



Public Accounts

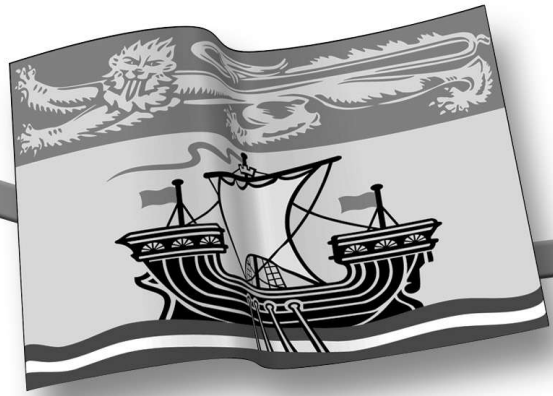
for the fiscal year ended 31 March

2001

Volume 3

Financial Statements of
Crown Corporations,
Boards, Commissions

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



Public Accounts

for the fiscal year ended 31 March

2001

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Fredericton, N.B.
ISSN 0382-1277

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INTRODUCTION

VOLUME III

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

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

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

Current year departmental expenditures are reported by component and by primary type of expenditures. Unlike reporting in previous years, no budget is reported for expenditure by primary, and no prior year comparative figures are shown. This is due to: no budget was approved by primary; and comparative primary figures were not readily available due to massive reorganization of government departments.

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

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

Volume V contains salary listings of certain government organizations, including regional hospital corporations, New Brunswick Power Corporation, New Brunswick Liquor Corporation and the Workplace Health, Safety and Compensation Commission of New Brunswick. The salary listings are for employees who received earnings during the year ended 31 December 2000 in excess of \$40,000.

FINANCIAL STATEMENTS

ADVISORY COUNCIL ON THE STATUS OF WOMEN

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the balance sheet of the Advisory Council on the Status of Women as at 31 March 2001 and the statement of revenue, expense and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

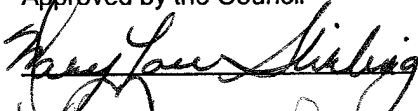
K. D. Robinson, CA
Deputy Auditor General

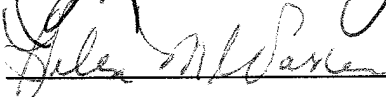
Fredericton, N. B.
25 June 2001

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Cash	\$2,775	\$ 4,296
Accounts receivable - Province of New Brunswick	<u>1,000</u>	<u>36,097</u>
	<u>\$3,775</u>	<u>\$40,393</u>
LIABILITIES AND SURPLUS		
Surplus	<u>\$3,775</u>	<u>\$40,393</u>

Approved by the Council

 Chairperson

 Member

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001 Budget	2001	2000
REVENUE			
Grants			
Province of New Brunswick	\$431,221	\$431,221	\$ 429,100
HRD Canada	-	-	7,312
Other	-	18,305	63
	<u>431,221</u>	<u>449,526</u>	<u>436,475</u>
 EXPENSE			
Personal services	216,621	199,054	188,747
Other services	174,600	239,420	178,176
Materials and supplies	15,000	18,737	8,102
Property and equipment	5,000	15,970	10,111
Contributions and grants	20,000	12,900	10,900
Debt and other charges	-	63	46
	<u>431,221</u>	<u>486,144</u>	<u>396,082</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>-</u>	(36,618)	40,393
Surplus, beginning of year		<u>40,393</u>	-
SURPLUS, end of year		<u>\$ 3,775</u>	<u>\$40,393</u>

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Purpose of the organization

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

2. Significant accounting policies

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

3. Expenses not included in these financial statements

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

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

4. Joint venture for Atlantic Women in Business Conference

During the year, the Council undertook a joint venture with the Atlantic Canada Opportunities Agency, the Centre for Women in Business and the Newfoundland and Labrador Organization for Women Entrepreneurs. The purpose of the joint venture was to hold the Atlantic Women in Business 2000 Conference.

Total expenses as a result of the conference were approximately \$138,000. This amount was substantially recovered by means of grants from ACOA and the Province (in the amount of \$85,460 and \$5,000 respectively) as well as conference registration fees (\$27,000) and other donations (\$17,850). The above amounts do not appear in the Statement of Revenue, Expense and Surplus.

FINANCIAL STATEMENTS

ALGONQUIN GOLF LIMITED

31 DECEMBER 2000

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholder of
Algonquin Golf Limited

I have audited the balance sheet of Algonquin Golf Limited as at 31 December 2000 and the statements of revenue, expense 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 December 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

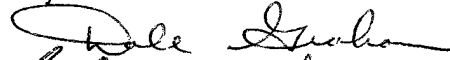
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
27 April 2001

ALGONQUIN GOLF LIMITED
BALANCE SHEET
31 DECEMBER 2000

ASSETS	2000	1999
Current Assets:		
Cash & Short Term Investments (Note 9)	\$284,069	
Accounts Receivable	1,931	
Prepaid Expenses	<u>13,085</u>	
	299,085	
Capital Assets (Note 3)	<u>7,277,210</u>	<u>6,783,493</u>
	<u>\$7,576,295</u>	<u>\$6,783,493</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable and Accrued Liabilities	<u>\$611,174</u>	<u>\$323,514</u>
Long Term Liabilities		
Deferred Contributions Related to Capital		
Assets (Note 5)	2,082,538	2,135,936
Due to Province of New Brunswick (Note 4)	4,572,514	4,266,627
Interest on Construction Loan	288,858	57,415
Leases Payable (Note 8)	<u>221,453</u>	<u>0</u>
	7,165,363	6,459,978
Capital Stock		
Issued and Fully Paid 1 Common Share	<u>1</u>	<u>1</u>
Contributed Surplus (Note 7)	59,531	
Deficit	<u>(259,774)</u>	
	<u>(200,243)</u>	
	<u>\$7,576,295</u>	<u>\$6,783,493</u>

Approved by the Board

 Director

 Director

ALGONQUIN GOLF LIMITED
STATEMENT OF REVENUE, EXPENSE AND DEFICIT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Budget	2000
REVENUE		
Green fees and rentals	\$711,509	\$691,989
Food sales	87,138	73,208
Beverage sales	56,951	56,446
RDC Grant (Note 5)	0	53,398
Pro-Shop Commission	18,617	16,545
Interest	0	9,819
	<u>874,215</u>	<u>901,405</u>

EXPENSE		
Direct costs	499,844	522,271
Administrative and general	140,008	69,384
Advertising and promotion	54,548	81,905
Repairs and maintenance	11,868	11,147
Heat, light, power and water	19,551	23,552
Property taxes	24,752	25,873
Management fees	23,735	22,294
Interest on construction loan (Note 4)	0	155,157
Amortization – capital assets	0	249,596
	<u>774,306</u>	<u>1,161,179</u>

NET PROFIT / (LOSS)	<u>\$99,909</u>	<u>(\$259,774)</u>
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Deficit, beginning of year	<u>0</u>
----------------------------	----------

DEFICIT, end of year	<u>(259,774)</u>
-----------------------------	------------------

ALGONQUIN GOLF LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2000

2000

CASH PROVIDED BY (USED FOR):

Operating Activities:

Net loss for the year	\$(259,774)
Add item not involving cash:	0
Amortization	249,596
Decrease of non-cash components of working capital	272,644
	<u>262,466</u>

Financing activities

Interest to the Province on the loan for construction	231,443
Increase in construction loan from the Province (Note 4)	305,887
RDC contributions related to capital assets (Note 5)	(53,398)
Contributed surplus	59,531
Capital Leases	221,453
	<u>764,916</u>

Investing activities:

Purchases of capital assets – construction	(743,313)
	<u>(743,313)</u>

INCREASE (DECREASE) IN CASH

284,069

Cash Position, beginning of year

0

CASH POSITION, end of year

\$ 284,069

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

1. Description of Operations

Algonquin Golf Limited was incorporated on 29 May 1998 under the New Brunswick Business Corporations Act. Its purpose is to own and operate the golf course previously owned by Algonquin Properties Limited. The company is wholly owned by the Province of New Brunswick.

The first year of operations was 2000; the course opened on July 1. At that time, the golf course assets owned by Algonquin Properties Limited - buildings, equipment and land - were transferred from Algonquin Properties Limited to Algonquin Golf Limited. After this transfer, the assets, revenues and expenses of the golf course were recorded in the Algonquin Golf Limited financial statements. The company has a management agreement which contracts the day-to-day management of the course to Fairmont Hotels & Resorts Inc.

2. Summary of Significant Accounting Policies

Capital Assets

All costs incurred to date have been capitalized under "Capital Assets". Amortization commenced on July 1 2000.

- a) A reserve for replacement of equipment has been established pursuant to the management agreement with Fairmont Hotels Inc. The agreement states that each year an amount not to exceed a maximum of one and one half percent (1.5%) of gross revenue may be added to this reserve. Purchase of furniture, fixtures, course equipment and minor enhancements will be charged against this reserve up to the balance in the account.
- b) Replacement costs of china, glassware and other clubhouse supplies are charged to expense in the year of purchase.
- c) Amortization of capital assets of the course have been approved by management on a straight line basis at the rates shown in Note 3.

3. Capital Assets

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

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

Capital Assets	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	0%	\$209,631	\$0	\$209,631
Buildings	5%	1,377,250	34,431	1,342,819
Golf Course Improvements	5%	4,934,843	123,371	4,811,472
Golf Course Equipment	20%	755,900	75,590	680,310
External Improvements	15%	178,196	13,365	164,831
Furniture and Fixtures	8%	70,986	2,839	68,147
		<u>\$7,526,806</u>	<u>\$249,596</u>	<u>\$7,277,210</u>

Assets were charged for a half year's amortization in this first year of operations.

4. Due to Province of New Brunswick

The full amount of the loan from the Province totaling \$4,572,514 was received over a period of three years with the final amount received in the year 2000. This loan is repayable no later than 31 March 2013, through blended payments of principal and interest each and every year with payments commencing 31 March 2002. The loan bears interest at the rate of 6% compounded semi-annually not in advance, beginning in 1999. Interest accrued on this loan for 2000 was \$231,443. (1999 - \$57,415)

5. Deferred Contribution

In 1998, the Algonquin Golf Limited received a non-repayable contribution of \$2,135,936 from the Province of New Brunswick towards costs associated with the redesign, construction, furnishings and equipment for the new signature golf course at the Algonquin golf site. The full amount was recorded as deferred revenue until the opening of the course. This amount is being amortized over the same period as the assets, which the contribution was used to fund, at a rate of 5% annually. In 2000 this amounted to \$53,398 as stated under financing activities on the cash flow statement.

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

6. Related Party Transactions

Under the Management Agreement, Fairmont Hotels may:

- purchase goods identified as goods of the operator through the purchasing department of the operator and the operator shall charge a purchasing fee in the amount of 5% of the cost,
- contract for advertising and promotional programs for the Algonquin as a member of the operator hotel chain, the cost of which shall be paid by the operator,
- contract for public relations programs and conduct public relations activities for the Algonquin as a member of the operator's hotel chain the cost of which shall be paid to the operator.

These types of expenditures are allocated to the appropriate expense items on the Statement of Revenue, Expense and Deficit.

Of the total accounts payable and accrued liabilities of \$611,174, \$511,367 is payable to Algonquin Properties Limited. (1999 - \$323,514) This payable is related to the transfer of revenues, expenses, assets and liabilities between the two corporations when the golf course officially opened on July 1, 2000 as well as the work done for the course which was paid for by Algonquin Properties Limited. The amount will be reimbursed when sufficient funds are available.

7. Contributed Surplus

The contributed surplus represents the book value of the former clubhouse building that was transferred from Algonquin Properties Limited.

8. Obligations Under Capital Leases

Capital leases are in place for golf carts and golf maintenance equipment. The total future principal and interest payments for capital leases amounts to \$361,545. That amount includes \$319,825 in principal and \$41,720 in interest.

Minimum annual principal and interest payments in each of the next four years are as follows:

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

Fiscal Year

2001	\$90,438
2002	\$90,438
2003	\$90,438
2004	\$90,231

9. Short Term Investments

As of December 31, 2000 Algonquin Golf Limited held short term investments in the amount of \$250,000. They are in the form of Government of New Brunswick Treasury Bills are valued at the lower of cost or market value.

FINANCIAL STATEMENTS

ALGONQUIN PROPERTIES LIMITED

31 DECEMBER 2000

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholder of
Algonquin Properties Limited

I have audited the balance sheet of Algonquin Properties Limited as at 31 December 2000 and the statements of revenue and expense, changes in equity 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 31 December 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

K D Robinson


K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
27 April 2001

ALGONQUIN PROPERTIES LIMITED
BALANCE SHEET
31 DECEMBER 2000

	2000	1999
ASSETS		
Current assets		
Cash and short term investments (Note 6)	\$ 2,381,225	\$ 55,341
Accounts receivable (Note 5c)	719,642	431,368
Inventories, at cost	102,504	75,862
Prepaid expenses	61,727	57,137
	<u>3,265,098</u>	<u>619,708</u>
Capital assets (Note 3)	16,128,139	17,047,635
	<u>\$ 19,393,237</u>	<u>\$ 17,667,343</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 415,010	\$ 368,932
Due to Fairmont Hotels Inc.	201,443	199,888
Advance deposits	17,615	44,614
	<u>634,068</u>	<u>613,434</u>
Capital stock		
Authorized		
10,000 common shares aggregate value not to exceed \$100,000		
9,000 8% non-cumulative redeemable preferred		
Shares with a par value of \$100 each		
Issued and fully paid		
5,000 common shares	50,000	50,000
2,500 preferred shares	250,000	250,000
	<u>300,000</u>	<u>300,000</u>
Contributed Surplus (Note 4)	40,238,428	38,047,960
Deficit	(21,779,259)	(21,294,051)
	<u>18,759,169</u>	<u>17,053,909</u>
	<u>\$ 19,393,237</u>	<u>\$ 17,667,343</u>

Approved by the Board

 Director

 Director

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2000

	Budget	2000	1999
REVENUE			
Room sales	\$ 4,343,481	\$ 4,779,831	\$ 3,975,974
Food sales	2,524,775	2,656,070	2,350,546
Beverage sales	784,982	672,061	630,069
Green fees and rentals	148,550	147,448	342,781
Telephone	84,575	86,492	80,297
Other sport activities	71,800	81,692	67,499
Miscellaneous	126,902	139,703	168,598
Interest	-	63,978	12,849
	<u>8,085,065</u>	<u>8,627,275</u>	<u>7,628,613</u>
EXPENSE			
Direct costs	3,972,575	4,386,610	3,981,859
Administrative and general	729,876	870,115	757,312
Advertising and promotion	578,054	562,468	593,138
Repairs and maintenance	569,778	694,462	539,099
Heat, light and power	346,549	455,515	367,766
Property taxes	329,568	344,488	339,891
Management fees	504,676	416,420	373,374
Interest on expansion loan (Note 4)	1,550,000	-	1,427,954
Amortization— capital assets	1,150,000	1,124,473	1,149,522
Loss due to write down of assets	-	257,932	-
	<u>9,731,076</u>	<u>9,112,483</u>	<u>9,529,915</u>
NET LOSS	<u>\$(1,646,011)</u>	<u>\$(485,208)</u>	<u>\$(1,901,302)</u>

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
Capital Stock		
Opening and Closing Balance	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Deficit		
Opening Balance	\$ (21,294,051)	\$ (19,392,749)
Net Loss	<u>(485,208)</u>	<u>(1,901,302)</u>
Ending Balance	<u>\$ (21,779,259)</u>	<u>\$ (21,294,051)</u>
Contributed Surplus		
Opening Balance	\$ 38,047,960	\$ -
Loans/Advances Forgiven	2,250,000	38,047,960
Assets Transferred to AGL	<u>(59,532)</u>	<u>-</u>
Ending Balance	<u>\$ 40,238,428</u>	<u>\$ 38,047,960</u>
Total Equity	<u>\$ 18,759,169</u>	<u>\$ 17,053,909</u>

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net loss for the year	\$(485,208)	\$(1,901,302)
Add item not involving cash:		
Amortization	1,124,473	1,149,522
Increase of non-cash components of working capital	(298,872)	15,676
Loss due to write down of assets	257,932	-
	<u>598,325</u>	<u>(736,104)</u>
Financing activities:		
Interest to the Province on the loan for expansion	-	1,427,954
Advances from the Province	2,250,000	1,400,000
Payment to Province – Expansion Loan	-	(500,000)
	<u>2,250,000</u>	<u>2,327,954</u>
Investing activities:		
Purchases of capital assets – renovations	(522,441)	(1,411,372)
	<u>(522,441)</u>	<u>(1,411,372)</u>
INCREASE (DECREASE) IN CASH	2,325,884	180,478
Cash Position, beginning of year	<u>55,341</u>	<u>(125,137)</u>
CASH POSITION, end of year	\$ 2,381,225	\$ 55,341

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

1. Description of operations

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

On July 1, 2000 the rebuilt golf course became fully operational and was separated from the corporation. The golf course assets, building, land and equipment were transferred to Algonquin Golf Ltd. After this transfer of assets, golf revenues and expenses were recorded in the books of Algonquin Golf Ltd.

