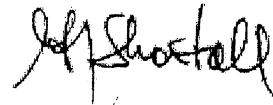
<i>As at December 31 (millions of dollars)</i>	2006	2005
Liabilities and Shareholder's Equity		
Current liabilities		
Bank indebtedness	6.5	6.0
Accounts payable and accrued liabilities	49.2	59.0
Accrued interest	30.8	29.5
Current portion of long-term debt (Note 8)	22.5	222.6
Current portion of regulatory liabilities (Note 3)	33.7	1.3
Promissory notes (Note 8)	58.8	150.8
	201.5	469.2
Long-term debt (Note 8)	1,378.4	1,174.8
Regulatory liabilities (Note 3)	16.6	11.4
Long-term payable (Note 9)	0.3	0.7
Employee future benefits (Note 10)	42.3	38.5
	59.2	50.6
Non-controlling interest in Lower Churchill Development Corporation	2.5	2.5
Shareholder's equity (Note 11)		
Share capital	22.5	22.5
Contributed capital	114.0	114.0
Retained earnings	437.9	370.5
	574.4	507.0
Commitments and contingencies (Note 16)		
	2,216.0	2,204.1

See accompanying notes

On behalf of the Board:



Dean MacDonald
Director



Gerald J. Shortall
Director

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

<i>Year ended December 31 (millions of dollars)</i>	2006	2005
Revenue		
Energy sales	439.3	453.9
Recovery of costs in rate stabilization plan (Note 3)	83.6	56.5
Guaranteed winter availability	18.9	16.4
Rentals and royalties	0.3	0.3
Other	5.9	5.4
	548.0	532.5
Expenses		
Operations and administration	130.4	130.8
Fuels	71.0	84.5
Amortization of costs in rate stabilization plan (Note 3)	83.6	56.5
Power purchased	38.8	35.9
Amortization	48.5	47.0
Interest (Note 13)	105.7	105.9
	478.0	460.6
Net income	70.0	71.9
Retained earnings, beginning of year	370.5	354.4
	440.5	426.3
Dividends	2.6	55.8
Retained earnings, end of year	437.9	370.5
<i>See accompanying notes</i>		

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Year ended December 31 (millions of dollars)</i>	2006	2005
Cash provided by (used in)		
Operating activities		
Net income	70.0	71.9
Adjusted for items not involving a cash flow		
Amortization	48.5	47.0
Amortization of deferred charges	1.0	1.0
Loss on disposal of property, plant and equipment	1.6	3.9
Foreign exchange gain	-	(0.1)
Other	0.4	0.2
	121.5	123.9
Change in non-cash balances (Note 14)	55.4	44.7
	176.9	168.6
Financing activities		
Long-term debt issued	225.0	-
Long-term debt retired	(215.1)	(32.4)
Foreign exchange loss recovered	0.7	1.5
Decrease in promissory notes	(92.0)	(7.0)
Dividends	(2.6)	(55.8)
	(84.0)	(93.7)
Investing activities		
Additions to property, plant and equipment	(60.9)	(47.7)
Proceeds on disposal of property, plant and equipment	0.5	0.4
Increase in sinking funds	(18.5)	(19.5)
Increase in short-term investments	(5.6)	(6.1)
Additions to deferred charges	(1.9)	(1.0)
	(86.4)	(73.9)
Net increase in cash	6.5	1.0
Cash position, beginning of year	(3.0)	(4.0)
Cash position, end of year	3.5	(3.0)
Cash position is represented by		
Cash and cash equivalents	10.0	3.0
Bank indebtedness	(6.5)	(6.0)
	3.5	(3.0)
Supplementary disclosure of cash flow information		
Income taxes paid	0.2	0.2
Interest income received	1.7	0.3
Interest paid	111.3	111.9

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Newfoundland and Labrador Hydro (Hydro) is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador (Province) as a Crown Corporation and its principal activity is the development, generation and sale of electric power.

Gull Island Power Corporation Limited (GIPCo) is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland (Gull Island Project). Lower Churchill Development Corporation Limited (LCDC) is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the lower Churchill River (Lower Churchill Project). Both GIPCo and LCDC are inactive.

Churchill Falls (Labrador) Corporation Limited (CF(L)Co) is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428 megawatts (MW) CF(L)Co. Twin Falls Power Corporation Limited (TWINCo) is incorporated under the laws of Canada and has developed a 225 megawatt hydroelectric generating plant on the Unknown River in Labrador. The plant has been inoperative since 1974. Hydro and its subsidiary and jointly controlled companies, other than TWINCo, are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles.

Preparation of these Consolidated Financial Statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Key areas where management has made complex or subjective judgements include the fair value and recoverability of assets, litigation, environmental and asset retirement obligations, and other employee future benefits. Actual results may differ from these estimates, including changes as a result of future decisions made by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB).

Rates and Regulations (Excluding Sales by Subsidiaries)

Hydro's revenues from its electrical sales to most customers within the Province are subject to rate regulation by the PUB. As well, Hydro's borrowing and capital ex-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

penditure programs are also subject to review and approval by the PUB. Rates are set through periodic General Rate Applications (GRA) utilizing a cost of service (COS) methodology. In December, 2006, the PUB approved interim rates effective January 1, 2007, reflecting an allowed rate of return on rate base of 7.4%. Final approval was granted by the PUB in April 2007. Hydro applies various accounting policies that differ from enterprises that do not operate in a rate regulated environment. Generally these policies result in the deferral and amortization of costs or credits which will be recovered or refunded in future rates. In the absence of rate regulation these amounts would be included in the determination of net income in the year the amounts are incurred. The effects of rate regulation on the financial statements are more fully disclosed in Note 3.

Principles of Consolidation

The Consolidated Financial Statements include the financial statements of Hydro and its subsidiary companies, GIPCo, (100% owned) and LCDC, (51% owned).

Effective June 18, 1999, Hydro, CF(L)Co and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CF(L)Co be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to CF(L)Co, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in CF(L)Co subsequent to the effective date of the shareholders' agreement.

A portion of Hydro's shareholding in CF(L)Co is deposited in a voting trust pursuant to an agreement with Hydro-Québec.

CF(L)Co holds 33.33% of the equity share capital of TWINCo and is a party with other shareholders in a participation agreement which gives CF(L)Co joint control of TWINCo. This investment is accounted for by the proportionate consolidation method.

Cash Equivalents and Short-Term Investments

Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than twelve months are classified as short-term investments. Both are stated at cost, which approximates market value. There were short-term investments of \$11.7 million (2005 - \$6.1 million) outstanding at December 31, 2006, bearing interest rates of 4.28% to 4.35% (2005 - 2.74% to 3.96%) per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fuel and Supplies

Fuel and supplies inventories are recorded at average cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, which comprises materials, labour, contracted services, other costs directly related to construction and an allocation of overhead costs. Expenditures for additions and betterments are capitalized and normal expenditures for maintenance and repairs are charged to operations. The cost of property, plant and equipment under construction is transferred to property, plant and equipment in service when construction is completed and facilities are commissioned, at which point amortization commences.

The fair value of the future expenditures required to settle legal obligations associated with the retirement of property, plant and equipment, are recognized to the extent that it is reasonably estimable. Asset retirement obligations are recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. As it is expected that Hydro's assets will be used for an indefinite period, no removal date can be determined and consequently, a reasonable estimate of the fair value of any related asset retirement obligation cannot be determined at this time. If it becomes possible to estimate the fair value of the cost of removing assets that Hydro is legally required to remove, an asset retirement obligation will be recognized at that time.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of property, plant and equipment, or the fair value of assets contributed. Contributions are treated as a reduction to property, plant and equipment and the net property, plant and equipment are amortized.

Hydro, GIPCo and LCDC

Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Gains or losses on the disposal of property, plant and equipment are recognized in income as incurred.

Amortization is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Amortization on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Estimated service lives of the major assets are as follows:

Generation Plant

Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years

Transmission

Lines	40 and 50 years
Switching stations	40 years

Distribution System

Other

Hydroelectric generation plant includes the powerhouse, turbines, governors, and generators, as well as water conveying and control structures, including dams, dykes, the tailrace, penstock and intake structures. Thermal generation plant is comprised of the powerhouse, turbines and generators, boilers, oil storage tanks, stacks and auxiliary systems. Diesel generation plant includes the buildings, engines, generators, switchgear, fuel storage and transfer systems, dykes and liners and cooling systems.

Transmission lines include the support structures, foundations and insulators associated with lines at voltages of 230, 138 and 69 kV. Switching stations assets are used to step up voltages of electricity from generating to transmission and to step down voltages for distribution. Distribution system assets include poles, transformers, insulators and conductors.

Other assets would include telecontrol, computer software, buildings, vehicles, furniture, tools and equipment.

CF(L)Co

CF(L)Co uses the group amortization method for certain property, plant and equipment other than the generation plant, transmission and terminals and service facilities.

Amortization is provided on a straight-line basis over the following estimated useful lives:

Generation Plant

Hydroelectric

Transmission and Terminals

Service facilities

Other

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to amortization expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Long-lived Assets

Hydro reviews the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the expected undiscounted net cash flows could be lower than the carrying value of the property and assets. An impairment loss corresponding to the amount by which the carrying value exceeds fair value is recognized, if applicable.

Debt Discount and Financing Expenses

These costs are amortized on a straight-line basis over the lives of the respective debt issues.

Promissory Notes

Promissory Notes bear interest from 4.25% to 4.55% per annum (2005 - 2.80% to 3.70%) with carrying value approximating fair value due to their short-term nature.

Revenue Recognition

Revenue is recognized on the accrual basis, as power deliveries are made, and includes an estimate of the value of electricity consumed by customers in the year, but billed subsequent to year-end. Sales within the Province are primarily at rates approved by the PUB. Sales to Hydro-Québec and certain major industrial customers are at rates under the terms of applicable contracts.

A power contract with Hydro-Québec, dated May 12, 1969 (Power Contract) provides for the sale of substantially all the energy from CF(L)Co until 2041. The Power Contract has a 40-year term to 2016 which then renews for a further term of 25 years. The base rate is predetermined in the Power Contract and decreases from the existing rate of 2.5425 mills per kilowatt hour (kWh) to 2.0 mills per kWh upon renewal in 2016.

CF(L)Co receives revenues from Hydro-Québec, under a guaranteed winter availability contract (GWAC) through 2041. The GWAC provides for the sale of 682 MW of additional availability to Hydro-Québec during the months of November through March in each of the remaining years until the end of the Power Contract.

Deferred revenue represents amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables. Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% per annum (2005 - 7%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

- (a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.
- (b) At each balance sheet date monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date. Any resulting gain or loss is reflected in income.
 - (i) Under the provisions of the Power Contract CF(L)Co's exposure for a foreign exchange loss is limited. CF(L)Co recovers a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract. The portion of the unrealized foreign exchange loss which is recoverable on the settlement dates, is included in long-term receivables (Note 4).

Financial Instruments

As part of its risk management, Hydro may use derivative instruments in the form of interest rate swap agreements to manage interest rate risk. Net receipts or payments under the swap agreements are recorded as adjustments to interest expense on an accrual basis. The company formally designates its hedges, documents and all hedging relationships and formally assesses hedge effectiveness. Derivative instruments designated as hedges in effective hedging relationships are accounted for using hedge accounting. In the event a hedging relationship is extinguished or the relationship is found to be ineffective, realized or unrealized gains or losses are recognized in the results of operations. For derivative instruments to which hedge accounting cannot be applied, realized and unrealized changes in fair value are charged to operations in the periods in which they occur. There were no interest rate swap agreements outstanding as at December 31, 2006.

Credit Risk

Hydro is exposed to credit risk associated with trade receivables. Although a significant portion of the total accounts receivable balance are due from one customer, management does not consider Hydro to be exposed to a material credit risk since that customer is another regulated utility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions are expensed as incurred.

Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis, and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately 12 years.

Changes to Accounting Policies

In 2005, the CICA released Handbook sections 3855, 3865 and 1530, respectively entitled Financial Instruments - Recognition and Measurement, Hedges and Comprehensive Income.

Section 3855 specifies when a financial instrument should be accounted for on the balance sheet and at what amount: in some cases at fair value, while in other cases at a value based on cost. It also specifies how gains and losses on financial instruments should be presented.

Section 3865 replaces the guidance for hedging relationships that previously was included in Accounting Guideline 13, in particular the guidance for the designation and documentation of hedging relationships. These new recommendations specify how hedge accounting is applied and the required disclosures to be made by an entity applying hedge accounting.

Section 1530 establishes standards for the presentation and disclosure of comprehensive income. Comprehensive income for a reporting period includes, in addition to net income, the entire change in net assets attributable to transactions and other events from non-owner sources. Comprehensive income and its components will have to be presented in a financial statement with the same prominence as the other financial statements.

These sections will apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2007. Hydro is currently examining the impact on its Consolidated Financial Statements of applying these new standards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	Property Plant and Equipment in Service	Contributions In aid of Construction	Accumulated Amortization	Construction In Progress	Net Book Value
			2006		
<i>millions of dollars</i>					
Generation Plant					
Hydroelectric	1,362.0	20.5	300.8	70.4	1,111.1
Thermal	235.7	0.8	184.3	1.0	51.6
Diesel	59.7	6.1	27.9	1.0	26.7
Transmission and Distribution	753.0	60.8	213.9	2.3	480.6
Service facilities	22.0	-	10.8	-	11.2
Other	289.9	29.1	155.5	5.0	110.3
	2,722.3	117.3	893.2	79.7	1,791.5
			2005		
<i>millions of dollars</i>					
Generation Plant					
Hydroelectric	1,358.8	20.5	289.1	54.8	1,104.0
Thermal	231.7	-	180.8	0.8	51.7
Diesel	58.5	6.3	26.0	0.1	26.3
Transmission and Distribution	734.2	55.1	197.8	2.2	483.5
Service facilities	22.0	-	10.4	-	11.6
Other	267.6	24.6	146.9	8.4	104.5
	2,672.8	106.5	851.0	66.3	1,781.6

Included in the above amounts are CF(L)Co assets in service amounting to \$651.9 million (2005 - \$641.9 million) which are pledged as collateral for long-term debt.

3. FINANCIAL STATEMENT EFFECTS OF RATE REGULATION

The following is a description of each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory assets represent future revenues associated with certain costs, incurred in current or prior periods, that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. The risks and uncertainties related to regulatory assets and liabilities are subject to periodic assessment. When Hydro considers that the value of these regulatory assets or liabilities are no longer likely to be recovered or repaid through future rate adjustments, the carrying amount is reflected in operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<i>millions of dollars</i>	2006	2005	Remaining Recovery Settlement Period (years)
Regulatory assets			
Long-term receivable	63.1	105.0	2
Rate Stabilization Plan	-	0.1	n/a
Foreign exchange losses	75.5	77.6	36
Deferred regulatory costs	0.6	0.7	3
Deferred major extraordinary repairs	8.7	3.8	5
Deferred study costs	0.3	0.1	3
Total regulatory assets	148.2	187.3	
Less current portion	45.3	41.8	
	102.9	145.5	
Regulatory liabilities			
Rate Stabilization Plan	49.6	11.9	n/a
Deferred purchased power savings	0.7	0.8	21
Total regulatory liabilities	50.3	12.7	
Less current portion	33.7	1.3	
	16.6	11.4	

Rate Stabilization Plan and Related Long-term Receivable

Fuel expenses are included in allowed rates on a forecast basis. On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a Rate Stabilization Plan (RSP) which primarily provides for the deferral of fuel expense variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments are required in retail rates to cover the amortization of the balance in the plan and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

Pursuant to Order No. P.U. 7 (2002-2003) and Order No. P.U. 40 (2003) RSP balances which accumulated prior to December 31, 2003, have been converted to a long-term receivable which bears interest at the weighted average cost of capital and is to be recovered over a four-year period, which commenced in 2004. Any subsequent balances accumulating in the RSP including financing charges, are to be recovered in the following year, with the exception of hydraulic variation, which will be recovered or refunded at a rate of 25% of the outstanding balance at year-end. Additionally, a fuel rider is calculated annually based on the forecast fuel price and is added to or subtracted from the rates that would otherwise be in effect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hydro recognizes the RSP balances as a regulatory asset or liability based on the expectation that rates will be adjusted annually to provide for the collection from, or refund to, customers in future periods. In the absence of rate regulation, generally accepted accounting principles would require that the cost of fuel be recognized as an operating expense in the period in which it was consumed. In 2006, \$3.9 million (2005 - \$6.3 million) was deferred in the RSP.

Foreign Exchange Losses

The PUB has accepted the inclusion of realized foreign exchange losses related to long-term debt in rates charged to customers in future periods. Any such loss, net of any gain, is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. Accordingly, these losses are recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the losses in operating costs, in each year that the related debt was outstanding to reflect the exchange rates in effect on each reporting date.

Commencing in 2002, the PUB ordered Hydro's deferred realized foreign exchange losses, be amortized over a forty-year period. This amortization, of \$2.2 million annually, is included in interest expense (Note 13).

Deferred Regulatory Costs

Pursuant to Order No. P.U. 14 (2004), the PUB approved the deferral of external costs associated with the GRA and hearing, to be amortized over a three-year period, which commenced in 2004. In its 2006 GRA, Hydro sought and expects to receive approval for the deferral and amortization of external costs associated with that application in the amount of \$0.6 million. These costs are recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include these costs in operating costs in the year in which they were incurred. In 2006, \$0.7 million (2005 - \$0.7 million) of amortization was recognized in operations and administration expenses.

Deferred Major Extraordinary Repair

In its report dated April 13, 1992, the PUB recommended that Hydro adopt a policy of deferring and amortizing the costs of major extraordinary repairs in excess of \$0.5 million, subject to PUB approval on a case-by-case basis. In 2005, Hydro started an asbestos abatement program at the Holyrood Thermal Generating Station. This program is being carried out over a three-year period. Pursuant to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Order No. P.U. 2 (2005) the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, the costs incurred in each year of the program will be recognized as a regulatory asset which will be amortized over the subsequent five-year period. In 2006, Hydro incurred \$2.3 million in expenses to repair a boiler tube failure at the Holyrood plant. Pursuant to Order No. P.U. 44 (2006) the PUB approved the deferral and amortization of these costs as a major extraordinary repair. Accordingly, these costs are being amortized over a five-year period. In the absence of rate regulation, generally accepted accounting principles would require that Hydro expense the costs of the asbestos abatement program and the boiler tube repairs in the year in which they were incurred. In 2006, \$1.1 million (2005 - \$0.1 million) of amortization was recognized in operating costs.

Deferred Study Costs

Pursuant to Order No. P.U. 14 (2004) the PUB directed Hydro to conduct an independent study of the treatment of Newfoundland Power's generation in Hydro's COS, and an independent marginal cost study, and to accumulate these costs in a deferral account to be dealt with at the next general rate application. In its 2006 GRA, Hydro sought, and expects to receive, approval for recovery of these costs over a three-year period commencing in 2007. Accordingly, these costs have been recognized as a regulatory asset. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the cost of these studies in operating costs in the year in which they were incurred. In 2006, \$0.2 million (2005 - \$0.1 million) was deferred in relation to studies.

Deferred Purchased Power Savings

In 1997, Hydro interconnected communities in the area of L'Anse au Clair to Red Bay to the Hydro-Québec system. In its report dated July 12, 1996, the PUB recommended that Hydro defer the benefits of a reduced initial purchased power rate, to be amortized over a 30-year period. These savings are recognized as a regulatory liability. In the absence of rate regulation, generally accepted accounting principles would require that Hydro include the actual cost of purchased power in operating costs in the year in which they were incurred.

Property, Plant and Equipment

The PUB permits an allowance for funds used during construction (AFUDC), based on Hydro's weighted average cost of capital, to be included in the cost of capital assets and amortized over future periods as part of the total cost of the related asset. Since Hydro's AFUDC (7.6%) is lower than its cost of debt (8.0%), the amount

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

capitalized is lower and interest expense is higher by \$0.3 million (2005 - \$0.2 million) than that which would be permitted in the absence of rate regulation (Note 13).

Hydro amortizes its hydroelectric generating assets and transmission assets using the sinking fund method, as approved by the PUB. In the absence of rate regulation, these assets would likely be amortized using the straight-line method.

During 2005, pursuant to Order No. P.U. 7 (2002-2003) Hydro engaged an independent consultant to conduct a amortization study. The scope of this study included a review of Hydro's amortization methods as well as a statistical analysis of service life estimates and calculation of appropriate amortization rates and annual and accrued amortization balances as at December 31, 2004. Based on the results of this study, management estimates that accumulated amortization is approximately \$170-180 million lower than it would otherwise be, and annual amortization expense is \$10-11 million lower, primarily due to the use of sinking fund rather than straight-line amortization for hydroelectric and transmission assets.

4. LONG-TERM RECEIVABLES

Included in long-term receivables is a refundable deposit associated with an application for transmission service into Québec, which bears interest at prime, in the amount of \$18.1 million (2005 - nil).

5. INVESTMENTS

millions of dollars

	2006	2005
Lower Churchill Option	5.2	5.2

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (Principal Agreement), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

If LCDC is chosen as the ownership and financing vehicle for further development of the Lower Churchill Project, GIPCo's assets and the hydroelectric development rights to the lower Churchill River (Water Rights), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the Province (Option Agreement). The purchase price in respect of GIPCo's assets will be a maximum of \$100.0 million less \$5.2 million representing the value assigned to 520 Class A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of \$94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to Hydro. The parties have agreed that the value of each Class B common share is \$10,000. The Option Agreement expires November 24, 2007.

Hydro holds 1,540 Class A common shares of LCDC which have a stated value of \$10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

6. JOINT VENTURE

The following amounts included in the Consolidated Financial Statements represent Hydro's proportionate share of CF(L)Co's assets and liabilities at December 31, 2006, and its proportionate interest in CF(L)Co's operations for the year ended December 31, 2006.

<i>millions of dollars</i>	2006	2005
Current assets	44.0	32.9
Long-term assets	325.1	331.8
Current liabilities	24.8	24.4
Long-term liabilities	37.4	51.7
Revenues	70.6	66.4
Expenses	48.7	48.6
Net income	21.9	17.8
Cash provided by (used in)		
Operating activities	33.6	32.1
Financing activities	(19.8)	(19.2)
Investing activities	(10.1)	(11.5)

7. DEFERRED CHARGES

<i>millions of dollars</i>	2006	2005
Debt discount, financing expenses and other	16.7	14.9
Accumulated amortization	13.2	12.2
Net deferred charges	3.5	2.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. LONG TERM DEBT

	Hydro	CF(L)Co	Total	Hydro	CF(L)Co	Total
<i>millions of dollars</i>	2006			2005		
Summary of long-term debt						
Long-term debt	1,349.3	51.6	1,400.9	1,331.5	65.9	1,397.4
Less current portion	8.3	14.2	22.5	208.4	14.2	222.6
	1,341.0	37.4	1,378.4	1,123.1	51.7	1,174.8

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

<i>millions of dollars</i>	2007	2008	2009	2010	2011
Sinking fund requirements	8.1	8.1	8.1	8.2	8.2
Long-term debt repayments	14.4	201.0	1.0	35.9	-
	22.5	209.1	9.1	44.1	8.2

Details of long-term debt are as follows:

Hydro

Series	Interest Rate %	Year of Issue	Year of Maturity	2006	2005
<i>millions of dollars</i>					
AC	5.05	2001	2006	-	200.0
AA	5.50	1998	2008	200.0	200.0
V (a)	10.50	1989	2014	125.0	125.0
X (a)	10.25	1992	2017	150.0	150.0
Y (a)	8.40	1996	2026	300.0	300.0
AB (a)	6.65	2001	2031	300.0	300.0
AD (a)	5.70	2003	2033	125.0	125.0
AE	4.30	2006	2016	225.0	-
Total debentures				1,425.0	1,400.0
Less sinking fund investments in own debentures				76.2	69.2
				1,348.8	1,330.8
Government of Canada loans at 5.25% to 5.63% maturing in 2006				-	0.1
Other				0.5	0.6
				1,349.3	1,331.5
Less current portion				8.3	208.4
				1,341.0	1,123.1

(a) Sinking funds have been established for these issues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee fee of 1% annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

Hydro maintains a \$50 million Canadian or U.S. equivalent unsecured operating credit facility with its banker. The facility is a requirement of Hydro's short-term promissory note program and is intended primarily to be a source of short-term funding in the event of disruptions in normal money market operations. Advances may take the form of a Prime Rate advance or the issuance of a Bankers' Acceptance with interest calculated at the Prime Rate or prevailing Government BA Fee. The facility also provides coverage for overdrafts on Hydro's bank accounts, with interest calculated at the Prime Rate.

CF(L)Co

<i>millions of dollars</i>	2006	2005
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (U.S. \$10.6; 2005 - U.S. \$21.2)	12.4	24.8
7.875% Series B due December 15, 2007	1.1	2.2
General Mortgage Bonds		
7.500% due December 15, 2010	38.1	38.9
	51.6	65.9
Less current portion	14.2	14.2
	37.4	51.7

The First Mortgage Bonds, Series A and B, are repayable in fixed semi-annual and in contingent annual sinking fund installments. There have been no contingent repayments required in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments which commenced in June 1980. Each payment will be an amount equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date with a final principal payment of \$35.9 million due in 2010. These bonds are subordinate to the First Mortgage Bonds.

Under the terms of long-term debt instruments, CF(L)Co may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A shareholders' agreement signed in June, 1999 places additional restrictions on dividends based on cash flow.

9. LONG-TERM PAYABLE

The long-term payable to Hydro-Québec, arising from the difference between energy deliveries and the Annual Energy Base (AEB) pursuant to the Power Contract, bears an interest at 7.0% per annum and is repayable over a four-year period which commenced in September 2004. The current portion of \$0.4 million (2005 - \$0.4 million) is included in accounts payable and accrued liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employers' contributions of \$4.2 million (2005 - \$4.1 million) are expensed as incurred.

Other Benefits

Additionally, Hydro provides group life insurance and healthcare benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. In 2006, cash payments to beneficiaries for its unfunded other employee future benefits was \$2.4 million (2005 - \$2.0 million). The most recent actuarial valuation was performed as at December 31, 2006.

<i>millions of dollars</i>	2006	2005
Accrued benefit obligation		
Balance at beginning of year	49.0	46.4
Current service cost	2.0	1.6
Interest cost	3.0	3.0
Actuarial loss	16.2	-
Benefits paid	(2.4)	(2.0)
Balance at end of year	67.8	49.0
Plan deficit at end of year	67.8	49.0
Unamortized actuarial loss	(25.2)	(10.2)
Unamortized past-service cost	(0.3)	(0.3)
Accrued benefit liability at end of year	42.3	38.5
Components of benefit cost		
Current service cost	2.0	1.6
Interest cost	3.0	3.0
Actuarial losses	16.2	-
	21.2	4.6
Adjustments		
Difference between actual actuarial loss and amount recognized	(15.0)	0.5
Benefit expense	6.2	5.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The significant actuarial assumptions used in measuring the company's accrued benefit obligations and benefit expense are as follows:

<i>millions of dollars</i>	2006	2005
Discount rate	5.3%	6.3%
Rate of compensation increase	3.5%	3.5%

Assumed healthcare trend rates:

<i>millions of dollars</i>	2006	2005
Initial healthcare expense trend rate	12.0%	12.0%
Cost trend decline to	5.0%	5.0%
Year that rate reaches the rate it is assumed to remain at	2010	2010

A 1% change in assumed healthcare trend rates would have had the following effects for 2006:

<i>millions of dollars</i>	Increase	Decrease
Current service cost	0.2	(0.2)
Interest cost	0.5	(0.3)
Accrued benefits obligation	6.7	(2.1)

11. SHAREHOLDERS' EQUITY

Share Capital

<i>millions of dollars</i>	2006	2005
Common shares of par value \$1 each		
Authorized 25,000,000 shares; issued 22,503,942 shares	22.5	22.5

Contributed Capital

<i>millions of dollars</i>	2006	2005
Lower Churchill Development Corporation	15.4	15.4
Muskrat Falls Project	2.2	2.2
Gull Island Project	96.4	96.4
	114.0	114.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at December 31, 2006 and 2005 are based on relevant market prices and information available at the time. The fair value of long-term receivable, long-term debt and the long-term payable is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and property, plant and equipment, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Hydro as a whole.

	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>millions of dollars</i>	2006		2005	
Financial Assets				
Sinking funds	97.3	113.6	85.8	102.0
Long-term receivable including current portion	20.3	20.3	2.5	2.5
Financial Liabilities				
Long-term debt including current portion	1,400.9	1,759.1	1,397.4	1,783.8
Long-term payable including current portion	0.7	0.8	1.1	1.1

Cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable, accrued interest and promissory notes are all short-term in nature and as such, their carrying value approximates fair value.

Sinking Funds

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2013 to 2033. Hydro debentures which Management intends to hold to maturity are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 4.50% to 9.86% (2005 - 4.50% to 9.86%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST EXPENSE

<i>millions of dollars</i>	2006	2005
Gross interest		
Long-term debt	106.6	108.3
Promissory notes	5.1	4.5
	111.7	112.8
Amortization of debt discount and financing expenses	1.1	1.0
Provision for foreign exchange losses	2.1	2.3
Foreign exchange gain	-	(0.1)
	114.9	116.0
Less		
Recovered from Hydro-Québec (a)	1.1	1.5
Interest capitalized during construction	4.9	4.3
Interest earned	17.2	18.7
Net interest expense	91.7	91.5
Debt guarantee fee	14.0	14.4
Net interest and guarantee fee	105.7	105.9

(a) Under the terms of the Power Contract, CF(L)Co recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt.