2. Summary of significant accounting policies

(a) A reserve for replacement of equipment has been established pursuant to the management agreement with Fairmont Hotels Inc. to represent limits on the replacement of equipment chargeable to the operation of the hotel. The agreement states that each year an amount not to exceed a maximum of one and one half percent (1.5%) of gross revenue may be added to this reserve. Purchases of furniture, fixtures and equipment are charged against this reserve up to the balance in the account.

(b) Replacement costs of china, glassware, silverware, utensils, linen, and similar equipment are charged to expense in year of purchase pursuant to the management agreement with Fairmont Hotels Inc.

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

3. Capital assets

	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	-	\$ 130,282	\$ -	\$ 130,282
Buildings, improvements and equipment	2.5 – 10%	22,651,895	7,584,045	15,067,850
Operating equipment	8 – 20%	2,999,242	2,069,235	930,007
		<u>\$ 25,781,419</u>	<u>\$ 9,653,280</u>	<u>\$ 16,128,139</u>

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

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

3. Capital assets (Continued)

Golf assets with remaining book value that were lost when the old course was rebuilt (course improvements, irrigation systems, etc.) were written off when the new course became fully operational. This write off amounted to \$257,932.

Golf assets that are still in use (former club house) were transferred to Algonquin Golf Ltd. at the remaining book value (\$59,532).

4. Due to Province of New Brunswick

	2000	1999
Shareholder's loan	\$ -	\$ 492,000
Loan for expansion	-	9,214,585
Advances	2,250,000	20,707,586
	<u>\$ 2,250,000</u>	<u>\$ 30,414,171</u>
Interest on expansion loan	-	7,633,789
	<u>2,250,000</u>	<u>38,047,960</u>
Less amount forgiven by the Province of New Brunswick	2,250,000	38,047,960
Total	<u>\$ -</u>	<u>\$ -</u>

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

The loan for expansion due to the Province was interest bearing. The interest rate on this loan was 9.06% compounded semi-annually. This rate is the twenty-year provincial borrowing rate at 15 May 1993 as determined by the Department of Finance. Interest began to accrue on 15 May 1993 when the expansion was substantially completed.

As directed by Board of Management, all loans and advances, including accrued interest, due to the Province of New Brunswick were forgiven. The total amount forgiven as at 31 December 2000 was \$40,297,960. This amount was credited to contributed surplus.

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

5. Related party transactions

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

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

- (b) Under the Management Agreement, Fairmont Hotels Inc. (the operator) may:
- purchase goods identified as goods of the Operator through the purchasing department of the Operator and the Operator shall charge a purchasing fee in the amount of 5% of the cost;
 - contract for advertising and promotional programs for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
 - contract for public relations programs and conduct public relations activities for the Algonquin as a member of the Operator's hotel chain, the cost of which shall be paid to the Operator;
 - obtain the services of the Operator's reservation facility known as the Global Reservation Centre, at rates mutually agreed to by the parties from time to time; and,
 - obtain technical and specialized operational expertise (personnel of the Operator), at rates to be negotiated between both parties. This type of expertise would generally be related to a capital renovation program.

During 2000, Fairmont Hotels Inc. headquarters invoiced the Algonquin Hotel for a total of \$1,125,387 (1999 - \$976,207) for such services. The Algonquin also paid for \$110,534 (1999 - \$70,074) of goods and services from other Fairmont Hotels during 2000. These amounts have been allocated to the appropriate expense items on the Statement of Revenue and Expense.

- c) The operations of the Golf Course were separated from the Hotel operations on July 1, 2000 when the course became fully operational. The receivable is related to the transfer of revenues, expenses, assets and liabilities between the two corporations. The total receivable from Algonquin Golf Ltd. is \$511,367 (1999 - \$323,514). This amount will be reimbursed when sufficient funds are available.

6. Short Term Investments

As of December 31, 2000 Algonquin Properties Limited held short term investments in the amount of \$2,100,000. They are in the form of Government of New Brunswick Treasury Bills and valued at lower of cost or market value.

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

Grant Thornton 

**Board of Commissioners of
Public Utilities
of the Province of New Brunswick
Financial Statements**
March 31, 2001

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

Grant Thornton 

Auditors' Report

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

We have audited the balance sheets of the Board of Commissioners of Public Utilities of the Province of New Brunswick as at March 31, 2001 and the statements of revenue and expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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



Saint John, New Brunswick
June 6, 2001

Chartered Accountants

Suite 600
55 Union Street
Saint John
New Brunswick
E2L 5B7
Tel: (506) 634-2900
Fax: (506) 634-4569

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

Year Ended March 31	2001	2000
Revenue		
Assessment on public utilities (Note 6)	\$ 191,126	\$ 277,507
Interest	<u>14,742</u>	<u>6,676</u>
	<u>205,868</u>	<u>284,183</u>
Expenditures		
Depreciation	6,473	4,712
Direct expenses	61,809	8,943
Library and publications	2,467	4,338
Office and administration	54,457	22,944
Professional fees	4,800	4,700
Salaries and benefits	179,398	88,915
Training	<u>25,252</u>	<u>10,650</u>
	<u>334,656</u>	<u>145,202</u>
(Deficiency) excess of revenue over expenditures	\$ <u>(128,788)</u>	\$ <u>138,981</u>
Surplus, beginning of year	\$ 261,474	\$ 122,493
(Deficiency) excess of revenue over expenditures	<u>(128,788)</u>	<u>138,981</u>
Surplus, end of year	\$ <u>132,686</u>	\$ <u>261,474</u>

See accompanying notes to the financial statements.

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

March 31	2001	2000
Assets		
Current		
Cash	\$ 138,367	\$ 233,106
Receivables (Note 3)	10,917	20,574
Prepaid expenses	<u>-</u>	<u>116</u>
	149,284	253,796
Cash held in trust (Note 4)	2,815	7,962
Equipment (Note 5)	<u>56,628</u>	<u>12,178</u>
	\$ 208,727	\$ 273,936
Liabilities		
Current		
Payables and accruals	\$ 73,226	\$ 4,500
Cash held in trust (Note 4)	<u>2,815</u>	<u>7,962</u>
	76,041	12,462
Surplus	<u>132,686</u>	<u>261,474</u>
	\$ 208,727	\$ 273,936

Commitment (Note 8)

On behalf of the Board

 Chairman
  Secretary

See accompanying notes to the financial statements.

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

Year Ended March 31	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
(Deficiency) excess of revenue over expenditures	\$ (128,788)	\$ 138,981
Depreciation	<u>6,473</u>	<u>4,712</u>
	(122,315)	143,693
Changes in		
Receivables	9,657	(7,489)
Prepays	116	232
Payables and accruals	<u>68,726</u>	<u>(7,459)</u>
	(43,816)	128,977
Deferred costs	<u>-</u>	<u>50,239</u>
	<u>(43,816)</u>	<u>179,216</u>
Investing		
Purchase of computer equipment	(12,672)	(10,469)
Allocation of computer equipment to other divisions	-	12,844
Purchase of leasehold improvements	<u>(38,251)</u>	<u>-</u>
	<u>(50,923)</u>	<u>(2,375)</u>
Net (decrease) increase in cash and cash equivalents	(94,739)	181,591
Cash and cash equivalents, beginning of year	<u>233,106</u>	<u>51,515</u>
Cash and cash equivalents, end of year	\$ <u>138,367</u>	\$ <u>233,106</u>

See accompanying notes to the financial statements.

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

March 31, 2001

1. Nature of operations

The Board of Commissioners of Public Utilities regulates electric utilities, automobile insurers, and natural gas distribution in New Brunswick.

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

2. Summary of significant accounting policies

Cash on hand

One bank account is maintained for the Board. The balance of this account is allocated to each of the regulated divisions of the Board based on actual transactions.

Furniture and fixtures

Furniture and fixtures are expensed in the year of acquisition.

Computer equipment

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

Leasehold improvements

Leasehold improvements will be amortized, commencing in 2002, over the term of the lease.

Direct expenses

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

Allocations

Certain balance sheet and income statement items have been allocated between the three divisions of the Board based on management's best judgements and actual activity during the year.

Statement of Cash Flows

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

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

March 31, 2001

3. Receivables	2001	2000
Accounts receivable	\$ 269	\$ 2,859
HST receivable	9,957	17,715
Travel advances	691	-
	<u>\$ 10,917</u>	<u>\$ 20,574</u>

4. Cash held in trust

Cash of \$2,815 (2000 - \$7,962) relating to the regulation of the public motor bus industry in New Brunswick is being held in trust by the Board on behalf of the New Brunswick Department of Transportation.

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

5. Equipment		2001		2000	
	Cost	Accumulated Depreciation	Net Book Value		Net Book Value
Computer equipment	\$ 32,536	\$ 14,159	\$ 18,377	\$	12,178
Leasehold improvements	<u>38,251</u>	<u>-</u>	<u>38,251</u>		<u>-</u>
	\$ <u>70,787</u>	\$ <u>14,159</u>	\$ <u>56,628</u>	\$	12,178

6. Assessment on electric utilities

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

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

March 31, 2001

6. Assessment on electric utilities (continued)	<u>2001</u>	<u>2000</u>
Gross electric utilities' earnings	<u>\$ 1,250,665,835</u>	<u>\$ 1,207,657,488</u>
Estimate of common expenses	\$ 323,600	\$ 270,000
Less: estimate of interest income	<u>(6,000)</u>	<u>(5,000)</u>
Estimate of net common expenses	317,600	265,000
Estimate of direct expenses	<u>135,000</u>	<u>135,000</u>
	452,600	400,000
Surplus from prior year	<u>(261,474)</u>	<u>(122,493)</u>
Assessment on electric utilities	<u>\$ 191,126</u>	<u>\$ 277,507</u>

7. Assessment for public intervenor

Pursuant to Section 9(1.1) of the Public Utilities Act, the costs of the Agent for the Attorney General with respect to interventions made are to be collected by the Board from the public utilities regulated by the Board and paid to the Minister of Finance. No such amounts were collected and paid during the Board's fiscal years ended March 31, 2001 and March 31, 2000 as the Attorney General submitted no costs to the Board to be collected in its assessment.

8. Commitment

The Board signed a contract for \$255,300 to have Leasehold Improvements done to the Board's new premises at 15 Market Square in Saint John, New Brunswick. At year end the amount accrued on this contract totalled approximately \$127,000.

9. Comparative figures

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

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

Year Ended March 31 2001 2000

Revenue		
Assessment on automobile insurers (Note 2)	\$ 251,900	\$ 278,599
Interest	<u>14,742</u>	<u>6,677</u>
	<u>266,642</u>	<u>285,276</u>

Expenditures		
Actuarial consultant	17,447	48,633
Commissioners' per diems	95	2,141
Commissioners' travel	-	853
Depreciation	6,473	4,713
Direct expense	821	92
Library and publications	2,467	-
Office and administration	54,457	22,944
Professional fees	2,200	2,200
Salaries	130,148	114,213
Training	<u>54</u>	<u>3,912</u>
	<u>214,162</u>	<u>199,701</u>

Excess of revenue over expenditures	\$ <u>52,480</u>	\$ <u>85,575</u>
-------------------------------------	------------------	------------------

Surplus (deficit), beginning of year	\$ 50,441	\$ (35,134)
Excess of revenue over expenditures	<u>52,480</u>	<u>85,575</u>
Surplus, end of year	\$ <u>102,921</u>	\$ <u>50,441</u>

See accompanying notes to the financial statements.

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

March 31	2001	2000
Assets		
Current		
Cash	\$ 91,219	\$ 55,148
Receivables (Note 3)	6,665	-
Prepays	-	116
	97,884	55,264
Equipment (Note 4)	56,628	12,178
	<u>\$ 154,512</u>	<u>\$ 67,442</u>
Liabilities		
Current		
Payables and accruals	\$ 51,591	\$ 17,001
Surplus	<u>102,921</u>	<u>50,441</u>
	<u>\$ 154,512</u>	<u>\$ 67,442</u>

Commitment (Note 5)

On behalf of the Board

 Chairman
  Secretary

See accompanying notes to the financial statements.

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

Year Ended March 31 2001 2000

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 52,480	\$ 85,575
Depreciation	<u>6,473</u>	<u>4,713</u>
	58,953	90,288

Changes in

Receivables	(6,665)	4,693
Prepays	116	(116)
Payables and accruals	<u>34,590</u>	<u>(47,232)</u>
	<u>86,994</u>	<u>47,633</u>

Investing

Purchase of computer equipment	(12,672)	(10,469)
Allocation of computer equipment from electric utility division	-	(6,422)
Purchase of leasehold improvements	<u>(38,251)</u>	<u>-</u>
	<u>(50,923)</u>	<u>(16,891)</u>

Net increase in cash and cash equivalents 36,071 30,742

Cash and cash equivalents, beginning of year 55,148 24,406

Cash and cash equivalents, end of year \$ 91,219 \$ 55,148

See accompanying notes to the financial statements.

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

March 31, 2001

1. Summary of significant accounting policies

Cash on hand

One bank account is maintained for the Board. The balance of this account is allocated to each of the regulated divisions of the Board based on actual transactions.

Furniture and fixtures

Furniture and fixtures are expensed in the year of acquisition.

Computer equipment

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

Leasehold improvements

Leasehold improvements will be amortized, commencing in 2002, over the term of the lease.

Allocations

Certain balance sheet and income statement items have been allocated between the three divisions of the Board based on management's best judgements and actual activity during the year.

Statement of Cash Flows

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

2. Assessment on automobile insurers

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

	<u>2001</u>	<u>2000</u>
Automobile insurers' net receipts	\$ <u>341,152,000</u>	\$ <u>338,038,000</u>
Assessment on receipts		
Assessment for current year	\$ 201,459	\$ 313,733
Adjustment for prior year deficit	<u>50,441</u>	<u>(35,134)</u>
	\$ <u>251,900</u>	\$ <u>278,599</u>

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

March 31, 2001

3. Receivables	2001	2000
Accounts receivable	\$ 269	\$ -
HST receivable	<u>6,396</u>	<u>-</u>
	\$ <u>6,665</u>	\$ <u>-</u>

4. Equipment	2001	2000
	Net	Net
	Book Value	Book Value
	Cost	Accumulated Depreciation
Computer equipment	\$ 32,536	\$ 14,159
Leasehold improvements	<u>38,251</u>	<u>-</u>
	\$ <u>70,787</u>	\$ <u>14,159</u>
	\$ <u>18,377</u>	\$ <u>12,178</u>
	\$ <u>38,251</u>	\$ <u>-</u>
	\$ <u>56,628</u>	\$ <u>12,178</u>

5. Commitment

The Board signed a contract for \$255,300 to have Leasehold Improvements done to the Board's new premises at 15 Market Square in Saint John, New Brunswick. At year end the amount accrued on this contract totalled approximately \$127,000.

6. Comparative figures

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

**Board of Commissioners of Public Utilities
of the Province of New Brunswick – Regulation of Natural Gas
Statements of Revenue and Expenditures and Surplus**

Year Ended March 31, 2001 2000

Revenue		
Assessment on natural gas (Note 2)	\$ 822,435	\$ 800,000
Marketers filing fees	17,500	-
Interest	<u>14,742</u>	<u>6,677</u>
	<u>854,677</u>	<u>806,677</u>
Expenditures		
Consensus committee expense	3,482	42,154
Depreciation	20,751	6,645
Direct expenses	326,095	317,147
Library	2,467	4,338
Office and administration	54,456	22,944
Professional fees	3,000	2,500
Repairs & maintenance - board vehicle	16,187	3,900
Salaries	438,457	265,755
Training	<u>22,625</u>	<u>59,729</u>
	<u>887,520</u>	<u>725,112</u>
(Deficiency) excess of revenue over expenditures	\$ <u>(32,843)</u>	\$ <u>81,565</u>
<hr/>		
Surplus, beginning of year	\$ 81,565	\$ -
(Deficiency) excess of revenue over expenditures	<u>(32,843)</u>	<u>81,565</u>
Surplus, end of year	\$ <u>48,722</u>	\$ <u>81,565</u>

See accompanying notes to the financial statements.