Also, CF(L)Co can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such request fails to attract sufficient advances, CF(L)Co can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

14. CHANGES IN NON-CASH BALANCES

<i>millions of dollars</i>	2006	2005
Accounts receivable	(4.5)	(0.7)
Fuel and supplies	5.3	(11.4)
Prepaid expenses	0.8	(0.3)
Accounts payable and accrued liabilities	(9.8)	10.8
Regulated assets	39.1	36.5
Regulated liabilities	37.6	6.4
Accrued interest	1.3	(0.8)
Employee future benefits	3.8	3.1
Long-term receivable	(17.8)	1.5
Long-term payable	(0.4)	(0.4)
	55.4	44.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. SEGMENT INFORMATION

Hydro operates in three business segments. Regulated operations encompass sales of power and energy to most customers within the Province of Newfoundland and Labrador while non-regulated operations are primarily engaged in energy project development and sales relative to markets outside the province. Churchill Falls operates a hydroelectric generating facility and sells electricity primarily to Hydro-Québec. The designation of segments has been based on a combination of regulatory status and management accountability. The segments' accounting policies are the same as those described in Note 2.

	Regulated Operations	Non-Regulated Operations	Churchill Falls	Inter Segment Eliminations	Total
<i>millions of dollars</i>					
2006					
Revenue - External customers	416.5	57.4	70.6		548.0
- Inter segment		10.1	3.9	(10.5)	
Amortization	36.6	-	11.9		48.5
Interest	102.4	(1.3)	4.5	0.1	105.7
Net income (loss)	(6.9)	50.5	26.4		70.0
Assets	1,716.5	97.5	402.0		2,216.0
Capital expenditures	41.6	14.7	4.6		60.9
<i>millions of dollars</i>					
2005					
Revenue - External customers	408.7	54.3	66.4		532.5
- Inter segment		9.1	3.9	(9.9)	
Amortization	35.5	-	11.5		47.0
Interest	99.5	-	6.4		105.9
Net income	3.3	47.2	21.4		71.9
Assets	1,740.4	64.7	399.0		2,204.1
Capital expenditures	36.4	5.3	6.0		47.7

In 2006, sales to Hydro's two largest customers amounted to 61% and 14% of total revenue (2005 - 59% and 13%). At December 31, 2006 approximately 53.1% (2005 - 49.2%) of the total accounts receivable balance outstanding is due from one customer.

Geographic Information

Revenues by geographic area:

<i>millions of dollars</i>	2006	2005
Newfoundland and Labrador	426.8	413.7
Québec	121.2	118.8
	548.0	532.5

Substantially all of Hydro's assets are located in the Province.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. COMMITMENTS AND CONTINGENCIES

- (a) Under the terms of a sublease with TWINCo, expiring on December 31, 2014, CF(L)Co is required to deliver to TWINCo, at an agreed price, horsepower equivalent to the installed horsepower of the TWINCo plant and to maintain TWINCo's plant and equipment. The costs associated with making the plant operational, if required, are not estimable at this time. In 2015, the physical assets of TWINCo will revert to CF(L)Co, and CF(L)Co is required to make this horsepower available to Hydro at rates that are commercially reasonable pursuant to the 1999 shareholders' agreement.

The results of an Environmental Site Assessment (ESA) conducted at the Twin Falls Generating Station indicated higher than acceptable concentrations of contaminants in the soil and waters adjacent to the powerhouse. Further testing was conducted to determine the extent of contamination. The recommendations arising from this testing indicate that remediation is not required, but further monitoring be carried out in 2006, 2010 and every five years thereafter. The results of the 2006 monitoring are not yet available.

- (b) Pursuant to the terms of the 1999 shareholders' agreement, in 2007, CF(L)Co will commence the creation of a \$75.0 million segregated reserve fund to contribute towards the funding of capital expenditures related to CF(L)Co's existing facilities and their replacement. CF(L)Co will acquire the permitted investments in six consecutive tranches during the 30-day period commencing on each of the following dates:

January 1, 2007	17.0 million
January 1, 2008	17.0 million
January 1, 2009	17.0 million
January 1, 2010	8.0 million
January 1, 2011	8.0 million
January 1, 2012	8.0 million

This fund must remain in place until the end of the shareholders' agreement in 2041. Any amounts removed to fund capital expenditures must be replaced.

- (c) Hydro has received claims instituted by various companies and individuals with respect to outages and other miscellaneous matters. Although such matters cannot be predicted with certainty, management currently considers Hydro's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, to be \$1.4 million (2005 - \$0.5 million).

One of Hydro's industrial customers commenced legal proceedings in 1997, claiming approximately \$22.2 million related to outages and plant shutdowns. Hydro is defending this claim and Management believes that this claim will not be successful.

- (d) Outstanding commitments for capital projects total approximately \$9.9 million at December 31, 2006 (2005 - \$13.9 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (e) Hydro has entered into a number of long-term power purchase agreements as follows:

Type	Rating	In-Service Date	Term
Hydroelectric	175 kW	1988	15 years
Hydroelectric	3 MW	1995	25 years
Hydroelectric	15 MW	1998	25 years
Hydroelectric	4 MW	1998	25 years
Hydroelectric	32 MW	2003	30 years
Cogeneration	15 MW	2003	20 years
Wind	390 kW	2004	15 years
Wind	27 MW	2008	20 years

Estimated payments due in each of the next 5 years are as follows:

<i>millions of dollars</i>	2007	2008	2009	2010	2011
Power Purchases	35.3	37.1	43.7	50.2	55.4

17. RELATED PARTY TRANSACTIONS

The Province, CF(L)Co, LCDC and GIPCo are related parties of Hydro. In addition, the PUB is related to Hydro by virtue of its status as an agency of the Province.

- (a) Hydro has entered into a long-term power contract with CF(L)Co for the purchase of \$6.1 million (2005 - \$6.1 million) of the power produced by CF(L)Co.
- (b) Under an agreement between Hydro and CF(L)Co, Hydro provides certain engineering, technical, management and administrative services to CF(L)Co. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. For the year ended December 31, 2006 the fees paid to Hydro for these services amounted to approximately \$1.9 million (2005 - \$2.2 million).
- (c) Hydro is required to contribute to the cost of operations of the PUB as well as pay for the cost of hearings into applications it makes. During 2006, Hydro paid \$0.8 million (2005 - \$0.7 million) to the PUB, including \$0.4 million which was in accrued liabilities reflected at December 31 (2005 - nil).
- (d) Under the terms and conditions of the CF(L)Co (Lease) Act, 1961, CF(L)Co must pay rentals and royalties to the Province annually.

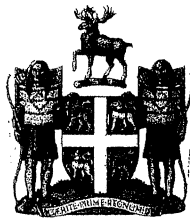
18. COMPARATIVE FIGURES

Certain of the 2005 comparative figures have been reclassified to conform with the 2006 financial statement presentation.

**NEWFOUNDLAND AND LABRADOR
IMMIGRANT INVESTOR FUND LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2007



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

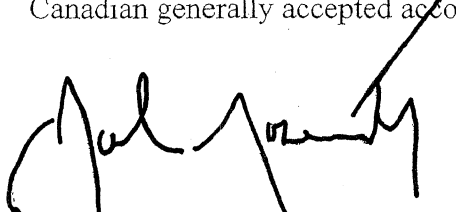
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Immigrant Investor Fund Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Immigrant Investor Fund Limited as at 31 March 2007 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
31 May 2007

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
BALANCE SHEET

31 March

2007

2006

(000's)

(000's)

ASSETS

Current

Cash	\$ 162,097	\$ 24,572,321
Short-term investment, at cost (Note 2)	43,241,156	-
Interest receivable	4,608	69,397

43,407,861 24,641,718

Deferred financing costs (Note 3) 2,402,010 1,623,899

\$ 45,809,871 \$ 26,265,617

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities \$ 6,000 \$ 3,000

Obligations to investors (Note 4) 44,664,063 26,088,713

44,670,063 26,091,713

Shareholder's equity

Share capital (Note 5)

Authorized

100 common shares of no par value

Issued

3 shares

Surplus 1,139,808 173,904

\$ 45,809,871 \$ 26,265,617

Commitment (Note 6)

See accompanying notes

Signed on behalf of the Board:

Cathy Duke
Chairperson

[Signature]
Member

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March 2007 (with comparatives for the
period 28 April 2005 to 31 March 2006)

2007

2006

REVENUES

Interest	\$ 1,470,731	\$ 343,873
----------	--------------	------------

EXPENSES

Audit fees	3,000	3,000
Amortization of deferred financing costs	497,952	166,945
Bank charges	38	24
Miscellaneous	300	-
Safekeeping fees	3,537	-

	504,827	169,969
--	---------	---------

Excess of revenues over expenses	965,904	173,904
----------------------------------	---------	---------

Surplus, beginning of period	173,904	-
------------------------------	---------	---

Surplus, end of period	\$ 1,139,808	\$ 173,904
------------------------	--------------	------------

See accompanying notes

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

Newfoundland and Labrador Immigrant Investor Fund Limited (the Corporation), was incorporated on 28 April 2005 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by the Minister of Innovation, Trade and Rural Development on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant Governor in Council.

The purpose of the Corporation is to receive, administer and invest funds received from Citizenship and Immigration Canada (CIC) under its Business Immigration Program. Section 92(f) of the *Immigration and Refugee Protection Regulations* to the *Citizenship and Immigration Act* requires that during the allocation period, the provincial allocation must be used for the purpose of creating or continuing employment in Canada to foster the development of a strong and viable economy.

In April 2005 the Provincial Cabinet instructed the Board of Directors to direct the investment activities of the Corporation and refer projects to Cabinet for approval. The Board of Directors is also to ensure that all recommended investments are subject to a thorough financial and business analysis and that only those projects which will ensure the repayment of the investment by the required repayment date be considered for approval.

1. Significant accounting policy

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. The Corporation does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

(a) Deferred financing costs

Deferred financing costs are amortized, on a straight line basis, over the five year period during which the funds are available to the Corporation.

(b) Obligation to investors

An obligation to an investor is recognized upon receipt of funds from CIC.

2. Short-term investment

The short-term investment of \$43,241,156 (2006 - \$nil) represents a bankers' acceptance purchased 30 March 2007 that will mature on 30 April 2007 with a maturity value of \$43,400,000.

3. Deferred financing costs

Deferred financing costs of \$2,402,010 (2006 - \$1,623,899) consist of a seven percent commission paid to CIC approved financial institutions which market the program and assist investors in the administration of their investments. The marketing and financing fee was paid in connection with 1,136 of the 1,158 immigrant investors at 31 March 2007 (664 of the 677 immigrant investors at 31 March 2006).

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2007

4. Obligations to investors

One of the conditions for the issuance of a visa to immigrants under the Citizenship and Immigration Canada (CIC), Business Immigration Program, is that they must invest \$400,000 in Canada for a period of five years. The amount of the investment is allocated to the participating provinces on the first day of the second month following the month payment is received from the investor. \$200,000 of the \$400,000 is divided equally among the participating provinces while the remaining \$200,000 is allocated on the basis of each participating province's gross domestic product as a percentage of the total gross domestic product of all participating provinces. As at 31 March 2007, the Newfoundland and Labrador allocation of funds had been received from 1,158 investors (2006 - 677 investors).

These obligations to investors are secured by a non-transferable zero interest promissory note issued by CIC as agent for the Corporation and the guarantee of the Province of Newfoundland and Labrador. The guarantee is to CIC, as agent of the Corporation, who will repay investors. The promissory notes are repayable without interest, in full, five years from the date the funds were allocated to the Province or within 90 days after the receipt of a written request by the investor for repayment of the funds provided that such a request for repayment has been received by the agent before a visa has been issued to the investor. As at 31 March 2007, 6 of the 1,158 investors had not received a permanent resident visa (2006 - 29 of 677 investors).

Obligations to investors at 31 March 2007 totalled \$44,664,063 (2006 - \$26,088,713). Scheduled investment repayment dates are as follows:

31 May 2010	\$ 2,504,060
30 Jun 2010	2,465,536
31 Jul 2010	3,351,588
31 Aug 2010	2,889,300
30 Sept 2010	3,197,492
31 Oct 2010	2,850,776
30 Nov 2010	1,964,724
31 Dec 2010	1,851,312
31 Jan 2011	1,581,329
28 Feb 2011	1,658,467
31 Mar 2011	1,735,605
30 Apr 2011	2,622,692
31 May 2011	1,581,329
30 June 2011	1,427,053
31 July 2011	1,889,881
31 Aug 2011	1,928,450
30 Sept 2011	1,967,019
31 Oct 2011	1,928,450
30 Nov 2011	2,082,726
31 Dec 2011	1,321,138
31 Jan 2012	815,997
29 Feb 2012	<u>1,049,139</u>
	<u>\$ 44,664,063</u>

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2007

5. Share capital

The Minister of Innovation, Trade and Rural Development holds 100% of the issued common shares of the Corporation on behalf of the Province of Newfoundland and Labrador.

6. Commitment

In March 2005 the Province authorized the Minister of Innovation, Trade and Rural Development to provide a conditional letter of offer for \$10 million of the Corporation's available funds to a potential borrower. This commitment of funds, that was due to expire 13 April 2006, was subsequently extended for an additional six months from that date because the borrower was not able to meet the conditions attached to the commitment. The borrower requested and the Province consented to a further extension to 15 January 2007, on the condition that no further extensions will be considered without tangible documentation, acceptable to the Province, confirming that significant progress has been achieved towards the borrower's business objectives. The extension has expired; however, the borrower advises that efforts are being made to secure the required documentation.

7. Related party transactions

For administrative purposes the Corporation is operated by the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration are incurred directly by the Department and no provision is made in these financial statements for those expenditures. The amount of these expenses is not material to these financial statements.

8. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investment, interest receivable, accounts payable and accrued liabilities, and obligations to investors. The purpose of the Corporation is to receive capital from immigrant investors and invest the funds for the purpose of creating and continuing employment in Canada to foster the development of a strong viable economy. At 31 March 2007, the Corporation had not invested any of the funds received from immigrant investors into projects.

Fair value

The carrying value of the short-term investment, interest receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the fact that the obligations to investors are guaranteed by the Province and the Corporation pays no interest, the face value of the obligations to investors is their fair value.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuation in interest rates. The Corporation's cash is either invested in highly liquid money market investments or held in a bank account bearing an interest rate based on prime. There is no interest to be paid to investors and therefore, there is no interest rate risk.

NEWFOUNDLAND AND LABRADOR IMMIGRANT INVESTOR FUND LIMITED
NOTES TO FINANCIAL STATEMENTS

31 March 2007

9. Economic dependence

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on the actions of both entities.

10. Income taxes

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

**NEWFOUNDLAND AND LABRADOR
INDUSTRIAL DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2007



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

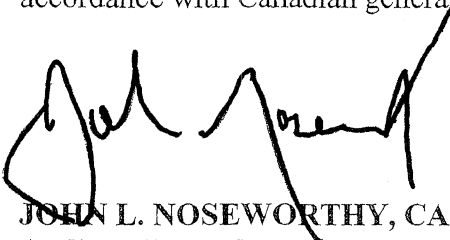
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
31 May 2007

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

BALANCE SHEET

31 March

2007

2006

(000's)

(000's)

ASSETS

Current

Cash	\$ 223	\$ 166
Accounts receivable	50	50

	273	216
--	-----	-----

Investments, at cost (Note 2)	33,950	33,950
-------------------------------	--------	--------

Loans receivable (Note 3)	-	-
---------------------------	---	---

	\$ 34,223	\$ 34,166
--	-----------	-----------

LIABILITIES AND SURPLUS

Current

Accounts payable and accrued liabilities	\$ 1	\$ 1
--	------	------

Long-term debt (Note 4)	29,411	29,411
-------------------------	--------	--------


	29,412	29,412
--	--------	--------

Surplus	4,811	4,754
---------	-------	-------

	\$ 34,223	\$ 34,166
--	-----------	-----------

See accompanying notes

Signed on behalf of the Board of Directors:



Chairperson



Director

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
REVENUES		
Lease income (Note 2(d))	\$ 50	\$ 50
Interest and investment income	8	4
Gain on sale of shares (Note 2(b))	-	-
	58	54
EXPENSES		
Professional services	1	1
Excess of revenues over expenses	57	53
Surplus, beginning of year	4,754	4,701
Surplus, end of year	\$ 4,811	\$ 4,754

See accompanying notes

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2007	2006
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 57	\$ 53
Changes in non-cash working capital	-	(50)
	<u>57</u>	<u>3</u>
Cash flows from investing activities		
Proceeds from sale of shares (Note 2(b))	-	-
Net increase in cash	57	3
Cash, beginning of year	166	163
Cash, end of year	<u>\$ 223</u>	<u>\$ 166</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC's management in accordance with Canadian generally accepted accounting principles.

2. Investments

	2007 (000's)	2006 (000's)
Water rights held in Labrador	\$ 30,000	\$ 30,000
INCO Limited	-	-
Griffiths Guitars International Limited, 43,269 Preference Shares	450	450
Icewater Seafoods Inc., 35,000 Preference Shares	3,500	3,500
	\$ 33,950	\$ 33,950

(a) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 2006 but has been extended to 24 November 2007. LCDC was incorporated under the *Corporations Act* and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 March 2007

2. Investments (cont.)

(b) INCO Limited

During 1997-98, NIDC purchased five shares of INCO Limited at a cost of \$138.00 (\$27.60 per share). During 2006-07, NIDC sold the five shares at a price of \$430.00 (\$86.00 per share), resulting in a gain of \$292.00.

(c) Griffiths Guitars International Limited

During 2003-04, NIDC converted a loan receivable from Griffiths Guitars International Limited to 43,269 preference shares. This was completed at the request of the Company as part of a refinancing package. (Note 9)

(d) Icewater Seafoods Inc.

During 2004-05, NIDC was authorized by the Province to provide funding to Icewater Seafoods Inc. in the amount of \$3,500,000 by way of a preference share investment in order to assist Icewater Seafoods Inc. in its acquisition of the Arnold's Cove seafood processing facility. These preference shares, having a par value of \$100 per share, are non-voting and redeemable with annual, fixed, preferential and cumulative dividends. The Province advanced funding to NIDC for this investment, by way of two \$1,750,000 grants. These advances were made in October 2004 and April 2005, with 17,500 preference shares purchased from each advance.

By Agreement dated 8 October 2004, NIDC has acquired for nominal consideration from High Liner Foods Incorporated, the previous operator of the Arnold's Cove seafood processing facility, its Enterprise Allocations, vessel designations and historic rights for Newfoundland offshore fishing areas, as defined by the Agreement.

By separate lease Agreement, also dated 8 October 2004, NIDC leased these Enterprise Allocations, vessel designations and historic rights for Newfoundland offshore fishing areas, to Icewater Seafoods Inc. and Icewater Harvesting Inc. This lease is for a period of twenty years at \$50,000 each year and is subject to certain restrictions and conditions contained in the lease agreement.

3. Loans receivable

	2007	2006
	(000's)	(000's)
Loans receivable	\$ -	\$ 250
Allowance for doubtful accounts	-	(250)
	<u>\$ -</u>	<u>\$ -</u>

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2007

4. Long-term debt

	2007	2006
	(000's)	(000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	\$ 29,411	\$ 29,411

5. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

6. Related party transactions

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

7. Financial instruments

NIDC's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

NIDC's long-term financial instruments recognized on the balance sheet consist of non-interest bearing long-term debt. The carrying value of the long-term debt approximates fair value to NIDC and is not subject to any material interest rate risk.

8. Economic dependence

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

9. Subsequent event

Subsequent to the year end, management was advised that Griffiths Guitars International Limited had signed a letter of intent for the sale of all the company's assets to a third party. Should this sale proceed substantially on the terms as agreed in this letter of intent, the expected proceeds of sale will be insufficient to provide any return on the Corporation's Preference Shares. However, as it is uncertain whether this transaction will proceed as contemplated, no adjustment has been made to the carrying value of the Corporation's investment.

10. Income taxes

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

Financial Statements of

**NEWFOUNDLAND AND LABRADOR
LIQUOR CORPORATION**

March 31, 2007

 **ERNST & YOUNG**

AUDITORS' REPORT

To the Board of Directors of
Newfoundland and Labrador Liquor Corporation

We have audited the balance sheet of the Newfoundland and Labrador Liquor Corporation (the "Corporation") as at March 31, 2007 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the preceding year were audited by other auditors.

St. John's, Canada,
May 15, 2007.

Ernst & Young LLP
Chartered Accountants

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Balance Sheet

March 31 (in thousands)

	2007	2006
	\$	\$
ASSETS		
CURRENT		
Cash	28,390	23,136
Accounts receivable	3,533	5,152
Beer commissions receivable	4,353	4,413
Inventories, at cost (Note 3)	26,279	24,064
Prepaid expenses	1,724	814
	64,279	57,579
CAPITAL ASSETS (Note 4)	16,998	12,604
INTANGIBLE ASSET (Note 5)	41	61
	81,318	70,244
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	19,580	17,647
Accrued vacation pay	1,166	1,225
Current portion of obligation under capital lease (Note 6)	70	70
	20,816	18,942
ACCRUED SEVERANCE PAY	2,400	2,280
OBLIGATION UNDER CAPITAL LEASE (Note 6)	52	122
	23,268	21,344
EQUITY		
Retained earnings	58,050	48,900
	81,318	70,244

ON BEHALF OF THE BOARD:



CHAIRMAN OF THE BOARD



DIRECTOR

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Earnings

Year ended March 31 (in thousands)

	<u>2007</u>	<u>2006</u>
	\$	\$
SALES	151,447	143,559
<hr/>		
COST OF GOODS SOLD		
Inventory, beginning of the year	24,064	26,418
Purchases	64,290	57,030
<hr/>		
Cost of goods available for sale	88,354	83,448
Less: inventory, end of the year	26,279	24,064
<hr/>		
	62,075	59,384
<hr/>		
GROSS PROFIT	89,372	84,175
<hr/>		
COMMISSION REVENUE ON SALE OF BEER	54,071	51,814
<hr/>		
OTHER INCOME		
Commission on licensee purchases	-	1,832
Interest	1,728	869
Miscellaneous	1,310	754
<hr/>		
	3,038	3,455
<hr/>		
EARNINGS FROM OPERATIONS	146,481	139,444
<hr/>		
ADMINISTRATIVE AND OPERATING EXPENSES (Schedule 1)	35,331	33,312
<hr/>		
NET EARNINGS	111,150	106,132
<hr/>		

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Retained Earnings

Year ended March 31 (in thousands)

	<u>2007</u>	<u>2006</u>
	\$	\$
BALANCE, BEGINNING OF YEAR	48,900	41,768
NET EARNINGS	111,150	106,132
	160,050	147,900
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND AND LABRADOR	(102,000)	(99,000)
BALANCE, END OF YEAR	58,050	48,900

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Cash Flows

Year ended March 31 (in thousands)

	<u>2007</u>	<u>2006</u>
	\$	\$
OPERATING ACTIVITIES		
Net earnings	111,150	106,132
Adjustments for:		
Amortization	3,014	2,376
Gain on disposal of capital assets	(145)	-
Accrual for vacation pay	(59)	247
Accrual for severance pay	120	(71)
Net change in non-cash operating working capital	487	1,875
	<u>114,567</u>	<u>110,559</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	267	-
Purchase of capital assets	(7,510)	(3,351)
	<u>(7,243)</u>	<u>(3,351)</u>
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland and Labrador	(102,000)	(99,000)
Repayment of obligation under capital lease	(70)	(29)
	<u>(102,070)</u>	<u>(99,029)</u>
NET INCREASE IN CASH	5,254	8,179
CASH, BEGINNING OF YEAR	23,136	14,957
CASH, END OF YEAR	<u>28,390</u>	<u>23,136</u>

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2007 (tabular amounts in thousands)

1. DESCRIPTION OF BUSINESS

The Newfoundland and Labrador Liquor Corporation (the "Corporation") is a provincial crown corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland and Labrador.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Inventories

Inventory is carried at the lower of average cost and net realizable value.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the capital assets on a straight-line basis as follows:

Leasehold improvements	1 to 20 years
Buildings	20 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years
Store equipment and fixtures	5 years
Motor vehicles	3 years

Intangible asset

The intangible asset consists of a trademark which is recorded at cost and amortized on a straight-line basis over a ten-year period.

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2007 (tabular amounts in thousands)

2. ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	<u>2007</u>	<u>2006</u>
	\$	\$
Head office	12,245	8,870
Branch stores	8,680	7,907
Stock in transit	3,940	6,149
Raw materials	1,392	1,120
Work in progress	22	18
	<u>26,279</u>	<u>24,064</u>

4. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	1,314	-	1,314	1,123
Leasehold improvements	9,103	5,187	3,916	4,171
Buildings	7,910	4,807	3,103	2,655
Office furniture and equipment	6,808	2,987	3,821	3,324
Plant and warehouse equipment	4,553	1,021	3,532	467
Store equipment and fixtures	2,824	1,528	1,296	837
Motor vehicles	46	30	16	27
	<u>32,558</u>	<u>15,560</u>	<u>16,998</u>	<u>12,604</u>

During the year, the Corporation acquired capital assets in the amount of \$7.5 million (2006 - \$3.6 million, of which \$0.2 million was financed through a capital lease).

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2007 (tabular amounts in thousands)

5. INTANGIBLE ASSET

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Trademark	203	162	41	61

6. OBLIGATION UNDER CAPITAL LEASE

	2007	2006
	\$	\$
IBM Canada Limited, capital equipment lease repayable in monthly instalments of \$6,132 to December 31, 2008	129	203
Less: interest on obligation	7	11
	122	192
Less: current portion	70	70
	52	122

7. FINANCIAL INSTRUMENTS

The Corporation's financial instruments included in current assets and current liabilities approximate fair value due to their short term to maturity. The obligation under capital lease bears interest at current borrowing rates available to the Corporation and therefore, reflects fair value.

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2007 (tabular amounts in thousands)

8. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	\$
2008	1,333
2009	901
2010	692
2011	668
2012	491
	<u>4,085</u>

9. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

10. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is \$1.1 million (2006 - \$1.0 million).

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Schedule of Administrative and Operating Expenses

Year ended March 31 (in thousands)

	<u>2007</u>	<u>2006</u>
	\$	\$
Salaries and employee benefits	18,970	18,146
Agency store commission and expenses	4,425	4,390
Amortization	3,014	2,376
Rent and municipal taxes	1,637	1,635
Marketing	1,236	1,130
Interest and bank charges	892	831
Other	5,157	4,804
	<u>35,331</u>	<u>33,312</u>

**NEWFOUNDLAND AND LABRADOR
MUNICIPAL FINANCING CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2007



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

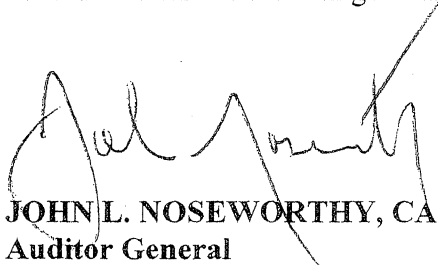
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
14 June 2007

**NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
BALANCE SHEET**

31 March

2007

2006

(000's)

(000's)

ASSETS

Current

Cash and term deposits	\$ 1,742	\$ 1,002
Investment - coupons (at cost)	2,410	3,898
- earned interest receivable	2,852	3,190
Accounts receivable	5,235	4,923
Accrued interest receivable	2,019	2,632
Current portion of loans receivable (Note 2)	28,542	31,231

42,800

46,876

Long-term investment - coupons

4,138

6,547

Long-term loans receivable (Note 2)

157,160

185,676

Deferred charges (Note 3)

531

692

\$ 204,629

\$ 239,791

LIABILITIES AND DEFICIT

Current

Accounts payable and accrued liabilities	\$ 78	\$ 65
Accrued interest payable	2,805	3,603
Current portion of debenture debt (Note 4)	46,165	35,098
Current portion of deferred revenue (Note 5)	181	270

49,229

39,036

Long-term debenture debt (Note 4)

151,589

198,682

Deferred revenue (Note 5)

235

416

Reserve fund (Note 6)

1,770

1,770

202,823

239,904

Surplus (deficit)

1,806

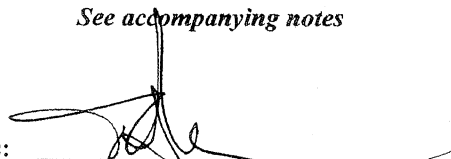
(113)

\$ 204,629

\$ 239,791

See accompanying notes

Signed on behalf of the Board of Directors:


Chairperson


Director

**NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS**

For the Year Ended 31 March

2007

2006

(000's)

(000's)

REVENUES

Interest on loans to municipal corporations	\$ 16,086	\$ 19,104
Sinking fund income	628	577
Short-term interest	560	796
Amortization of deferred revenue:		
Prepayment penalties	270	471
	<u>17,544</u>	<u>20,948</u>

EXPENSES

Administrative and miscellaneous	218	159
Amortization of deferred charges:		
Issue expenses on debenture debt	117	132
Premiums and discounts on debenture debt	44	49
Interest on long-term debt	15,246	18,024
	<u>15,625</u>	<u>18,364</u>
Excess of revenues over expenses	1,919	2,584
Deficit, beginning of year	(113)	(2,697)
Surplus (deficit), end of year	\$ 1,806	\$ (113)

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2007

2006

(000's)

(000's)

Cash flows from operating activities

Excess of revenues over expenses	\$ 1,919	\$ 2,584
Add (deduct) non-cash items:		
Sinking fund income	(628)	(577)
Amortization of prepayment penalties	(270)	(471)
Accrued interest income on coupons	(425)	(589)
Amortization of issue expenses on debenture debt	117	132
Amortization of premiums and discounts on debenture debt	44	49
	<u>757</u>	<u>1,128</u>
Change in non-cash working capital	(484)	718
	<u>273</u>	<u>1,846</u>

Cash flows from financing activities

Retirement of debentures	(35,098)	(39,951)
Sinking fund payments	(300)	(300)
Prepayment penalties	-	180
Reserve fund allocations to municipal corporations	-	(1,022)
	<u>(35,398)</u>	<u>(41,093)</u>

Cash flows from investing activities

Investment - coupons purchased	-	(790)
Investment - coupons redeemed	4,660	5,894
Loans to municipal corporations	-	(4,195)
Loan payments received from municipal corporations	31,205	34,605
	<u>35,865</u>	<u>35,514</u>

Increase (decrease) in cash and term deposits	740	(3,733)
Cash and term deposits, beginning of year	1,002	4,735
Cash and term deposits, end of year	\$ 1,742	\$ 1,002

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation's primary function is to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The Corporation's affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

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

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	<u>2007</u>	<u>2006</u>
	(000's)	(000's)
Loans receivable from municipal corporations	\$ 185,702	\$ 216,907
Less: current portion	(28,542)	(31,231)
<u>Long-term portion</u>	<u>\$ 157,160</u>	<u>\$ 185,676</u>

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

<u>Year</u>	<u>Amount</u> (000's)
2008	\$28,542
2009	\$26,659
2010	\$23,458
2011	\$20,572
2012	\$18,014

3. Deferred charges

	<u>2007</u> (000's)	<u>2006</u> (000's)
Issue expenses on debenture debt	\$ 380	\$ 497
<u>Premiums and discounts on debenture debt</u>	<u>151</u>	<u>195</u>
	<u>\$ 531</u>	<u>\$ 692</u>

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2007 are as follows:

Series	Remaining Term	Interest Rate	Sinking Fund Balance	2007	2006
		%	(000's)	(000's)	(000's)
MFC-17			\$ -	\$ -	\$ 1,500
MFC-21	1 Dec 2008	10.875	11,030	15,000	15,000
MFC-22	15 Jun 2007-09	10.500	-	3,750	5,000 (a)
MFC-26		-	-	-	2,667
MFC-27		-	-	-	1,666
MFC-28	30 Apr 2007	10.250	-	2,666	5,332 (b)
MFC-29	15 Dec 2007	9.625	-	1,000	2,000 (c)
MFC-30	20 May 2007-08	9.125	-	4,000	6,000 (d)
MFC-31	1 Dec 2007-08	8.250 - 8.375	-	4,666	6,999 (e)
MFC-32	17 May 2007-08	9.250 - 9.375	-	8,000	8,000 (f)
MFC-34	2 Sep 2007	9.960	-	10,000	10,000
MFC-36	15 May 2007-10	9.400 - 9.600	-	5,000	6,250 (g)
MFC-37	10 Jan 2008-11	8.125 - 8.375	-	8,000	10,000 (h)
MFC-38	1 Jun 2007-13	5.750 - 6.000	-	8,600	9,800 (i)
MFC-39	16 Dec 2007-13	5.750 - 6.125	-	10,000	12,500 (j)
MFC-40	14 Dec 2007-14	6.650 - 6.850	-	9,200	10,900 (k)
MFC-41	17 Oct 2007-10	6.375 - 6.500	-	5,600	7,000 (l)
MFC-42	5 Apr 2007-11	5.450 - 5.900	-	8,700	10,100 (m)
MFC-43	20 Sep 2007-16	5.625 - 6.500	-	24,000	26,000 (n)
MFC-44	15 Mar 2008-17	5.250 - 6.125	-	10,000	11,000 (o)
MFC-45	26 Mar 2008-13	4.500 - 5.375	-	20,000	22,000 (p)
MFC-46	15 Feb 2012	5.200	-	10,000	10,000
MFC-47	17 Mar 2008-19	3.500 - 5.200	-	15,202	16,468 (q)
MFC-48	29 Mar 2008-20	3.600 - 5.200	-	25,400	27,700 (r)
Total			<u>\$ 11,030</u>	208,784	243,882
Less: sinking funds				<u>(11,030)</u>	(10,102) (s)
Net debenture debt				197,754	233,780
Less: current portion				<u>(46,165)</u>	(35,098)
Long-term portion				<u>\$ 151,589</u>	<u>\$ 198,682</u>

**NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS**

31 March 2007

4. Debenture debt (cont.)

- (a) On 15 June of each year, the Corporation is to redeem \$1,250,000 in the years 2007 to 2009 inclusive.
- (b) On 30 April 2007, the Corporation is to redeem the \$2,666,000.
- (c) On 15 December 2007, the Corporation is to redeem the \$1,000,000.
- (d) On 20 May of each year, the Corporation is to redeem \$2,000,000 in the years 2007 to 2008 inclusive.
- (e) On 1 December of each year, the Corporation is to redeem \$2,333,000 in the years 2007 to 2008 inclusive.
- (f) On 17 May of each year, the Corporation is to redeem \$6,000,000 in the year 2007 and \$2,000,000 in the year 2008.
- (g) On 15 May of each year, the Corporation is to redeem \$1,250,000 in the years 2007 to 2010 inclusive.
- (h) On 10 January of each year, the Corporation is to redeem \$2,000,000 in the years 2008 to 2011 inclusive.
- (i) On 1 June of each year, the Corporation is to redeem \$1,200,000 in the years 2007 to 2009 inclusive and \$1,250,000 in the year 2010 to 2013 inclusive.
- (j) On 16 December of each year, the Corporation is to redeem \$2,500,000 in the years 2007 to 2008 inclusive and \$1,000,000 in the years 2009 to 2013 inclusive.
- (k) On 14 December of each year, the Corporation is to redeem, \$1,800,000 in the year 2007, \$1,200,000 in the years 2008 to 2009 inclusive and \$1,000,000 in the years 2010 to 2014 inclusive.
- (l) On 17 October of each year, the Corporation is to redeem \$1,400,000 in the year 2007, \$1,600,000 in the years 2008 to 2009 inclusive and \$1,000,000 in the year 2010.
- (m) On 5 April of each year, the Corporation is to redeem \$1,400,000 in the year 2007, \$1,500,000 in the year 2008, \$1,600,000 in the year 2009, \$1,700,000 in the year 2010 and \$2,500,000 in the year 2011.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2007

4. Debenture debt (cont.)

- (n) On 20 September of each year, the Corporation is to redeem \$2,800,000 in the years 2007 to 2011 inclusive and \$2,000,000 in the years 2012 to 2016 inclusive.
- (o) On 15 March of each year, the Corporation is to redeem \$1,000,000 in the years 2008 to 2017 inclusive.
- (p) On 26 March of each year, the Corporation is to redeem \$2,000,000 in the years 2008 to 2012 inclusive and \$10,000,000 in the year 2013.
- (q) On 17 March of each year, the Corporation is to redeem \$1,266,000 in the year 2008, \$1,276,000 in the year 2009 and \$1,266,000 in the years 2010 to 2019 inclusive.
- (r) On 29 March of each year, the Corporation is to redeem \$2,300,000 in the years 2008 to 2015 inclusive and \$1,400,000 in the years 2016 to 2020 inclusive.
- (s) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province.

Estimated sinking fund requirements and debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Sinking Fund Requirements (000's)	Debenture Maturities (000's)	Total Amount (000's)
2008	\$300	\$46,165	\$46,465
2009	-	\$28,209	\$28,209
2010	-	\$20,466	\$20,466
2011	-	\$18,566	\$18,566
2012	-	\$25,116	\$25,116

Debenture maturities reflect only securities maturing without sinking funds.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS

31 March 2007

5. Deferred revenue

	2007 (000's)	2006 (000's)
Deferred revenue	\$ 416	\$ 686
Less: current portion	(181)	(270)
<u>Long-term portion</u>	<u>\$ 235</u>	<u>\$ 416</u>

6. Reserve fund

The Province funds a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation.

	2007 (000's)	2006 (000's)
Balance, beginning of year	\$ 1,770	\$ 2,792
Add: funds advanced to Corporation during year	-	-
Less: amounts allocated to municipal corporations for debt restructuring	-	(1,022)
<u>Balance, end of year</u>	<u>\$ 1,770</u>	<u>\$ 1,770</u>

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash and term deposits, short-term investments, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities, and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term loans receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

7. Financial instruments (cont.)

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt is used to finance loans to the Province's various municipalities. The rates charged by the Corporation to these municipalities is calculated using the rates the Corporation is required to pay on its related debenture debt plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2007, this guarantee covered net debenture debt and accrued interest totalling \$200,559,000 (2006 - \$237,383,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs of these employees are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

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

11. Going concern

The Province of Newfoundland and Labrador has decided that it will no longer refinance its portion of completed municipal capital projects through the Corporation. As a result, the Corporation will be winding up its operations over the coming years as it collects its loans receivable and repays its debenture debt.

**NEWFOUNDLAND AND LABRADOR
STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2007



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

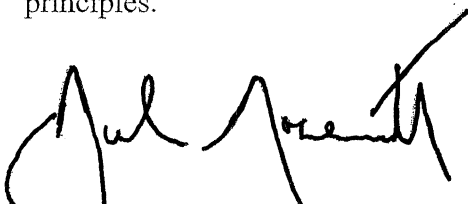
AUDITOR'S REPORT

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

I have audited the balance sheet of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2007 and the statement of revenues, expenses and surplus 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 Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 July 2007

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ 2,631,414	\$ 2,377,709
Accounts receivable	8,667	6,949
Due from Province – operating grant	7,591	-
	<hr/>	<hr/>
	\$ 2,647,672	\$ 2,384,658

LIABILITIES AND EQUITY

Current

Accounts payable	\$ 274,195	\$ 216,824
------------------	------------	------------


Equity


Share capital (Note 2)	-	-
Equity	2,373,477	2,167,834
	<hr/>	<hr/>
	\$ 2,647,672	\$ 2,384,658

Commitments (Note 3)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

2007

2006

REVENUES

Grants from the Province of Newfoundland and Labrador	\$ 6,474,000	\$ 6,234,000
Recovery of unused tuition vouchers	4,000	-
Investment income	98,334	62,505
	6,576,334	6,296,505

EXPENSES

Administration (Note 4)	20,941	36,794
-------------------------	--------	--------

Programs:

Student Works and Services Program (SWASP)		
– Paid Employment	1,420,314	1,300,661
Graduate Employment Program	1,043,128	1,011,129
Small Enterprise Co-op Placement Assistance Program	650,000	650,000
Student Employment Program (High School Students)	547,793	488,347
Newfoundland and Labrador Conservation Corps	500,000	500,000
Grants to Youth Organizations	444,271	385,154
Student Works and Services Program – Community Service	372,265	398,845
Student Works and Services Program – Post Secondary	360,000	360,000
Tutoring/Work Experience	216,942	235,833
Year Round SWASP	213,396	221,247
Faculty of Education Co-op Program	150,000	150,000
Youth Opportunities Program	100,000	100,000
Above and Beyond SWASP	80,000	80,000
Student Summer Support	74,780	76,737
Newfoundland and Labrador Youth Advisory Program	58,062	55,335
Social Worker Recruitment Program	40,394	29,381
Tutoring for Tuition Program	39,478	58,772
Marine Camp Program	19,967	23,985
Rural Practice Work Experience for Medical Students Program	18,960	15,837
Career Related Transitional Wage Program	-	111,290

	6,370,691	6,289,347
--	------------------	------------------

Excess of revenues over expenses	205,643	7,158
---	----------------	--------------

Surplus, beginning of year	2,167,834	2,160,676
-----------------------------------	------------------	------------------

Surplus, end of year	\$ 2,373,477	\$ 2,167,834
-----------------------------	---------------------	---------------------

See accompanying notes

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007**

Authority

The Newfoundland and Labrador Student Investment and Opportunity Corporation (the Corporation) was incorporated on 29 March 2001 under *The Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the only issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed under the direction of the Minister of Human Resources, Labour and Employment. All of the board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to hold funds and direct expenditures for programs aimed at providing employment experience for students and to assist them in earning money towards their post-secondary education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Share capital

Share capital consists of:

Authorized

One no par value share

Issued and Outstanding

One no par value share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Human Resources, Labour and Employment holds the only issued share of the Corporation on behalf of the Province.

3. Commitments

As at 31 March 2007, the Corporation has entered into agreements representing commitments of \$1,087,403 (31 March 2006 - \$1,382,828).

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

4. Related party transactions

The Corporation is administered by employees of the Department of Human Resources, Labour and Employment and the Department of Finance. Programs funded by the Corporation are primarily managed by the Department of Human Resources, Labour and Employment. Costs of administration are paid directly by the departments and are reimbursed by the Corporation, except for salary costs of \$99,736 (2006 - \$95,534) which are not reimbursed.

As at 31 March 2007, the Corporation was owed \$7,591 (31 March 2006 - \$0) from the Province of Newfoundland and Labrador as a result of amounts owed from its approved operating grant.

5. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its approved programs and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

6. Income taxes

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

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, due from Province - operating grant, and accounts payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2007

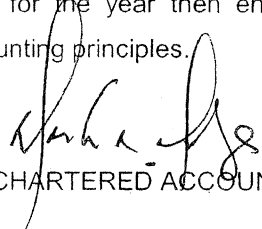
AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2007 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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, 2007 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


CHARTERED ACCOUNTANT

Clareville, Newfoundland
June 13, 2007

NEWFOUNDLAND HARDWOODS LIMITED

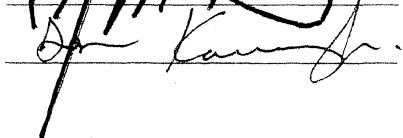
Balance Sheet

March 31, 2007

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Current assets:		
Cash and term deposits	\$ 125,293	127,237
Harmonized sales tax receivable	<u>238</u>	<u>--</u>
Total current assets	<u>\$ 125,531</u>	<u>127,237</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Payables and accruals	\$ <u>1,500</u>	<u>1,500</u>
Total current liabilities	1,500	1,500
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	25,300	25,300
Retained earnings, per accompanying statement	<u>98,731</u>	<u>100,437</u>
Total shareholders' equity	<u>124,031</u>	<u>125,737</u>
	<u>\$ 125,531</u>	<u>127,237</u>

See Accompanying Notes

Approved:  Director

 Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue - interest	\$ --	--
Administrative expenses:		
Fees	6	--
Professional and consulting fees	<u>1,700</u>	<u>1,750</u>
	<u>1,706</u>	<u>1,750</u>
Net loss	(1,706)	(1,750)
Retained earnings, beginning of year	<u>100,437</u>	<u>102,187</u>
Retained earnings, end of year	<u>\$ 98,731</u>	<u>100,437</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows
Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Cash provided by operating activities:		
Net loss	\$ (1,706)	(1,750)
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	<u>(238)</u>	<u>--</u>
Decrease in cash	(1,944)	(1,750)
Cash, beginning of year	<u>127,237</u>	<u>128,987</u>
Cash, end of year	<u>\$ 125,293</u>	<u>127,237</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2007

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.


3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Financial Statements

March 31, 2007

Grant Thornton 

Auditors' Report

To the Shareholders of Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of **Newfoundland Ocean Enterprises Limited** at March 31, 2007 and the consolidated statements of earnings and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 17, 2007

Grant Thornton LLP
Chartered Accountants

187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3P9
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Newfoundland Ocean Enterprises Limited

Consolidated Statements of Earnings and Deficit

Year Ended March 31

2007

2006

Revenue		
Recoveries and sundry	\$ 1,948	\$ 1,324
Service charge refund	<u>21,927</u>	<u>-</u>
	<u>23,875</u>	<u>1,324</u>
Expenses		
Interest	3,478	8,263
Other costs	<u>3,297</u>	<u>5,302</u>
	<u>6,775</u>	<u>13,565</u>
Net earnings (loss)	<u>\$ 17,100</u>	<u>\$ (12,241)</u>
<hr/>		
Deficit, beginning of year	\$ (90,761,486)	\$ (90,749,245)
Net earnings (loss)	<u>17,100</u>	<u>(12,241)</u>
Deficit, end of year	<u>\$ (90,744,386)</u>	<u>\$ (90,761,486)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited

Consolidated Balance Sheet

March 31

2007

2006

Assets

Current

Cash and cash equivalents	<u>\$ 72,485</u>	<u>\$ 55,442</u>
---------------------------	------------------	------------------

Liabilities

Current

Payables and accruals	<u>\$ 13,871</u>	<u>\$ 13,928</u>
-----------------------	------------------	------------------

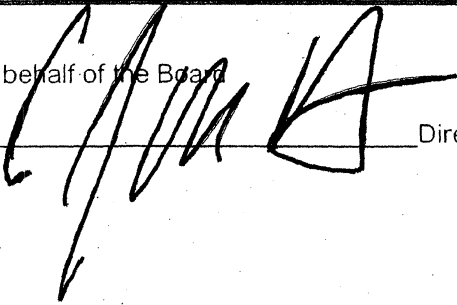
Shareholders' Equity

Capital stock (Note 3)	3,000	3,000
Contributed surplus (Note 4)	90,800,000	90,800,000
Deficit	<u>(90,744,386)</u>	<u>(90,761,486)</u>

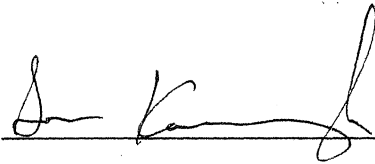
<u>58,614</u>	<u>41,514</u>
---------------	---------------

<u>\$ 72,485</u>	<u>\$ 55,442</u>
------------------	------------------

On behalf of the Board




Director



Director

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited

Consolidated Statement of Cash Flows

Year Ended March 31

2007

2006

Increase (decrease) in cash and cash equivalents

Operating		
Net earnings (loss)	\$ 17,100	\$ (12,241)
Change in non-cash operating working capital	<u>(57)</u>	<u>(47)</u>
	<u>17,043</u>	<u>(12,288)</u>
Net increase (decrease) in cash and cash equivalents	17,043	(12,288)
Cash and cash equivalents		
Beginning of year	<u>55,442</u>	<u>67,730</u>
End of year	<u>\$ 72,485</u>	<u>\$ 55,442</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2007

1. Operations

The Company ceased active operations on January 1, 1998.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

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

3. Capital stock	<u>2007</u>	<u>2006</u>
Authorized An unlimited number of common shares of no par value		
Issued 3 shares	<u>\$ 3,000</u>	<u>\$ 3,000</u>

4. Contributed surplus

In 2005, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of \$5,400,000 to retire the operating loan.

In 1999, the Government of Newfoundland and Labrador advanced funds to the Company in the amount of \$85,400,000 to retire the bankers' acceptances and certain other debt.

Grant Thornton 

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2007

5. Financial instruments

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

NEWVEST REALTY CORPORATION

FINANCIAL STATEMENTS

31 DECEMBER 2006



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

AUDITOR'S REPORT

To the Shareholder
Newvest Realty Corporation

I have audited the balance sheet of Newvest Realty Corporation as at 31 December 2006 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 materials respects, the financial position of the Corporation as at 31 December 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
2 May 2007

NEWVEST REALTY CORPORATION
BALANCE SHEET

31 December

2006

2005

(000's)

(000's)

ASSETS

Income producing properties (Note 2)	\$ 155,870	\$ 148,087
Deferred charges (Note 3)	3,459	2,866
Prepaid expenses	318	333
Accounts receivable	896	405
Cash and short-term investments	3,776	2,078

\$ 164,319

\$ 153,769

LIABILITIES AND EQUITY

Mortgages payable (Note 4)	\$ 77,491	\$ 74,818
Accounts payable and accrued liabilities	4,728	2,487
Dividends payable (Note 5)	-	568

82,219

77,873

Shareholder's equity

Share capital (Note 6)	73,290	68,405
Retained earnings	8,810	7,491

82,100

75,896

\$ 164,319

\$ 153,769

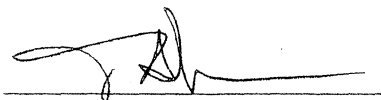
Equity per share (Note 6)

\$ 11.20

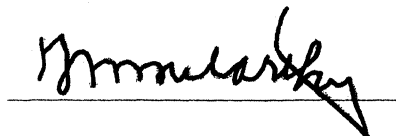
\$ 11.10

See accompanying notes

Signed on behalf of the Board:



Chairperson



Director

NEWVEST REALTY CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 December

2006

2005

(000's)

(000's)

Income

Rents and parking	\$ 14,003	\$ 12,623
Expense recoveries	4,053	3,289
Investment and other income	76	50

18,132

15,962

Less: Operating expenses

6,788

6,112

Operating income

11,344

9,850

Other expenses

Administrative costs	130	230
Amortization of deferred charges	706	348
Asset management fees	479	422
Mortgage interest	4,174	3,936
Participation fee (Note 7)	1,229	-
Write down of income producing properties (Note 2)	3,307	-

10,025

4,936

Net income for the year

1,319

4,914

Retained earnings, beginning of year

7,491

3,913

Dividends (Note 5)

-

(1,336)

Retained earnings, end of year

\$ 8,810

\$ 7,491

See accompanying notes

NEWVEST REALTY CORPORATION**STATEMENT OF CASH FLOWS**

For the Year Ended 31 December

	2006	2005
	(000's)	(000's)
Cash flows from operating activities		
Net income for the year	\$ 1,319	\$ 4,914
Items not affecting cash		
Amortization of deferred charges	706	348
Write down of income producing properties (Note 2)	3,307	-
Changes in non-cash working capital		
Accounts receivable	(491)	(279)
Prepaid expenses	15	(239)
Accounts payable and accrued liabilities	2,241	873
	<u>7,097</u>	<u>5,617</u>
Cash flows from investing activities		
Additions to income producing properties	(11,090)	(22,448)
Cash flows from financing activities		
Deferred charges	(1,299)	(1,425)
Mortgage advances	4,456	13,197
Mortgage principal repayments	(1,783)	(1,500)
Dividends (Note 5)	(568)	(2,268)
Issuance of common shares (Note 6)	4,885	8,000
	<u>5,691</u>	<u>16,004</u>
Increase (decrease) in cash and short-term investments during the year	1,698	(827)
Cash and short-term investments, beginning of year	2,078	2,905
Cash and short-term investments, end of year	\$ 3,776	\$ 2,078

See accompanying notes

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

Authority

Newvest Realty Corporation was incorporated on 9 August 2001 under the provisions of the *Canada Business Corporations Act*. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. All shares of the Corporation are held by the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). Board members are appointed by the Pension Investment Committee of the Fund. The purpose of the Corporation is to invest monies received from the Fund in Canadian real estate property.

The Corporation has an Investment Services Agreement with Bentall Investment Management Limited Partnership dated 30 June 2001, under which Bentall Investment Management Limited Partnership is responsible for the acquisition, disposal, leasing and management of real estate properties and performance of all administrative functions on behalf of the Corporation.

1. Significant accounting policies

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

- (a) Cash and short-term investments represent unrestricted cash and highly liquid money-market investments.
- (b) Income producing properties held for investment are recorded at cost. Amortization is not recorded on properties as it is not considered meaningful when the objective of the business is to acquire, develop and hold property for eventual sale. The Corporation capitalizes all direct costs relating to the acquisition of all properties. Leasing costs are capitalized and amortized on a straight-line basis over the term of the respective lease.
- (c) The Corporation accounts for its investments in co-ownerships on a proportionate consolidation basis whereby the Corporation includes its pro-rata share of the assets, liabilities, revenue and expenses of the co-ownerships on a line-by-line basis.
- (d) Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Rental revenue with respect to rents from tenants under leases is recognized on a straight-line basis over the term of the lease.
- (e) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results may differ from these estimates.
- (f) The Corporation defers and amortizes financing costs over the term of the related mortgages.

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

2. Income producing properties

For investment information purposes all properties are presented below at both cost and appraised values. Appraised values are in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership.

	2006		2005	
	Cost or Value (000's)	Appraised Value (000's)	Cost (000's)	Appraised Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia	\$ 9,635	\$ 13,140	\$ 9,590	\$ 10,925
(b) Sperling Plaza, Burnaby, British Columbia	16,151	20,450	16,148	17,800
(c) 440 Eglinton Avenue East, Toronto, Ontario (See calculation of value below)	9,700	9,700	12,750	9,900
(d) 2 Silver Maple Court, Brampton, Ontario	23,114	21,820	22,661	21,760
(e) Park and Tilford Shopping Centre, North Vancouver, British Columbia	36,812	43,400	36,713	41,000
(f) TD Creekside Corporate Centre (50% interest), Mississauga, Ontario	29,284	32,000	29,284	30,500
(g) 2001 Bantree (50% interest), Ottawa, Ontario	10,420	10,500	10,418	10,418
(h) Thunder Centre (50% interest), Thunder Bay, Ontario (See note below)	13,735	13,735	10,523	10,523
(i) Centre 5735, Calgary, Alberta	7,019	7,019	-	-
	\$ 155,870	\$ 171,764	\$ 148,087	\$ 152,826

440 Eglinton Avenue East

At 31 December 2006, the cost of the property at 440 Eglinton Avenue East was \$13,007,000. A decision has been made to sell this property and it is anticipated that cost will not be recovered. Therefore, the value of the property has been written down to its appraised value of \$9,700,000.

Management believes that the estimates utilized in preparing this adjustment are reasonable and prudent; however, actual results may differ from these estimates.

	<u>000's</u>
440 Eglinton Avenue East cost - 31 December 2006	\$ 13,007
Write down to appraised value	<u>3,307</u>
<u>440 Eglinton Avenue East - revised value 31 December 2006</u>	<u>\$ 9,700</u>

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

2. Income producing properties (cont.)

Thunder Centre

Thunder Centre is a retail property located in Thunder Bay, Ontario in which Newvest Realty Corporation has a 50% interest. At purchase on 1 September 2005, the Corporation acquired 112,000 square feet of retail space with a further 56,112 square feet to be constructed. Development of the Phase II expansion continued through 2006 and 2007. As at 2 May 2007, the final 7,700 square feet is under construction and expected to be completed by 31 July 2007. All remaining expansion has been pre-leased.

In conjunction with the purchase of Thunder Centre certain requirements of the purchase and sale contract required the vendor to make Head Lease payments to the purchaser, for 22 months from the date of sale, 1 September 2005. As at 2 May 2007, there remains an outstanding amount of \$310,444 (31 December 2006 - \$276,659), from the vendor with respect to these contracted amounts. These amounts remain collectible from the vendor and no provision for bad debt has been included in the financial statements.

3. Deferred charges

Deferred charges consist of costs incurred, net of accumulated amortization, with respect to obtaining debt financing, leasing and potential acquisitions. Amortization is recorded on a straight line basis over the term of the respective credit facility or over the remaining term of the respective leases to which the costs relate.

	2006			2005
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
	(000's)	(000's)	(000's)	(000's)
Tenant inducements and leasing costs	\$ 2,628	\$ 1,052	\$ 1,576	\$ 1,722
Deferred financing costs	605	196	409	494
Deferred recoverable expenditures	533	115	418	62
Deferred lease revenue	1,056	-	1,056	588
	\$ 4,822	\$ 1,363	\$ 3,459	\$ 2,866

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Details are as follows:

	2006		2005	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of \$32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	\$ 4,386	\$ 4,386	\$ 4,487	\$ 4,552
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of \$42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	6,283	6,638	6,432	6,900
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	11,485	12,101	11,910	12,733
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	20,413	20,957	20,868	21,550
(e) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of \$115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge of the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	17,626	18,222	18,002	18,701

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

4. Mortgages payable (cont.)

	2006		2005	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(f) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of \$77,631, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge of the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	6,433	6,419	6,571	6,571
(g) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of \$76,479, including interest calculated at a rate of 4.99% per annum, maturing 1 September 2010, secured by a first mortgage and charge of the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	6,409	6,355	6,548	6,548
(h) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of \$26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge of the property, and a general security agreement.	4,456	4,456	-	-
	\$ 77,491	\$ 79,534	\$ 74,818	\$ 77,555

Annual principal repayments totaling \$28.8 million (2005 - \$14.1 million) to be made during the next five years are as follows:

	(000's)
2007	\$ 1,974
2008	2,087
2009	2,207
2010	20,640
2011	1,860
	\$ 28,768

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

5. Dividends payable

Dividends are payable on a resolution of the Board to the holder of common shares on a quarterly basis based on the net income for the quarter ended, less reasonable reserves as determined by Bentall Investment Management Limited Partnership, divided by the number of issued and outstanding common shares.