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

March 31, 2001 2000

Assets

Current

Cash \$ 241,222 595,334

Receivables (Note 3) 27,672 -

Prepays - 116

268,894 595,450

Equipment (Note 4) 96,919 29,569

\$ 365,813 \$ 625,019

Liabilities

Current


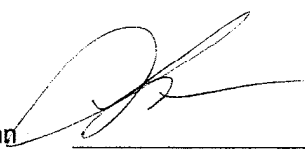
Payables and accruals \$ 317,091 \$ 543,454

Surplus 48,722 81,565

\$ 365,813 \$ 625,019

Commitment (Note 5)

On behalf of the Board

 Chairman  Secretary

See accompanying notes to the financial statements.

**Board of Commissioners of Public Utilities
of the Province of New Brunswick – Regulation of Natural Gas
Statement of Cash Flows**

Year Ended March 31, 2001 2000

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ (32,843)	\$ 81,565
Depreciation	<u>20,751</u>	<u>6,645</u>
	(12,092)	88,210

Changes in

Receivables	(27,672)	-
Prepays	116	(116)
Payables and accruals	<u>(226,363)</u>	<u>543,454</u>
	<u>(266,011)</u>	<u>631,548</u>

Investing

Purchase of computer equipment	(25,536)	(10,469)
Allocation of computer equipment from electric utility division	-	(6,422)
Purchase of leasehold improvements	(38,251)	-
Purchase of motor vehicles	(38,646)	(19,323)
Proceeds on disposal of motor vehicle	<u>14,332</u>	<u>-</u>
	<u>(88,101)</u>	<u>(36,214)</u>

Net (decrease) increase in cash and cash equivalents (354,112) 595,334

Cash and cash equivalents, beginning of year 595,334 -

Cash and cash equivalents, end of year \$ 241,222 \$ 595,334

See accompanying notes to the financial statements.

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

March 31, 2001

1. Summary of significant accounting policies

Cash on hand

One bank account is maintained for the Board. The balance of this account is allocated to each of the regulated divisions of the Board based on actual transactions.

Furniture and fixtures

Furniture and fixtures are expensed in the year of acquisition.

Computer equipment

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

Leasehold improvements

Leasehold improvements will be amortized, commencing in 2002, over the term of the lease.

Motor vehicles

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

Allocations

Certain balance sheet and income statement items have been allocated between the three divisions of the Board based on management's best judgements and actual activity during the year.

Statement of Cash Flows

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

2. Assessment on natural gas distributors

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

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

March 31, 2001

2. Assessment on natural gas distributors (continued)

	<u>2001</u>	<u>2000</u>
Estimate of common expenses	\$ 560,000	\$ -
Less: estimate of interest income	<u>(6,000)</u>	<u>-</u>
Estimate of net common expenses	554,000	-
Estimate of direct expenses	<u>350,000</u>	<u>-</u>
	904,000	-
Surplus from prior year	<u>(81,565)</u>	<u>-</u>
Assessment on natural gas distribution	\$ <u>822,435</u>	\$ <u>-</u>

3. Receivables	<u>2001</u>	<u>2000</u>
Accounts receivable	\$ 269	\$ -
HST receivable	26,712	-
Travel advances	<u>691</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>27,672</u>

4. Equipment			<u>2001</u>	<u>2000</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 45,400	\$ 18,937	\$ 26,463	\$ 12,178
Leasehold improvements	38,251	-	38,251	-
Motor vehicles	<u>38,646</u>	<u>6,441</u>	<u>32,205</u>	<u>17,391</u>
	\$ <u>122,297</u>	\$ <u>25,378</u>	\$ <u>96,919</u>	\$ <u>29,569</u>

5. Commitment

The Board signed a contract for \$255,300 to have Leasehold Improvements done to the Board's new premises at 15 Market Square in Saint John, New Brunswick. At year end the amount accrued on this contract totalled approximately \$127,000.

**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Natural Gas
Notes to the Financial Statements**
March 31, 2001

6. Comparative figures

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

FINANCIAL STATEMENTS

TRUST FUND No. 33

FISCAL STABILIZATION FUND

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Honourable Peter Mesheau
Minister of Finance
Province of New Brunswick

I have audited the statement of financial position of the Fiscal Stabilization Fund as at 31 March 2001 and the statement of revenue, expenditure and fund equity balance for the year then ended. These financial statements are the responsibility of the Fund's trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Fund's trustee, 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Daryl C. Wilson, FCA
Auditor General

Fredericton, N. B.
16 October 2001

TRUST FUND NO. 33
FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION
31 MARCH 2001

2001

ASSETS

Current:

Receivable from Province of New Brunswick Consolidated Fund

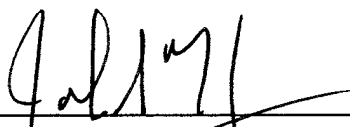
\$ 100,000,000

FUND EQUITY

Fund equity

\$ 100,000,000

The accompanying notes are an integral part of these financial statements



John Mallory
Deputy Minister of Finance

TRUST FUND NO. 33
FISCAL STABILIZATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY BALANCE
FOR THE YEAR ENDED 31 MARCH 2001

	2001
REVENUE	
Contribution from Province of New Brunswick - Consolidated Fund	\$ 100,000,000
EXPENDITURE	-
EXCESS OF REVENUE OVER EXPENDITURE AND FUND EQUITY BALANCE	<u>\$ 100,000,000</u>

**TRUST FUND NO. 33
FISCAL STABILIZATION FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. General

The Fiscal Stabilization Fund was established on March 31, 2001 in accordance with the Fiscal Stabilization Fund Act ("Act").

The Minister of Finance, in accordance with the Act, holds the Fiscal Stabilization Fund in trust. The purpose of the Fund is to assist in stabilizing the fiscal position of the Province of New Brunswick from year to year and to improve long-term fiscal planning.

Transfers out of the Fund are made for the sole purpose mentioned above and with the approval of the Lieutenant-Governor in Council.

2. Significant Accounting Policies

Receivables are recorded in accordance with the accrual basis of accounting.

Financial Statements of

FOREST PROTECTION LIMITED

March 31, 2001

Deloitte & Touche LLP

Deloitte & Touche LLP
Brunswick House
44 Chipman Hill
P.O. Box 6549, Station A
Saint John, New Brunswick
E2L 4R9

Tel: (506) 632-1080
Fax: (506) 632-1210 (7th Floor)
Fax: (506) 637-9460 (8th Floor)

**Deloitte
& Touche**

Auditors' Report

To the Shareholders,
Forest Protection Limited

We have audited the balance sheet of Forest Protection Limited as at March 31, 2001 and the statements of operations and unrestricted net assets, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Deloitte & Touche LLP

Chartered Accountants

May 2, 2001

**Deloitte
Touche
Tohmatsu**

FOREST PROTECTION LIMITED**Balance Sheet**

as at March 31, 2001

	2001	2000
CURRENT ASSETS		
Cash	\$ 386,154	\$ 264,648
Short term investments	8,718,312	8,428,054
Accounts receivable	66,795	69,329
Inventories - aircraft spare parts	683,739	631,525
- other	1,024	6,152
	9,856,024	9,399,708
CAPITAL ASSETS		
Property, plant and equipment (Note 2)	1,787,733	1,535,020
	\$ 11,643,757	\$ 10,934,728
CURRENT LIABILITIES		
Accounts payable	\$ 158,545	\$ 149,842
Deferred revenue	234,753	82,445
Current portion of long-term debt (Note 3)	45,603	42,954
	438,901	275,241
LONG-TERM DEBT (Note 3)	48,416	94,019
EQUITY		
Capital stock (Note 4)	2,000	2,000
Contributed surplus	715,888	715,888
Net investment in capital assets	1,693,714	1,398,047
Net assets internally restricted for equipment replacement	8,744,838	8,449,533
Unrestricted net assets	-	-
	11,156,440	10,565,468
	\$ 11,643,757	\$ 10,934,728

APPROVED BY THE BOARD

 Director
 Director

FOREST PROTECTION LIMITED**Statement of Operations and Unrestricted Net Assets**

year ended March 31, 2001

	2001	2000
REVENUES		
Contributions from participants		
Province of New Brunswick	\$ 2,107,731	\$ 2,121,368
Industry	306,566	307,121
Other revenue	577,363	588,915
Interest operating	33,048	29,102
	<u>3,024,708</u>	<u>3,046,506</u>
OPERATING EXPENSES (Note 5)		
Overhead	641,986	670,578
Pest control	417,441	324,225
Fire suppression	1,420,873	1,553,377
Research and development	523,479	502,898
Other projects	-	-
	<u>3,003,779</u>	<u>3,051,078</u>
OTHER		
Litigation settlement	-	(20,000,000)
Interest on investments	(506,719)	(472,796)
Reimbursement to participants	-	6,813,472
Litigation costs	-	852,301
Amortization of capital assets	134,907	155,252
Gain on disposal of capital assets - operating	(38,940)	-
Gain on disposal of capital assets - internally restricted	(159,291)	(74,566)
	<u>(570,043)</u>	<u>(12,726,337)</u>
EXCESS OF REVENUE OVER EXPENSES	590,972	12,721,765
Transfer from net investment in capital assets	37,859	110,827
Transfer to net assets internally restricted		
for equipment replacement	(628,831)	(12,832,592)
UNRESTRICTED NET ASSETS		
AT END OF YEAR	\$ -	\$ -

FOREST PROTECTION LIMITED**Statement of Changes in Net Assets****year ended March 31, 2001**

	2001	2000
NET INVESTMENT IN CAPITAL ASSETS		
Balance at the beginning of the year	\$ 1,398,047	\$ 1,478,874
Transfers from (to) unrestricted operations:		
Acquisition of property, plant and equipment	98,127	192,726
Long-term debt on capital assets	-	10,459
Proceeds on assets disposed of or retired	(199,310)	(233,326)
Amortization of capital assets	(134,907)	(155,252)
Gain on disposal of capital assets	198,231	74,566
	(37,859)	(110,827)
Transfer from net assets internally restricted for equipment replacement:		
Acquisition of property, plant and equipment	333,526	30,000
Total transferred to (from) Net Investment in Capital Assets	295,667	(80,827)
Balance at end of year	\$ 1,693,714	\$ 1,398,047

FOREST PROTECTION LIMITED
Statement of Changes in Net Assets
year ended March 31, 2001

	2001	2000
NET ASSETS INTERNALLY RESTRICTED FOR EQUIPMENT REPLACEMENT		
Balance at the beginning of the year	\$ 8,449,533	\$ (4,353,059)
Transfers from (to) unrestricted operations:		
Litigation settlement	-	20,000,000
Reimbursement to participants	-	(6,813,472)
Litigation costs	-	(642,147)
Administration costs charged to litigation	-	(156,322)
Interest on internally restricted funds	-	(53,832)
Interest earned on funds invested	506,719	472,796
Transfer from unrestricted assets	14,024	25,569
Sale of aircrafts	153,570	-
Sale of aircraft parts	6,801	-
Interest expense on building loan	(7,050)	-
Replacement parts	(1,713)	-
Aircraft lease	(43,520)	-
	628,831	12,832,592
Transfer to Net Investment in Capital Assets:		
Building	(42,954)	(30,000)
Aircraft	(185,000)	-
Replacement parts	(105,572)	-
	(333,526)	(30,000)
Balance at end of year	\$ 8,744,838	\$ 8,449,533

FOREST PROTECTION LIMITED**Statement of Cash Flows**

year ended March 31, 2001

	2001	2000
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenues over expenses	\$ 590,972	\$ 12,721,765
Amortization of capital assets	134,907	155,252
Gain on disposal of capital assets	(198,231)	(74,566)
Changes in non-cash operating working capital items:		
Accounts receivable	2,534	16,543
Inventories - aircraft spare parts	(52,214)	6,813
- other	5,128	(2,047)
Accounts payable	8,703	(862,778)
Deferred revenue	152,308	(69,421)
	<u>644,107</u>	<u>11,891,561</u>
FINANCING		
Repayment of long-term debt	(42,954)	(40,459)
	<u>(42,954)</u>	<u>(40,459)</u>
INVESTING		
Acquisition of property, plant and equipment	(388,699)	(192,726)
Proceeds on sale of property, plant and equipment	199,310	233,326
	<u>(189,389)</u>	<u>40,600</u>
NET CASH INFLOW	<u>411,764</u>	<u>11,891,702</u>
CASH POSITION, BEGINNING OF YEAR	<u>8,692,702</u>	<u>(3,199,000)</u>
CASH POSITION, END OF YEAR	<u>\$ 9,104,466</u>	<u>\$ 8,692,702</u>
CASH CONSISTING OF		
Cash	\$ 386,154	\$ 264,648
Short term investments	8,718,312	8,428,054
	<u>\$ 9,104,466</u>	<u>\$ 8,692,702</u>

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2001

1. ACCOUNTING POLICIES

Operations and Net Investment in Capital Assets

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

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

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2001

1. ACCOUNTING POLICIES (Continued)

Net Assets Internally Restricted for Equipment Replacement

g. By authority of the Board of Directors, the following sources of funds are to be transferred to this account for the purpose of replacing the Company's equipment:

- proceeds received from aircraft sales;
- proceeds from legal actions, less the cost of pursuing these actions; and,
- operating surpluses arising from unrestricted operations.

2. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
			<u>2001</u>	<u>2000</u>
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building and mobile homes	322,705	145,111	177,594	201,503
Aircraft	1,978,159	760,157	1,218,002	1,101,453
Equipment	1,527,400	1,210,263	317,137	157,064
	<u>\$ 3,903,264</u>	<u>\$ 2,115,531</u>	<u>\$ 1,787,733</u>	<u>\$ 1,535,020</u>

3. LONG-TERM DEBT

Purchase of building to be paid in 60 equal installments of \$4,167 per month including principal and interest until March 2003. Principal repayments in each of the next 2 years are as follows:

	\$
2002	45,603
2003	48,416

FOREST PROTECTION LIMITED**Notes to the Financial Statements**

year ended March 31, 2001

4. CAPITAL STOCK

	<u>2001</u>	<u>2000</u>
Authorized		
500 common shares \$10 par value each		
Issued and outstanding		
200 common shares	\$ 2,000	\$ 2,000

5. OPERATING EXPENSES

	<u>2001</u>	<u>2000</u>
PROGRAM EXPENDITURES		
Salaries and wages	\$ 1,074,843	\$ 1,145,244
Employer contributions	143,491	140,729
Transportation and communications	145,837	130,913
Consultants' fees, legal fees, audit, contractual, services, insurance, etc.	602,692	533,360
Maintenance and repairs (contractual)	555,131	735,272
Non-capitalized parts and equipment	-	4,235
Rentals (including aircraft)	183,670	137,170
Insecticides, materials and supplies	298,115	224,155
Expenses charged to operations	3,003,779	3,051,078
Capitalized - property, plant and equipment	98,127	233,185
Total program expenditures	\$ 3,101,906	\$ 3,284,263

PROGRAM EXPENDITURES BY OPERATIONAL DIVISION

Overhead expenditures	\$ 688,483	\$ 716,606
Pest control expenditures	423,534	326,453
Research and development expenditures	525,094	520,109
Fire suppression - operational	1,419,563	1,721,095
- internally restricted	45,232	-
Other projects	-	-
	\$ 3,101,906	\$ 3,284,263

FOREST PROTECTION LIMITED**Notes to the Financial Statements****year ended March 31, 2001**

6. LEASE COMMITMENT

The Company has entered into a lease contract with Conair Aviation commencing April 1, 2001. The Company will pay \$28,167 US per month in addition to \$150 US per hour of usage until September 30, 2001 when they can commit to purchase the aircraft.

7. STATEMENT OF CASH FLOWS

During the year, the Company received and paid the following:

	\$
Interest received	539,767
Interest paid	7,050

Kingsbrae Horticultural Garden Inc.
Financial Statements
March 31, 2001

L K TOOMBS
CHARTERED ACCOUNTANT

L K TOOMBS
CHARTERED ACCOUNTANT

Auditor's Report

To the Directors of
Kingsbrae Horticultural Garden Inc.

I have audited the balance sheet of Kingsbrae Horticultural Garden Inc. as at March 31, 2001, and the statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the organization derives revenue from private and public contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets and fund balances.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative figures presented as part of these financial statements were audited by another firm of chartered accountants.

St. Stephen, New Brunswick
August 9, 2001



Chartered Accountant

Kingsbrae Horticultural Garden Inc.