	2006	2005
	(000's)	(000's)
Dividends payable, beginning of year	\$ 568	\$ 1,500
Dividends declared	-	1,336
Dividends paid	(568)	(2,268)
Dividends payable, end of year	\$ -	\$ 568

6. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. The shares may be issued only to the Province of Newfoundland and Labrador Pooled Pension Fund. The sale, transfer or other disposition of common shares is restricted.

Changes in share capital are as follows:

	2006		2005	
	Number of shares	Amount (000's)	Number of shares	Amount (000's)
Issued and outstanding, beginning of year	6,840,500	\$ 68,405	6,040,500	\$ 60,405
Issued during the year for cash	488,500	4,885	800,000	8,000
Issued and outstanding, end of year	7,329,000	\$ 73,290	6,840,500	\$ 68,405

Equity per share is calculated as net asset value divided by the number of shares issued and outstanding at year end. At 31 December 2006, equity per share was \$11.20 (2005 - \$11.10).

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2006

7. Participation fee

Section 1.4 of Schedule 3 to the Investment Services Agreement with Bentall Investment Management Limited Partnership dated 30 June 2001 provides for the payment of a participation fee to Bentall Investment Management Limited Partnership by the Corporation. This participation fee shall be calculated and paid semi-annually on the fiscal year end of the Corporation and on that date which is six months thereafter. The calculation of the participation fee is based on the Corporation's performance as it relates to preset hurdle rates. A participation fee of \$1,229,181 has been calculated for the first time in 2006. This fee is mainly due to the increase in market values of the income producing properties.

8. Co-ownerships

The following amounts represent the Corporation's proportionate interest in unincorporated co-ownerships.

	2006	2005
	(000's)	(000's)
Assets	\$ 54,641	\$ 52,461
Liabilities	31,439	32,282
Income	5,347	2,842
Operating expenses	1,115	598
Mortgage interest	1,653	1,396

9. Related party transactions

During the year, charges of \$2,186,564 (2005 - \$1,091,289) were incurred for services from Bentall Investment Management Limited Partnership, a related party. These services are incurred in the normal course of business and are measured at the amount of consideration established and agreed to by the related parties.

The balances that have arisen from these transactions are charged in the financial statements to income producing properties, operating expenses, asset management fees and participation fee.

10. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and mortgages payable. The carrying values of these instruments approximate current fair value due to their nature and the terms and conditions associated with them.

11. Income taxes

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

NOVA CENTRAL SCHOOL DISTRICT
AUDITORS' REPORT
FINANCIAL STATEMENTS - JUNE 30, 2006

AUDITORS' REPORT

To the Members of the **Nova Central School District**

We have audited the balance sheet of the current and capital funds of the **Nova Central School District** as at June 30, 2006, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2006, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with the basis of accounting and as explained in Note 1 to the financial statements, which is in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

These financial statements, which have not been, were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Board and the Province of Newfoundland and Labrador and may not be appropriate for any other purpose.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

November 10, 2006

Nova Central School District
Balance Sheet
Year ended June 30

2006

2005

Assets

Current Assets

Cash (Supp. Info 1)	\$ 5,972	\$ 106,318
Accounts Receivable (Note 2)	3,649,667	2,211,210
Inventory, at cost	10,867	18,119
Prepaid Expenses (Supp. Info 3)	345,457	208,186
Deposit on Property & Equipment	3,519,942	-
Total Current Assets	7,531,905	2,543,833

Restricted Cash - Scholarship Contributions 406,062 389,888

Property and Equipment (Sch. 8) 169,084,606 166,284,667

\$ 177,022,573 \$ 169,218,388

Liabilities and Board Equity

Current Liabilities

Bank indebtedness (Note 3)	\$ 464,761	\$ -
Accounts Payable and Accruals (Note 4)	15,722,449	11,730,367
Current Maturities (Sch. 9B)	1,107,520	734,530
Total Current Liabilities	17,294,730	12,464,897

Scholarship Contributions 406,062 389,888

Long Term Debt (Sch. 9) 6,962,070 4,957,037

Accrued Support Staff Severance 2,612,279 2,785,988

Accrued Teacher Severance 17,162,212 17,576,092


Board Equity

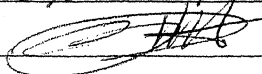
Investment in Capital Assets (Note 6)	161,015,022	160,735,922
Board Deficiency (Note 8)	(28,429,802)	(29,691,436)

Total Board Equity 132,585,220 131,044,486

Commitments (Note 7)

\$ 177,022,573 \$ 169,218,388

Approved:  Chairperson

 Treasurer

See accompanying notes.

Nova Central School District
Statement of Current Revenues, Expenditures and
Board Deficiency

Year Ended June 30	2006	Ten Months Ended 2005
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	\$ 110,737,980	\$ 98,404,689
Donations		
Ancillary Services	65,119	65,004
Miscellaneous	2,077,904	1,208,163
	<u>112,881,003</u>	<u>99,677,856</u>
Current Expenditures		
Administration (Schedule 2)	\$ 2,497,733	\$ 2,644,681
Instruction (Schedule 3)	88,318,582	77,936,616
Operations and Maintenance (Schedule 4)	12,215,840	9,915,206
Pupil Transportation (Schedule 5)	9,235,806	7,900,185
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	16,947	6,067
Miscellaneous Expenses (Schedule 7)	-	-
	<u>112,284,908</u>	<u>98,402,755</u>
23 111		
Excess (Deficiency) of Revenue over Expenditure Before Teacher Severance, Summer Pay and Transfer to Capital	\$ 596,095	\$ 1,275,101
Teacher Severance	413,881	1,294,376
Teacher Summer Pay	251,658	(10,085,584)
Transfer to Capital	-	(172,742)
Net Increase (Decrease) in Board Equity	\$ 1,261,634	\$ (7,688,849)
Board Deficit, beginning of period	(29,691,436)	(22,002,587)
Board Deficit, end of period	<u>(28,429,802)</u>	<u>(29,691,436)</u>

See accompanying notes.

**Nova Central School District
Statement of Changes in Capital Fund**

Year ended June 30	2006	2005
70 Capital Receipt		
71 Proceeds from Bank Loans		
011 School Construction	\$ 442,650	\$ -
012 Equipment	-	
013 Service Vehicles		
014 Pupil Transportation	3,105,081	702,420
015 Other - Energy Performance Contracting	-	77,634
72 Department of Education Grants		
011 School Construction and Equipment	3,811,068	485,966
012 Other	133,750	43,769
73 Donations		
011 Cash Receipts	-	
012 Non-Cash Receipts	-	
013 Restricted Use	-	
74 Sale of Capital Assets Proceeds		
011 Land	10,002	
012 Buildings	-	
013 Equipment	-	
014 Service Vehicles	639	310
015 Pupil Transportation Vehicles	27,536	21,609
016 Other		
75 Other Capital Revenues		
011 Interest on Capital Fund Investments		
012 Premiums on Debentures		
013 Recoveries of Expenditures	86,810	
015 Insurance Proceeds	15,576	
017 Miscellaneous		
Total Capital Receipts		
77 Transfer from Reserve Account		
78 Transfer to/from Current Fund	-	172,742
	<u>\$ 7,633,112</u>	<u>\$ 1,504,450</u>

See accompanying notes.

**Nova Central School District
Statement of Changes in Capital Fund (cont'd)**

Year ended June 30	2006	2005
80 Capital Disbursements		
81 Additions to Property and Equipment		
011 Land and Sites	\$ 617,542	\$ 47,772
012 Building	3,259,021	538,515
013 Furniture and Equipment - School	392,810	154,681
014 Furniture and Equipment - Other	127,146	2,018
015 Services Vehicles	34,337	34,768
016 Pupil Transportation	3,105,081	702,420
017 Other		
82 Principal Repayment of Loans		
011 School Construction	88,530	
012 Equipment		
013 Services Vehicles	8,645	
014 Other		24,276
83 Miscellaneous Disbursements		
013 Other		
 Total Capital Disbursements	 <u>\$ 7,633,112</u>	 <u>\$ 1,504,450</u>

See accompanying notes.

Nova Central School District

Notes to the Financial Statements

June 30, 2006

1. Summary of Significant Accounting Policies

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

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

- a) Grants received by the Board from the Department of Education are recorded in either the current or capital funds depending on the project.
- b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.
- d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of \$1,475,350 has been paid during the 2005-06 fiscal period and is included in employee benefits for teachers.

**Nova Central School District
Notes to the Financial Statements**

June 30, 2006

		<u>2006</u>
2. Accounts Receivable		
<u>Current</u>		
11 131	Provincial Government Grant	\$ 1,457,508
132	Transportation	341,089
133	Federal Government	535,964
134	School Taxes	
136	Other School Boards	
137	Rent	
138	Interest	
139	Travel Advances and Misc.	220,192
 <u>Capital</u>		
11 231	Department of Education-Capital Grants	1,094,914
233	Local Contributions	
234	Other School Boards	
235	Other	
		<u>3,649,667</u>
Less: Allowance for uncollectible Government grants		
		<u>\$ 3,649,667</u>

3. Bank Indebtedness - Current

21 131	On Operating Credit	
132	On Current Account	<u>464,761</u>
		<u>\$ 464,761</u>

**Nova Central School District
Notes to the Financial Statements**

June 30, 2006

4. Accounts Payable and Accruals		2006
<u>Current</u>		
21 111	Trade Payables	\$ 4,431,029
112	Accrued - Liabilities	11,024
113	- Interest	1,083
114	- Wages	767,320
115	Payroll Deductions	230,531
116	Retail Sales Tax	-
117	Deferred Grants	376,445
119	Summer Pay - Teacher	9,833,925
122	Department of Education	71,092
<u>Capital</u>		
21 211	Trade Payables	
212	Accrued - Liabilities	
213	- Interest	
217	Deferred Grants	
218	Other	
		\$ 15,722,449

5. Reserve Account - Capital

Description:

Balance, beginning of period	\$ -
Less: Transfer to Capital Fund	-
Add: Transfer from Board Equity	-
Balance, end of period	\$ -

Nova Central School District
Notes to the Financial Statements

June 30, 2006

	<u>2006</u>
5A. Reserve Account - Current	
Description:	
Balance, beginning of period	\$ -
Less: Current Expenditures	<u> </u>
Add: Transfer from Board Equity	<u> </u>
Balance, end of period	<u>\$ -</u>

**Nova Central School District
Notes to the Financial Statements**

June 30, 2006

	<u>2006</u>
6. Investment in Capital Assets	
Balance, June 30, 2005 as previously stated	\$ 160,735,922
Prior Years Adjustments-Unrecorded Vehicles	
Service vehicles-Bussing	18,000
Buses	<u>18,000</u>
Balance, June 30, 2005 as restated	160,771,922
Transfer of Operating Funds to Capital Fund	-
Transfer from Reserve	-
Grants - Department of Education-Capital Projects	3,811,068
- Other	<u>133,750</u>
Proceeds from Sale of Capital Assets	
- Land	10,002
- Buildings	
- Vehicles	639
- Buses	<u>27,535</u>
Recoveries of Expenditures	86,810
Insurance Proceeds	<u>15,578</u>
	<u>164,857,304</u>
Deduct Adjustments:	
Cost of Assets Sold - Land	(1,485)
- Buildings	(586,761)
- Buses	(4,066,749)
- Service Vehicles-Mtce.	(91,771)
- Service Vehicles-Bussing	<u>(25,233)</u>
	<u>(4,771,999)</u>
Add Adjustments:	
Other - Pupil transportation loan payments made by current fund	744,286
Energy Performance loan payments made by current fund	<u>185,431</u>
23 221 Investment in Capital Assets, end of period	<u>\$ 161,015,022</u>

**Nova Central School District
Notes to the Financial Statements**

June 30, 2006

7. Commitments

At the Balance Sheet date, the District had the following commitments:

The District has entered into lease agreements with estimated future payments for the next five years as follows:

2007 - \$179,380
2008 - \$183,436
2009 - \$145,653
2010 - \$138,623
2011 - \$77,661

Nova Central School District
Notes to the Financial Statements

June 30, 2006

8. Board Deficiency

Opening Board Deficiency, June 30, 2005	(29,691,436)
Net increase(decrease) in Board Equity (Page 3)	<u>1,261,634</u>
Board Deficiency, June 30, 2006	<u>\$ (28,429,802)</u>

Nova Central School District Notes to the Financial Statements

June 30, 2006

9. Department of Education Receivables and Payables

As at June 30, 2006 the Board has recorded the following receivables from the Province of Newfoundland & Labrador - Department of Education.

Accounts Receivable - Current

Amounts due re: School Operations	922,254
Amounts due re: Water Delivery	51,815
Amounts due re: Insurance - Carmanville/Eastport	637,946
Amounts due re: Transportation	341,089
Amounts due re: Redundancies	-
Amounts due re: Miscellaneous	57,948
	<u>\$ 2,011,052</u>

Accounts Receivable - Capital

Amounts due re: School Construction	1,094,914
	<u>\$ 1,094,914</u>

Accounts Payable

Amounts due re: Other	71,092
Amounts due re: Teachers Payroll	
	<u>\$ 71,092</u>

**Nova Central School District
Current Revenues**

Schedule 1

Ten Months

Year Ended June 30

2006

Ended
2005

Current Revenues

31 010 Local Taxation		
011 School Taxes		
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$ 17,414,551	\$ 15,658,165
012 Special Grants (Details on bottom of Schedule 1)	520,644	449,504
013 Payroll Tax	1,401,406	1,229,463
Salaries and Benefits		
017 Directors and Assistant Directors	718,650	787,017
021 Regular Teachers	77,126,686	68,323,125
021 Student Assistants	1,990,130	2,009,990
022 Substitute Teachers	2,565,702	2,415,890
030 Pupil Transportation		
031 Board Owned	7,774,533	6,319,032
032 Contracted	785,150	802,902
033 Special Needs	363,444	325,399
034 Other - GST On Contracts	77,084	84,202
	<u>110,737,980</u>	<u>98,404,689</u>
33 010 Donations		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
34 010 Ancillary Services		
011 Revenue from Rental of Residences		
015 Interest on Schools		
021 Revenues from Rental of Schools and Facilities (Net)	11,015	10,400
022 Internally Generated Funds - Snow Clearing and Other Incentives	54,104	54,604
031 Cafeterias		
032 Other		
	<u>65,119</u>	<u>65,004</u>

Nova Central School District
Current Revenues

Schedule 1 (cont'd)

Ten Months

Ended
2005

Year Ended June 30

2006

Current Revenues

35 010	Miscellaneous		
011	Interest on Investments	61,406	25,796
012	Bus Charters		
	Regular	129,917	120,324
	Lunch Hour Runs	101,065	57,932
015	Institutes		
021	Recoveries of Expenditures	1,174,478	465,907
022	MUN Grant		
	Internship Program		4,747
	STEMNET		
	Intensive French		
031	Revenues from Other School Boards		
051	Insurance Proceeds	394,231	458,351
061	Bilingual Education Revenue		2,796
071	Operating Revenues from Native Peoples Grant		
081	Miscellaneous Federal Grant	36,879	954
091	Textbooks	134,286	30,400
092	Sundry	45,642	40,956
		<u>2,077,904</u>	<u>1,208,163</u>
36 011	Transfer from Capital		
	Total Current Revenues	<u>\$ 112,881,003</u>	<u>\$ 99,677,856</u>

**Nova Central School District
Current Revenues**

Schedule 1 (cont'd)

Ten Months

Ended

2005

Year Ended June 30

2006

Special Grants

French Monitor	41,011	41,911
French - Immersion	23,225	1,010
French Teacher Aide	38,221	23,009
French Enrichment	41,927	4,484
CFT Teacher TP - French	13,066	4,996
CFT Administration TP - French	18,405	14,164
French Second Language - Learning	22,680	16,189
Core French	32,897	-
Active Living	28,761	20,957
Textbook 8% Reimbursement	4,077	7,892
Textbook Replacement Savings	12,619	19,637
Water Delivery	51,815	52,515
Kinderstart	21,871	10,227
Strategic Planning - Bussing Pilot	3,947	5,814
Strategic Planning - Speech	157	20,435
Strategic Planning - Moving Forward	1,619	7,449
First Steps	-	4,349
Tutoring/Work Experience	15,197	20,336
Tutoring/Work Experience - CDLI	21,407	12,065
Leadership at Work	2,855	6,188
CDLI	5,214	21,143
Fine Arts	43,098	-
Read With Me	12,464	-
Math Mentors	6,625	-
School Board Elections	47,228	-
Miscellaneous	10,258	134,734
	<u>\$ 520,644</u>	<u>\$ 449,504</u>

**Nova Central School District
Administration Expenditures**

Schedule 2

Year Ended June 30	2006	Ten Months Ended 2005
51 011 Salaries and Benefits - Director and Assistant Directors	\$ 718,650	\$ 787,017
012 Salaries and Benefits - Board Office Personnel	975,819	1,271,058
013 Office Supplies	67,731	45,357
014 Replacement Furniture and Equipment	72,920	39,597
015 Postage	42,897	34,445
016 Telephone	76,123	69,608
017 Office Equipment Rentals and Repairs	28,833	27,535
018 Bank Charges		
019 Electricity	60,517	56,153
021 Fuel		
022 Insurance	1,810	3,034
023 Repairs and Maintenance (Office Building)	34,336	29,012
024 Travel	84,741	56,849
025 Board Meeting Expenses	68,992	33,927
026 Election Expenses	44,848	
027 Professional Fees	46,830	73,669
028 Advertising	48,672	34,537
029 Membership Dues	60,677	37,194
031 Municipal Taxes	13,436	11,309
034 Miscellaneous	29,660	16,457
035 Payroll Tax	20,241	17,923
Total Administration Expenditures	<u>\$ 2,497,733</u>	<u>\$ 2,644,681</u>

**Nova Central School District
Instruction Expenditures**

Schedule 3

Year Ended June 30	2006	Ten Months Ended 2005
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 65,183,166	\$ 56,318,554
012 - Substitute	2,511,210	2,337,882
013 - Board Paid	1,232	
013 - Student Assistants	2,014,645	2,009,990
014 Augmentation		
015 Employee Benefits	11,944,523	11,996,993
016 School Secretaries - Salaries and Benefits	1,888,182	1,886,529
017 Payroll Tax	1,435,834	1,237,054
018 IMC Salary	24,932	29,653
	<u>\$ 85,003,724</u>	<u>\$ 75,816,655</u>
52 040 Instructional Materials		
041 General Supplies	\$ 638,708	\$ 486,802
042 Library Resource Materials	45,254	41,333
043 Teaching Aids	636,082	493,919
044 Textbooks	135,588	111,304
	<u>\$ 1,455,632</u>	<u>\$ 1,133,358</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	\$ 525,254	\$ 159,120
062 Rentals and Repairs	236,070	166,805
	<u>\$ 761,324</u>	<u>\$ 325,925</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	\$ 71,550	\$ 53,585
082 Teachers' Travel	224,080	164,582
083 Inservice and Conferences	264,553	176,817
	<u>\$ 560,183</u>	<u>\$ 394,984</u>
090 Other Instructional Costs		
52 091 Postage and Stationary		
092 Miscellaneous	\$ 537,719	\$ 265,694
	<u>\$ 537,719</u>	<u>\$ 265,694</u>
	<u>\$ 88,318,582</u>	<u>\$ 77,936,616</u>

Nova Central School District
Operations and Maintenance Expenditures - Schools

Schedule 4

Year Ended June 30	Ten Months	
	2006	Ended 2005
53 011 Salaries and Benefits - Janitorial	\$ 3,174,068	\$ 2,806,895
012 Salaries and Benefits - Maintenance	1,735,060	1,396,435
013 Payroll Tax	64,183	64,621
014 Electricity	3,101,842	2,774,929
015 Fuel	615,450	591,453
016 Municipal Service Fees	170,457	108,521
017 Telephone	420,014	352,232
018 Vehicle Operating and Travel	132,649	100,997
019 Janitorial Supplies	199,464	193,586
021 Janitorial Equipment	17,440	8,156
022 Repairs and Maintenance - Building	1,874,145	807,663
023 - Equipment	7,185	4,539
024 Contracted Services - Janitorial	264,698	258,967
025 Snow Clearing	327,306	362,492
027 Other	111,879	83,720
Total Operations and Maintenance Expenditures	\$ 12,215,840	\$ 9,915,206

**Nova Central School District
Pupil Transportation Expenditures**

Schedule 5

Year Ended June 30	Ten Months	
	2006	Ended 2005
54 010 Operation and Maintenance of Board Owned Fleet		
011 Salaries and Benefits - Administration	\$ 152,031	\$ 157,864
012 Salaries and Benefits - Drivers and Mechanics	4,678,437	4,181,021
013 Payroll Tax	84,994	58,747
014 Debt Repayment - Interest	269,670	131,184
015 - Principal	744,286	409,585
016 Bank Charges		
017 Gas and Oil	1,065,961	817,748
018 Licences	79,897	63,188
019 Insurance	144,235	207,578
021 Repairs and Maintenance - Fleet	452,440	443,065
022 - Building	43,288	34,061
023 Tires and Tubes	68,164	28,213
024 Heat and Light	65,126	60,670
025 Municipal Services	3,228	3,152
026 Snow Clearing	35,045	23,260
027 Office Supplies	7,015	13,361
029 Travel	6,566	2,494
031 Professional Fees	5,652	11,457
032 Miscellaneous	65,519	9,390
033 Telephone	38,574	31,644
	<u>\$ 8,010,128</u>	<u>\$ 6,687,682</u>
54 040 Contracted Services		
041 Regular Transportation	\$ 862,234	\$ 880,862
042 Handicapped	\$ 363,444	\$ 331,641
	<u>1,225,678</u>	<u>1,212,503</u>
Total Pupil Transportation Expenditures	<u>\$ 9,235,806</u>	<u>\$ 7,900,185</u>

**Nova Central School District
Ancillary Services and Miscellaneous Expenses**

Year Ended June 30	Ten Months	
	2006	Ended 2005
<u>Ancillary Services</u>		<u>Schedule 6</u>
55 Ancillary Services		
011 Operations of Teachers' Residence	\$ -	\$ -
013 Janitorial		
031 Cafeterias		
032 Other		
	<u>\$ -</u>	<u>\$ -</u>

Miscellaneous Expenses

Schedule 7

The Board has incurred the following miscellaneous expenses:

57 001 Miscellaneous		
	<u>\$ -</u>	<u>\$ -</u>

**Nova Central School District
Details of Property and Equipment**

Schedule 8

Year Ended June 30, 2006

	Balance June 30, 2005	Adjustment/ Transfer Current Year	Additions 2006	Disposals 2006	Balance June 30, 2006
Land and Sites					
12 210 Land and Sites					
211 Land and Sites	1,706,483	75,458	617,542	1,485	2,397,998
12 212 Land Improvements	1,706,483	75,458	617,542	1,485	2,397,998
12 220 Buildings					
221 Schools	128,636,225	(1,625,111)	3,253,591	586,761	129,677,944
222 Administration	2,483,256	1,561,802	5,430	-	4,050,488
223 Residential	-	-	-	-	-
224 Recreation	-	-	-	-	-
225 Other - Maintenance	136,323	-	-	-	136,323
	<u>131,255,804</u>	<u>(63,309)</u>	<u>3,259,021</u>	<u>586,761</u>	<u>133,864,755</u>
12 230 Furniture & Equipment					
231 Schools	18,690,772	(12,149)	392,810	-	19,071,433
232 Administration	1,407,059	-	127,145	-	1,534,204
233 Residential	-	-	-	-	-
234 Recreation	-	-	-	-	-
235 Other - Maintenance	14,080	648	-	-	14,728
	<u>20,111,911</u>	<u>(11,501)</u>	<u>519,955</u>	<u>-</u>	<u>20,620,365</u>
12 240 Vehicles					
241 Service Vehicles	313,851	-	34,337	91,771	256,417
12 250 Pupil Transportation					
251 Land	60,817	-	-	-	60,817
252 Building	829,293	-	-	-	829,293
253 Vehicles - Buses	11,736,283	14,593	3,105,082	4,066,749	10,789,209
254 - Service	219,315	1,830	-	25,233	195,912
255 Equipment	50,262	19,578	-	-	69,840
256 Other	-	-	-	-	-
	<u>12,895,970</u>	<u>36,001</u>	<u>3,105,082</u>	<u>4,091,982</u>	<u>11,945,071</u>
12 260 Miscellaneous Capital Assets					
261 Other	648	(648)	-	-	0
Total Property & Equipment	<u>\$166,284,667</u>	<u>\$ 36,001</u>	<u>\$ 7,535,937</u>	<u>\$ 4,771,999</u>	<u>\$ 169,084,606</u>

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Nova Central School District will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

**Nova Central School District
Details of Long Term Debt**

Schedule 9

Year Ended June 30, 2006

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

22 210 Loans Other Than Pupil Transportation

Ref.#

211 Bank Loans		
___ Repayable \$ <u>15,452</u> monthly, maturing <u>2015</u>	\$	1,525,961
___ Repayable \$ <u>14,755</u> monthly, maturing <u>2008</u>		354,120
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 211	\$	<u>1,880,081</u>
212 Mortgages		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
___ Repayable \$ _____ monthly, maturing _____		
Total 212		
213 Vehicles		
___ Repayable \$ <u>720</u> monthly, maturing <u>2007</u>		7,925
___ Repayable \$ _____ monthly, maturing _____		
Total 213		<u>7,925</u>
Subtotal		<u>1,888,006</u>
215 Less: Current Maturities		<u>370,408</u>
Total Loans Other Than Pupil Transportation	\$	<u>1,517,598</u>

Nova Central School District
Details of Long Term Debt

Schedule 9 (cont'd)

Year Ended June 30, 2006

22 220 Loans - Pupil Transportation

<u>Ref.#</u>		
221	Vehicle Bank Loans	
	Prime-1% Repayable \$2,677 monthly, maturing <u>2011</u>	\$ 152,593
	Prime-1% Repayable \$1,537 monthly, maturing <u>2011</u>	98,383
	Prime-1% Repayable \$3,648 monthly, maturing <u>2012</u>	258,986
	Prime-1% Repayable \$6,277 monthly, maturing <u>2013</u>	533,552
	Prime-1% Repayable \$ 491 monthly, maturing <u>2007</u>	3,434
	Prime-1% Repayable \$1,125 monthly, maturing <u>2014</u>	113,646
	Prime-1% Repayable \$2,914 monthly, maturing <u>2015</u>	306,049
	Prime-1% Repayable \$3,794 monthly, maturing <u>2016</u>	470,452
	Prime-1% Repayable \$1,549 monthly, maturing <u>2011</u>	80,525
	Prime-1% Repayable \$2,083 monthly, maturing <u>2011</u>	122,917
	Prime-1% Repayable \$5,211 monthly, maturing <u>2011</u>	307,447
	Prime-1% Repayable \$2,090 monthly, maturing <u>2013</u>	175,583
	Prime-1% Repayable \$2,738 monthly, maturing <u>2014</u>	262,803
	Prime-1% Repayable \$2,793 monthly, maturing <u>2015</u>	293,297
	Prime-1% Repayable \$1,083 monthly, maturing <u>2016</u>	133,336
	Prime-1% Repayable \$ 680 monthly, maturing <u>2006</u>	686
	Prime-1% Repayable \$ 590 monthly, maturing <u>2006</u>	8
	Prime-1% Repayable \$ 21,563 monthly, maturing <u>2017</u>	2,867,887
		<hr/>
	Subtotal	6,181,584
	223 Less: Current Maturities	<hr/> 737,112
	Total Loans - Pupil Transportation	<hr/> 5,444,472
	Total Long Term Debt	<hr/> 6,962,070

**Nova Central School District
Summary of Long Term Debt**

Schedule 9A

Year Ended June 30, 2006

<u>Description</u>	<u>Ref.#</u>	<u>Rate</u>	<u>Balance June 30 2005</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance June 30 2006</u>
A) 1. School Construction		Prime - 1%	\$ 142,815		142,815	\$ -
				442,650	88,530	354,120
2. Restructuring		Prime - 1%				
B) Equipment						
C) Service Vehicle			16,570		8,645	7,925
D) Other - Energy Performance Contracting		Prime - 1%	1,711,392		185,431	1,525,961
E) Pupil Transportation		Prime - 1%	3,820,789	3,105,081	744,286	6,181,584
Total Loans			\$ 5,691,566	\$ 3,547,731	\$ 1,169,707	\$ 8,069,590
Less: Current Maturities			\$ 734,530			1,107,520
Total Loans			\$ 4,957,036	\$ 3,547,731	\$ 1,169,707	\$ 6,962,070

**Nova Central School District
Schedule of Current Maturities**

Schedule 9B

June 30, 2006

Description	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
A) School Construction	362,483	362,483	185,423	185,423	185,423
B) Equipment					
C) Service Vehicles	7,925				
D) Other					
E) Pupil Transportation	<u>737,112</u>	<u>732,984</u>	<u>732,984</u>	<u>732,984</u>	<u>576,300</u>
Total	<u>\$1,107,520</u>	<u>\$ 1,095,467</u>	<u>\$ 918,407</u>	<u>\$ 918,407</u>	<u>\$ 761,723</u>

**Nova Central School District
Schedule of Interest Expenses**

Schedule 9C

Year Ended June 30, 2006	2006	Ten Months Ended 2005
<u>Description</u>		
012 Capital		
School Construction Restructuring	7,385	
Equipment		
Service Vehicles		149
Other		
Pupil Transportation	<u>269,670</u>	<u>131,184</u>
Total Capital	277,055	131,333
013 Current - Operating Loans	5,224	4,796
- Supplier Interest Charges	<u>4,338</u>	<u>1,122</u>
Total Current	<u>9,562</u>	<u>5,918</u>
Total Interest Expense	<u>\$ 286,617</u>	<u>\$ 137,251</u>

**Nova Central School District
Supplementary Information**

Year Ended June 30	2006	Ten Months Ended 2005
1. <u>Cash</u>		
<u>Current</u>		
11 110	Cash on Hand and in Bank	
111	Cash on Hand	\$ 485
112	Bank - Current	\$ 103,959
113	- Savings	
114	- Teachers' Payroll	5,487
115	- Non Teachers' Payroll	874
116	- Trust	1,000
<u>Capital</u>		
11 210	Cash on Hand and in Bank	
211	Cash on Hand	
212	Bank - Current	
213	- Savings	
214	- Other	
Total Cash on Hand and in Bank		<u>\$ 5,972</u> <u>\$ 106,318</u>
2. <u>Short Term Investments</u>		
<u>Current</u>		
11 121	Term Deposits	
122	Canada Savings Bonds	
123	Other	
<u>Capital</u>		
11 221	Term Deposits	
222	Canada Savings Bonds	
223	Other	
Total Short Term Investments		<u>-</u> <u>-</u>

**Nova Central School District
Supplementary Information (Con't)**

Year Ended June 30	2006	Ten Months Ended 2005
3. <u>Prepaid Expenses</u>		
<u>Current</u>		
11 141 Insurance		
142 Municipal Service Fees	63,218	62,360
143 Supplies		
144 Other - WHSCC	172,462	76,489
- Travel		
- Miscellaneous	109,777	69,337
<u>Capital</u>		
11 241 Other (School Buses)	-	
	\$ 345,457	\$ 208,186

**OFFICE OF THE HIGH SHERIFF
OF NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

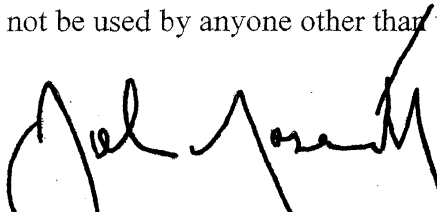
To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2007 and the statement of operations for the year then ended. These financial statements have been prepared to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The financial statements are the responsibility of the High Sheriff. 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 Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2007 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador to meet their information needs under Section 10 of the *Sheriff's Act, 1991*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.


JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 June 2007

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

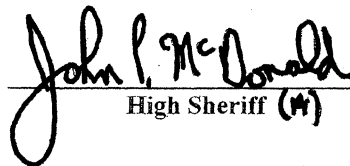
2007

2006

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
ASSETS					
Cash	\$ 195,062	\$ 4,670	\$ 10,253	\$ 209,985	\$ 101,531
Accounts receivable	1,085	142,620	10,384	154,089	114,977
Inventory held in trust (Note 1)	1	-	-	1	1
	\$ 196,148	\$ 147,290	\$ 20,637	\$ 364,075	\$ 216,509
LIABILITIES					
Trust account, court orders	\$ 189,885	\$ -	\$ -	\$ 189,885	\$ 71,369
Due to Consolidated Revenue Fund	6,263	147,290	637	154,190	125,140
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
	\$ 196,148	\$ 147,290	\$ 20,637	\$ 364,075	\$ 216,509

See accompanying notes

Signed on behalf of the Office:


High Sheriff (M)

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS**

For the Year Ended 31 March

2007

2006

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
REVENUES					
Court orders	\$ 2,561,007	\$ -	\$ -	\$ 2,561,007	\$ 2,499,923
Service fees	-	1,799,989	-	1,799,989	1,866,591
Registration fees, court orders	-	295,048	-	295,048	310,297
Replenishment of trial and jury bank account	-	-	47,429	47,429	15,015
Interest	7,649	-	584	8,233	4,283
	<u>\$ 2,568,656</u>	<u>\$ 2,095,037</u>	<u>\$ 48,013</u>	<u>\$ 4,711,706</u>	<u>\$ 4,696,109</u>
EXPENSES					
Court orders	\$ 2,561,007	\$ -	\$ -	\$ 2,561,007	\$ 2,499,923
Consolidated Revenue Fund	6,828	2,095,037	584	2,102,449	2,180,539
Trial and jury expenses	-	-	47,429	47,429	15,015
Bank fees	821	-	-	821	632
	<u>\$ 2,568,656</u>	<u>\$ 2,095,037</u>	<u>\$ 48,013</u>	<u>\$ 4,711,706</u>	<u>\$ 4,696,109</u>

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 March 2007

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act* and *Regulations*, implemented 1 June 1997 and the *Sheriff's Act, 1991*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts (the Courts), and has the responsibility of enforcing all monetary judgments issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. **Basis of accounting**

These financial statements have been prepared by the Office of the High Sheriff of Newfoundland and Labrador in accordance with the significant accounting policies set out below to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because revenues related to Court orders are being recognized on a cash basis and not all expenditures related to the operations of the Office are reflected in these statements.

Significant accounting policies

These financial statements have been prepared on the accrual basis of accounting except for Court order revenues which are recorded on a cash basis. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the High Sheriff of Newfoundland and Labrador, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for those expenditures.

(b) Inventory held in trust

Inventory consists of real or personal property seized by the Office of the High Sheriff of Newfoundland and Labrador as the result of a Court order and is recorded in these financial statements at a nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office at an estimated value for administrative purposes.

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS**

31 March 2007

2. Trust Fund

A trust bank account has been established to accommodate the receipt of funds collected from defendants and the payment of these funds to plaintiffs.

3. Revenue Fund

Revenues collected for various services provided by the Office of the High Sheriff of Newfoundland and Labrador are deposited directly to the Province's Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland and Labrador is responsible for jury administration in the Province and maintains a recurring accountable advance of \$20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

5. Related party transactions

Service fees, search fees and registration fees collected, and interest earned, net of bank fees, are paid into the Province's Consolidated Revenue Fund.

6. Income taxes

The Office of the High Sheriff of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

**PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2006



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

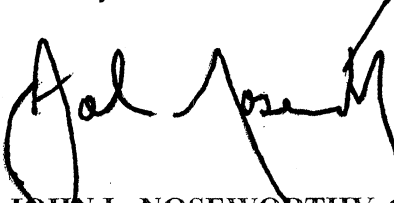
AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2006 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at 31 December 2006 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
14 May 2007

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

31 December

2006

2005

(000's)

(000's)

ASSETS

Investments (Note 2)

Short-term notes and deposits	\$ 122,059	\$ 81,448
Bonds and debentures	1,065,366	573,108
Equities - Canadian	2,575,407	1,604,010
- Foreign	1,898,934	854,111
Real estate (Note 3)	171,764	152,826

5,833,530

3,265,503

Receivables

Employee contributions	4,382	3,840
Employer contributions	4,294	3,753
Accrued investment income	14,792	9,275
Accounts receivable	896	405

24,364

17,273

Cash

23,104

7,606

Prepaid expenses

318

333

Deferred charges

3,459

2,866

5,884,775

3,293,581

LIABILITIES

Accounts payable and accrued liabilities	8,650	5,514
Refunds payable	1,364	1,164
Due to Province of Newfoundland and Labrador	1,024	3,350
Mortgages payable (Note 4)	79,534	77,555

90,572

87,583

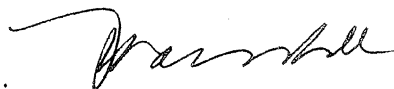
NET ASSETS AVAILABLE FOR BENEFITS

\$ 5,794,203

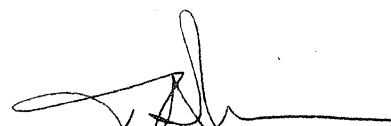
\$ 3,205,998

See accompanying notes

Signed on behalf of the Fund:



Minister of Finance
and President of Treasury Board
Trustee



Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended 31 December

2006

2005

	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Provincial Court Judges' Pension Plan (000's)	Total (000's)	Total (000's)
Increase in net assets							
Investments (Note 5)							
Investment income	\$ 91,588	\$ 97,320	\$ 3,001	\$ 385	\$ 76	\$ 192,370	\$ 127,238
Gain on sale of investments	60,536	64,325	1,984	254	51	127,150	125,223
Current period change in market value of investments	204,594	217,401	6,703	859	172	429,729	176,817
	356,718	379,046	11,688	1,498	299	749,249	429,278
Contributions							
Employee	80,997	35,612	2,426	407	162	119,604	117,169
Employer (Note 6)	79,378	32,514	2,406	178	107	114,583	112,758
Special payments (Note 6)	60,000	1,953,000	20,000	-	-	2,033,000	146,222
Transfers from other plans (Note 13)	-	-	-	-	-	-	9,778
	577,093	2,400,172	36,520	2,083	568	3,016,436	815,205
Decrease in net assets							
Pensions	176,281	204,511	14,558	124	21	395,495	369,424
Refund of contributions with interest	14,658	4,291	168	-	-	19,117	16,655
Administrative costs (Note 7)	7,237	6,034	282	42	24	13,619	9,988
Transfers to other plans (Note 13)	-	-	-	-	-	-	9,778
	198,176	214,836	15,008	166	45	428,231	405,845
Total increase in net assets	378,917	2,185,336	21,512	1,917	523	2,588,205	409,360
Net assets available for benefits, beginning of year	2,251,601	880,972	62,560	9,307	1,558	3,205,998	2,796,638
Net assets available for benefits, end of year	\$ 2,630,518	\$ 3,066,308	\$ 84,072	\$ 11,224	\$ 2,081	\$ 5,794,203	\$ 3,205,998

See accompanying notes

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2006

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a statute of the Province.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE, up to a maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the supplementary plan.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive an allowance from the Supplementary Plan. The total allowance received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on the number of years of pensionable service times 2% of the member's best five years average salary.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the supplementary plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(iii) Accrued service pensions

A service pension is available from the Registered Plan based on $1/45^{\text{th}}$ of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested member who is no longer an employee can receive an allowance from the Supplementary Plan. The total allowance received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on 1/45th of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

Authority and description (cont.)

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Grandfathered members contribute an additional 3.5% of salary, which is also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension. Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly. Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

(iii) Calculation of allowances on retirement

A vested Member who is no longer a MHA or a minister may, on application and subject to eligibility criteria, receive an allowance from the Registered Plan that is the product of 2% of MHA and minister's salary for the best three calendar years. When a member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the Member's average YMPE times years of service between 1 January 1998 and 31 December 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iii) Calculation of allowances on retirement (cont.)

Where the calculated allowance does exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada), a vested Member who is no longer a MHA or a minister can receive an allowance from the Supplementary Plan. The total allowance received from both the Registered Plan and the Supplementary Plan equals the amount calculated based on 2% of MHA and minister's salary for the best three calendar years.

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, and 2.5% for each of the next two years. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

For Members elected for the first time after the 43rd General Assembly the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2.0% for each year of other service. When a member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after 1 April 1967 (service between 1 January 1998 and 31 December 2004 excluded).

(iv) Disability pension

A disability pension equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary. If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Additional supplementary survivor benefits are also available.

(vi) Death refunds

The commuted value of the entitlement of a Member is payable when a survivor benefit is not payable.

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(vii) Termination benefits

A Member who is no longer an MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer an MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

(e) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after 1 April 2002, and to a judge who elected on or before 1 April 2002 to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

The annual amount of the allowance paid from the Supplementary Plan to a vested judge on normal retirement is the product of 3.33% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. A judge's supplementary allowance is reduced by the amount of the judge's registered allowance.

Normal retirement date is the first day of the month following the judge's 65th birthday.

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary. If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement.

(v) Death refunds

The commuted value of the entitlement of a judge is payable when a survivor benefit is not payable.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(vii) Indexing

Effective 1 October 2002 and each 1 October thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

- (i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.

1. Significant accounting policies (cont.)

(c) Investment income (cont.)

- (ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.
- (iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.
- (iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

2. Investments

All investments are valued as follows:

- (a) Short-term notes and deposits are valued at book value which approximates market value.
- (b) Bonds and debentures are valued at the last bid price on the valuation date.
- (c) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.
- (d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties acquired by the Corporation during the current year are recorded at cost. These properties are presented at their appraised values in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

3. Real estate investments

The Fund's investment in real estate as at 31 December 2006, which is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, is as follows:

	2006	2005
	(000's)	(000's)
Assets		
Income producing properties (Appraised Value)	\$ 171,764	\$ 152,826
Other assets	8,449	5,682
Total assets	\$ 180,213	\$ 158,508
Liabilities and Equity		
Mortgages payable (Appreciated Value)	\$ 79,534	\$ 77,555
Other liabilities	4,728	3,055
Shareholder's equity	95,951	77,898
Total liabilities and equity	\$ 180,213	\$ 158,508
Income and Expenses		
Income	\$ 18,132	\$ 15,962
Operating expenses	(6,788)	(6,112)
Operating income	11,344	9,850
Other expenses	(10,025)	(4,936)
Net income for the year	\$ 1,319	\$ 4,914

4. Mortgages payable

Mortgages payable represent financing obtained by Newvest Realty Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Details are as follows:

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2006

4. Mortgages payable (cont.)

	2006		2005	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of \$32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	\$ 4,386	\$ 4,386	\$ 4,487	\$ 4,552
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of \$42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	6,283	6,638	6,432	6,900
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	11,485	12,101	11,910	12,733
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	20,413	20,957	20,868	21,550
(e) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of \$115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014, secured by a freehold first mortgage and charge of the property, a general security agreement, a first general assignment of rents, and a first specific assignment of a tenant lease.	17,626	18,222	18,002	18,701

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

4. Mortgages payable (cont.)

	2006		2005	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(f) 2001 Bantree, Ottawa, Ontario. Mortgage (50% interest), held by Equitable Life, repayable in monthly installments of \$77,631, including interest calculated at a rate of 5.09% per annum, maturing 1 August 2015, secured by a first mortgage and charge of the property, a first general assignment of leases and rents, a first specific assignment of leases, a first general security agreement of assets of the property, and assignment of insurance proceeds and endorsements to all policies.	6,433	6,419	6,571	6,571
(g) Thunder Centre, Thunder Bay, Ontario. Mortgage (50% interest), held by CIBC, repayable in monthly installments of \$76,479, including interest calculated at a rate of 4.99% per annum, maturing 1 September 2010, secured by a first mortgage and charge of the property, a first general assignment of leases and rents, a specific assignment of leases, assignment of the head lease with the vendor, and assignment of the letter of credit relative to the head lease.	6,409	6,355	6,548	6,548
(h) Centre 5735, Calgary, Alberta. Mortgage, held by Equitable Life, repayable in monthly installments of \$26,630, including interest calculated at a rate of 5.28% per annum, maturing 1 December 2016, secured by a first mortgage and charge of the property, and a general security agreement.	4,456	4,456	-	-
	\$ 77,491	\$ 79,534	\$ 74,818	\$ 77,555

Annual principal repayments totalling \$28.8 million (2005 - \$14.1 million) to be made during the next five years are as follows:

(000's)
2007 - \$ 1,974
2008 - \$ 2,087
2009 - \$ 2,207
2010 - \$20,640
2011 - \$ 1,860
\$28,768

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2006

5. Increase in net assets, investments

	Investment income	Gain on sale of investments	Current period change in market value of investments	2006 Total	2005 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian common stock	\$ 82,883	\$ 114,635	\$ 184,437	\$ 381,955	\$ 307,692
Foreign common stock	56,770	9,855	235,498	302,123	72,851
Bonds and debentures	45,077	2,660	(2,055)	45,682	36,290
Short-term notes and deposits	6,321	-	-	6,321	3,167
Real estate	1,319	-	11,849	13,168	9,278
	<u>\$ 192,370</u>	<u>\$ 127,150</u>	<u>\$ 429,729</u>	<u>\$ 749,249</u>	<u>\$ 429,278</u>

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province pays into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

During the 1997-98 fiscal year, the Province started to make special payments to the Fund on behalf of the Public Service Pension Plan to address the unfunded liability of that Plan. The Province contributed \$30 million in each of 1997-98 and 1998-99. In 1999-2000, 2000-01 and 2001-02 the Province contributed \$40 million each year. The Province's contribution in 2002-03 was \$45 million and increased to \$60 million in 2003-04. In accordance with legislation, contributions will continue at \$60 million yearly for the period of time that the Plan remains unfunded as established by the Province's actuary on a plan termination basis. In 2007, the Province is making a special payment of \$982 million to address the unfunded liability of the Plan (see Note 14) and thus the \$60 million annual payment will no longer be required.

During the 1998-99 fiscal year, the Province started to make special payments to the Fund on behalf of the Teachers' Pension Plan to address the unfunded liability of that Plan. In accordance with legislation, the Province was to pay \$815 million to the Fund on behalf of the Plan. The Province paid \$166 million towards this in each of 1998-99 and 1999-00, and paid \$76 million each fiscal year from 2000-01 to 2004-05. The Province paid \$66.222 million into the plan during 2005 and transferred \$9.778 million from the Members of the House of Assembly Pension Plan (see Note 13). In March 2006, the Province made a special payment of \$1.953 billion to address the unfunded liability of the Plan.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

6. Funding policy (cont.)

On 18 February 2002, the Province approved a special \$20 million payment to the Fund for 2001-02, and for each of the next four fiscal years, to partially finance the unfunded pension liability under the Uniformed Services Pension Plan. The final \$20 million of these payments was received during 2006.

On 14 March 2002, the Province approved a special \$7.5 million payment to the Fund for 2001-02, and for each of the next four fiscal years, to partially finance the unfunded pension liability under the Members of the House of Assembly Pension Plan. However, it was determined that such payments were not allowable under the *Income Tax Act* (Canada) to fund the Registered Plan. During 2005, the Province approved the discontinuation of payments scheduled to be made during 2005 and 2006.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based on a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs are comprised as follows:

	2006	2005
	(000's)	(000's)
Investment management, consulting and custodial fees	\$ 10,848	\$ 7,204
Salaries and benefits	1,979	1,806
Computer charges	228	506
Actuarial consulting fees	159	138
Medical and professional fees	191	153
Other expenses	214	181
	\$ 13,619	\$ 9,988

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

8. Teachers' Indexing Fund

The total fund balance relating to the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2006 the increase and decrease in the net assets of the Fund related to the Teachers' Indexing Fund and the closing balance along with the closing balance of the Fund related to the Teachers' Regular Fund are comprised as follows:

	<u>2006</u>	<u>2005</u>
	(000's)	(000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	\$ 5,941	\$ 5,960
Investment income	4,468	2,976
	<u>10,409</u>	<u>8,936</u>
Decreases in net assets		
Pensions	7	4
Administrative costs	71	67
	<u>78</u>	<u>71</u>
Increase in net assets	10,331	8,865
Teachers' Indexing Fund balance, beginning of year	25,191	16,326
Teachers' Indexing Fund balance, end of year	35,522	25,191
Teachers' Regular Fund balance	3,030,786	855,781
Teachers' Pension Plan combined balance	\$ 3,066,308	\$ 880,972

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table. In addition, the table shows the unfunded liabilities for each plan as extrapolated by the actuaries to 31 December 2006.

Plan	Valuation Date	At Valuation Date				
		Actuarial Present Value (000's)	Asset Value (000's)	Unfunded Liability (000's)	Extrapolated Unfunded Liability at 31 December 2006 (000's)	Extrapolated Unfunded Liability at 31 December 2005 (000's)
Public Service Pension Plan	12/31/2003	\$ 3,636,500	\$ 1,671,110	\$ 1,965,390	\$ 1,733,010	\$ 1,860,890
Teachers' Pension Plan	08/31/2006	3,344,950	2,750,940	594,010	311,990	2,279,910
Uniformed Services Pension Plan	12/31/2005	269,590	62,530	207,060	196,410	192,140
Members of the House of Assembly Pension Plan	12/31/2003	5,630	11,120	(5,490)	(2,350)	(1,500)
Provincial Court Judges' Pension Plan	12/31/2004	1,244	1,206	38	(140)	(100)
		\$ 7,257,914	\$ 4,496,906	\$ 2,761,008	\$ 2,238,920	\$ 4,331,340

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2006, the total estimated value of payments to be received on these contracts is \$4.3 million (2005 - \$4.4 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2006

10. Related party transactions

The following investments were held by the Fund as at 31 December 2006:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Maturing from 11/03/2009 to 10/17/2033	\$ 12,598	\$ 13,600
Newfoundland and Labrador Hydro Debentures - Maturing 7/14/2017	1,514	1,483
	\$ 14,112	\$ 15,083

11. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and RBC Dexia Investor Services, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 2006, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
 Bentall Investment Management Limited Partnership
 Beutel, Goodman & Company Ltd.
 Connor, Clark & Lunn Investment Management Ltd.
 Genus Capital Management
 Independence Investment Associates Inc.
 Mulvihill Capital Management Inc.
 Phillips, Hager & North Investment Management Ltd.
 Sprucegrove Investment Management Ltd.
 UBS Global Asset Management (Canada) Co.

Subsequent to year end, the Fund released Independence Investment Associates Inc. and retained the following firms:

AllianceBernstein Canada Inc.
 Jacobs Levy Equity Management Inc.
 Systematic Financial Management Limited Liability Partnership

12. Financial instruments

The Fund's financial instruments recognized in the Consolidated Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate current fair value due to their nature and the terms and conditions of those instruments.

13. Plan amendments

Members of the House of Assembly Pension Plan

During 2005 the House of Assembly approved amendments to the Members of the House of Assembly Pension Plan to retroactively bring the Plan into compliance with the requirements of the *Income Tax Act* (Canada). The Plan was restructured into two components, a registered pension plan which will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund, and a supplementary pension plan which will be administered within the accounts of the Consolidated Revenue Fund. Assets totalling \$9.778 million held in the registered component were transferred from the Members of the House of Assembly Pension Plan to the Teachers' Pension Plan as part of the Province's \$76 million payment due 1 September 2005.

14. Subsequent event

Public Service Pension Plan

Subsequent to year end, the Province entered into an agreement with the Newfoundland and Labrador Association of Public Employees, the Canadian Union of Public Employees, the Association of Allied Health Professionals, the Newfoundland and Labrador Nurses Union, the International Brotherhood of Electrical Workers, and the Canadian Merchant Marine Services Guild to address the unfunded liability of the Public Service Pension Plan. In accordance with the agreement, in March 2007 the Province made a contribution of \$400 million and another contribution of \$350 million in May 2007. The Province is required to make a further contribution of \$232 million before 30 June 2007 to help address the unfunded liability of the Plan.

15. Income taxes

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

**PROVINCIAL ADVISORY COUNCIL
ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 Council as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
3 July 2007

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ -	\$ 3,332
Accounts receivable	3,048	7,721
Prepaid expenses	2,078	1,247
	5,126	12,300
Capital assets (Note 2)	30,749	21,300
	\$ 35,875	\$ 33,600

LIABILITIES AND SURPLUS

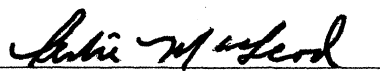
Current

Bank indebtedness	\$ 1,354	\$ -
Accounts payable and accrued liabilities	9,690	16,635
Long-term debt payable within one year (Note 3)	14,857	4,959
	25,901	21,594
Long-term debt (Note 3)	-	14,895
	25,901	36,489
Surplus (Deficit)	9,974	(2,889)
	\$ 35,875	\$ 33,600

Commitments (Note 4)

See accompanying notes

Signed on behalf of the Council:


President


Member

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March**

2007

2006

REVENUES

Province of Newfoundland and Labrador operating grant	\$ 297,600	\$ 317,142
Emerging Women's Group funding	-	46,487
Miscellaneous	9,154	12,241
Interest	2,594	-
	309,348	375,870

EXPENSES

Amortization	4,229	3,377
Council meetings	29,599	38,340
Feminist Coalition Project	-	42,081
Interest on long-term debt	836	1,010
Moving expenses	3,913	-
Operating expenses	58,955	60,714
Outreach	11,376	15,885
Salaries and employee benefits	187,577	210,037
Women's Provincial Conference	-	14,693
	296,485	386,137

Excess of revenues over expenses (expenses over revenues)	12,863	(10,267)
Surplus (Deficit), beginning of year	(2,889)	7,378
Surplus (Deficit), end of year	\$ 9,974	\$ (2,889)

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended 31 March**

2007

2006

Cash flows from operating activities

Excess of revenues over expenses (expenses over revenues) \$ 12,863 \$ (10,267)

Adjustment for non-cash items

Amortization 4,229 3,377

17,092 (6,890)

Changes in non-cash working capital

Accounts receivable 4,673 (2,007)

Accounts payable and accrued liabilities (6,945) 9,629

Deferred revenue - (30,000)

Prepaid expenses (831) -

13,989 (29,268)

Cash flows from financing activities

Repayment of long-term debt (4,997) (4,823)

Cash flows from investing activities

Purchase of capital assets (13,678) -

Net decrease in cash (4,686) (34,091)

Cash, beginning of year 3,332 37,423

Cash (bank indebtedness), end of year \$ (1,354) \$ 3,332

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2007**

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act*. The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

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

Capital assets

All capital assets are capitalized at cost at the time of acquisition. Land and building have been financed by debt and were amortized, except for the capital cost of the land, over the term of the original debt. Amortization for all other capital assets is calculated using the methods described below based on the expected future useful life of the assets as follows:

Furniture and office equipment	Straight line, 5 years
Computer hardware and software	Straight line, 3 years

2. Capital assets

	<u>2007</u>			<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 21,300	\$ -	\$ 21,300	\$ 21,300
Building	99,752	99,752	-	-
Furniture and office equipment	2,475	495	1,980	-
Computer hardware and software	11,203	3,734	7,469	-
Total	\$ 134,730	\$ 103,981	\$ 30,749	\$ 21,300

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2007**

3. Long-term debt

	<u>2007</u>	<u>2006</u>
Royal Trust first mortgage bearing interest at prime plus one percent with a capped rate of 5.875%, repayable in blended bi-weekly installments of \$224; maturing 1 July 2009.	\$ 14,857	\$ 19,854
Less: current portion	<u>14,857</u>	<u>4,959</u>
	<u>\$ -</u>	<u>\$ 14,895</u>

The long-term debt is secured by land and building at 131 LeMarchant Road in St. John's. In April 2007, the building was sold and the outstanding amount on the mortgage was paid.

4. Commitments

In March 2007, the Council entered into a 6 month agreement for the lease of office space requiring monthly lease payments of \$3,840 and a 5 year agreement for the lease of office equipment requiring quarterly lease payments of \$1,026.

5. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2007 was \$12,428 (2006 - \$11,192).

6. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

7. Financial instruments

The Council's current financial instruments recognized on the balance sheet consist of accounts receivable, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Council's long-term debt is comprised of a mortgage of \$14,857 at prime plus one percent with a capped rate of 5.875%. There is no rate risk associated with the mortgage and the carrying value of the debt approximates fair value.

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR**
NOTES TO FINANCIAL STATEMENTS
31 March 2007

8. Subsequent event

In April 2007, the Council sold the building located at 131 LeMarchant Road for \$175,000. Proceeds from the sale totalled \$159,867 after commissions and closing costs. The outstanding mortgage was settled for \$15,310.