Statement of Operations

Year Ended March 31

2001

2000

	Operating Fund	Special Design Fund	Investment In Capital Assets	Total	Total
Revenues					
Admissions and programs	\$108,028	\$ -	\$ -	\$108,028	\$ 82,636
Cafe cost recovery	12,157	-	-	12,157	20,950
Private contributions	250,000	31,886	-	281,886	320,944
Public contributions	24,733	-	-	24,733	8,044
Provincial government	25,000	-	-	25,000	25,000
Ticket booth subsidy	14,000	-	-	14,000	16,000
Trust fund	53,039	-	-	53,039	48,065
Employment programs	26,047	-	-	26,047	87,407
Investment	5,057	-	-	5,057	1,318
HST recovery	-	-	-	-	13,021
Landscaping	35,999	-	-	35,999	-
	<u>554,060</u>	<u>31,886</u>	<u>-</u>	<u>585,946</u>	<u>623,385</u>
Expenses					
Advertising and promotion	40,286	-	-	40,286	35,280
Bank charges	1,418	-	-	1,418	1,567
Construction, design, and renovations	-	37,572	-	37,572	146,664
Depreciation	-	-	1,838	1,838	-
Heat, light and power	19,817	-	-	19,817	20,132
Insurance	3,536	-	-	3,536	3,402
Landscaping	19,033	-	-	19,033	-
Maintenance and repair	52,132	-	-	52,132	53,389
Office supplies and stationery	13,400	-	-	13,400	12,901
Professional fees	5,380	-	-	5,380	5,130
Property taxes	38,000	-	-	38,000	37,618
Salaries and employee benefits	315,153	-	-	315,153	277,510
Telephone and fax	8,623	-	-	8,623	7,277
Training	4,863	-	-	4,863	9,253
Travel and vehicle operating	9,008	-	-	9,008	5,545
	<u>530,649</u>	<u>37,572</u>	<u>1,838</u>	<u>570,059</u>	<u>615,668</u>
Excess of revenues over expenses (expenses over revenues)	\$ <u>23,411</u>	\$ <u>(5,686)</u>	\$ <u>(1,838)</u>	\$ <u>15,887</u>	\$ <u>7,717</u>

See accompanying notes to the financial statements.

L K TOOMBS

Kingsbrae Horticultural Garden Inc. Statement of Changes in Fund Balances

Year Ended March 31

2001

2000

	Operating Fund	Special Design Fund	Capital Construction Fund	Investment In Capital Assets	Total	Total
Fund balances, beginning of year	\$ 11,282	\$ 24,280	\$ 22,238	\$ -	\$ 57,800	\$ 50,083
Excess of revenues over expenses (expenses over revenues)	23,411	(5,686)	-	(1,838)	15,887	7,717
Invested in capital assets	(15,520)	-	-	15,520	-	-
Fund balances, end of year	\$ 19,173	\$ 18,594	\$ 22,238	\$ 13,682	\$ 73,687	\$ 57,800

See accompanying notes to the financial statements.

L K TOOMBS

Kingsbrae Horticultural Garden Inc. **Balance Sheet**

March 31

2001

2000

Current assets

Cash	\$ 59,771	\$ 104,718
Temporary investments (market value \$154,378)	149,174	-
Receivables	25,506	12,423
Prepays	<u>1,525</u>	<u>1,351</u>
	235,976	118,492

Capital assets (Note 3)

	<u>13,682</u>	<u>-</u>
	\$ <u>249,658</u>	\$ <u>118,492</u>

Current liabilities

Payables and accruals	\$ <u>24,409</u>	\$ <u>13,244</u>
-----------------------	------------------	------------------

Deferred contributions

Deferred revenues (Note 4)	<u>151,562</u>	<u>47,448</u>
----------------------------	----------------	---------------

Fund balances

Unrestricted operating fund	19,173	11,282
Restricted special design fund	18,594	24,280
Capital construction fund	22,238	22,238
Investment in capital assets	<u>13,682</u>	<u>-</u>
	<u>73,687</u>	<u>57,800</u>
	\$ <u>249,658</u>	\$ <u>118,492</u>

Commitments and contractual obligation (Note 6)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

L K TOOMBS

Kingsbrae Horticultural Garden Inc.

Statement of Cash Flows

Year Ended March 31

2001

2000

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenses	\$ 15,887	\$ 7,717
Items not requiring an outlay of cash		
Depreciation	1,838	-
Loss on disposal of investment	<u>410</u>	<u>-</u>
	<u>18,135</u>	<u>7,717</u>

Change in non-cash operating
working capital

Receivables	(13,083)	5,038
Prepays	(174)	507
Payables and accruals	<u>11,165</u>	<u>4,678</u>
	<u>(2,092)</u>	<u>10,223</u>
	<u>16,043</u>	<u>17,940</u>

Financing

Deferred revenues	<u>104,114</u>	<u>-</u>
-------------------	----------------	----------

Investing

Purchase of capital assets	(15,520)	-
Purchase of investments	(199,853)	-
Redemption of investment	<u>50,269</u>	<u>-</u>
	<u>(165,104)</u>	<u>-</u>

(Decrease) increase in cash and cash equivalents (44,947) 17,940

Cash and cash equivalents, beginning of year 104,718 86,778Cash and cash equivalents, end of year \$ 59,771 \$ 104,718

Cash and cash equivalents consist of:

Cash on hand and balances with banks \$ 59,771 \$ 104,718

See accompanying notes to the financial statements.

L K TOOMBS

Kingsbrae Horticultural Garden Inc.

Notes to the Financial Statements

March 31, 2001

1. Nature of operations

Kingsbrae Horticultural Garden Inc. is an organization managing and operating a horticultural garden for and on behalf of the Province of New Brunswick. Kingsbrae Horticultural Garden Inc. is incorporated under the *Companies Act of New Brunswick* as a not-for-profit organization.

2. Summary of significant accounting policies

Fund accounting

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

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

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

Revenue recognition

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

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

Capital assets

Capital assets are recorded at cost. Depreciation is provided over the assets' estimated useful lives as follows:

Buildings	20% declining balance
Computer equipment	30% declining balance
Signage	25% straight-line

Contributed services

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

Kingsbrae Horticultural Garden Inc.

Notes to the Financial Statements

March 31, 2001

2. Summary of significant accounting policies (continued)

Temporary investments

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

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.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net 2001</u>	<u>Net 2000</u>
Buildings	\$ 6,869	\$ 687	\$ 6,182	\$ -
Computer equipment	2,783	417	2,366	-
Signage	<u>5,868</u>	<u>734</u>	<u>5,134</u>	-
	<u>\$ 15,520</u>	<u>\$ 1,838</u>	<u>\$ 13,682</u>	<u>\$ -</u>

4. Deferred revenues

The deferred revenues reported in the General Fund represent restricted funding received in the current and prior years. \$104,114 is designated for expenses of the subsequent year and the remainder is for a use to be established.

5. Financial instruments

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

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

Kingsbrae Horticultural Garden Inc.

Notes to the Financial Statements

March 31, 2001

6. Commitments and contractual obligation

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the statement of financial position of Kings Landing Corporation as at 31 March 2001 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

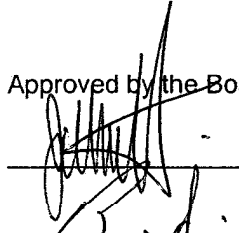
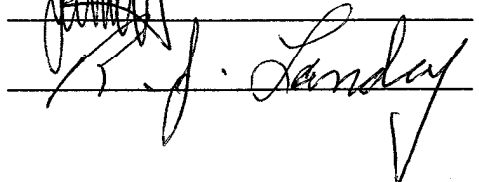
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
17 May 2001

**KINGS LANDING CORPORATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash	\$ 17,298	\$ -
Accounts receivable		
Province of New Brunswick	44,895	39,304
Other	20,018	27,225
Prepaid expenses	19,514	21,170
Inventories (Note 1 (c))	86,277	81,936
	<u>188,002</u>	<u>169,635</u>
Publications fund assets (Note 3)	11,606	11,606
Kings Landing Collection (Note 1(d))	1	1
Capital assets, net (Note 1(e))	<u>1,768,299</u>	<u>1,868,435</u>
	<u>\$1,967,908</u>	<u>\$2,049,677</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank overdraft and outstanding cheques	\$ -	\$ 14,096
Accounts payable and accrued liabilities	174,824	165,951
Deferred revenue	24,036	14,089
	<u>198,860</u>	<u>194,136</u>
Deferred contributions related to capital assets (Note 1(g))	<u>1,729,154</u>	<u>1,827,235</u>
Net assets		
Net assets internally restricted for publications (Note 3)	11,606	11,606
Net assets invested in capital assets	39,145	41,200
Unrestricted net assets	(10,857)	(24,500)
	<u>39,894</u>	<u>28,306</u>
	<u>\$1,967,908</u>	<u>\$2,049,677</u>

Approved by the Board

 Chairman
 Member

**KINGS LANDING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH 2001**

	Budget 2001	Actual 2001	Actual 2000
REVENUE			
Admissions	\$ 345,000	\$ 343,825	\$ 336,602
Emporium	240,000	275,851	228,821
Food services	506,300	473,474	480,099
Education	74,000	87,708	75,735
Other operating revenue	52,700	90,631	124,853
	<u>1,218,000</u>	<u>1,271,489</u>	<u>1,246,110</u>
Grants			
Provincial Operating	1,225,000	1,363,011	1,501,345
Provincial Capital	-	36,115	115,000
Federal & Other	-	14,294	10,002
Amortization of deferred contributions (Note 1(g))	-	98,081	104,433
	<u>1,225,000</u>	<u>1,511,501</u>	<u>1,730,780</u>
	<u>2,443,000</u>	<u>2,782,990</u>	<u>2,976,890</u>
EXPENSE			
Interpretation			
Operations	520,500	563,368	643,373
Education	80,000	85,629	91,039
Fabrics	86,000	75,922	113,390
	<u>686,500</u>	<u>724,919</u>	<u>847,802</u>
Curatorial			
Maintenance (Note 1(d))	295,000	400,398	427,181
Security	150,400	150,731	156,719
Curatorial	195,400	209,761	205,607
	<u>640,800</u>	<u>760,890</u>	<u>789,507</u>
Emporium	198,000	232,114	238,921
Visitor services	97,200	88,824	94,972
Public relations	205,700	192,033	209,757
Administration	281,000	276,195	286,894
Food services	396,300	396,291	399,484
Amortization	-	100,136	106,391
	<u>1,178,200</u>	<u>1,285,593</u>	<u>1,336,419</u>
	<u>2,505,500</u>	<u>2,771,402</u>	<u>2,973,728</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ (62,500)</u>	<u>\$ 11,588</u>	<u>\$ 3,162</u>

KINGS LANDING CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2001

	Net Assets Internally Restricted for Publications	Net assets Invested in Capital Assets	Unrestricted Net Assets	Total 2001	Total 2000
Balance, beginning of year	\$ 11,606	\$ 41,200	\$ (24,500)	\$ 28,306	\$ 25,144
Excess (deficiency) of revenue over expense	-	(2,055)	13,643	11,588	3,162
Balance, end of year	\$ 11,606	\$ 39,145	\$ (10,857)	\$ 39,894	\$ 28,306

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Summary of significant accounting policies

(a) General comments on operations

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

(b) Revenue recognition

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

(c) Inventories

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

	2001	2000
Emporium	\$ 58,069	\$ 50,680
Less: Provision for obsolescence	(3,300)	(2,200)
	<hr/> 54,769	<hr/> 48,480
Fabrics	15,114	16,057
Food and liquor	14,341	11,122
Other	2,053	6,277
	<hr/> \$ 86,277	<hr/> \$ 81,936

(d) The Kings Landing Collection

The Kings Landing Collection is composed of some 70 major historical structures and thousands of individual artifacts from the period between 1780 and 1900. The structures and artifacts are not replaceable as each piece represents a unique aspect of New Brunswick history. In recognition of this, the collection is valued at \$1 and individual pieces purchased by the Corporation are expensed in the year of acquisition. Similarly, costs of maintaining the collection are expensed as incurred. During the year, \$ 61,670 (2000 - \$ 421) was spent on additions to the collection and artifacts worth an estimated \$ 168,505 (2000 - \$ 106,751) were donated.

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Summary of significant accounting policies - continued

Private contributions to fund these additions amounted to \$72,746 in the year. Of this amount \$61,600 was used during the year to move a historical building to the site. The remaining \$11,146 will be used to fund future costs related to the collection. These contributions and costs are not included in the statement of operations.

Expenditures related to capital improvements of the historical structures are expensed as incurred. The current year historical capital expenditures amounted to \$ 51,055 (2000 - \$ 85,419).

(e) Other capital assets

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

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

Details of capital assets are as follows:

	Amortization Rate	2001	2000
Land		\$ 1	\$ 1
Buildings	5%	2,148,988	2,148,988
Computer hardware	-	10,000	10,000
Equipment	10%	25,964	25,964
Automotive equipment	20%	86,486	86,486
		<u>2,271,439</u>	<u>2,271,439</u>
Less: Accumulated amortization		503,140	403,004
Total capital assets, net		<u>\$1,768,299</u>	<u>\$1,868,435</u>

(f) Contributed services

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

KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

1. Summary of significant accounting policies – continued

(g) Deferred contributions related to capital assets

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

	2001	2000
Beginning balance	\$1,827,235	\$1,906,668
Add contributed assets	-	25,000
	<hr/> 1,827,235	<hr/> 1,931,668
Less amounts amortized to revenue	98,081	104,433
Ending balance	<hr/> \$1,729,154	<hr/> \$1,827,235

2. Income tax status

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

3. Restrictions on net assets

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

4. Budget

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

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

5. Statement of cash flows

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

6. Comparative figures

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001.

FINANCIAL STATEMENTS

LOTTERIES COMMISSION OF NEW BRUNSWICK

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Members of the
Lotteries Commission of New Brunswick

I have audited the balance sheet of the Lotteries Commission of New Brunswick as at 31 March 2001 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

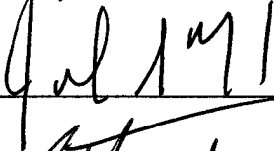
K. D. Robinson, C.A.
Deputy Auditor General

Fredericton, N. B.
25 June 2001

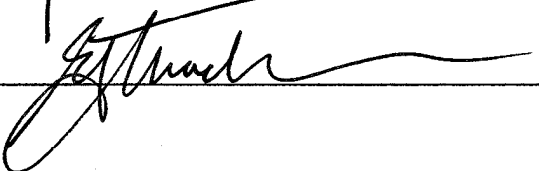
**LOTTERIES COMMISSION OF NEW BRUNSWICK
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Due from Atlantic Lottery Corporation Inc.	\$1,125,161	\$1,264,204
Other assets		
Investment in share capital of Atlantic Lottery Corporation Inc.	100	100
Investment in share capital of Interprovincial Lottery Corporation	1	1
	<u>101</u>	<u>101</u>
	<u>\$1,125,262</u>	<u>\$1,264,305</u>
LIABILITIES AND CONTRIBUTED SURPLUS		
Current liabilities		
Due to Province of New Brunswick (Note 4)	\$1,125,161	\$1,264,204
Contributed surplus (Note 2)	101	101
	<u>\$1,125,262</u>	<u>\$1,264,305</u>

Approved by the Commission



Member



Member

**LOTTERIES COMMISSION OF NEW BRUNSWICK
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2001**

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Share of net profit of Atlantic Lottery Corporation Inc. (Note 1)	\$ 81,200,000	\$ 90,195,058	\$ 86,784,737
Other revenue (Note 3)	-	39,129	28,370
	<u>81,200,000</u>	<u>90,234,187</u>	<u>86,813,107</u>
EXPENDITURE			
To the Province of New Brunswick (Note 1)			
Ordinary account revenue	77,931,000	86,776,483	73,198,043
Environmental Trust Fund	-	-	10,000,000
Sport Development Trust Fund	500,000	500,000	500,000
Arts Development Trust Fund	700,000	700,000	700,000
Agreements with First Nations	-	575,045	513,285
Commission inspection expenses	1,137,000	1,084,936	1,118,305
Administrative costs	175,000	136,334	199,904
Department of Health and Wellness (Gambling addiction; education and treatment)	757,000	461,389	558,570
Contract dispute	-	-	25,000
	<u>81,200,000</u>	<u>90,234,187</u>	<u>86,813,107</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Summary of significant accounting policies

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

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

Payments to the Province of New Brunswick

The Lotteries Commission of New Brunswick remits the profits it receives from Atlantic Lottery Corporation Inc. to the Province of New Brunswick. Beginning in 1999, Atlantic Lottery Corporation began advancing these funds during the month rather than paying the full amount in the subsequent month.