9. Income taxes

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

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2007



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

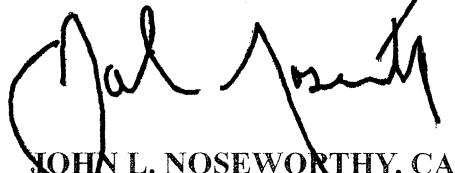
AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2007 and the statements of changes in net assets, revenue and expenses, and cash flows 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 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
13 June 2007

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ 2,224,311	\$ 2,067,746
Accounts receivable (Note 2)	176,304	306,720
Prepaid expenses (Note 3)	174,135	184,404

2,574,750 2,558,870

Long-term investments (Note 4)	23,492	23,492
Capital assets (Note 5)	2,021,242	1,957,985

\$ 4,619,484 \$ 4,540,347

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities (Note 6)	\$ 817,144	\$ 617,330
Deferred revenue (Note 7)	814,234	945,642
Deposits - local libraries (Note 8)	10,052	7,007

1,641,430 1,569,979

Severance pay liability	1,039,582	1,026,534
--------------------------------	------------------	------------------

2,681,012 2,596,513

Net assets

Unrestricted net assets (deficit)	(82,770)	(14,151)
Net assets invested in capital assets	2,021,242	1,957,985

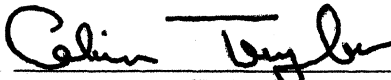
1,938,472 1,943,834

\$ 4,619,484 \$ 4,540,347

Commitments (Note 11)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CHANGES IN NET ASSETS**

For the Year Ended 31 March

2007

2006

	Invested in Capital Assets	Unrestricted		
Net assets (deficit), beginning of year	\$ 1,957,985	\$ (14,151)	\$ 1,943,834	\$ 1,954,241
Capital grant from Province	-	265,880	265,880	370,000
Less: Deferred capital grant	-	(20,000)	(20,000)	(165,880)
Excess of revenue over expenses (expenses over revenue)	(638,721)	387,479	(251,242)	(214,527)
Invested in capital assets	701,978	(701,978)	-	-
Net assets (deficit), end of year	\$ 2,021,242	\$ (82,770)	\$ 1,938,472	\$ 1,943,834

See accompanying notes

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REVENUE AND EXPENSES**

For the Year Ended 31 March

2007

2006

	<u>Actual</u>	<u>Budget</u> (Note 9)	<u>Actual</u>
REVENUE			
Operating grant from the Province	\$ 8,629,100	\$ 8,629,100	\$ 8,216,200
Other grants			
Computerization projects	494,649	-	586,137
Literacy projects	-	-	65,000
Provincial Territorial Public Library Council	15,003	-	-
Canadian Library Association	-	-	3,342
Interest	150,057	60,000	94,653
Miscellaneous	49,543	-	51,579
Fines and lost library materials	40,923	40,000	39,646
	<u>9,379,275</u>	<u>8,729,100</u>	<u>9,056,557</u>
EXPENSES			
Amortization	637,004	-	570,346
Books and periodicals	990,936	1,096,988	916,554
Computerization of libraries	261,581	335,000	405,329
Conferences and workshops	2,438	15,000	3,177
Freight and postage	47,991	76,750	54,111
Grants - local libraries (Schedule)	429,465	410,000	433,188
Heat and light	7,108	7,000	7,022
Insurance	77,987	89,000	105,648
Literacy projects	3,757	-	88,061
Loss on disposal of capital assets	1,717	-	1,124
Miscellaneous	279	-	2,484
Office and library supplies	108,218	141,970	110,209
Professional fees	29,175	30,000	7,230
Rental of premises	348,961	355,625	348,961
Repairs and maintenance	13,646	17,650	15,983
Salaries and benefits	6,446,279	6,676,294	6,022,962
Telephone	68,998	72,500	65,282
Travel	154,977	175,514	113,413
	<u>9,630,517</u>	<u>9,499,291</u>	<u>9,271,084</u>
Excess of expenses over revenue	\$ (251,242)	\$ (770,191)	\$ (214,527)

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD**STATEMENT OF CASH FLOWS**

For the Year Ended 31 March

2007

2006

Cash flows from operating activities

Excess of expenses over revenue	\$ (251,242)	\$ (214,527)
Adjustments for non-cash items		
Amortization	637,004	570,346
Loss on disposal of capital assets	1,717	1,124
	387,479	356,943
Change in non-cash working capital		
Accounts receivable	130,416	54,117
Prepaid expenses	10,269	5,315
Accounts payable and accrued liabilities	199,814	115,032
Deferred revenue	(131,408)	26,223
Deposits - local libraries	3,045	(514)
	599,615	557,116
Increase (decrease) in severance pay liability	13,048	(4,228)
	612,663	552,888

Cash flows from investing activities

Additions to capital assets	(701,978)	(500,696)
Proceeds from disposal of capital assets	-	75
	(701,978)	(500,621)

Cash flows from financing activities

Capital grant	265,880	370,000
Deferred capital grant	(20,000)	(165,880)
	245,880	204,120
Net increase in cash	156,565	256,387
Cash, beginning of year	2,067,746	1,811,359
Cash, end of year	\$ 2,224,311	\$ 2,067,746

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
For the Year Ended 31 March

2007

2006

Eastern Division

Arnold's Cove	\$ 817	\$ 1,092
Bay Roberts	59,992	60,086
Bell Island	930	1,285
Bonavista	6,743	3,647
Brigus	5,828	6,584
Burin	667	750
Carbonear	26,120	20,383
Catalina	798	4,553
Clareville	16,769	28,854
Conception Bay South	7,518	7,641
Fortune	486	418
Fox Harbour	1,505	1,218
Garnish	1,018	1,046
Grand Bank	7,333	6,470
Harbour Grace	9,173	4,645
Holyrood	5,615	5,619
Marystown	6,849	5,872
Mount Pearl	10,530	12,580
Old Perlican	2,370	2,360
Placentia	27,880	31,818
Pouch Cove	2,492	2,647
St. Brides	6,596	6,394
St. Lawrence	6,617	1,084
Southern Harbour	3,592	1,440
Torbay	1,212	1,259
Trepassey	6,752	7,240
Victoria	1,170	1,278
Whitbourne	3,744	3,432
Winterton	724	839
	231,840	232,534

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)**

For the Year Ended 31 March

2007

2006

Central Division

Baie Verte	4,669	4,727
Bishop's Falls	945	1,022
Botwood	6,601	5,684
Buchans	998	1,096
Carmanville	1,711	4,721
Centerville	1,036	901
Change Islands	794	701
Fogo	1,091	883
Gambo	779	1,153
Gander	20,362	20,760
Gaultois	2,651	2,400
Glenwood	1,573	1,612
Glovertown	818	1,209
Grand Falls-Windsor	2,727	4,523
Greenspond	4,442	3,750
Harbour Breton	1,138	912
Hare Bay	1,359	978
Harry's Harbour	4,554	3,924
Hermitage	1,071	984
King's Point	4,809	4,878
LaScie	3,545	3,643
Lewisporte	4,302	4,333
Lumsden	1,615	1,680
Musgrave Harbour	689	773
Norris Arm	2,214	2,806
Point Leamington	1,250	1,623
Robert's Arm	2,620	4,490
St. Albans	1,258	1,391
Seal Cove	1,095	1,144
Springdale	672	620
Summerford	1,556	1,662
Twillingate	1,333	993
Wesleyville	742	739
	87,019	92,715

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)

For the Year Ended 31 March

2007

2006

Western Newfoundland -
Labrador Division

Bay St. George South	980	772
Burgeo	495	1,598
Cape St. George	718	503
Cartwright	825	784
Churchill Falls	692	515
Codroy Valley	544	518
Cormack	994	1,323
Corner Brook	4,823	5,035
Cow Head	6,044	4,694
Daniel's Harbour	807	1,612
Deer Lake	14,969	18,160
Happy Valley	856	658
Labrador City	15,369	15,571
L'Anse au Loup	3,289	956
Lark Harbour	782	747
Lourdes	776	584
Norris Point	1,112	-
Pasadena	1,784	1,713
Port au Port	3,143	3,256
Port aux Basques	11,538	11,180
Port Saunders	4,560	3,798
Ramea	909	820
Rocky Harbour	524	2,445
St. Anthony	1,245	952
St. Georges	2,324	783
St. Lunaire-Griquet	678	554
Sops Arm	2,385	825
Stephenville	19,574	21,802
Stephenville Crossing	884	757
Wabush	2,238	1,793
Woody Point	4,745	3,231
	110,606	107,939
	\$ 429,465	\$ 433,188

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

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

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years
Software	5 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2007

2. Accounts receivable

	<u>2007</u>	<u>2006</u>
Federal Government		
Harmonized Sales Tax	\$ 62,374	\$ 40,354
Other	-	9,948
Provincial Government	92,900	212,855
Other	21,030	43,563
	<u>\$ 176,304</u>	<u>\$ 306,720</u>

3. Prepaid expenses

Prepaid expenses of \$174,135 (2006 - \$184,404) include inventory of supplies of \$57,837 (2006 - \$53,144) on hand at the Board's head office and the three divisional library board offices.

4. Long-term investments

Long-term investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$23,492, as determined by the share price at the time of the transfer of shares to the Board. The fair market value of these shares was \$88,129 as at 31 March 2007 (2006 - \$83,313).

5. Capital assets

	<u>2007</u>			<u>2006</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 288,406	\$ -	\$ 288,406	\$ 288,406
Buildings	1,922,491	1,111,260	811,231	856,817
Furniture and equipment	1,345,202	1,037,146	308,056	371,280
Motor vehicles	142,186	124,815	17,371	22,884
Computer equipment	2,069,161	1,616,294	452,867	335,302
Software	205,169	61,858	143,311	83,296
	<u>\$ 5,972,615</u>	<u>\$ 3,951,373</u>	<u>\$ 2,021,242</u>	<u>\$ 1,957,985</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2007

6. Accounts payable and accrued liabilities

	<u>2007</u>	<u>2006</u>
Accounts payable	\$ 193,031	\$ 121,331
Accrued salaries and benefits	624,113	495,999
	<u>\$ 817,144</u>	<u>\$ 617,330</u>

7. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	<u>2007</u>	<u>2006</u>
Federal Government	\$ -	\$ 6,900
Provincial Government	790,359	886,592
Other	23,875	52,150
	<u>\$ 814,234</u>	<u>\$ 945,642</u>

8. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2007 was \$10,052 (2006 - \$7,007).

9. Budget

The 2007 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference would be funded from cash surpluses carried forward from prior years.

10. Subsequent event

In March 2007, problems with the foundation, structural damage to the floor, and plumbing damage at the Labrador City Library building was identified. An insurance claim has been filed by the Board; however, coverage of the incident has not been confirmed. An engineering study commenced in April 2007 to determine the cause of the damage and the cost of repairs of the building.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2007

11. Commitments

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2008	\$343,157
2009	\$287,323
2010	\$269,484
2011	\$269,484
2012	\$ 72,198

12. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2007 was \$323,406 (2006 - \$314,434).

13. Income taxes

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

14. Economic dependence

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

15. Financial instruments

The Board's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity or current market rate associated with them.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2006



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

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2006 and the statement of revenue, expenses and equity 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 31 December 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

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

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
5 April 2007

PUBLIC ACCOUNTANTS LICENSING BOARD

BALANCE SHEET

31 December

2006

2005

ASSETS

Current

Cash	\$ 6,495	\$ 4,022
Temporary investments, at cost	55,706	57,025
Sales tax receivable	1,215	820
Prepaid expense	703	610
	<hr/>	<hr/>
	\$ 64,119	\$ 62,477

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 920	\$ 1,805
Deferred revenue	5,900	9,300
	<hr/>	<hr/>
	6,820	11,105

Equity

	57,299	51,372
	<hr/>	<hr/>
	\$ 64,119	\$ 62,477

See accompanying notes

Signed on behalf of the Board:


Chair


Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENSES AND EQUITY
For the Year Ended 31 December

	2006	2005
REVENUE		
Licences	\$ 24,600	\$ 24,400
Interest income	1,520	894
	<u>26,120</u>	<u>25,294</u>
EXPENSES		
Advertising	5,359	4,871
Board remuneration	2,765	3,250
Insurance	997	970
Interest and bank charges	195	223
Meeting expense	1,652	1,779
Office supplies	600	856
Professional fees	1,375	1,465
Secretarial services	2,460	2,550
Travel	4,790	4,600
	<u>20,193</u>	<u>20,564</u>
Excess of revenue over expenses	5,927	4,730
Equity, beginning of year	51,372	46,642
Equity, end of year	\$ 57,299	\$ 51,372

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
31 December 2006

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, temporary investments, sales tax receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

3. Income taxes

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

REGISTRAR OF THE SUPREME COURT

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

To the Registrar of the Supreme Court
St. John's, Newfoundland and Labrador

I have audited the statement of fund balances of the Registrar of the Supreme Court as at 31 March 2007 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements have been prepared to meet the information needs of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The financial statements are the responsibility of the Registrar. 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 balances of the Funds of the Registrar of the Supreme Court as at 31 March 2007 and the changes in fund balances for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador to meet their information needs under Section 67 of the *Judicature Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy', written over a horizontal line.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 June 2007

**REGISTRAR OF THE SUPREME COURT
STATEMENT OF FUND BALANCES**

31 March

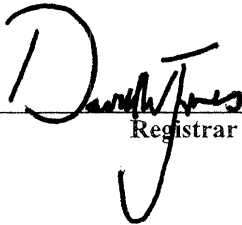
2007

2006

	Estate/Trust Fund (Note 2)	Supreme Court Fund (Note 3)	Administration Fund (Note 4)		
ASSETS					
Cash	\$ 6,622,768	\$ 5,933,716	\$ 261,129	\$ 12,817,613	\$ 11,670,647
Investments (Note 5)	14,364,566	1,559,816	-	15,924,382	16,745,257
Irrevocable letter of credit and securities	-	165,511	-	165,511	165,511
Real estate and other assets (Note 1)	1	-	-	1	1
Total assets	\$ 20,987,335	\$ 7,659,043	\$ 261,129	\$ 28,907,507	\$ 28,581,416
Total Fund balances	\$ 20,987,335	\$ 7,659,043	\$ 261,129	\$ 28,907,507	\$ 28,581,416

See accompanying notes

Signed:


Registrar

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ESTATE/TRUST FUND
For the Year Ended 31 March

	2007	2006
INCREASES		
Estate/trust assets received	\$ 4,868,449	\$ 4,716,337
Investment income	728,031	593,016
Pension, compensation and assistance	1,609,577	1,650,451
Revaluation of shares	3,951	8,396
Sale of chattels	44,346	20,530
Sale of real estate	1,387,515	592,936
	<u>8,641,869</u>	<u>7,581,666</u>
DECREASES		
Commissions charged and paid to Administration Fund	413,975	376,391
Estate/trust disbursements	2,922,090	3,635,180
Estates/trusts completed	3,842,107	4,711,180
Excess interest paid to Administration Fund	40,000	26,741
Harmonized sales tax paid to Administration Fund	60,883	56,459
Unclaimed estates paid to Administration Fund	3,147	33,774
	<u>7,282,202</u>	<u>8,839,725</u>
Net increase (decrease)	1,359,667	(1,258,059)
Fund balance, beginning of year	19,627,668	20,885,727
Fund balance, end of year	\$ 20,987,335	\$ 19,627,668

See accompanying notes

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
SUPREME COURT FUND
For the Year Ended 31 March

	2007	2006
INCREASES		
Court actions (Payments into Court)	\$ 1,804,175	\$ 4,065,261
Divorce fees	7,511	7,110
Fees	2,263,922	1,484,585
Fines and bail	29,396	54,333
Investment income	308,268	204,071
Judgment recovery	200	400
Law Society fees	13,074	13,320
	<u>4,426,546</u>	<u>5,829,080</u>
DECREASES		
Commissions charged and paid to Administration Fund	5,537	3,353
Court actions (Payments out of Court)	3,193,678	2,719,018
Divorce fees	8,280	6,430
Excess interest paid to Administration Fund	15,000	15,000
Fees paid to Consolidated Revenue Fund	2,267,173	1,492,263
Fines and bail	10,269	32,808
Law Society fees	13,110	13,926
	<u>5,513,047</u>	<u>4,282,798</u>
Net increase (decrease)	(1,086,501)	1,546,282
Fund balance, beginning of year	8,745,544	7,199,262
Fund balance, end of year	\$ 7,659,043	\$ 8,745,544

See accompanying notes

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ADMINISTRATION FUND
For the Year Ended 31 March

	2007	2006
INCREASES		
Commissions received from other Funds	\$ 419,512	\$ 379,744
Excess interest received from other Funds	55,000	41,741
Harmonized sales tax received from Estate/Trust Fund	60,883	56,459
Harmonized sales tax refunded from Federal Government	-	7,908
Refunds to Special Reserve Fund	1,396	1,281
Unclaimed and undistributable amounts received from other Funds	3,147	33,774
	539,938	520,907
DECREASES		
Commissions paid to Consolidated Revenue Fund	416,032	384,061
Harmonized sales tax remitted to Federal Government	64,365	52,141
Office administration expenses paid from Special Reserve Fund	1,011	7,629
Professional fees	2,458	9,469
Unclaimed and undistributable amounts paid to Consolidated Revenue Fund	3,147	33,774
	487,013	487,074
Net increase	52,925	33,833
Fund balance, beginning of year	208,204	174,371
Fund balance, end of year	\$ 261,129	\$ 208,204

See accompanying notes

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2007

Authority

The Registrar of the Supreme Court (the Registrar) operates under the authority of the *Judicature Act*.

The Registrar administers estates of deceased persons when appointed personal representative by the Supreme Court of Newfoundland and Labrador and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the *Mentally Disabled Persons' Estates Act*. The Registrar also has custody of monies paid to the Court in pending actions, as well as monies paid to the Court or to the Registrar under various statutes.

1. Basis of accounting

These financial statements have been prepared by the Registrar in accordance with the significant accounting policies set out below to meet the information needs of the Registrar, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Registrar are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the *Judicature Act* are recorded in these financial statements in the amount of \$1,011 for the 2006-07 year (2005-06 - \$7,629).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, life insurance, pre-arranged funerals, Registered Retirement Savings Plans/Income Funds, Registered Education Savings Plans and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for mortgages which are recorded at face value net of principal payments received.

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2007

1. Basis of accounting (cont.)

Significant accounting policies (cont.)

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

The Supreme Court Fund consists mainly of monies received by the Registrar under, inter alia, the following Acts, and Rules and Regulations thereunder:

- (a) *Automobile Insurance Act*
- (b) *Direct Sellers Act*
- (c) *Elections Act, 1991*
- (d) *Expropriation Act*
- (e) *Judicature Act*
- (f) *Leaseholds in St. John's Act*
- (g) *Life Insurance Act*
- (h) *Municipalities Act*
- (i) *Public Utilities Acquisition of Lands Act*
- (j) *Real Estate Trading Act*
- (k) *Residential Tenancies Act (2000)*
- (l) *Unified Family Court Act*

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland and Labrador. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the *Judicature Act*. Other monies flowing through the Administration Fund include commissions and unclaimed and undistributable assets to be paid over to the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2007

5. Investments

	<u>2007</u>	<u>2006</u>
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	\$ 13,360,632	\$ 15,748,884
Mortgages	128,860	129,280
Life Insurance - cash surrender value	8,786	-
Pre-arranged funerals	244,942	239,578
Registered Retirement Savings Plans/Income Funds and Registered Education Savings Plans	2,170,108	616,610
Shares	11,054	10,905
	<u>\$ 15,924,382</u>	<u>\$ 16,745,257</u>

6. Related party transactions

Commissions earned and service fees are paid into the Province's Consolidated Revenue Fund.

7. Income taxes

The Registrar of the Supreme Court of Newfoundland and Labrador is an entity of the Crown and as such is not subject to Provincial or Federal income taxes.

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy', written over a horizontal line.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
1 June 2007

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**

BALANCE SHEET

31 March

2007

2006

ASSETS

Current

Cash	\$ 2,170	\$ 63,479
Accounts receivable (Note 2)	470	526
	<u>\$ 2,640</u>	<u>\$ 64,005</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current

Accounts payable and accrued liabilities	\$ 1,362	\$ 2,061
--	----------	----------

Shareholder's equity

Share capital

Authorized and issued 500 common shares of no par value	1	1
--	---	---

Surplus	1,277	61,943
---------	-------	--------

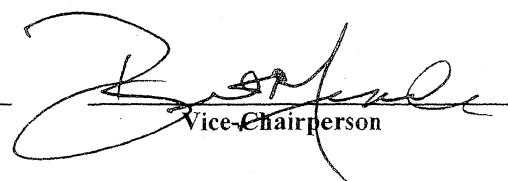
	<u>1,278</u>	<u>61,944</u>
--	--------------	---------------

	<u>\$ 2,640</u>	<u>\$ 64,005</u>
--	-----------------	------------------

See accompanying notes

Signed on behalf of the Board:


Chairperson


Vice-Chairperson

**SPECIAL CELEBRATIONS CORPORATION
 OF NEWFOUNDLAND AND LABRADOR, INC.
 STATEMENT OF REVENUES, EXPENSES AND SURPLUS
 For the Year Ended 31 March**

2007

2006

REVENUES

Bank interest	\$	1,375	\$	2,469
Other		-		9,160
		1,375		11,629

EXPENSES

Grants		61,500		141,000
Administration		541		2,090
		62,041		143,090

Excess of expenses over revenues (60,666) (131,461)

Surplus, beginning of year 61,943 193,404

Surplus, end of year \$ 1,277 \$ 61,943

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2007

2006

Cash flows from operating activities

Excess of expenses over revenues	\$ (60,666)	\$ (131,461)
Changes in non-cash working capital	(643)	(9,838)
Net decrease in cash	(61,309)	(141,299)
Cash, beginning of year	63,479	204,778
Cash, end of year	\$ 2,170	\$ 63,479

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2007**

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2007	2006
Bank interest	\$ 7	\$ 188
Harmonized sales tax	463	338
	\$ 470	\$ 526

3. Related party transactions

The Province has provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.

4. Economic dependence

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

5. Income taxes

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

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2007**

6. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Corporation status

During 2005-06 Government authorized the Corporation to fund festivals, community celebrations and promotional events with its residual funds. Approval was also given to formally dissolve the Corporation once the remaining balance is exhausted.

**STUDENT LOAN CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2007



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

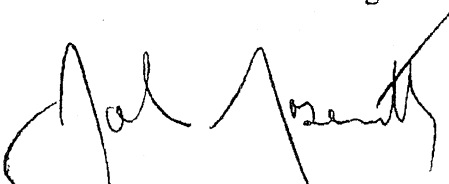
AUDITOR'S REPORT

To the Board of Directors
Student Loan Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Student Loan Corporation of Newfoundland and Labrador as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 June 2007

**STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

2007

2006

ASSETS

Cash	\$ 5,716,623	\$ 5,442,542
Short-term investments, at cost (Note 2)	7,379,726	-
Interest receivable on investments	35,575	-
Accounts receivable	334,550	219,376
Prepaid expense	2,096	2,383
Student loans receivable (Note 3)	192,523,771	186,086,093
	205,992,341	191,750,394
Capital assets (Note 4)	56,757	62,229
	\$ 206,049,098	\$ 191,812,623

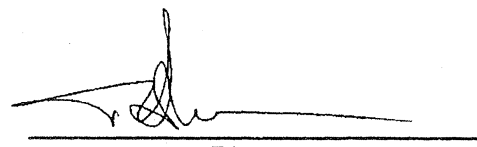
LIABILITIES AND SURPLUS

Accounts payable and accrued liabilities	\$ 247,888	\$ 348,552
Accrued vacation pay	50,303	44,737
Interest payable on long-term debt	2,133,290	-
Current portion - long-term debt (Note 5)	14,000,000	206,000,000
Current portion - obligation under capital lease (Note 6)	4,348	4,348
	16,435,829	206,397,637
Long-term debt (Note 5)	184,000,000	-
Accrued severance pay	28,940	38,844
Obligation under capital lease (Note 6)	11,594	15,942
	200,476,363	206,452,423
Surplus (deficit)	5,572,735	(14,639,800)
	\$ 206,049,098	\$ 191,812,623

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

Office of the Auditor General

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the year ended 31 March

2007

2006

REVENUES

Provincial grant revenue	\$ 27,973,390	\$ 28,246,951
Federal grant revenue	4,399,890	2,803,427
Student loan interest	14,643,079	11,553,910
Interest revenue	694,154	236,736
Other revenue	13,934	9,800
	47,724,447	42,850,824

EXPENSES

Administrative fees	1,287,506	1,367,349
Amortization	12,200	7,739
Bad debt expense	1,764,473	12,688,590
Bank charges	20,651	15,305
Grant expense – Federal	4,399,890	2,800,509
Grant expense – Provincial	7,743,557	7,298,216
Interest expense	8,687,975	6,247,532
Interest relief expense	2,521,849	2,320,681
Miscellaneous expenses	3,422	1,164
Operating expenses	187,541	157,040
Salaries	882,848	677,939
	27,511,912	33,582,064
Excess of revenues over expenses	20,212,535	9,268,760
Deficit, beginning of year	(14,639,800)	(23,908,560)
Surplus (deficit), end of year	\$ 5,572,735	\$ (14,639,800)

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR**STATEMENT OF CASH FLOWS**

For the year ended 31 March

2007

2006

	2007	2006
Cash flows from operating activities		
Excess of revenues over expenses	\$ 20,212,535	\$ 9,268,760
Add non-cash items		
Amortization	12,200	7,739
Bad debt expense	1,764,473	12,688,590
	21,989,208	21,965,089
Changes in non-cash operating items		
Interest receivable on investments	(35,575)	-
Accounts receivable	(115,174)	(219,376)
Prepaid expense	287	(2,383)
Student loans receivable (Note 3)	(8,202,151)	(13,545,488)
Accounts payable and accrued liabilities	(100,664)	103,100
Accrued vacation pay	5,566	44,737
Interest payable on long-term debt	2,133,290	-
	15,674,787	8,345,679
Accrued severance pay	(9,904)	38,844
	15,664,883	8,384,523
Cash flows from investing activities		
Purchase of capital assets	(6,728)	(4,349)
Cash flows from financing activities		
Proceeds from long-term debt	198,000,000	206,000,000
Repayment of long-term debt	(206,000,000)	(213,000,000)
Repayment of capital lease obligation	(4,348)	(1,449)
	(8,004,348)	(7,001,449)
Increase in cash and cash equivalents	7,653,807	1,378,725
Cash and cash equivalents, beginning of year	5,442,542	4,063,817
Cash and cash equivalents, end of year	\$ 13,096,349	\$ 5,442,542
Cash and cash equivalents include:		
Cash	\$ 5,716,623	\$ 5,442,542
Short-term investments	7,379,726	-
	\$ 13,096,349	\$ 5,442,542

See accompanying notes

Office of the Auditor General

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

Authority

The Student Loan Corporation of Newfoundland and Labrador was established on 30 March 2004 under the authority of the *Student Financial Assistance Act*. The objective of the Corporation is to act as the lender for all Provincial student loans. The affairs of the Corporation are managed by a Board of Directors comprised of senior government officials.

1. Significant accounting policies

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

(a) Capital assets

All capital assets are recorded at cost at the time of acquisition. Amortization is calculated using the straight-line method based on the expected future life of all assets as follows:

Office equipment	10 years
Computer software	7 years
Computer hardware	4 years
Capital photocopier lease	5 years

(b) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

2. Short-term investments

Short-term investments are valued at cost of \$7,379,726 (2006 - \$0) which approximates market value. As of 31 March 2007, the Corporation had two investments. These investments have maturity dates of 3 August 2007 and 30 August 2007, and interest rates of 4.39% and 4.35% respectively.

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

3. Student loans receivable

The student loan portfolio consists of Provincial loans issued on or after 1 August 2000 and Provincial loans issued prior to 1 August where the student was still in school and did not receive additional loans.

As at 31 March 2007 approximately 20,179 loans totalling \$122,480,353 (2006 - 18,903 loans totalling \$117,969,897) were being repaid at an average interest rate of prime plus 2.5% (Class B loans) while 10,942 loans totalling \$75,281,472 (2006 - 11,749 loans totalling \$81,682,375) were not being repaid as the student was either still in attendance at an approved education institution or was within 6 months after the end of the study period (Class A loans).

As at 31 March 2007 approximately 6,617 loans totalling \$39,325,180 (2006 - 5,328 loans totalling \$31,822,379) were defaulted. These loans are defined as Class B loans delinquent for 270 days (nine months). The interest rate on these loans is prime plus 2.5%.

Student loans receivable consist of the following:

	<u>2007</u>	<u>2006</u>
Loans receivable		
Class B principal	\$ 122,480,353	\$ 117,969,897
Class A principal	75,281,472	81,682,375
Loans defaulted	39,325,180	31,822,379
Interest receivable	7,057,000	4,467,203
	<u>244,144,005</u>	<u>235,941,854</u>
Less: allowance for doubtful accounts	<u>(51,620,234)</u>	<u>(49,855,761)</u>
	<u>\$ 192,523,771</u>	<u>\$ 186,086,093</u>

The allowance for doubtful accounts represents the Corporation's best estimate of future probable losses with respect to loans receivable. The estimation of an appropriate allowance involves significant judgment. These financial statements represent management's best estimates based on available information.

The net increase in student loans receivable during the year consists of the following:

	<u>2007</u>	<u>2006</u>
Student loan interest	\$ 14,643,079	\$ 11,553,910
Interest relief	(2,521,849)	(2,320,681)
Student loan grants	(11,891,593)	(10,098,725)
Student loans disbursed	29,493,421	31,848,900
Student loan payments	<u>(21,520,907)</u>	<u>(17,437,916)</u>
	<u>\$ 8,202,151</u>	<u>\$ 13,545,488</u>

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

4. Capital assets

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 4,627	\$ 193	\$ 4,434	\$ -
Computer software	47,002	13,391	33,611	38,125
Computer hardware	4,179	1,771	2,408	3,452
Capital photocopier lease	21,739	5,435	16,304	20,652
	<u>\$ 77,547</u>	<u>\$ 20,790</u>	<u>\$ 56,757</u>	<u>\$ 62,229</u>

5. Long-term debt

	<u>2007</u>	<u>2006</u>
Issue of floating rate notes dated 2 October 2006 maturing 30 September 2011 and bearing interest at the 3-month Canadian Bankers' Acceptance rate less 2 basis points, payable quarterly.	\$ 198,000,000	\$ 206,000,000
Less: Current portion	<u>14,000,000</u>	<u>206,000,000</u>
	<u>\$ 184,000,000</u>	<u>\$ -</u>

On 2 October 2006, the Corporation repaid \$206 million principal amount of floating rate notes by using available cash of \$8 million to reduce the principal balance to \$198 million, then arranging a new long-term borrowing to refinance this amount for a term of five years. A principal payment of \$14 million will be made on 30 September in each of the years 2007 to 2010, inclusive, with the balance of the debt maturing 30 September 2011. Interest is payable quarterly in arrears on 31 March, 30 June, 30 September, and 31 December each year.

Principal repayments on long-term debt for the next five years are as follows:

2007-08	\$ 14,000,000
2008-09	\$ 14,000,000
2009-10	\$ 14,000,000
2010-11	\$ 14,000,000
2011-12	\$ 142,000,000

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

6. Obligation under capital lease

The following is a schedule of future minimum lease payments under the capital lease expiring in December 2010.

Year Ended March 31	<u>2007</u>	<u>2006</u>
2007	\$ -	\$ 4,348
2008	4,348	4,348
2009	4,348	4,348
2010	4,348	4,348
2011	2,898	2,898
	<u>15,942</u>	<u>20,290</u>
Less: current portion	4,348	4,348
	<u>\$ 11,594</u>	<u>\$ 15,942</u>

7. Related party transactions

The Province unconditionally guarantees the principal and interest outstanding on long-term debt of \$198,000,000.

8. Economic dependence

As a result of its reliance on the Government of Newfoundland and Labrador to address the future funding requirements of the student loans program, the Corporation's ability to continue is dependent upon the decisions of Government.

9. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, short-term investments, interest receivable on investments, accounts receivable, accounts payable and accrued liabilities, accrued vacation pay, interest payable on long-term debt and current portion of long-term debt. The carrying values of these instruments approximate current fair value due to their nature and short-term maturity associated with them.

The Corporation's long-term financial instruments recognized on the balance sheet consist of student loans receivable, long-term debt and accrued severance pay. The student loans receivable are reported at cost with provision being made for any decline in their value. Therefore, no further credit risk exists relating to these loans. The Corporation's long-term debt is at a floating rate determined by the 3-month Canadian Bankers' Acceptance rate less 2 basis points, maturing in September 2011. This may subject the Corporation to interest rate risk caused by changes in the interest rate. The carrying values of these long-term financial instruments approximate their current fair value.

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2007

10. Income taxes

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

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2007



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

AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador as at 31 March 2007 and the statements of revenues and expenses, surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy', written over a large, stylized flourish.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 June 2007

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March

2007

2006

REVENUES

Province of Newfoundland and Labrador	\$ 6,368,349	\$ 6,051,446
Federal Government	533,584	225,167
Admissions revenue	290,465	239,033
Gift shop sales	140,863	-
Donations	105,310	81,114
Interest revenue	90,044	10,820
External funding	-	18,813
	<u>7,528,615</u>	<u>6,626,393</u>

EXPENSES

Advertising	489,194	389,649
Amortization expense	72,374	46,294
Appraisals and acquisitions	473,876	119,561
Building expenses	2,051,673	1,238,792
Building readiness and moving	20,417	39,363
Conference and registration fees	38,176	12,413
Core programming	555,954	519,258
Cost of gift shop sales	86,976	-
Meeting expenses	137,380	134,760
Office equipment and supplies	87,402	71,677
Professional services	511,621	350,950
Salaries and benefits	3,017,853	2,686,491
Telecommunications and courier	55,458	57,136
Travel	186,220	190,887
	<u>7,784,574</u>	<u>5,857,231</u>

Excess of (expenses over revenues)

revenues over expenses	\$ (255,959)	\$ 769,162
-------------------------------	--------------	------------

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF SURPLUS
For the Year Ended 31 March

2007

2006

Surplus, beginning of year	\$ 1,396,377	\$ 627,215
Excess of (expenses over revenues) revenues over expenses	(255,959)	769,162
Surplus, end of year	\$ 1,140,418	\$ 1,396,377

See accompanying notes

**THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS**

For the Year Ended 31 March

2007

2006

Cash flows from operating activities

Excess of (expenses over revenues) revenues over expenses	\$ (255,959)	\$ 769,162
Add non-cash items:		
Amortization expense	72,374	46,294
	(183,585)	815,456
Net change in non-cash working capital items	1,050,094	(139,814)
	866,509	675,642

Cash flows from investing activities

Purchase of capital assets	(442,647)	(41,943)
Restricted cash	(723,933)	(2,370)
	(1,166,580)	(44,313)
(Decrease) increase in cash	(300,071)	631,329
Cash, beginning of year	1,664,396	1,033,067
Cash, end of year	\$ 1,364,325	\$ 1,664,396

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 March 2007

Authority

The Rooms Corporation of Newfoundland and Labrador (the Corporation) was established as a corporation under the *Rooms Act* on 19 May 2005. In accordance with the *Rooms Act*, the Corporation assumed title to and has been vested with all of the rights, liabilities, assets and property of The Rooms Corporation of Newfoundland and Labrador Inc. established as a corporation under the *Corporations Act* on 18 November 2002. The Corporation was established to: collect, preserve, present and make available for research historic artifacts, natural history specimens and archival records that represent and illustrate the significant history, culture and natural heritage of the Province; conduct research with respect to the history, natural history, culture and heritage of the Province; collect and present provincial, national and international contemporary and historic art; advance and promote the works of contemporary visual artists of the Province; support the development of cultural industries in the Province; strengthen the culture of the Province; and provide and enhance client services and partnerships to promote the cultural collections of the Province and to show other national and international collections. The Corporation is an agent of the Crown. The affairs of the Corporation are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

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

(a) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

Computer equipment and software - 3 years

Furniture and equipment - 7 years

Vehicles - 5 years

(b) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

2. Accounts receivable

	<u>2007</u>	<u>2006</u>
Province of Newfoundland and Labrador	\$ 58,600	\$ 136,000
Harmonized sales tax	186,626	98,069
Other	32,346	8,245
	<u>\$ 277,572</u>	<u>\$ 242,314</u>

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2007

3. Restricted cash

During 2006-07, the Corporation received the following:

- (a) \$515,000 from the Department of Tourism, Culture and Recreation to improve the regional museums in the Province. To date this project has not commenced.
- (b) \$100,000 from a private donor to sponsor a site development plan for the Corporation and its surrounding grounds. To date decisions relating to this project have not been finalized.
- (c) \$83,333 from a corporate donor to sponsor the Corporation's Education and Outreach Program. To date decisions relating to the use of these monies for the Education and Outreach Program have not been finalized.
- (d) \$50,000 from the Department of Education to sponsor a series of virtual mini-exhibits. To date decisions relating to these exhibits have not been finalized.

During 2005-06, the Corporation received \$2,370 from a private donor to purchase a series of photographs. To date these photographs have not been purchased.

During 2004-05, the Corporation received \$26,000 from a private donor to sponsor an exhibit of a B-17 Bomber. During 2006-07, the Corporation applied \$24,400 to this exhibit. The balance of \$1,600 is still included in restricted cash for further costs relating to this exhibit.

During 2003-04, the Corporation received \$25,000 from a private donor to be deposited in to endowment fund, when it is set up, for the future use of the Corporation. To date that endowment fund has not been set up.

These funds, totalling \$777,303 (2006 - \$53,370), have been deposited with the Corporation's general funds and are reported in these financial statements as restricted cash.

4. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	\$ 176,722	\$ 127,434	\$ 49,288	\$ 42,663
Furniture and equipment	366,896	42,804	324,092	34,670
Vehicles	82,473	8,247	74,226	-
Capital assets transferred to the Corporation (Note 5)	1	1	-	-
	\$ 626,092	\$ 178,486	\$ 447,606	\$ 77,333

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS

31 March 2007

4. Capital assets (cont.)

These financial statements do not include the value of "The Rooms" building which contains the Provincial Archives, the Provincial Museum and the Art Gallery. Ownership of the building, which cost \$49.3 million to construct, is held by the Minister of Transportation and Works on behalf of the Province.

5. Capital assets transferred to the Corporation

During 2003-04, The Rooms Corporation of Newfoundland and Labrador Inc. assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. These assets have now been transferred to the Corporation. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as \$1 and the accumulated amortization has been recorded at \$1.

6. Deferred revenue

	<u>2007</u>	<u>2006</u>
Deferred revenue - Provincial	\$ 670,177	\$ 219,979
Deferred revenue - Federal	-	128,142
Deferred revenue - Other	<u>238,600</u>	<u>55,267</u>
	<u>\$ 908,777</u>	<u>\$ 403,388</u>

7. Related party transactions

The Corporation is administered by employees of the Department of Tourism, Culture and Recreation. Salaries and other costs of operations are paid directly by the Department and are reimbursed by the Corporation.

8. Commitments

The Corporation has entered into facility maintenance contracts representing commitments of \$674,357 for work which was not performed as of 31 March 2007. Of these total commitments, \$215,760 relates to work that will be performed by 31 March 2008 and the remaining \$458,597 is for long-term commitments.

9. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

There is no credit risk associated with the Corporation's accounts receivable because the accounts are primarily due from government. Therefore, no allowance has been provided against these receivables.

10. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue operations is dependent upon the decisions of Government.

11. Income taxes

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

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Western Regional Integrated Health Authority
Financial Statements
March 31, 2007

Grant Thornton 

Auditors' Report

To the Members of the Board of
Western Regional Integrated Health Authority

We have audited the statement of financial position of the Western Regional Integrated Health Authority as at March 31, 2007, and the statements of changes in deficiency, operations and cash flows 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 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, 2007, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Corner Brook, Newfoundland and Labrador
June 18, 2007

Grant Thornton LLP
Chartered Accountants

49-51 Park Street
Corner Brook
Newfoundland and Labrador
A2H 2X1
T (709) 634-4382
F (709) 634-9158
E CornerBrook@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Western Regional Integrated Health Authority

Statement of Financial Position

March 31

2007

2006

Assets

Current

Cash and cash equivalents	\$ 181,679	\$ 942,670
Receivables (Note 3)	8,812,476	4,083,609
Inventory	3,355,248	3,320,918
Prepaid expenses	<u>5,233,006</u>	<u>3,536,804</u>
	17,582,409	11,884,001

Due from associated funds (Note 4)	411,847	697,881
Capital assets (Note 5)	57,767,291	60,875,475
Trust funds on deposit	513,787	509,217
Restricted cash and investments	<u>137,806</u>	<u>134,242</u>
	<u>\$ 76,413,140</u>	<u>\$ 74,100,816</u>

Liabilities

Current

Bank indebtedness (Note 6)	\$ 15,905,642	\$ 20,385,098
Payables and accruals	22,732,279	19,590,919
Deferred contributions – operating	3,747,283	2,415,730
Deferred contributions - capital	4,903,868	1,582,297
Vacation pay accrual	6,739,776	6,037,758
Current portion of severance pay accrual	1,000,000	1,000,000
Current portion of long term debt (Note 7)	<u>822,100</u>	<u>887,500</u>
	55,850,948	51,899,302

Severance pay accrual	22,616,982	21,262,462
Trust funds payable	513,787	509,217
Long term debt (Note 7)	5,987,635	6,812,025
Deferred contributions		
– unamortized portion of capital asset grants	<u>47,097,207</u>	<u>48,882,897</u>
	<u>132,066,559</u>	<u>129,365,903</u>

Deficiency

Net assets invested in capital assets	3,860,344	4,293,051
Restricted net assets, endowments	136,305	129,983
Unrestricted deficiency (Note 8)	<u>(59,650,068)</u>	<u>(59,688,121)</u>
	<u>(55,653,419)</u>	<u>(55,265,087)</u>
	<u>\$ 76,413,140</u>	<u>\$ 74,100,816</u>

Contingencies and commitments (Note 10)

On behalf of the Board

M. Moore Member

Adenige Member

See accompanying notes to the financial statements.

Grant Thornton

Western Regional Integrated Health Authority
Statement of Changes in Deficiency
 March 31

	2007		2006	
	Unrestricted	Capital	Endowments (Restricted)	Total
Balance, Beginning of year	\$ (59,405,109)	\$ 4,293,051	\$ 129,983	\$ (54,982,075)
Prior period Adjustment (Note 11)	<u>(283,012)</u>	-	-	<u>(283,012)</u>
Balance restated	(59,688,121)	4,293,051	129,983	(54,444,800)
Operating deficit	(388,332)	-	-	(388,332)
Restricted interest income	(6,322)	-	6,322	-
Funding received for prior year capital purchases	776,048	(776,048)	-	-
Unfunded capital purchases	(601,477)	601,477	-	-
Net book value of disposed assets	12,595	(12,595)	-	-
Amortization of capital assets	5,978,897	(5,978,897)	-	-
Non-shareable interest on capital lease	18,169	(18,169)	-	-
Amortization of capital asset grants	<u>(5,751,525)</u>	<u>5,751,525</u>	-	-
Balance, end of year	<u>\$ (59,650,068)</u>	<u>\$ 3,860,344</u>	<u>\$ 136,305</u>	<u>\$ (55,653,419)</u>
				<u>\$ (55,265,087)</u>

See accompanying notes to the financial statements.

Western Regional Integrated Health Authority

Statement of Operations


Year Ended March 31

2007

2006

Revenue		
Provincial plan	\$ 193,789,444	\$ 184,479,931
Other	<u>37,029,789</u>	<u>34,849,195</u>
	<u>230,819,233</u>	<u>219,329,126</u>
Expenditures		
Administrative and support services	59,861,176	57,847,434
Nursing and medical services	74,441,610	73,227,503
Ambulatory care services	16,614,571	15,645,089
Diagnostic and therapeutic services	22,055,043	26,192,309
Community and social services	49,778,627	40,452,971
Educational services	4,059,208	4,066,314
General services	<u>2,095,251</u>	<u>2,083,284</u>
	<u>228,905,486</u>	<u>219,514,904</u>
Operating surplus (deficit) before other items	<u>1,913,747</u>	<u>(185,778)</u>
Other items		
Increase in severance and vacation pay accrual	2,056,538	426,437
Amortization of capital assets	5,978,897	5,184,383
Non-sharable interest on capital lease	18,169	15,570
Amortization of capital asset grants	<u>(5,751,525)</u>	<u>(4,991,881)</u>
	<u>2,302,079</u>	<u>634,509</u>
Operating deficit	<u>\$ (388,332)</u>	<u>\$ (820,287)</u>

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Integrated Health Authority

Statement of Cash Flows

Year Ended March 31

2007

2006

(Decrease) increase in cash and cash equivalents

Operating

Operating deficit	\$ (388,332)	\$ (820,287)
Increase in severance and vacation pay accrual	2,056,538	426,437
Amortization of capital assets	5,978,897	5,184,383
Amortization of capital assets – repayment of long term debt	696,575	653,110
Amortization of capital asset grants	(5,751,525)	(4,991,881)
Loss (gain) on sale of capital assets	597	(11,913)
	<u>2,592,750</u>	<u>439,849</u>

Changes in

Receivables	(4,728,867)	2,525,070
Inventory	(34,330)	99,769
Prepaid expenses	(1,696,202)	436,502
Due from associated funds	286,034	(331,712)
Deferred contributions - operating	1,331,553	630,674
Payables and accruals	<u>3,141,360</u>	<u>531,584</u>
	<u>892,298</u>	<u>4,331,736</u>

Financing

Increase in bank indebtedness	(4,479,456)	1,399,864
Capital contributions	7,346,420	14,249,188
Proceeds from long term debt	-	687,419
Repayment of long term debt – operating	(696,575)	(653,110)
Repayment of long term debt - capital	<u>(193,215)</u>	<u>(107,887)</u>
	<u>1,977,174</u>	<u>15,575,474</u>

Investing

Purchase of capital assets	(3,638,894)	(19,287,715)
Disposal of capital assets	11,995	11,913
Increase in restricted cash and investments	<u>(3,564)</u>	<u>(8,695)</u>
	<u>(3,630,463)</u>	<u>(19,284,497)</u>

Net (decrease) increase in cash and cash equivalents (760,991) 622,713

Cash and cash equivalents

Beginning of year	<u>942,670</u>	<u>319,957</u>
End of year	<u>\$ 181,679</u>	<u>\$ 942,670</u>

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

1. Nature of operations

The Western Regional Integrated Health Authority ("Western Health") was constituted under the Hospital's Act (Western Regional Integrated Health Authority) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities as well as community health services in the western region of the Province of Newfoundland and Labrador.

2. Summary of significant accounting policies

Basis of presentation

During the current year, the Board along with the Department of Health and Community Services approved the integration of the Operating Fund and the Board Fund into the same book of accounts. Some of the comparative figures have changed to reflect this policy adopted in the current year.

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits, with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventory

Inventory is valued at average cost.

Capital assets

Western Health has control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of Western Health. Capital assets acquired after January 1, 1996 are recorded at cost. Assets are not amortized until placed in use. Assets that are acquired through long term borrowing are amortized at an amount equal to the annual principal repayment of the debt obligation. The remaining assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	6 ¼%
Equipment	15%
Equipment under capital lease	15%
Vehicles	20%
Leasehold Improvements	20%

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

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

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance and vacation pay liability

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Revenue recognition

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

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

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

Pension costs

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

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

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

Financial instruments

Western Health's financial instruments include receivables, payables and accruals, due from associated funds, trust funds on deposit and payable, bank indebtedness and long term debt. It is management's view that the fair value of these instruments approximates their carrying value due to their short term to maturity.

Unless otherwise noted, it is management's opinion that Western Health is not exposed to significant credit, interest rate or currency risk arising from its financial instruments

Impairment of long-lived assets

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

3. Receivables	<u>2007</u>	<u>2006</u>
Province of Newfoundland and Labrador		
Capital contributions	\$ 507,381	\$ 437,200
Provincial Plan	2,290,404	67,090
MCP	1,964,543	442,092
Patient services	1,374,484	968,924
Employees' pay and travel advances	580,089	626,186
Harmonized sales tax rebate	386,971	-
Other	<u>1,708,604</u>	<u>1,542,117</u>
	<u>\$ 8,812,476</u>	<u>\$ 4,083,609</u>

4. Due from associated funds	<u>2007</u>	<u>2006</u>
Cottages	\$ 262,350	\$ 582,721
Associated Foundations	<u>149,497</u>	<u>115,160</u>
	<u>\$ 411,847</u>	<u>\$ 697,881</u>

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

5. Capital assets

2007

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 674,808	\$ -	\$ 674,808
Land improvements	147,791	69,267	78,524
Equipment under capital lease	7,162,767	3,864,420	3,298,347
Buildings	47,939,215	18,471,594	29,467,621
Parking lot	1,164,080	667,270	496,810
Equipment	68,589,944	45,127,428	23,462,516
Motor vehicles	694,478	461,095	233,383
Leasehold Improvements	<u>232,458</u>	<u>177,176</u>	<u>55,282</u>
	<u>\$ 126,605,541</u>	<u>\$ 68,838,250</u>	<u>\$ 57,767,291</u>

2006

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 674,808	\$ -	\$ 674,808
Land improvements	147,791	67,254	80,537
Equipment under capital lease	7,162,767	3,068,752	4,094,015
Buildings	47,094,243	16,816,498	30,277,745
Parking lot	1,164,080	639,623	524,457
Equipment	66,136,299	41,273,218	24,863,081
Motor vehicles	694,478	402,749	291,729
Leasehold Improvements	<u>232,458</u>	<u>163,355</u>	<u>69,103</u>
	<u>\$ 123,306,924</u>	<u>\$ 62,431,449</u>	<u>\$ 60,875,475</u>

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

6. Bank indebtedness

Western Health has signed an overdraft lending agreement with the Bank of Montreal with interest being charged at prime less 0.5% on any overdraft (March 31, 2007 – 5.5%; March 31, 2006 – 5.5%).

7. Long term debt	<u>2007</u>	<u>2006</u>
4.28% mortgage on the Bay St. George Seniors Home, maturing in 2021, payable in blended monthly payments of \$13,544	\$ 1,730,219	\$ 1,812,685
8% mortgage on the Bay St. George Seniors Home, maturing in 2026, payable in blended monthly payments of \$9,523	1,140,343	1,163,838
7.875% mortgage on the Corner Brook Interfaith Home, maturing in 2022, repayable in blended monthly payments of \$6,056	643,809	665,638
4.56% mortgage on the Woody Point Clinic, maturing in 2020, repayable in blended monthly payments of \$2,304	272,094	286,968
Obligations under capital lease, 5.83%, maturing in 2011, payable in blended monthly payments of \$61,855	2,936,953	3,490,864
Obligations under capital lease, 9.43% maturing in 2007, payable in blended monthly payments of \$ 17,609	<u>86,317</u>	<u>279,532</u>
	6,809,735	7,699,525
Less: Current portion	<u>822,100</u>	<u>887,500</u>
	<u>\$ 5,987,635</u>	<u>\$ 6,812,025</u>

As security for the mortgages, Western Health has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home, the Bay St. George Senior Citizens Home and Woody Point Clinic.

As security for the capital leases Western Health has provided specific capital equipment having a net book value of \$3,298,347, (2006 - \$4,094,015).

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

8. Unrestricted deficiency	<u>2007</u>	<u>2006</u>
Accumulated operating deficit	\$ 29,293,310	\$ 31,387,901
Accrued severance pay	23,616,982	22,262,462
Accrued vacation pay	<u>6,739,776</u>	<u>6,037,758</u>
	<u>\$ 59,650,068</u>	<u>\$ 59,688,121</u>

9. Obligations under long term debt and leases

Western Health has acquired building additions and equipment under the terms of long term debt and capital leases. Payments under these obligations, scheduled to expire at various dates to 2012, are as follows:

Fiscal year ended

2008	\$ 822,100
2009	780,200
2010	826,800
2011	876,100
2012	<u>551,800</u>
	3,857,000
Less: Current portion	<u>822,100</u>
	<u>\$ 3,034,900</u>

10. Contingencies and commitments

Claims


As of March 31, 2007, there were a number of claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims.

Operating leases

Western Health has a number of agreements whereby it leases vehicles and office equipment, in addition to those disclosed under Note 9. These agreements range in terms from five to ten years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are as follows:

Fiscal year ended

2008	\$ 447,000
2009	\$ 400,000
2010	\$ 350,000
2011	\$ 350,000
2012	\$ 350,000

Grant Thornton 

Western Regional Integrated Health Authority

Notes to the Financial Statements

March 31, 2007

11. Prior period adjustment

As disclosed in Note 2, the Operating Fund and the Board Fund integrated during the current year. As a result, the Authority changed its accounting policy with respect to the Board Fund relating to donations for various projects or specific purposes that were previously recorded in the Statement of Operations. The Authority changed its accounting policy to record these donations as deferred contribution operating until such time the funds have been expended for the required purpose. The actual donations were identified and reclassified accordingly. The following accounts have been reclassified:

	Increase	Decrease
Unrestricted deficiency	\$ 283,012	\$ -
Deferred contribution – operating	283,012	-
Other revenue	-	19,310
Administration and support services	-	15,897

12. Comparative figures

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

Western Regional Integrated Health Authority
Expenditures – Operating/Shareable
Schedule 1A

Year Ended March 31

2007

2006

Administration		
General administration	\$ 7,214,507	\$ 7,372,235
Finance	2,590,514	2,617,089
Personnel services	2,409,587	2,198,210
System support	1,708,254	1,537,171
Other administrative	<u>4,146,044</u>	<u>3,782,560</u>
Total administration	<u>18,068,906</u>	<u>17,507,265</u>
Support services		
Housekeeping	7,067,496	6,823,780
Laundry and linen	2,073,044	2,033,273
Plant services	13,989,840	13,388,421
Patient food services	9,297,980	9,315,709
Other support services	<u>9,363,910</u>	<u>8,778,986</u>
Total support services	<u>41,792,270</u>	<u>40,340,169</u>
Nursing inpatient services		
Nursing inpatient services – acute	40,424,800	41,149,206
Medical services	16,043,159	14,593,090
Nursing inpatient services – long term care	<u>17,973,651</u>	<u>17,485,207</u>
Total nursing inpatient services	<u>74,441,610</u>	<u>73,227,503</u>
Ambulatory care services	<u>16,614,571</u>	<u>15,645,089</u>
Diagnostic and therapeutic services		
Clinical laboratory	6,976,174	10,636,487
Diagnostic imaging	6,189,177	6,398,164
Other diagnostic and therapeutic	<u>8,889,692</u>	<u>9,157,658</u>
Total diagnostic and therapeutic services	<u>22,055,043</u>	<u>26,192,309</u>

Western Regional Integrated Health Authority**Expenditures – Operating/Shareable****Schedule 1A (cont'd)**

Year ended March 31

2007**2006**

Community and social services		
Addictions	1,363,563	1,548,474
Continuing care	10,817,283	8,675,198
Health promotion	2,426,786	1,479,158
Health protection	3,944,592	4,126,181
Mental health	2,293,196	1,693,498
Child, youth and family services	10,226,698	8,114,301
Family and rehabilitative services	15,976,046	13,245,602
Community corrections	<u>2,730,463</u>	<u>1,570,559</u>
Total community and social services	<u>49,778,627</u>	<u>40,452,971</u>
Education	<u>4,059,208</u>	<u>4,066,314</u>
Undistributed	<u>2,095,251</u>	<u>2,083,284</u>
Total expenditures	<u>\$ 228,905,486</u>	<u>\$ 219,514,904</u>

Western Regional Integrated Health Authority
Revenue and Expenditures for Government Reporting
Operating Fund
Schedule II

Year Ended March 31	2007	2006
Revenue		
Provincial plan	\$ 193,789,444	\$ 184,479,931
MCP physician	12,830,232	12,088,426
ELCC	968,570	694,047
NCB	1,181,263	864,626
ECD	421,028	217,128
Inpatient	1,617,282	1,746,873
Outpatient	1,426,334	1,250,040
Long term care resident	6,975,653	6,486,153
Mortgage interest subsidy	48,230	53,747
Food service	2,005,831	2,038,551
Other recoveries	7,466,903	5,290,675
Other	<u>2,088,463</u>	<u>4,118,929</u>
Total revenue	<u>230,819,233</u>	<u>219,329,126</u>
Expenditures		
Salaries	123,577,611	120,318,896
Employee benefits	21,658,670	21,593,578
Supplies – maintenance and plant operations	5,565,636	5,490,474
Supplies – drugs	7,247,780	6,691,105
Supplies – medical and surgical	7,547,953	7,273,140
Supplies – other	10,723,737	15,629,183
Direct client costs	25,487,110	22,966,198
Other shareable expenses	25,972,027	18,421,370
Long term debt – interest	239,748	257,663
Long term debt – principal	142,664	129,880
Capital lease – interest	188,639	220,187
Capital lease – principal	<u>553,911</u>	<u>523,230</u>
Total expenditures	<u>228,905,486</u>	<u>219,514,904</u>
Operating surplus (deficit) for government reporting	<u>1,913,747</u>	<u>(185,778)</u>
Non-shareable items		
Accrued vacation pay increase	702,018	360,887
Accrued severance pay increase	1,354,520	65,550
Amortization of capital assets	5,978,897	5,184,383
Interest on capital lease	18,169	15,570
Amortization of capital asset grants	<u>(5,751,525)</u>	<u>(4,991,881)</u>
	<u>2,302,079</u>	<u>634,509</u>
Operating deficit inclusive of non-shareable items	<u>\$ (388,332)</u>	<u>\$ (820,287)</u>

Western Regional Integrated Health Authority
Funding and Expenditures for Government Reporting
Capital Transactions
Schedule III

Year Ended March 31	2007	2006
Sources of funds		
Provincial capital equipment grant in current year	\$ 3,888,874	\$ 2,500,431
Provincial facility capital grant in current year	2,815,052	10,819,454
Add: deferred capital grant from prior year	1,582,297	5,768,223
Less: deferred capital grant from current year	<u>(4,903,868)</u>	<u>(1,582,297)</u>
	<u>3,382,355</u>	<u>17,505,811</u>
Other contributions		
Foundations, auxiliaries and other	<u>642,494</u>	<u>929,304</u>
Approved borrowing		
Capital lease	-	387,419
Loan	<u>-</u>	<u>300,000</u>
	<u>-</u>	<u>687,419</u>
Total funding	<u>4,024,849</u>	<u>19,122,534</u>
Expenditures		
Asset – type, building and land	1,198,043	12,009,088
Asset – type, equipment	<u>2,440,851</u>	<u>7,278,627</u>
	3,638,894	19,287,715
Other expenditures		
Repayment of capital lease	<u>211,384</u>	<u>123,457</u>
Total expenditures	<u>3,850,278</u>	<u>19,411,172</u>
Surplus (deficit) on capital purchases	<u>\$ 174,571</u>	<u>\$ (288,638)</u>

WESTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2006

Western School District

TABLE OF CONTENTS

June 30, 2006

	<u>Page</u>
Auditors' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Current Revenues, Expenditures and Board Equity	3
Statement of Changes in Financial Position	4
Statement of Changes in Capital Fund	5, 6
Notes To Financial Statements:	
1. Significant Accounting Policies	7
2. Accounts Receivable	8
3. Bank Indebtedness	8
4. Accounts Payable	9
5. Reserve Account	10
6. Investment in Capital Assets	11
7. Commitments	12
8. Other (Please Specify)	12
Schedules:	
1. Current Revenues	13, 14
2. Administration Expenditures	15
3. Instruction Expenditures	16
4. Operation and Maintenance Expenditures - Schools	17
5. Pupil Transportation Expenditures	18
6. Ancillary Services	19
7. Miscellaneous	19
8. Details of Property and Equipment	20
9. Details of Long-Term Debt	21, 22
9A. Summary of Long-Term Debt	23
9B. Current Maturities	24
9C. Interest Expense	25
Supplementary Information:	
1. Cash	26
2. Short Term Investments	26
3. Prepaid Expenses	27

Auditors' Report

To The Members of Western School District

We have audited the balance sheet of the current and capital funds of Western School District as at June 30, 2006, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2006 and the results of its operations and changes in its capital financial position for the year ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.