The profits from certain types of lotteries have been designated as revenue for specific trust funds operated by the Province of New Brunswick. Annual lottery profits designated for the Arts and Sport Development Trust Funds have each been set by the Province at a minimum of seven hundred thousand dollars and five hundred thousand dollars respectively.

The Lotteries Act provides that the First Nations may be paid 95% of all profits received from the Atlantic Lottery Corporation Inc. for the operation of video lottery on reserves having agreements with the Province. Where these agreements are in place the Province also rebates all provincial earnings from the sale of breakopen tickets sold on reserves. As of 31 March 2001, five First Nations have signed agreements involving lottery revenues: Fort Folly, Oromocto, Woodstock, St. Mary's and Burnt Church. The Province has one other signed agreement which is with Madawaska-Maliseet. It does not, however, receive any lottery revenues by way of the agreement.

Investments

The New Brunswick government does not operate any lottery but the Province is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is a jointly-owned corporation of the four Atlantic provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles regionally the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

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

LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

2. Contributed surplus

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

3. Other revenue

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

4. Statement of transactions with the Province of New Brunswick

	2001	2000
Current liability		
Balance, beginning of year	\$ 1,264,204	\$ 6,556,174
Income for the year	90,195,058	86,784,737
	<hr/>	<hr/>
Funds available to Province of New Brunswick	91,459,262	93,340,911
Less remittances during the year	90,334,101	92,076,707
	<hr/>	<hr/>
Balance, end of year	\$ 1,125,161	\$ 1,264,204

FINANCIAL STATEMENTS
NB AGRIEXPORT INC.
31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholder of
NB Agriexport Inc.

I have audited the balance sheet of NB Agriexport Inc. as at 31 March 2001 and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K. D. Robinson, CA
Deputy Auditor General


Fredericton, N. B.
24 September 2001

**NB AGRIEXPORT INC.
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash and short-term investments	\$ 155,275	\$ 205,273
Accounts receivable	11,909	102,654
	<u>167,184</u>	<u>307,927</u>
Investments (Note 2)	734,300	750,100
Less: Provision for loss	<u>734,300</u>	<u>500,000</u>
	-	250,100
	<u>\$ 167,184</u>	<u>\$ 558,027</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 31,529	\$ 18,195
Due to the Province of New Brunswick	888,000	1,068,081
Less: Provision for loss	<u>500,000</u>	<u>500,000</u>
	388,000	568,081
Capital stock		
Authorized and issued:		
One common share, no par value	-	-
Deficit	<u>(252,345)</u>	<u>(28,249)</u>
	<u>\$ 167,184</u>	<u>\$ 558,027</u>

Approved by the Board

 Director

 Director

**NB AGRIEXPORT INC.
STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Export sales	\$ 18,676	\$ 211,666
Cost of sales	15,800	194,665
Gross profit	<u>2,876</u>	<u>17,001</u>
Other income		
Recovery of write-down on investment (Note 2)	-	500,000
Loan guarantee fees	3,750	15,000
Interest	14,493	61,777
Grant revenues	79,989	108,737
Recovery	-	13,878
Other	776	1,595
	<u>99,008</u>	<u>700,987</u>
Total Income	<u>101,884</u>	<u>717,988</u>
Expenses		
Loss on Investment (Note 2)	234,300	500,000
Interest	21,576	69,627
Office	4,649	5,359
Project	65,455	108,318
	<u>325,980</u>	<u>683,304</u>
NET INCOME (LOSS) FOR THE YEAR	(224,096)	34,684
Deficit, beginning of year	<u>(28,249)</u>	<u>(62,933)</u>
DEFICIT, end of year	<u>\$(252,345)</u>	<u>\$(28,249)</u>

**NB AGRIEXPORT INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Description of operations

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

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

It is the intention of government that NB Agriexport Inc. be phased out. This phasing out requires the Corporation to honour current outstanding agreements. The outstanding agreements are in the process of being transferred to the Department of Investment and Exports.

2. Investment

During the 1999/2000 fiscal year, the Corporation purchased 500 Class B, non-voting, preferred shares of Méga-Bleu Inc. for \$500,000. Funding for this investment was provided by the Province of New Brunswick by way of an interest-free working capital advance. This investment has been fully provided for by the Province. The balance at 31 March 2001 stands at \$500,000.

The remaining investment balance represents moneys invested in a project to promote the export of cattle overseas.

3. Contingencies

The Corporation has guaranteed loans of certain companies involved in the export of agricultural products. At 31 March 2001, the contingent liability in respect of these guarantees was \$800,000. Any resulting losses will be borne by the Province of New Brunswick.

4. Statement of cash flows

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

**NB AGRIEXPORT INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

5. Expenses not included in these financial statements

Most of the direct and indirect costs of operating the corporate office are absorbed by the Province of New Brunswick. The administration of the Corporation's affairs is carried out by employees of the Province of New Brunswick under the direction of the Corporation's Board of Directors. All salary costs and most travel expenses associated with these employees are paid by the Province.

6. Comparative figures

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001

FINANCIAL STATEMENTS
NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
31 DECEMBER 2000

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the balance sheet of the New Brunswick Credit Union Deposit Insurance Corporation as at 31 December 2000 and the statement of revenue, expenditure and net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

Daryl C. Wilson, FCA
Auditor General

Fredericton, N.B.
23 March 2001

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2000

	2000	1999
ASSETS		
Cash	\$ 12,516	\$ 31,573
Accounts Receivable	2,170	2,073
Assets held in trust funds (Note 4)	1,443,612	1,799,753
	<u>\$ 1,458,298</u>	<u>\$ 1,833,399</u>

LIABILITIES

Accounts payable	\$ -	\$ 15,896
Advances - stabilization boards (Note 2)	14,686	17,750
Liabilities of the trust funds (Note 7)	127,790	29,553
	<u>142,476</u>	<u>63,199</u>

**NET ASSETS OF THE DEPOSIT
INSURANCE FUND (Note 5)**

1,315,822	1,770,200
<u>\$ 1,458,298</u>	<u>\$ 1,833,399</u>

Approved by the Board

Russell H. Blane Chairperson

Michael J. Smith Director

NEW BRUNSWICK CREDIT UNION
 DEPOSIT INSURANCE CORPORATION
 STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
 FOR THE YEAR ENDED 31 DECEMBER 2000

	2000		1999
	Budget	Actual	Actual
REVENUE (Note 2)			
Contributions - stabilization boards	\$ 20,000	\$ 3,061	\$ 1,787,560
EXPENDITURE (Note 2)			
Professional services and other	15,000	2,006	14,990
Board of Directors	5,000	1,055	2,370
Distributions - stabilization boards	-	454,378	-
	20,000	457,439	17,360
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR			
	-	(454,378)	1,770,200
NET ASSETS OF THE DEPOSIT INSURANCE FUND- BEGINNING OF YEAR			
	-	1,770,200	-
NET ASSETS OF THE DEPOSIT INSURANCE FUND- END OF YEAR			
	\$ -	\$ 1,315,822	\$ 1,770,200

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

1. Authority and objective

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

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

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

2. Significant accounting policies

(a) Contributions - Administrative expenses

The Corporation receives advances from the stabilization boards to cover its administrative expenses. The Corporation records portions of the advances as revenue when expenses are incurred. An unspent balance of \$14,686 (1999 - \$17,750) is recorded as a liability on the balance sheet.

The Corporation operates as a separate entity within the Credit Unions, Co-operatives and Trust Companies Branch of the Department of Justice. As such the Branch assumes the salary and some overhead costs which relate to the administration of the Corporation. Those costs are reflected in the expenditures of the Branch which are recovered by the Branch directly from credit unions.

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

2. Significant accounting policies (cont.)

(b) Contributions/Distributions - Deposit insurance fund

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

When the balance of the deposit insurance fund exceeds the amount required, as calculated by the Corporation, the excess from the trust funds is distributed to the stabilization boards. This distribution is recorded with the expenses of the Corporation.

(c) Accrual for deposit insurance losses

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

(d) Assets held in trust funds

Assets held in trust funds are recorded by the Corporation at the same value as they are recorded on the financial statements of the trust funds. The financial statements of the two trust funds are prepared in accordance with Canadian generally accepted accounting principles.

Investments held in the trust funds are recorded at cost except when a decline in value has occurred that is other than temporary. Premiums and discounts arising at the time of purchase of marketable securities are amortized over the period to maturity.

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

2. Significant accounting policies (cont.)

(d) Assets held in trust funds (cont.)

Investment revenues from the funds in trust include interest income as well as capital gains and losses on disposition of investments. In accordance with the trust agreements, the Corporation is a beneficiary and records investment revenues in the amount needed to cover its expenses or to increase the balance of the trust funds when required. The two stabilization boards are the beneficiaries of investment revenues which the Corporation does not need to cover its expenses or increase the balance of the funds in trust.

3. Income taxes

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

4. Assets held in trust funds

The trust funds held the following assets at 31 December 2000:

	Book Value	Market Value
Cash	\$ 2,014	\$ 2,014
Interest Receivable	26,584	26,584
Contribution Receivable	5,047	5,047
Government of Canada Bonds	421,383	418,040
Provincial and Municipal Bonds	988,584	997,606
Total - 2000	<u>\$ 1,443,612</u>	<u>\$ 1,449,291</u>
Total - 1999	<u>\$ 1,799,753</u>	<u>\$ 1,772,525</u>

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

5. Deposit Insurance Fund

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

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

The two trust fund agreements contain provisions regarding the return of the deposit insurance fund to the two stabilization boards if an amendment to the *Credit Unions Act* is passed to remove the requirement for the deposit insurance fund and the Corporation has been released of all its deposit insurance obligations.

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

The amount of assets of the trust funds is adjusted annually based on the requirement of the formula. This results in a contribution to the trust funds or a distribution to the stabilization boards.

At 31 December 2000 the balance in the trust fund account administered by the Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée was \$868,702 (1999 - \$1,24 million). The balance in the trust fund account administered by the Brunswick Credit Union Federation Stabilization Board Limited at the same date was \$447,120 (1999 - \$0.53 million).

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

6. Deposit protection for credit union members

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

Separate deposit coverage up to a maximum of \$60,000 each is also provided for joint deposits, trust deposits and deposits held in RRSPs and in RRIFs. The Corporation has established a deposit insurance fund as explained in Note 5.

The current legislation provides for the continued existence of the two stabilization boards which have operated in the province since 1978. Each stabilization board has established a stabilization fund which is available to provide financial assistance to its affiliated credit unions.

As at 31 December 2000, the financial statements of the Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée reported net assets of \$40.5 million (1999 - \$36.8 million). Of this total, an amount of \$2.1 million (1999 - \$1.8 million) represents investments in caisses populaires for the purpose of stabilization. As at 31 December 2000, the financial statements of the Brunswick Credit Union Federation Stabilization Board Limited reported net assets of \$9.9 million (1999 - \$9.1 million). Each stabilization board is responsible to carry out inspections and monitor the financial condition and business practices of its member credit unions on an ongoing basis.

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

NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000

7. Related parties

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

The calculation of the deposit insurance fund for the year 2000 resulted in an excess of \$454,378 distributed to the two stabilization boards. As at December 31, 2000 a distribution to the Brunswick Credit Union Federation Stabilization Board of \$127,790 was recorded as a liability of the trust funds. The Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée received its portion of the distribution during the year. Any transfer of assets between the trust funds and the stabilization boards are made at book value including the transfer of marketable securities.

FINANCIAL STATEMENTS
NEW BRUNSWICK CROP INSURANCE
COMMISSION
31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the balance sheet of the New Brunswick Crop Insurance Commission as at 31 March 2001 and the statements of revenue and expense, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

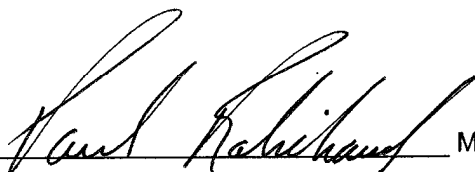
In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
22 June 2001

**NEW BRUNSWICK CROP INSURANCE COMMISSION
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
<hr/>		
Accounts receivable		
Canada	\$ 42,504	\$ 83,011
Other	5,022	5,022
	<hr/> 47,526	<hr/> 88,033
Crop Insurance Trust Account (Note 2)	4,835,891	3,423,237
	<hr/> \$4,883,417	<hr/> \$3,511,270
 LIABILITIES AND SURPLUS		
<hr/>		
Accounts payable		
Indemnities - crop insurance	\$ 198,764	\$ 735,207
Province of New Brunswick	1,722	2,024
Crop Reinsurance Fund of Canada for New Brunswick	-	1,224
	<hr/> 200,486	<hr/> 738,455
Deferred revenue (Note 4)	43,027	43,808
Surplus	4,639,904	2,729,007
	<hr/> \$4,883,417	<hr/> \$3,511,270



Minister, on behalf of the Commission

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Premiums from producers (Schedule A)	\$ 428,129	\$ 530,416
Premiums contributions		
- Province of New Brunswick	1,275,386	1,327,122
- Canada	1,275,386	1,327,122
	<u>2,978,901</u>	<u>3,184,660</u>
Contributions for administration		
- Province of New Brunswick	487,616	569,501
- Canada	487,616	569,501
Interest from producers	2,016	2,738
Other	-	32,532
	<u>3,956,149</u>	<u>4,358,932</u>
EXPENSE		
Indemnities (Schedule B)	551,692	1,381,110
Administration (Schedule C)	975,232	1,139,002
Crop Reinsurance Fund of New Brunswick	259,164	557,313
Crop Reinsurance Fund of Canada for New Brunswick	259,164	557,313
Other	-	6,355
	<u>2,045,252</u>	<u>3,641,093</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u>\$1,910,897</u>	<u>\$ 717,839</u>

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF SURPLUS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Surplus, beginning of year	\$2,729,007	\$2,011,168
Excess of revenue over expense for the year	<u>1,910,897</u>	<u>717,839</u>
SURPLUS, END OF YEAR	<u>\$4,639,904</u>	<u>\$2,729,007</u>

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Excess of revenue over expense for the year	\$1,910,897	\$ 717,839
Decrease in accounts receivable	40,507	142,154
Increase (decrease) in accounts payable	(537,969)	127,673
Increase (decrease) in deferred revenue	(781)	11,149
Increase in trust account	(1,412,654)	(998,815)
Cash provided by operations	<u>-</u>	<u>-</u>
CASH POSITION AT BEGINNING AND AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

NEW BRUNSWICK CROP INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

1. Description of operations

The Crop Insurance Act, assented to on 10 June 1966, serves as the basis for the establishment of the Commission. Regulation 95-122 under the Act establishes the Commission and sets out its powers and duties.

The Commission is responsible for administering the delivery to producers of a crop insurance plan to provide insurance protection against losses of production. This plan is funded through producer premiums and through contributions from the Province of New Brunswick and the Government of Canada.

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

2. Crop Insurance Trust Account

The Province of New Brunswick maintains a trust account for the Commission. All cash receipts and disbursements of the Commission are made through this account.

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

(a) Premium contributions

The contributions of the producer, the Province of New Brunswick and Canada towards the necessary premiums are as follows:

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

NEW BRUNSWICK CROP INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

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

(b) Administrative expense contributions

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

(c) Crop Reinsurance Funds

On an annual basis a reinsurance premium based on total crop insurance premiums (8.7% of total premiums in 2001 and 17.5% in 2000) is submitted to each of the Crop Reinsurance Fund of Canada for New Brunswick and the Crop Reinsurance Fund of New Brunswick. Contributions are made by the Funds for a portion of any operating deficits incurred by the Commission on a crop year basis.

Crop Reinsurance Fund of Canada for New Brunswick	2001	2000
Excess of claims over premiums, 1 April	\$2,456,592	\$3,013,905
Premiums submitted	(259,164)	(557,313)
Excess of claims over premiums, 31 March	<u>\$2,197,428</u>	<u>\$2,456,592</u>

Crop Reinsurance Fund of New Brunswick	2001	2000
Excess of premiums over claims, 1 April	\$(1,804,049)	\$(1,246,736)
Premiums submitted	(259,164)	(557,313)
Excess of premiums over claims, 31 March	<u>\$(2,063,213)</u>	<u>\$(1,804,049)</u>

4. Deferred revenue

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

SCHEDULE A**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF PRODUCER PREMIUMS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Potatoes	\$348,713	\$449,740
Spring grain	21,889	32,195
Apples	16,298	12,604
Blueberries	23,772	19,643
Strawberries	17,457	16,234
	<hr/> \$428,129	<hr/> \$530,416

SCHEDULE B**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF INDEMNITIES
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Potatoes	\$355,767	\$1,022,163
Spring grain	29,501	93,565
Apples	22,760	16,735
Blueberries	135,767	138,235
Strawberries	7,897	110,412
	<hr/> \$551,692	<hr/> \$1,381,110

SCHEDULE C

**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Personnel	\$686,854	\$ 778,006
Data information processing costs	7,775	7,548
Transportation & communication	74,542	119,360
Utilities, material & supplies	7,558	15,708
Professional services	97,754	119,480
Repairs & maintenance	10,136	8,770
Office accommodations and equipment rentals	52,538	39,740
Capital equipment	9,940	15,646
Other	28,135	34,744
	<hr/> \$975,232	<hr/> \$1,139,002

FINANCIAL STATEMENTS

NEW BRUNSWICK HIGHWAY CORPORATION

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the balance sheet of the New Brunswick Highway Corporation as at 31 March 2001 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

K D Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
28 June 2001


NEW BRUNSWICK HIGHWAY CORPORATION
BALANCE SHEET
31 MARCH 2001

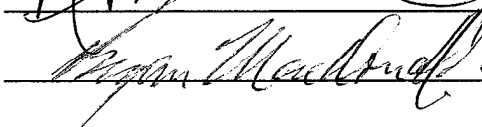
	2001	2000
ASSETS		
Due from Province of New Brunswick	\$857,976,578	\$875,883,198
Accounts receivable (Note 4)	15,977,761	1,993,550
Land (Note 5)	1	1
	<u>\$873,954,340</u>	<u>\$877,876,749</u>

LIABILITIES AND EQUITY

Accounts payable	\$ 991,403	\$ 1,365,338
Deferred revenue (Note 6)	1,150,652	4,511,410
Capital lease obligation (Note 7)	871,812,284	872,000,000
Contribution from Province of New Brunswick (Note 5)	1	1
	<u>\$873,954,340</u>	<u>\$877,876,749</u>

Approved by the Board


 _____ Chairperson


 _____ Member

**NEW BRUNSWICK HIGHWAY CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Province of New Brunswick	\$4,509,825	\$909,364,819
Other	-	715,000
	<u>4,509,825</u>	<u>910,079,819</u>
EXPENDITURE		
Fredericton-Moncton Highway (Note 7)	-	872,000,000
Highway operations and maintenance (Note 8)	4,264,659	3,031,260
Tolling system operations and maintenance (Note 8)	152,271	2,961,789
Removal of tolls	111,385	31,974,800
Costs related to transponder sales and distribution	(18,490)	111,970
	<u>4,509,825</u>	<u>910,079,819</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ Nil</u>	<u>\$ Nil</u>

NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

1. New Brunswick Highway Corporation

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

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

2. Summary of significant accounting policies

Accrual Accounting

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

Physical Assets

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

Deferred Revenue

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

Leases

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

3. Fredericton-Moncton Highway

In January 1998, the Province through NBHC entered into agreements with a private sector consortium and the New Brunswick (F-M) Project Company Inc., a not-for-profit company, to develop, design, build, operate, manage, maintain and rehabilitate a four lane toll highway between Longs Creek and Moncton. Effective 1 March 2000, the agreements were amended to eliminate tolling on the highway. It is estimated that total capital costs of the project including construction financing will be \$872 million at the 30 November 2001 full traffic availability date.

NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

3. Fredericton-Moncton Highway – continued

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

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

4. Accounts receivable

The accounts receivable balance at 31 March 2001 of \$15,977,761 (2000 - \$1,993,550) is comprised of amounts paid by NBHC to the New Brunswick (F-M) Project Company Inc. to establish a tolling reserve fund as required in the agreements with toll-based lenders. A total of \$1,501,255 (2000 - \$938,370) of this amount is comprised of direct payments into the tolling reserve fund as specified in the agreements. The remaining \$14,476,506 (2000 - \$1,055,180) is the total traffic volume payments made since March 2000.

5. Land

By deed dated 21 January 1998, the Province, through the Department of Transportation, transferred approximately seventy percent of the land corridor necessary for the Fredericton-Moncton highway project to NBHC. The remaining thirty percent of the land corridor was transferred to NBHC by deed dated 24 October 2000.

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

6. Deferred revenue

The deferred revenue amount of \$1,150,652, (2000 - \$4,511,410) represents payments received from the New Brunswick (F-M) Project Company Inc., for which related Crown completed construction costs had not been incurred by 31 March 2001.

NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

7. Capital lease obligation

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

Due to the elimination of tolls under the 1 March 2000 amendments to the agreements, the payment arrangements are now being accounted for as a capital lease in accordance with the recommendations of the Canadian Institute of Chartered Accountants. Consequently, a capital lease obligation was accrued during the 1999-2000 fiscal year. The net present value of that capital lease obligation at 31 March 2001 was \$871.8 million (2000 - \$872.0 million).

8. Revenue and expenditure

Under the terms of the amended Operation, Management, Maintenance and Rehabilitation Agreement, NBHC is responsible to make scheduled payments for the operation, management, maintenance and rehabilitation of the highway and for costs relating to the traffic volume monitoring system.

During the year an asset representing Crown completed construction costs of \$4,520,758 (2000 - \$6,811,503) was purchased by NBHC from the Department of Transportation. The asset was then sold at cost to the New Brunswick (F-M) Project Company Inc. These amounts have not been recorded on the Statement of Revenue and Expenditure.

9. Staff resources

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

10. Statement of cash flows

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

Financial Statements

**NEW BRUNSWICK INVESTMENT
MANAGEMENT CORPORATION**

Year ended March 31, 2001

MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

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

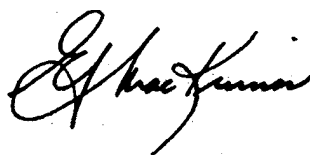
Management prepared the financial statements in accordance with generally accepted accounting principles.

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

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



Dan Goguen
Vice-President, Finance and Administration



E. L. MacKinnon
President and Chief Executive Officer

AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of financial position of New Brunswick Investment Management Corporation as at March 31, 2001 and the statement of revenue and expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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



KPMG LLP
Chartered Accountants

Fredericton, NB, Canada
April 11, 2001

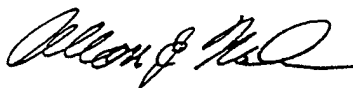
NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Statement of Financial Position**

March 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	\$ 3,505	\$ 2,121
Accounts receivable:		
Pension Funds	771,490	325,520
Prepaid expenses	16,197	26,998
	791,192	354,639
Capital assets (note 2)	385,943	418,609
	\$ 1,177,135	\$ 773,248
Liabilities and Deferred Contributions		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 791,192	\$ 354,639
Deferred contributions related to capital assets	385,943	418,609
Commitment (note 3)		
	\$ 1,177,135	\$ 773,248

See accompanying notes to financial statements.

Approved on behalf of the Board:



Chairman of the Board



President and Chief Executive Officer

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

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Fees:		
Public Service Superannuation Fund	\$ 2,914,066	\$ 2,228,057
Teachers' Pension Fund	2,765,508	2,140,207
Judges' Superannuation Fund	20,596	14,882
Amortization of deferred contributions related to capital assets	119,502	112,094
Other	31,090	124,475
	<u>5,850,762</u>	<u>4,619,715</u>
Expenses:		
Salaries and benefits	2,575,130	2,242,817
Other services (note 4)	3,091,267	2,193,102
Materials and supplies	64,863	71,702
Amortization of capital assets	119,502	112,094
	<u>5,850,762</u>	<u>4,619,715</u>
	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Notes to Financial Statements**

Year ended March 31, 2001

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

Its legislated mandate is to:

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

1. Significant accounting policies:**(a) Accounting entity:**

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

(b) Basis of accounting:

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

(c) Capital assets:

Capital assets are recorded at cost and amortization is calculated on a straight-line basis using the annual rates shown in note 2.

(d) Revenue recognition:

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

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

Year ended March 31, 2001

2. Capital assets:

				2001	2000
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	33 1/3%	\$ 384,583	\$ 315,876	\$ 68,707	\$ 50,834
Furniture and equipment	8%	310,356	113,139	197,217	219,103
Leasehold improvements	10%	217,011	96,992	120,019	148,672
		\$ 911,950	\$ 526,007	\$ 385,943	\$ 418,609

3. Commitment:

The Corporation leases premises under an operating lease which expires on January 31, 2012.

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

2002	\$ 171,331
2003	231,859
2004	245,700
2005	245,700
Later years through 2012	1,678,950
	\$ 2,573,540

4. Other services:

	2001	2000
Investment counsel	\$ 1,213,225	\$ 760,819
Custodial services	159,556	119,674
Travel	332,523	201,550
Office rent	161,292	184,656
Professional services	492,851	232,060
Information systems	577,961	519,418
Other	153,859	174,925
	\$ 3,091,267	\$ 2,193,102

**NEW BRUNSWICK LIQUOR CORPORATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2001**



NB Liquor Alcool N-B

MANAGEMENT REPORT


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

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

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



George D. Bouchard
President and C.E.O.



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

May 18, 2001

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New  Nouveau
Brunswick



KPMG LLP
Chartered Accountants

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of the New Brunswick Liquor Corporation as at March 31, 2001 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

KPMG LLP

Chartered Accountants

Fredericton, NB, Canada
May 18, 2001



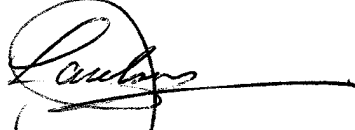
BALANCE SHEET


Assets	MARCH 31	
	2001	2000
<i>Current Assets</i>		
Cash	\$ 167 555	\$ 194 383
Accounts receivable	1 348 025	1 187 741
Inventories (note 1)	13 661 866	14 520 341
Prepaid expenses	405 786	410 184
Total current assets	<u>15 583 232</u>	<u>16 312 649</u>
<i>Deferred Charges</i>		
Deferred pension costs	<u>2 962 490</u>	<u>3 456 242</u>
<i>Fixed Assets</i>		
Property, plant and equipment (note 2)	<u>10 116 604</u>	<u>10 669 563</u>
Total Assets	<u>\$28 662 326</u>	<u>\$30 438 454</u>
Liabilities		
<i>Current Liabilities</i>		
Outstanding cheques in excess of funds on deposit	\$ 1 201 603	\$ 2 646 846
Accounts payable and accrued liabilities	8 536 010	8 721 592
Total current liabilities	<u>9 737 613</u>	<u>11 368 438</u>
<i>Long Term Debt</i>		
Pension liability (note 3)	<u>5 896 302</u>	<u>6 476 352</u>
Equity of the Province of New Brunswick		
Balance at beginning of year	12 593 664	11 824 848
Net income	<u>103 030 873</u>	<u>100 771 674</u>
	115 624 537	112 596 522
Payments to the Province of New Brunswick	<u>102 596 126</u>	<u>100 002 858</u>
Balance at end of year	<u>13 028 411</u>	<u>12 593 664</u>
Total Liabilities and Equity	<u>\$28 662 326</u>	<u>\$30 438 454</u>

Commitments (note 4)

See accompanying notes to financial statements

APPROVED BY THE BOARD:


 Director


 Director

INCOME STATEMENT

Year ended March 31

	Budget 2001	Actual 2001	Actual 2000
Total sales (note 5)	\$270 752 364	\$280 417 299	\$273 821 052
Less: commissions	3 891 276	3 991 108	3 874 690
Net sales	266 861 088	276 426 191	269 946 362
Cost of sales	141 557 416	146 906 343	143 411 356
Gross profit	125 303 672	129 519 848	126 535 006
Other income	831 841	881 302	925 699
	126 135 513	130 401 150	127 460 705
Operating expenses	26 873 895	27 370 277	26 689 031
Net income	<u>\$ 99 261 618</u>	<u>\$ 103 030 873</u>	<u>\$ 100 771 674</u>

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2001	2000
Cash from Operations		
Net income	\$ 103 030 873	\$ 100 771 674
Items not involving cash:		
Depreciation	1 838 840	1 832 200
Pension amortization	(86 298)	157 752
Loss on sale of property, plant, and equipment	109 111	32 301
Change in non-cash working capital	(928 236)	(1 545 717)
Increase in pension liability	-	32 654
Cash available from operations	<u>103 964 290</u>	<u>101 280 864</u>
Net Capital Investments		
Additions to property, plant, and equipment	(1 443 362)	(1 316 384)
Proceeds from sale of property, plant, and equipment	48 370	50 426
Net cash used for capital investments	<u>(1 394 992)</u>	<u>(1 265 958)</u>
Payments to the Province of New Brunswick	<u>(102 596 126)</u>	<u>(100 002 858)</u>
Increase (Decrease) in Cash	(26 828)	12 048
Cash at Beginning of Year	<u>194 383</u>	<u>182 335</u>
Cash at End of Year	<u>\$ 167 555</u>	<u>\$ 194 383</u>

See accompanying notes to financial statements

Schedule of Sales

Year ended March 31

	Budget 2001	Actual 2001	Actual 2000
Spirits	\$ 67 688 101	\$ 68 978 366	\$ 67 591 737
Wine	26 738 956	29 721 629	28 447 723
Other beverages	10 158 271	12 224 661	9 956 776
Beer	166 167 036	169 492 643	167 824 816
	<u>\$270 752 364</u>	<u>\$280 417 299</u>	<u>\$273 821 052</u>

Schedule of Cost of Sales

Year ended March 31

	Spirits	Wine	Other beverages	Beer	2001 Total	2000 Total
Inventories at beginning of year	\$ 5 529 076	\$ 4 960 225	\$ 1 029 844	\$ 2 895 396	\$ 14 414 541	\$ 10 144 046
Purchases	14 240 194	12 204 953	5 542 806	98 902 367	130 890 320	132 869 515
Freight	472 842	949 545	258 190	139 318	1 819 895	1 762 394
Duty and excise tax	12 132 690	917 492	147 650	133 757	13 331 589	13 049 942
	<u>32 374 802</u>	<u>19 032 215</u>	<u>6 978 490</u>	<u>102 070 838</u>	<u>160 456 345</u>	<u>157 825 897</u>
Inventories at end of year	4 781 244	5 391 767	883 173	2 493 818	13 550 002	14 414 541
	<u>\$ 27 593 558</u>	<u>\$ 13 640 448</u>	<u>\$ 6 095 317</u>	<u>\$ 99 577 020</u>	<u>\$ 146 906 343</u>	<u>\$ 143 411 356</u>

Schedule of Other Income

Year ended March 31

	Budget 2001	Actual 2001	Actual 2000
Merchandising programs	\$ 701 100	\$ 757 945	\$ 725 989
Private importation revenue	50 468	50 426	51 221
Commission on collection of Liquor Licensing Branch charges	42 000	44 868	44 068
Beer voucher administration fees	4 500	14 154	16 771
Unredeemed beverage container deposits	69 024	69 794	70 617
Subscriptions to sales reports	8 100	11 825	8 120
Loss on sale of property, plant, and equipment	(74 351)	(109 111)	(32 301)
Sundry	31 000	41 401	41 214
	<u>\$ 831 841</u>	<u>\$ 881 302</u>	<u>\$ 925 699</u>

Schedule of Operating Expenses

Year ended March 31

	Budget 2001	Actual 2001	Actual 2000
Salaries - stores, warehouse and maintenance	\$ 11 250 241	\$ 11 722 016	\$ 11 307 050
- administration	2 675 127	2 795 712	2 497 923
Employee benefits	3 443 986	2 615 978	3 235 102
Rent	2 823 890	2 841 185	2 746 505
Heat and light	913 945	956 295	918 091
Depreciation	1 784 117	1 838 840	1 832 200
Training programs	90 965	116 294	88 167
Trucking	330 000	394 795	349 553
Repairs to property, plant, and equipment	255 362	362 683	343 976
Property taxes	419 200	416 974	413 753
Minor equipment and supplies	376 277	515 130	379 076
Security	191 454	205 023	196 165
Retail automation system maintenance	185 730	220 787	169 764
Travel	187 817	229 405	191 749
Beverage container redemption costs	343 400	354 446	350 511
Shopping bags	156 344	159 750	159 986
Data processing	250 463	296 055	232 364
Telecommunications	269 200	263 269	262 710
Motor vehicle operation	23 225	26 868	26 686
Cleaning	141 470	140 912	152 470
Shortages	33 000	40 041	47 790
Bad debt	-	-	26 429
Management meetings	29 838	36 859	28 553
Postage	46 000	51 035	47 253
Professional services	72 600	109 332	83 500
Bank charges	407 000	440 016	383 237
Warehouse maintenance and supplies	23 300	35 692	30 480
Insurance	20 000	14 712	15 905
Advertising and promotions	40 410	66 239	33 891
Directors' remuneration	38 052	35 775	35 925
Other	51 482	68 159	102 267
	<u>\$ 26 873 895</u>	<u>\$ 27 370 277</u>	<u>\$ 26 689 031</u>

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2001

General

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

Summary of Significant Accounting Policies

Inventories

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

Deferred Pension Costs

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

Property, Plant and Equipment

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

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

Leasehold improvements are depreciated on the straight-line basis over the remaining lease term.