Chartered Accountants

Stephenville, NL
City

September 20, 2006
Date

Western School District

BALANCE SHEET

June 30, 2006

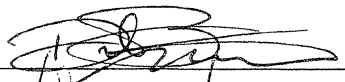
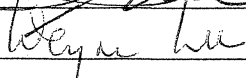
Assets

	<u>2006</u>	<u>2005</u>
Current Assets		
Cash (Supp.Info.1)	\$ 1,054,639	\$ --
Short Term Investments (Supp.Info.2)	90,003	87,689
Accounts Receivable (Note 2)	12,258,365	12,421,494
Prepaid Expenses (Supp.Info.3)	<u>186,372</u>	<u>193,874</u>
Total Current Assets	<u>13,589,379</u>	<u>12,703,057</u>
Property and Equipment (schedule 8)	<u>159,315,119</u>	<u>161,845,706</u>
	<u>\$172,904,498</u>	<u>\$174,548,763</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness (Note 3)	--	403,411
Accounts Payable and Accrued (Note 4)	12,898,362	11,739,683
Vacation Pay Accrued	623,502	637,134
Current Maturities (schedule 9b)	<u>302,236</u>	<u>280,332</u>
Total Current Liabilities	<u>13,824,100</u>	<u>13,060,560</u>
Severance pay accrual	<u>19,921,158</u>	<u>20,543,961</u>
Long-Term Debt (schedule 9)	<u>1,960,676</u>	<u>1,983,819</u>
District Equity		
Investment in Capital Assets	157,104,682	159,634,030
Reserve account (Note 5)	200,987	200,987
District Equity	<u>(20,107,105)</u>	<u>(20,874,594)</u>
Total District Equity	<u>137,198,564</u>	<u>138,960,423</u>
	<u>\$ 172,904,498</u>	<u>\$174,548,763</u>

Approved:

Chairman

Secretary

Western School District

STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY

For the Year Ended June 30, 2006

	<u>2006</u>	(Ten Months) <u>2005</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$125,193,791	\$110,787,909
Donations	--	--
Ancillary Services	143,238	75,292
Miscellaneous	<u>382,625</u>	<u>403,446</u>
	<u>125,719,654</u>	<u>111,266,647</u>
Current Expenditures		
Administration (Schedule 2)	2,882,858	2,760,590
Instruction (Schedule 3)	103,234,172	90,250,773
Operations and Maintenance (Schedule 4)	12,275,454	10,989,517
Pupil Transportation (Schedule 5)	6,475,537	6,211,030
Ancillary Services (Schedule 6)	65,471	52,294
Interest Expense (Schedule 9c)	34,229	77,066
Miscellaneous (Schedule 7)	<u>29,168</u>	<u>43,562</u>
	<u>124,996,889</u>	<u>110,384,832</u>
23 111 Excess of Revenue over Expenditures	722,765	881,815
Transfer to/from Capital	<u>44,724</u>	<u>116,053</u>
Net Increase/Decrease in District Equity	767,489	997,868
District Equity, Beginning of Year	<u>(20,874,594)</u>	<u>(21,872,462)</u>
District Equity, End of Year	<u><u>\$(20,107,105)</u></u>	<u><u>\$(20,874,594)</u></u>

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN Financial Position

For the Year Ended June 30, 2006

		<u>2006</u>	<u>(Ten Months)</u> <u>2005</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ 722,765	\$ 881,815
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	(2,314)	1,239
014	- Accounts Receivable	163,129	(11,115,927)
015	- Prepaid Expenses	7,502	(144,061)
014	- Accounts Payable, accruals & vacation payable	1,145,047	11,424,055
015	- Current Maturities	--	--
016	Other (Specify)		
	- Principal payments	309,919	204,497
	- Increase(Decrease)in severance pay accrual	<u>(622,803)</u>	<u>(1,464,175)</u>
		<u>1,723,245</u>	<u>(212,557)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	652,317	78,047
012	Grants - Deficit Retirement	--	--
013	Other Capital Revenues	365,248	24,663
014	Changes in Long-Term Debt	(653,556)	(230,755)
015	Other (Specify)	<u>--</u>	<u>--</u>
		<u>364,009</u>	<u>(28,045)</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	23,112	3,004
012	Additions to Property and Equipment	(652,316)	(63,404)
013	Other (Specify)	<u>--</u>	<u>--</u>
		(629,204)	(60,400)
63	Increase (Decrease) in Cash	<u>1,458,050</u>	<u>(301,002)</u>
64	Cash, Beginning of The Year	<u>(403,411)</u>	<u>(102,409)</u>
65	Cash, End of The Year	<u>\$ 1,054,639</u>	<u>\$ (403,411)</u>

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND
(Unaudited)
For the Year Ended June 30, 2006

		2006	(Ten Months) 2005
70	<u>Capital Receipts</u>		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	--	78,047
014	- Pupil Transportation	652,317	--
015	- Other (Specify)	--	--
		<hr/>	<hr/>
		652,317	78,047
72	EIC Grants		
011	School Construction and Equipment	--	124,664
012	Other - Transportation - Government	--	--
		<hr/>	<hr/>
		--	124,664
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		<hr/>	<hr/>
		--	--
74	Sale of Capital Assets - Proceeds		
011	- Land	--	--
012	- Buildings	22,000	--
013	- Equipment	--	--
014	- Service Vehicles	--	625
015	- Pupil Transportation Vehicles	1,112	2,379
016	- Other (Specify)	--	--
	- Accounts Receivable - Capital	--	--
		<hr/>	<hr/>
		23,112	3,004
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	--	--
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Funds for Debt servicing - Bussing	309,919	204,497
018	- Provincial grants-Debt retirement	365,248	--
		<hr/>	<hr/>
		675,167	204,497
Total Capital Receipts		<hr/>	<hr/>
		1,350,596	410,212
77	Transfer from Reserve Account	<hr/>	<hr/>
		--	--
78	Transfer to/from Current Fund	<hr/>	<hr/>
		(44,724)	(116,053)
Total		<hr/>	<hr/>
		\$ 1,305,872	\$ 294,159

See Accompanying Notes

Western School District

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)
(Unaudited)

For the Year Ended June 30, 2006

		<u>2006</u>	<u>(Ten Months)</u> <u>2005</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	652,316	63,404
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	--	--
016	- Pupil Transportation	--	--
017	- Other (Specify)	--	--
		<u>652,316</u>	<u>63,404</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	12,279	10,233
014	- Other (Specify)	--	--
	- Office	331,358	16,025
	- Pupil transportation	309,919	204,497
		<u>653,556</u>	<u>230,755</u>
83	Miscellaneous Disbursements		
013	- Other (Specify)	--	--
	- Accounts payable	--	--
		<u>--</u>	<u>--</u>
	Total Capital Disbursements	<u>\$ 1,305,872</u>	<u>\$ 294,159</u>

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

1. Significant Accounting Policies:

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

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

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

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

(c) The District does not calculate or record amortization on any of its capital assets.

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

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

2. Accounts Receivable

		<u>2006</u>	<u>2005</u>
	<u>Current</u>		
11 131	Provincial Government	\$ 11,851,627	\$ 11,570,041
132	Transportation	12,633	52,952
133	Federal Government	--	4,670
134	Projects	85,743	36,070
135	HST receivable	194,695	514,725
136	Bus Rentals	26,910	15,197
137	Water Program-Provincial	6,636	37,444
138	Interest	--	--
139	Travel Advances and Miscellaneous	80,121	190,395
	<u>Capital</u>		
11 231	EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) - City of Corner Brook	--	--
		<u>\$ 12,258,365</u>	<u>\$ 12,421,494</u>

3. Bank Indebtedness

21 131	On Operating Credit	\$ --	\$ 403,411
132	On Capital Account	--	--
		<u>\$ --</u>	<u>\$ 403,411</u>

Western School District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

4.	<u>Accounts Payable and Accrued</u>		2006	2005
	<u>Current</u>			
21 109	Scholarships	\$ 84,830	\$ 82,516	
110	Accounts payable-Trade	332,226	86,660	
111	Accrued Liabilities	347,705	280,129	
112	Wages Payable	10,775,310	10,953,039	
113	- Deferred Grants	1,337,038	308,988	
114	- Wages	--	--	
115	Payroll Deductions	--	--	
118	Other	--	8,378	
119	Payroll Tax	21,253	19,973	
	<u>Capital</u>			
21 211	Trade Payable			
212	Accrued - Liabilities	--	--	
213	- Interest	--	--	
217	Deferred Grants	--	--	
218	Other (Specify)	--	--	
		<u>\$ 12,898,362</u>	<u>\$11,739,683</u>	

Western School District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

5. Reserve Account
Description:

	<u>2006</u>	<u>2005</u>
Balance, Beginning of Year	\$ 200,987	\$ 200,987
Less Transfer from Reserve	<u> --</u>	<u> --</u>
Add Transfer to Reserve	<u> --</u>	<u> --</u>
Balance, End of Year	<u>\$ 200,987</u>	<u>\$ 200,987</u>

Western School District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

	<u>2006</u>	(Ten Months) <u>2005</u>
6. Investment in Capital Assets, Beginning of Year	\$159,634,030	\$159,583,440
Add:		
Transfer of Operating funds to Capital Fund	(44,724)	(116,053)
Grants - EIC - Contribution for Capital Const.	--	124,664
- Provincial grants-debt retirement.	365,248	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)		
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	22,000	--
- Equipment	--	--
- Vehicles	1,112	3,004
- Other	--	--
Interest on Capital Fund Investments		
Recoveries of Expenditures - Prior	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures		
- Capital Fund		
Principal - Bussing loan	309,919	204,497
- Other	--	--
Capital asset valuation adjustment	--	--
	<u>160,287,585</u>	<u>159,799,552</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	--	--
- Buildings	2,860,499	--
- Equipment	--	--
- Vehicles	322,404	165,522
- Other	--	--
	<u>3,182,903</u>	<u>165,522</u>
Other	--	--
23 221 Investment in Capital Assets, End of Year	<u>\$157,104,682</u>	<u>\$ 159,634,030</u>

Western School District

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2006

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, the following material contingencies are pending:

- a) A former vendor of a Prior School Board has a claim of approximately \$ 30,000 plus HST. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.
- b) A former Director of a prior School Board is claiming approximately \$ 31,000 in unpaid salary. The issue is currently under discussion by both parties. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.

9. District Equity(Deficit)

The School District has an accumulated operating deficit of \$ (20,107,105). A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual of \$17,814,617 and \$2,106,541 respectively, as required by the Provincial Government.

Accumulated operating deficit per financial statement	\$ 20,107,105
Less: teacher's severance pay accrual	(17,814,617)
: non-teacher's severance pay accrual	<u>(2,106,541)</u>
Accumulated operating deficit less severance pay accrued	<u>\$ 185,947</u>

Western School District

CURRENT REVENUES

For the Year Ended June 30, 2006

	<u>2006</u>	(Ten Months) <u>2005</u>
32 010 Provincial Government Grants		
011 Regular	\$ 17,418,180	\$ 15,539,196
016 Special Grants (Details on bottom of Schedule 1)	2,181,906	1,820,442
Salaries and Benefits		
017 - Directors and Asst. Directors	786,258	868,929
021 - Regular Teachers	93,572,993	82,370,242
022 - Substitute Teachers	2,963,195	2,363,292
023 - Student Assessments	1,839,475	2,013,585
030 Pupil Transportation		
031 - Board Owned	2,720,245	2,009,460
032 - Contracted	3,081,708	3,069,731
033 - Handicapped	<u>629,831</u>	<u>733,032</u>
	<u>125,193,791</u>	<u>110,787,909</u>
33 010 Donations		
012 Cash Receipts	--	--
011 Heritage fair	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

Western School District**CURRENT REVENUES**

For the Year Ended June 30, 2006

		(Ten Months)	
		<u>2006</u>	<u>2005</u>
34	010 Ancillary Services		
	011 Revenues from Rental of Residences	\$ 23,319	\$ 21,386
	021 Revenues from Rental of Schools and Facilities (Net)	65,129	3,466
	031 Cafeterias	54,790	50,440
	032 Other - (Specify)	--	--
		<u>143,238</u>	<u>75,292</u>
35	010 Miscellaneous		
	011 Interest on Investments	90,670	15,734
	012 Bus Charters	49,512	41,982
	021 Recoveries of Expenditures	10,053	76,892
	031 Revenues from Other Agencies	--	50,117
	041 Federal Rebates	--	--
	051 Insurance Proceeds	78,120	12,809
	061 Bilingual Education Revenue	--	--
	071 Operating Rev. from Native Peoples Grant	--	--
	081 Miscellaneous Federal Grants	--	--
	091 Textbooks	149,665	196,495
	092 Sundry	4,605	9,487
	094 Scholarship funds	--	--
		<u>382,625</u>	<u>403,446</u>
Total Current Revenues		<u>\$125,719,654</u>	<u>\$111,266,647</u>
Special Grants			
	Social Worker	\$ --	--
	Learning Disabilities	--	--
	Debt Servicing	33,842	37,602
	Student Assistant Salaries	--	--
	Textbook Credit Allocation	120	--
	Pay equity	--	--
	Administration - Textbook	--	--
	Payroll tax	--	--
	Utilities	--	--
	Maintenance	--	--
	French Monitor	33,150	36,284
	French Immersion	51,230	44,156
	Peer Tutoring	--	--
	Bottled water	--	--
	Administrative Pay Adjustment	--	--
	Computers	--	--
	Surplus - substitutes	--	--
	Kinder - start	--	--
	Tutoring work experience	--	--
	Other (Specify)		
	- Miscellaneous grants	845,874	666,765
	- Redundancy grant	327,242	594,476
	- Maintenance reclassification	--	--
	- Drama Festival	--	--
	- Furniture	--	--
	- Other Projects	433,054	148,805
	- IGA Projects	55,859	18,531
	- HRDC Grants	305,574	273,823
	- School Board Elections	95,961	--
		<u>\$ 2,181,906</u>	<u>\$ 1,820,442</u>

Western School District

ADMINISTRATION EXPENDITURES

For the Year Ended June 30,2006

	<u>2006</u>	<u>2005</u>
51 Salaries and Benefits		
011 - Directors and Asst. Directors	\$ 786,257	\$ 868,929
012 - District Office Personnel	749,524	552,377
013 Office Supplies	56,402	44,382
014 Replacement Furniture and Equipment	19,987	23,676
015 Postage	59,035	51,255
016 Telephone	98,756	89,619
017 Office Equipment Rentals and Repairs	27,027	27,866
018 Bank Charges	2,150	558
019 Electricity	12,777	11,607
021 Fuel	23,353	18,965
022 Insurance	69,789	6,666
023 Repairs and Maintenance (Office Building)	14,138	10,880
024 Travel	158,374	112,505
025 Board Meeting Expenses	23,971	14,478
026 Election Expenses	96,022	--
027 Professional Fees	81,746	133,516
028 Advertising	91,663	60,508
029 Membership Dues	50,369	41,716
031 Municipal Service Fees	17,483	9,177
032 Rental of Office Space	--	--
033 Janitor salaries/supplies	8,499	10,930
034 Miscellaneous	13,016	6,212
035 Relocation expenses	19,002	70,291
036 Redundancy Expenses	327,242	594,477
037 Capital plan-Department	76,276	--
	<u>76,276</u>	<u>--</u>
<u>Total Administration Expenditures</u>	<u>\$ 2,882,858</u>	<u>\$ 2,760,590</u>

Western School District

INSTRUCTION EXPENDITURES

For the Year Ended June 30, 2006

		<u>2006</u>	(Ten Months) <u>2005</u>
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 93,022,817	\$ 81,125,942
012	- Substitute	3,008,916	2,363,292
013	- District Paid	79,845	61,795
014	Student Assistants	1,811,541	2,013,585
015	Employee Benefits	--	--
016	School Secretaries - Salaries & Benefits	2,252,320	2,207,095
017	Employee Benefits	--	--
018	Other - French Monitor	--	--
		<u>100,175,439</u>	<u>87,771,709</u>
52 040	Instructional Materials		
041	General Supplies	364,432	70,589
042	Library Resource Materials	33,380	7,758
043	Teaching Aids	520,488	1,002,331
044	Textbooks	149,809	196,495
		<u>1,068,109</u>	<u>1,277,173</u>
52 060	Instructional Furniture and Equipment		
061	Replacement	65,479	4,824
062	Rentals and Repairs	1,229	592
063	Copier Cost	370,335	220,398
064	Replacement-Computer Equipment	98,598	45,755
065	Computer Repairs	68,583	55,140
		<u>604,224</u>	<u>326,709</u>
52 080	Instructional Staff Travel		
081	Program Co-ordinators	245,718	165,250
082	Teachers' Travel - within District	241,190	213,202
083	Teacher Travel - Out of District	69,029	47,698
084	Student travel	14,323	11,314
		<u>570,260</u>	<u>437,464</u>
52 090	Other Instructional Costs		
091	Postage and Stationery	--	--
092	Miscellaneous	22,386	1,658
097	Other District Projects	429,236	141,676
098	IGA Projects	56,233	20,007
099	HRDC Projects	308,285	274,377
		<u>816,140</u>	<u>437,718</u>
	Total Instruction Expenditures	<u>\$ 103,234,172</u>	<u>\$ 90,250,773</u>

Western School District

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

For the Year Ended June 30, 2006

		<u>2006</u>	(Ten Months) <u>2005</u>
53 011	Salaries & Benefits - Janitorial	\$ 4,505,084	\$ 4,190,484
012	- Maintenance	935,909	831,948
013	- IT Support	395,050	298,861
014	Electricity	2,762,648	2,599,640
015	Fuel	1,193,816	1,111,780
016	Municipal Service Fee	253,592	237,980
017	Telephone	481,841	454,564
018	Vehicle Operating and Travel	213,656	171,695
019	Janitorial Supplies	272,307	176,106
021	Janitorial Equipment	23,270	1,225
022	Repairs and Maintenance - Buildings	845,775	527,855
023	- Equipment	9,905	3,028
024	Protective Clothing	13,798	11,264
025	Snow Clearing	368,803	373,087
026	Rentals	--	--
027	Other (Specify) - Repairs Covered By Insurance	--	--
Total Operations and Maintenance		<u>12,275,454</u>	<u>\$ 10,989,517</u>

Western School District
PUPIL TRANSPORTATION EXPENDITURE
For the Year Ended June 30, 2006

		<u>2006</u>	(Ten Months) <u>2005</u>
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries - Administration	\$ 104,672	\$ 83,914
012	- Drivers and Mechanics	1,418,773	1,513,116
013	Payroll Tax and Benefits	--	--
014	Debt Repayment - Interest	110,932	73,482
015	- Principal	309,918	204,497
016	Bank Charges	--	--
017	Gas and Oil	328,481	274,599
018	Licenses	36,258	2,279
019	Insurance	43,893	58,456
021	Repairs and Maintenance - Fleet	166,025	121,101
022	- Building	37,581	19,468
023	Tires and Tubes	21,178	15,469
024	Heat and Light	29,540	23,726
025	Municipal Service	5,465	5,053
026	Snow Clearing	13,087	11,184
027	Office Supplies	3,405	5,031
028	Rent	--	--
029	Travel	3,195	1,166
030	Protective Clothing	6,712	2,987
031	Professional Fees	2,756	--
032	Miscellaneous	4,018	4,245
033	Telephone	13,217	12,389
034	Vehicle Leases	--	--
035	Cleaning - Bus depot	2,800	2,838
		<u>2,661,986</u>	<u>2,435,000</u>
54 040	Contracted Services		
041	Regular Transportation	3,054,208	3,042,230
042	Handicapped	629,831	733,032
043	Miscellaneous	10,687	768
044	Fuel adjustment program	118,905	--
		<u>3,813,631</u>	<u>3,776,030</u>
	Pupil Transportation Expenditures	<u>\$ 6,475,537</u>	<u>\$ 6,211,030</u>

Western School District
ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES
 For the Year Ended June 30, 2006

Ancillary Services

The District owns and operates the following ancillary services:

		<u>2006</u>	<u>(Ten Months)</u> <u>2005</u>
55	Ancillary Services		
	011 Operation of Teachers' Residences	\$ 7,564	\$ 5,183
	031 Cafeterias	57,907	47,111
	032 Other (Specify)	<u> --</u>	<u> --</u>
		<u>\$ 65,471</u>	<u>\$ 52,294</u>

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

		<u>2006</u>	<u>(Ten Months)</u> <u>2005</u>
57 011	Miscellaneous Expenses		
	-Human Resources Expenses	\$ 24,534	\$ 36,782
	-Other	<u>4,634</u>	<u>6,780</u>
		<u>\$ 29,168</u>	<u>\$ 43,562</u>

Western School District
DETAILS OF PROPERTY AND EQUIPMENT
For the Year Ended June 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2006</u>
12 210 Land and Sites				
211 Land and Sites	\$ 1,977,719	\$ --	\$ --	\$ 1,977,719
12 220 Buildings				
221 Schools	139,605,435	--	2,860,499	136,744,936
222 Administration	3,046,649	--	--	3,046,649
223 Residential	168,021	--	--	168,021
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>142,820,105</u>	<u>--</u>	<u>2,860,499</u>	<u>139,959,606</u>
12 230 Furniture and Equip.				
231 Schools	11,528,316	--	--	11,528,316
232 Administration	970,429	--	--	970,429
233 Residential	1,534	--	--	1,534
234 Recreation	87,005	--	--	87,005
235 Other (Specify)	5,450	--	--	5,450
	<u>12,592,734</u>	<u>--</u>	<u>--</u>	<u>12,592,734</u>
12 240 Vehicles				
241 Service Vehicles	213,136	--	--	213,136
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	4,242,012	652,316	322,404	4,571,924
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>4,242,012</u>	<u>652,316</u>	<u>322,404</u>	<u>4,571,924</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	--	--	--	--
Total Property and Equipment	<u>\$161,845,706</u>	<u>\$ 652,316</u>	<u>\$3,182,903</u>	<u>\$ 159,315,119</u>

Western School District

DETAILS OF LONG-TERM DEBT

For the Ten Months Ended June 30, 2006

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

		<u>2006</u>	<u>2005</u>
22 210	Loans Other than Pupil Transportation		
	<u>Ref. #</u>		
211	Bank Loans		
	Prime Repayable \$ <u>1,023</u> monthly, maturing <u>2008</u>	\$ 22,510	\$ 34,789
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 211	<u>22,510</u>	<u>34,789</u>
212	Mortgages		
	<u>7.9%</u> Repayable \$ <u>3,760</u> monthly, maturing <u>2016</u>	--	331,358
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 212	<u>--</u>	<u>331,358</u>
213	Debentures		
	Repayable \$ _____ monthly, maturing _____	--	--
	Repayable \$ _____ monthly, maturing _____	--	--
	Total 213	<u>--</u>	<u>--</u>
214	Other (Please Specify)	<u>--</u>	<u>--</u>
	Subtotal	<u>22,510</u>	<u>366,147</u>
215	Less Current Maturities	<u>12,279</u>	<u>34,293</u>
	Total Loans Other Than Pupil Transportation	<u>10,231</u>	<u>331,854</u>

Western School District
DETAILS OF LONG-TERM DEBT

For the Year Ended June 30, 2006

22 220	Loans - Pupil Transportation		2006	2005
	<u>Ref. #</u>			
221	Vehicle Bank Loans			
	<u>Prime</u> Repayable \$ <u>516</u> monthly, maturing <u>2011</u>	\$ 30,971	\$ 37,165	
	<u>Prime</u> Repayable \$ <u>523</u> monthly, maturing <u>2012</u>	32,416	38,691	
	<u>Prime</u> Repayable \$ <u>521</u> monthly, maturing <u>2012</u>	37,519	43,772	
	<u>Prime</u> Repayable \$ <u>523</u> monthly, maturing <u>2013</u>	43,414	49,692	
	<u>Prime</u> Repayable \$ <u>542</u> monthly, maturing <u>2016</u>	66,123	72,627	
	<u>Prime</u> Repayable \$ <u>548</u> monthly, maturing <u>2014</u>	52,568	59,138	
	<u>Prime</u> Repayable \$ <u>359</u> monthly, maturing <u>2009</u>	--	15,059	
	<u>Prime</u> Repayable \$ <u>960</u> monthly, maturing <u>2011</u>	49,396	60,916	
	<u>Prime</u> Repayable \$ <u>512</u> monthly, maturing <u>2009</u>	--	23,021	
	<u>Prime</u> Repayable \$ <u>2,456</u> monthly, maturing <u>2012</u>	162,097	191,569	
	<u>Prime</u> Repayable \$ <u>4,954</u> monthly, maturing <u>2012</u>	356,676	416,122	
	<u>Prime</u> Repayable \$ <u>3,662</u> monthly, maturing <u>2013</u>	307,574	351,513	
	<u>Prime</u> Repayable \$ <u>1,095</u> monthly, maturing <u>2015</u>	106,231	119,373	
	<u>Prime</u> Repayable \$ <u>1,117</u> monthly, maturing <u>2016</u>	125,128	138,536	
	<u>Prime</u> Repayable \$ <u>1,675</u> monthly, maturing <u>2016</u>	187,547	207,641	
	<u>Prime</u> Repayable \$ <u>542</u> monthly, maturing <u>2017</u>	66,665	73,169	
	<u>Prime</u> Repayable \$ <u>4,530</u> monthly, maturing <u>2017</u>	616,077	--	
	Total 221	<u>2,240,402</u>	<u>1,898,004</u>	
222	Land, Buildings and Equipment Bank Loans			
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Total 222	<u>2,240,402</u>	<u>1,898,004</u>	
	Subtotal	<u>2,240,402</u>	<u>1,898,004</u>	
223	Less Current Maturities	<u>289,957</u>	<u>246,039</u>	
	Total Loans - Pupil Transportation	<u>1,950,445</u>	<u>1,651,965</u>	
	Total Long Term Debt	<u>\$ 1,960,676</u>	<u>\$1,983,819</u>	

Western School District
SUMMARY OF LONG-TERM DEBT

For the Year Ended June 30, 2006

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			34,789	--	12,279	22,510
D) Other - Office			331,358	--	331,358	--
E) Pupil Transportation			<u>1,898,004</u>	<u>652,317</u>	<u>309,919</u>	<u>2,240,402</u>
Total Loans			<u>\$ 2,264,151</u>	<u>\$ 652,317</u>	<u>\$ 653,556</u>	<u>\$ 2,262,912</u>

Western School District
 SCHEDULE OF CURRENT MATURITIES
 For the Year Ended June 30, 2006

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	12,279	10,232	--	--	--
D) Other - Office	--	--	--	--	--
E) Pupil Transportation	--	--	--	--	--
	<u>289,957</u>	<u>289,957</u>	<u>289,957</u>	<u>289,957</u>	<u>281,754</u>
Total	<u>\$ 302,236</u>	<u>\$ 300,189</u>	<u>\$ 289,957</u>	<u>\$ 289,957</u>	<u>\$281,754</u>

56 010

Western School District
SCHEDULE OF INTEREST EXPENSE
For the Year Ended June 30, 2006

<u>Description</u>	<u>2006</u>	(Ten Months) <u>2005</u>
012 Capital		
School Construction	\$ --	\$ --
Equipment	--	--
Service Vehicles	1,434	1,429
Other - Office	<u>31,800</u>	<u>22,294</u>
Total Capital	<u>33,234</u>	<u>23,723</u>
013 Current - Operating Loans	995	53,343
014 - Supplier Interest Charges	<u>--</u>	<u>--</u>
Total Current	<u>995</u>	<u>53,343</u>
Total Interest Expense	<u>\$ 34,229</u>	<u>\$ 77,066</u>

Western School District
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

1.	<u>Cash</u>	<u>2006</u>	<u>2005</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	634	--
113	- Savings	1,054,005	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify)	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank	--	--
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	<u>\$1,054,639</u>	<u>\$ --</u>
	 <u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits - Scholarships	\$ 84,830	\$ 82,516
122	Term Deposits - Other	5,173	5,173
123	Other (Specify)	--	--
	<u>Capital</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	<u>\$ 90,003</u>	<u>\$ 87,689</u>

Western School District

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2006

3. <u>Prepaid Expenses</u>		<u>2006</u>	<u>2005</u>
<u>Current</u>			
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Work, health safety and Commissions	186,372	190,874
144	Other (Specify) - Travel Advances	--	3,000
<u>Capital</u>			
11 241	Other (Specify)	<u>--</u>	<u>--</u>
		<u>\$ 186,372</u>	<u>\$ 193,874</u>