Early Retirement Program

The cost of early retirement programs is charged to employee benefits in the year the obligation can be reasonably estimated.

1. Inventories

	2001	2000
Spirits, wine, other beverages and beer	\$ 13 550 002	\$ 14 414 541
Supplies	111 864	105 800
	<u>\$ 13 661 866</u>	<u>\$ 14 520 341</u>

2. Property, Plant and Equipment

	Cost	Accumulated Depreciation	2001 Net	2000 Net
Land	\$ 209 621		\$ 209 621	\$ 209 621
Paving	443 378	\$ 429 710	13 668	36 911
Buildings	10 368 487	6 425 966	3 942 521	3 900 687
Leasehold improvements	3 807 741	2 610 575	1 197 166	1 132 576
Furniture, fixtures and equipment	6 269 311	5 416 894	852 417	915 881
Automotive equipment	193 731	102 459	91 272	49 313
Retail automation equipment	1 589 741	934 132	655 609	931 607
Software and services	2 851 824	831 036	2 020 788	2 110 820
Refrigeration equipment	3 249 912	2 116 370	1 133 542	1 382 147
	<u>\$28 983 746</u>	<u>\$18 867 142</u>	<u>\$10 116 604</u>	<u>\$10 669 563</u>

3. Pension Liability

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

Pursuant to a 1991 regulation under the Public Service Superannuation Act (NB), the New Brunswick Liquor Corporation was to contribute annually, until such time as the benefits were fully funded, sufficient amounts into the pension trust fund to amortize \$7 900 000 of the pension liability. The liability was subject to interest at 8.16% per year over a twenty-five year amortization period.

Experience gains have been identified through actuarial valuations of the Plan in various years from 1992 to 1999 and these gains are being amortized over the estimated remaining service life of active contributors. As a result of the most recent actuarial valuation it was determined that the Plan is fully funded and no payment to the pension trust was required for the year ended March 31, 2001.

	2001	2000
Pension liability	<u>\$5 896 302</u>	<u>\$6 476 352</u>

4. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2002 and 2012. Certain of these operating leases contain renewal options at the end of the initial lease term. The following is a schedule, by years, of future minimum lease payments required under operating leases that have, as of March 31, 2001, initial lease terms in excess of one year:

2002	\$2 526 933
2003	2 273 017
2004	2 082 818
2005	1 843 433
2006	1 566 140
2007 to 2012	<u>4 571 143</u>
	<u><u>\$14 863 484</u></u>

5. Total Sales

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

6. Comparative Figures

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2001.

FINANCIAL STATEMENTS

NEW BRUNSWICK

MUNICIPAL FINANCE CORPORATION

31 DECEMBER 2000

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Board of Directors
New Brunswick Municipal Finance Corporation

I have audited the balance sheet of the New Brunswick Municipal Finance Corporation as at 31 December 2000 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the 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 December 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

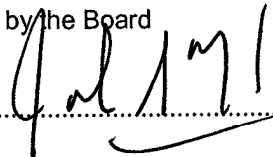
Daryl C. Wilson, FCA
Auditor General


Fredericton, N. B.
27 February 2001

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2000

	2000	1999
ASSETS		
Cash and short-term investments	\$ -	\$ 137,094
Accrued principal receivable from municipalities and municipal enterprises	2,224,000	-
Accrued interest receivable from municipalities and municipal enterprises	4,684,522	4,143,032
Accrued investment income receivable	14,553	15,649
	<u>6,923,075</u>	<u>4,295,775</u>
Long term investments	520,000	520,000
Add: Unamortized premium	49,426	62,787
	<u>569,426</u>	<u>582,787</u>
Loans to municipalities and municipal enterprises (Note 2)	350,908,000	346,213,000
	<u>\$ 358,400,501</u>	<u>\$ 351,091,562</u>
LIABILITIES AND RETAINED EARNINGS		
Outstanding cheques in excess of bank deposits	\$ 2,439,382	\$ -
Accounts payable	4,326	14,753
Accrued interest payable on debenture debt	4,283,845	4,143,032
Debenture debt (Note 3)	350,908,000	346,213,000
	<u>357,635,553</u>	<u>350,370,785</u>
Retained earnings	764,948	720,777
	<u>\$ 358,400,501</u>	<u>\$ 351,091,562</u>

Approved by the Board


 Director


 Director

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
REVENUE		
Interest from municipalities and municipal enterprises	\$ 23,910,283	\$ 24,216,997
Retained for debenture issue expenses	89,532	102,812
Investment income	58,702	41,179
	<u>24,058,517</u>	<u>24,360,988</u>
EXPENSE		
Interest paid on debentures	23,910,283	24,216,997
Amortization of premium	13,360	4,709
Other expenses	90,703	108,918
	<u>24,014,346</u>	<u>24,330,624</u>
NET INCOME FOR THE YEAR	44,171	30,364
Retained earnings, beginning of year	<u>720,777</u>	<u>690,413</u>
RETAINED EARNINGS, end of year	<u>\$ 764,948</u>	<u>\$ 720,777</u>

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net income for the year	\$ 44,171	\$ 30,364
Add (deduct)		
Amortization of premium	13,360	4,709
Decrease (increase) in non-cash components of working capital	(2,634,007)	(94,596)
	<u>(2,576,476)</u>	<u>(59,523)</u>
Financing activities:		
Proceeds on sale of debentures	59,140,754	64,783,424
Funds retained for debenture issues expenses	(89,532)	(102,812)
Principal paid on debenture debt	(54,993,000)	(53,522,000)
	<u>4,058,222</u>	<u>11,158,612</u>
Investing activities:		
Loans to municipalities and municipal enterprises	(59,051,222)	(64,680,612)
Principal repayments made by municipalities and municipal enterprises	54,993,000	53,522,000
Long term investments	-	(587,496)
	<u>(4,058,222)</u>	<u>(11,746,108)</u>
INCREASE (DECREASE) IN CASH	(2,576,476)	(647,019)
Cash position, beginning of year	137,094	784,113
CASH POSITION, end of year	\$ (2,439,382)	\$ 137,094

**NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2000**

1. Summary of significant accounting policies

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

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

2. Loans to municipalities and municipal enterprises

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

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION **NOTES TO FINANCIAL STATEMENTS** **31 DECEMBER 2000**

3. Debenture debt

- (a) The following debenture debt outstanding at 31 December 2000 is in Canadian funds and is fully guaranteed by the Province of New Brunswick.

<u>Series</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding</u>
"H"	01 Dec. 1986	01 Dec. 1987 to 2001	9% to 10 1/8%	\$ 18,610,000	\$ 515,000
* "Q"	27 June 1991	27 June 1992 to 2001	9 1/4% to 10 5/8%	17,947,000	2,699,000
"R"	16 Dec. 1991	16 Dec. 1992 to 2001	7 3/8% to 9 3/8%	35,221,000	5,451,000
"S"	14 July 1992	14 July 1993 to 2002	6 1/2% to 9%	24,076,000	6,203,000
* "T"	30 Dec. 1992	30 Dec. 1993 to 2002	7 1/2% to 8 7/8%	22,171,000	6,902,000
"U"	29 July 1993	29 July 1994 to 2008	5 1/2% to 8 3/8%	34,442,000	11,233,000
"V"	23 Dec. 1993	23 Dec. 1994 to 2003	4 3/4% to 7 1/2%	23,856,000	9,137,000
* "W"	09 Aug. 1994	09 Aug. 1995 to 2004	8% to 9 3/4%	30,860,000	13,614,000
* "X"	21 Dec. 1994	21 Dec. 1995 to 2004	7 1/4% to 9 1/2%	14,243,000	6,675,000
"Y"	07 June 1995	07 June 1996 to 2005	7 1/8% to 8 1/8%	13,611,000	8,515,000
* "Z"	20 Dec. 1995	20 Dec. 1996 to 2005	6 1/4% to 7 7/8%	39,032,000	21,966,000
"AA"	24 July 1996	24 July 1997 to 2006	5 5/8% to 7 7/8%	19,028,000	13,352,000
"AB"	02 Dec. 1996	02 Dec. 1997 to 2006	3 5/8% to 6 5/8%	38,610,000	26,194,000
* "AC"	16 Oct. 1997	16 Oct. 1998 to 2007	4 1/8% to 6%	36,187,000	27,215,000
"AD"	18 Dec. 1997	18 Dec. 1998 to 2007	4 1/4% to 5 3/4%	34,346,000	25,016,000
"AE"	25 Aug. 1998	25 Aug. 1999 to 2008	5 1/4% to 5 5/8%	26,566,000	21,496,000
"AF"	15 Dec. 1998	15 Dec. 1999 to 2008	5 1/8% to 5 1/2%	29,838,000	25,241,000
"AG"	11 Aug. 1999	11 Aug. 2000 to 2009	5 1/5% to 5 3/4%	31,633,000	28,835,000
** "AH"	14 Dec. 1999	14 Dec. 2000 to 2009	5 7/10% to 6 1/2%	33,575,000	30,961,000
"AI"	10 Aug. 2000	10 Aug. 2001 to 2010	6 1/10% to 6 2/5%	31,887,000	31,887,000
"AJ"	19 Dec. 2000	19 Dec. 2001 to 2010	6% to 6 1/8%	27,801,000	27,801,000
				<u>\$ 583,540,000</u>	<u>\$ 350,908,000</u>

* These debentures were sold directly to funds administered by the Province of New Brunswick.

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

2001	\$55,173,000
2002	\$51,173,000
2003	\$46,339,000
2004	\$40,227,000
2005	\$39,249,000



The New Brunswick Museum

**Consolidated Financial Statements
March 31, 2001**



PricewaterhouseCoopers LLP
Chartered Accountants
401 Brunswick House
44 Chipman Hill
PO Box 789
Saint John New Brunswick
Canada E2L 4B9
Telephone +1 (506) 632 1810
Facsimile +1 (506) 632 8997

May 17, 2001

Auditors' Report

To the Directors of
The New Brunswick Museum

We have audited the consolidated balance sheet of **The New Brunswick Museum** as at March 31, 2001, and the consolidated statement of financial operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 Museum as at March 31, 2001, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures in these financial statements were reported on by other auditors.

PricewaterhouseCoopers LLP

Chartered Accountants

The New Brunswick Museum

Consolidated Balance Sheet

As at March 31, 2001

	General Fund \$	Property & Equipment Fund \$	Restricted Funds \$	Endowment Fund \$	2001 \$	2000 \$
Assets						
Cash	28,695	-	-	2,780	31,475	276,141
Short-term investments (note 3)	143,584	-	335,668	33,930	513,182	322,481
Accounts receivable – trade	56,691	-	-	14,080	70,771	90,074
Accounts receivable – grants	-	-	96,700	-	96,700	10,993
Inventory	26,395	-	-	-	26,395	29,360
Due from Province of New Brunswick	8,686	-	-	-	8,686	65,304
	264,051	-	432,368	50,790	747,209	794,353
Investments (note 3)	-	-	-	915,417	915,417	766,438
Interfund loan	(1,773)	-	-	1,773	-	-
Property and equipment (note 4)	-	95,361	74,749	-	170,110	153,397
Collection and accessions	2	-	-	-	2	2
	262,280	95,361	507,117	967,980	1,832,738	1,714,190
Liabilities and Fund Balances						
Accounts payable and accrued liabilities	246,187	-	102,825	1,000	350,012	314,956
Fund balances						
Unrestricted	16,093	-	-	27,018	43,111	32,310
Internally restricted	-	-	88,301	154,467	242,768	284,048
Externally restricted	-	-	241,242	75,538	316,780	331,696
Endowments	-	-	-	709,957	709,957	597,783
Property and Equipment	-	95,361	74,749	-	170,110	153,397
	16,093	95,361	404,292	966,980	1,482,726	1,399,234
	262,280	95,361	507,117	967,980	1,832,738	1,714,190

Approved by the Board of Directors

Michael J. Cyprien Director

James P. Goltz Director

The New Brunswick Museum

Consolidated Statement of Financial Operations and Changes in Fund Balances For the year ended March 31, 2001

	General Fund \$ (note 6)	Property & Equipment Fund \$	Restricted Funds \$	Endowment Fund \$	2001 \$	2000 \$
Revenue						
Grants						
Provincial	1,520,100	-	38,808	-	1,558,908	1,828,602
Federal	-	-	11,667	-	11,667	30,904
Department of Canadian Heritage	-	-	202,194	-	202,194	24,500
Investment income	20,483	-	1,071	51,953	73,507	67,482
Webster Foundation	-	-	-	40,225	40,225	40,225
Museum services (note 5)	128,709	-	1,095	-	129,804	164,367
Other grants and bequests	2,385	-	50,113	1,406	53,904	28,491
Donations	-	-	45,267	4,310	49,577	235,017
	1,671,677	-	350,215	97,894	2,119,786	2,419,588
Expenditures						
Salaries and benefits	1,075,395	-	130,214	-	1,205,609	1,175,655
Materials, supplies and services	560,626	-	249,924	-	810,550	686,886
Amortization of property and equipment	42,778	-	39,825	-	82,603	55,003
Acquisitions	42,293	-	3,517	1,789	47,599	54,854
	1,721,092	-	423,480	1,789	2,146,361	1,972,398
Gain on sale of investments	-	-	-	110,067	110,067	54,779
Excess (deficiency) of revenues over expenditures	(49,415)	-	(73,265)	206,172	83,492	501,969
Internal transfer	50,508	20,717	(14,500)	(56,725)	-	-
Fund balance – Beginning of year	15,000	74,644	492,057	817,533	1,399,234	897,265
Fund balance – End of year	16,093	95,361	404,292	966,980	1,482,726	1,399,234

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

1 Nature of organization

The New Brunswick Museum is incorporated under the laws of the Province of New Brunswick. As New Brunswick's provincial museum, it is the principal repository and steward of material that documents or represents the natural and human history of New Brunswick and other related regions. The New Brunswick Museum works in partnership with institutions and communities to collect, preserve, research and interpret material to foster a greater understanding and appreciation of New Brunswick provincially and globally.

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

2 Significant accounting policies

(a) Financial statement presentation

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Museum, the accounts of the Museum are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors or various funding authorities.

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

For financial reporting purposes, the accounts have been classified into the following four groupings.

General Fund

This fund reflects the day-to-day operating transactions of the Museum.

Property & Equipment Fund

This fund reports the assets, liabilities, revenues and expenses related to the Museum's furniture and equipment. The Museum's premises are provided by the Province of New Brunswick.

Furniture and equipment is stated at cost and is amortized on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	33%
Vehicles and equipment	20%
Furniture	10%

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

Restricted Fund

This fund includes amounts received by the Museum which are designated to be for certain restricted activities. Such restricted activities include the following:

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

Department of Canadian Heritage – Amounts received from the Federal Museum's Assistance Program which provides financial assistance for specific projects that foster access by present and future generations of Canadians to their human, natural, artistic and scientific heritage.

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

Internally restricted fund – Amounts restricted by the Board for exhibitions and gallery upgrades. This also includes funds received from activities of the staff in the curatorial departments to assist in financing specific project expenditures.

Endowment Fund

This fund includes amounts held for the long-term benefit of the Museum.

Webster Foundation – Contributions from the Webster Foundation are applied towards certain humanities programs under the General Fund.

(b) Investments

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

(c) Inventory

Inventory consisting of publications and items held for resale is valued at the lower of cost and net realizable value determined on a first-in, first-out basis.

(d) Collections and accessions

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

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

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

numbering about 300,000 specimens or specimen lots, include botanical, palaeontology and zoological collections.

(e) Contributed Services

Volunteers contributed approximately 3,023 hours to assist the Museum in carrying out its service delivery activities.

3 Investments

Investments comprise the following:

	2001		2000	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Short-term investments				
GIC's	17,000	17,000	5,000	5,000
Treasury bills	496,182	498,072	317,481	318,067
	513,182	515,072	322,481	323,067
Long-term investments				
Bonds	801,687	795,412	666,842	655,612
Equity	113,730	332,644	99,596	378,789
	915,417	1,128,056	766,438	1,034,401

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

4 Property and equipment

	2001		2000	
	Cost \$	Accumulated amortization \$	Net Book Value \$	Net Book Value \$
Computers	193,123	126,519	66,604	71,694
Vehicles and equipment	164,415	94,572	69,843	42,362
Furniture	76,421	42,758	33,663	39,341
	433,959	263,849	170,110	153,397

5 Museum services

Museum Services consist of the following revenue and expenditures:

	2001 \$	2000 \$
Revenue		
Gift shop and programs	113,078	121,916
Admissions	100,073	113,325
Facility rentals	14,887	35,088
Membership	12,786	15,963
	240,824	286,292
Expenditures		
Gift shop and programs	111,020	121,925
	129,804	164,367

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

6 General Fund Revenue and Expenditures

	2001 Actual \$	2001 Budget \$
Revenue		
Provincial	1,520,100	1,496,500
Museum services	128,709	153,000
Investment income	20,483	-
Other grants and bequests	2,385	-
	<u>1,671,677</u>	<u>1,649,500</u>
Expenditures		
Salaries and benefits	1,075,395	1,190,500
Operations	233,396	233,100
Collections upgrade	127,720	-
Marketing and development	106,249	103,700
Curatorial and library	78,501	75,200
Exhibition and technical services	77,156	83,000
Visitor services	20,807	19,000
Outreach	14,342	14,000
Selected operational review initiatives	8,243	-
	<u>1,741,809</u>	<u>1,718,500</u>
	(70,132)	(69,000)
Less: Amortization of property and equipment not included in the above	(42,778)	-
Add: Capital expenditures included above	<u>63,495</u>	<u>-</u>
Deficiency of revenue over expenditures	<u>(49,415)</u>	<u>(69,000)</u>

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2001

7 Commitments

Minimum annual commitments under long-term operating leases are as follows:

	\$
Year ending March 31, 2002	19,526
2003	19,376
2004	19,376
2005	18,363
2006	7,216

8 Comparative figures

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

**NEW BRUNSWICK POWER CORPORATION
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001**

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**Deloitte
& Touche**

AUDITORS' REPORT

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

Madam:

We have audited the consolidated balance sheet of New Brunswick Power Corporation as at March 31, 2001 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Deloitte & Touche LLP

Chartered Accountants

June 4, 2001

**Deloitte
Touche
Tohmatsu**

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended March 31, 2001
(in millions)

	2001	2000
REVENUES		
Sales of power (Note 3)		
In-province	\$ 931	\$ 888
Out-of-province	332	330
Miscellaneous	<u>46</u>	<u>30</u>
	1,309	1,248
EXPENSES		
Purchased power	100	170
Fuel	401	225
Operation, maintenance and administration	309	315
Amortization and decommissioning (Note 4)	<u>205</u>	<u>190</u>
	<u>1,015</u>	<u>900</u>
Income before finance charges	294	348
Finance charges (Note 5)	<u>306</u>	<u>331</u>
NET INCOME (LOSS) FOR THE YEAR	(12)	17
RETAINED EARNINGS		
BEGINNING OF YEAR	<u>20</u>	<u>3</u>
END OF YEAR	<u><u>\$ 8</u></u>	<u><u>\$ 20</u></u>

**NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET**

as at March 31, 2001

(in millions)

	2001	2000
PROPERTY, PLANT AND EQUIPMENT (Note 6)		
Land, buildings, plant and equipment, at cost	\$ 5,323	\$ 5,239
Less: accumulated amortization	<u>2,417</u>	<u>2,242</u>
	<u>2,906</u>	<u>2,997</u>
LONG-TERM ASSETS		
Sinking fund investments (Note 11)	<u>-</u>	<u>17</u>
CURRENT ASSETS		
Cash and short-term investments (Note 7)	57	34
Accounts receivable	174	170
Materials, supplies and fuel	78	78
Prepaid expenses	<u>4</u>	<u>3</u>
	<u>313</u>	<u>285</u>
DEFERRED CHARGES		
Unrealized foreign exchange differences, less amounts amortized (Note 8)	172	106
Deferred debt costs, less amounts amortized	27	22
Deferred pension benefit (Note 9)	<u>52</u>	<u>38</u>
	<u>251</u>	<u>166</u>
	<u><u>\$ 3,470</u></u>	<u><u>\$ 3,465</u></u>

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION

 Chairman

 Director

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2001
(in millions)

	2001	2000
LONG-TERM DEBT (Note 11)		
Debtures and other loans	\$ 2,950	\$ 2,907
Less: sinking funds	<u>326</u>	<u>329</u>
	<u>2,624</u>	<u>2,578</u>
CURRENT LIABILITIES		
Short-term indebtedness (Note 12)	102	176
Accounts payable and accruals	164	139
Accrued interest	73	79
Current portion of long-term debt (Note 11)	<u>245</u>	<u>234</u>
	<u>584</u>	<u>628</u>
DEFERRED LIABILITIES		
Irradiated fuel management and plant decommissioning (Note 13)	221	209
Other (Notes 10 and 14)	<u>33</u>	<u>30</u>
	<u>254</u>	<u>239</u>
EQUITY		
Retained earnings	<u>8</u>	<u>20</u>
	<u>\$ 3,470</u>	<u>\$ 3,465</u>

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended March 31, 2001
(in millions)

	2001	2000
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
OPERATING		
Net income (loss) for the year	\$ (12)	\$ 17
Amounts charged or credited to operations not requiring a current cash payment (Note 15)	<u>226</u>	<u>220</u>
	214	237
Net change in non-cash working capital balances	<u>16</u>	<u>22</u>
	<u>230</u>	<u>259</u>
FINANCING		
Debt retirements	(252)	(175)
Sinking fund payments	(56)	(61)
Long-term debt obligations issued	291	49
Increase (decrease) in short-term indebtedness	<u>(74)</u>	<u>17</u>
	<u>(91)</u>	<u>(170)</u>
INVESTING		
Expenditure on property, plant and equipment	(118)	(95)
Proceeds on disposal and customer contributions	2	41
Unfunded pension liability payment	<u>-</u>	<u>(8)</u>
	<u>(116)</u>	<u>(62)</u>
NET CASH INFLOW	23	27
CASH AND SHORT-TERM INVESTMENTS		
BEGINNING OF YEAR	<u>34</u>	<u>7</u>
END OF YEAR	<u><u>\$ 57</u></u>	<u><u>\$ 34</u></u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Regulation

The Corporation is regulated under a price cap system. Annual average rate increases greater than three percent, or the Consumer Price Index, whichever is higher, require regulatory review and approval by the Board of Commissioners of Public Utilities of the Province of New Brunswick (Public Utilities Board). The Corporation must also apply to the Public Utilities Board before making any expenditure greater than \$75 million in relation to upgrading, maintaining or decommissioning of a generating facility.

b. Property, plant and equipment

The cost of additions to property, plant and equipment is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses, less credits for the value of power generated during commissioning.

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

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

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

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Property, plant and equipment (continued)

Amortization is provided for all assets sufficient to amortize the cost of such assets, less estimated salvage value over their estimated service lives. The estimated service lives of fixed assets are periodically reviewed and any changes are applied prospectively. Amortization is suspended when significant assets are taken out of service for extended periods for refurbishment. Amortization is provided on certain mining equipment on an increasing charge basis, the amortization amount being based on the amount of related debt retirement required during the year. All other assets are amortized on a straight-line basis. Amortization is provided on the net cost of property, plant and equipment in respect of which grants have been provided.

The main categories of property, plant and equipment have been amortized based on the following estimated service lives:

Assets	Years
Hydro Generating Stations	70
Thermal Generating Stations	35
Nuclear Generating Station	25
Combustion Turbine Generating Stations	25
Terminals and Substations	40
Transmission System	35 to 55
Distribution System	10 to 35
Buildings	
- General	40
- Head Office	50
Communications and Computer Systems	3 to 15
Mining Equipment	20 to 35
Motor Vehicles	4 to 10

c. Cash and short term investments

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

d. Inventories

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

e. Deferred debt costs

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

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Foreign exchange transactions

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

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

g. Financial instruments

Long-term debt

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

Derivative financial products

The Corporation enters into forward exchange contracts to manage exchange risk related to interest obligations on US denominated long-term debt. The Corporation also enters into interest rate agreements to reduce exposure to changes in interest rates on planned refinancing of debt. The Corporation also enters into oil swap agreements to reduce exposure to changes in the cost of heavy fuel oil used in the operations of its generating stations.

h. Revenue

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

i. Irradiated fuel management and plant decommissioning

In order to provide for the estimated future costs of permanently disposing of irradiated nuclear fuel and decommissioning the nuclear generating station to return the site to a state of unrestricted use, the Corporation annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total costs of

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Irradiated fuel management and plant decommissioning (continued)

these future activities as they occur. The calculations of the anticipated future costs are based on detailed studies which take into account various assumptions regarding the method and timing of dismantlement of the nuclear facility, the cost of transportation of nuclear material to permanent disposal facilities, and estimates of interest and inflation rates in the future. With respect to irradiated nuclear fuel, the annual charge is related to the amount of nuclear fuel consumed in each year while decommissioning requirements are charged on a straight-line basis over the life of the station.

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

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

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

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

j. Pension plans

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan. This multi-employer plan provides pensions based on length of service and the average of the highest five consecutive years of earnings. The Corporation and its employees make contributions to the plan as prescribed in the Public Service Superannuation Act and its regulations. N.B. Coal maintains a private contributory defined benefit pension plan for its employees.

Under both plans, pension costs are actuarially determined using the projected benefit method, pro-rated on services and management's best estimate assumptions. Experience gains or losses in excess of 10% of the greater of the pension assets and pension obligations are amortized over the expected average remaining service life of the employee group. The fair market value of the plan assets less the accrued benefit obligation as determined at April 1, 2000, is amortized over the average remaining service life of the employee group.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Retiring allowance

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

l. Early retirement programs

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

m. Use of estimates

General

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

Decommissioning and irradiated fuel management costs and amortization of nuclear generating station

As indicated in note 1(i), the Corporation annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total costs of permanently disposing of irradiated nuclear fuel and for decommissioning the nuclear generating station to return the site to a state of unrestricted use. Because of the various assumptions and estimates inherent in the calculations, the Corporation periodically reviews these estimates and adjusts them on a prospective basis if necessary.

During the year the Corporation completed reviews of its estimates for the costs of permanently disposing of irradiated nuclear fuel and decommissioning the nuclear generating station. The reviews considered the impacts on the estimates of changes in costs, interest rates and inflation rates.

The annual charges for irradiated nuclear fuel disposal and decommissioning costs are further impacted by the timing of the end of the generating station service life and the consequent timing of decommissioning. The current year reviews did not consider any changes in these factors beyond the last reviews completed in 1996.

The reviews done in 1996 reflected a generating station service life of 2014. However, in the year ended March 31, 1999, the service life of the Point Lepreau generating station, for amortization purposes, was changed to 2008.

Currently the Corporation is investigating the feasibility of refurbishing the nuclear generating station to extend its service life beyond 2008. In early 2002, the Corporation's Board of Directors will make a decision on whether or not to refurbish the station which will impact the estimates for irradiated fuel management and decommissioning costs, and

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Use of estimates (continued)

amortization. If a decision is made to refurbish the nuclear generating station and extend its service life, the annual charges for irradiated fuel management and decommissioning will increase from their current level by \$3 million and the annual charge for amortization will decrease by \$23 million. If a decision is made not to refurbish the plant, the annual charges for irradiated fuel management and decommissioning will increase by \$13 million and the annual charge for amortization will remain unchanged from current levels.

In view of the uncertainty relating to the decision on refurbishment that will determine the estimated service life for the nuclear generating station, the Corporation's financial statements continue to reflect the 1996 reviews for purposes of calculating the annual charge for irradiated fuel management and decommissioning. Accordingly, when the refurbishment decision is made in 2002, it is reasonably possible that the annual charges to income for irradiated fuel management and decommissioning of the nuclear generating station and its amortization will differ, and could differ materially, from the estimated amounts provided in these financial statements.

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2000 the Corporation prospectively adopted the Canadian Institute of Chartered Accountants (CICA) new recommendations for employee future benefits. These new rules specify the accounting standards for pension costs and non-pension future employee benefits. The impact of the change was not material.

3. SALES

- a) Power sales to the Province of New Brunswick and other government owned organizations are recorded at normal commercial rates.
- b) Out-of-province sales of power include \$234 million (2000 - \$223 million) to utilities in the United States.

4. AMORTIZATION AND DECOMMISSIONING

	2001	2000
Amortization expense	\$ 202	\$ 188
Charges for decommissioning	3	2
	<u>\$ 205</u>	<u>\$ 190</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2001

(in millions)

5. FINANCE CHARGES

	2001	2000
Interest expense - on debentures and other loans	\$ 279	\$ 309
- on deferred liabilities	<u>17</u>	<u>15</u>
	296	324
Less: Income from sinking funds and other investments	<u>25</u>	<u>28</u>
	271	296
Provincial government guarantee fee	19	20
Amortization of deferred debt costs	4	5
Amortization of unrealized foreign exchange	<u>16</u>	<u>12</u>
	310	333
Less: Interest capitalized	<u>4</u>	<u>2</u>
	<u>\$ 306</u>	<u>\$ 331</u>

Interest paid on debt during the year was \$288 million (2000 - \$314 million). Interest received on investments during the year was \$23 million (2000 - \$28 million).

6. PROPERTY, PLANT AND EQUIPMENT

	2001		2000	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Power generating stations	\$ 3,672	\$ 1,688	\$ 3,641	\$ 1,558
Transmission system	261	117	252	111
Terminals and substations	396	193	389	185
Distribution system	673	272	651	256
Buildings and properties	57	25	56	24
Communications and computer systems	61	22	59	19
Mining equipment and related assets	74	62	74	50
Motor vehicles	45	28	45	29
Miscellaneous assets	18	10	18	10
Construction-in-progress	<u>66</u>	<u>-</u>	<u>54</u>	<u>-</u>
	<u>\$ 5,323</u>	<u>\$ 2,417</u>	<u>\$ 5,239</u>	<u>\$ 2,242</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2001
 (in millions)

7. CASH AND SHORT TERM INVESTMENTS

	2001	2000
Cash	\$ 53	\$ 31
Short term investments	<u>4</u>	<u>3</u>
	<u>\$ 57</u>	<u>\$ 34</u>

8. UNREALIZED FOREIGN EXCHANGE DIFFERENCES, LESS AMOUNTS AMORTIZED

	2001	2000
Exchange adjustment at balance sheet date	\$ 249	\$ 167
Less: accumulated amortization	<u>77</u>	<u>61</u>
	<u>\$ 172</u>	<u>\$ 106</u>

9. DEFERRED PENSION BENEFIT

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan (Public Service Plan) as described in Note 1j. Actuarial valuations are prepared periodically to determine the costs of the pension benefits and the appropriate amounts of contributions to the fund. The latest actuarial valuation done on the Public Service Plan was April 1, 2000.

The actuarial method used incorporates management's or the plan owner's best estimate assumptions to determine the present value of accrued pension benefit obligations based on projections of salaries and wages to normal retirement dates. The pension calculations were completed using a discount rate of 6.5% on the obligation and a rate of return of 7.5% on assets. Salary increases are assumed to be 2.5%.

The status of the costs and obligations of the Corporation's share of the Public Service Plan and N.B. Coal's private plan as at March 31, 2001 was as follows:

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

9. DEFERRED PENSION BENEFIT (continued)

	2001	2000
Pension fund assets (market value)	\$ 664	\$ 654
Accrued pension obligations	\$ 653	\$ 554
Pension surplus	\$ 11	\$ 100
Cost of benefits for the year	\$ 10	\$ 8
Interest cost on accrued benefits	41	44
Interest on pension fund assets	(53)	(45)
Amortization of transitional surplus	(4)	(1)
Amortization of gains/losses	-	(3)
Pension expense	\$ (6)	\$ 3

Employees contributed \$9 million (2000 - \$8 million) and the Corporation contributed \$8 million to the plan (2000 - \$8 million) during the year. Benefit payments from the plan to retirees were \$25 million (2000 - \$23 million). Total contributions to date in excess of pension expense, in the amount of \$52 million (2000 - \$38 million) have been set up as an asset under deferred charges.

10. RETIRING ALLOWANCE LIABILITY

The Corporation has a retiring allowance program for employees as described in Note 1k. Actuarial calculations are prepared to determine the amount of the Corporation's obligations for retiring allowances. The actuarial method used incorporates management's best estimate assumptions to determine the present value of the accrued retiring allowance obligation based on projections of salaries and wages to normal retirement dates. The interest rate used in the calculation of this obligation was 6.5% and the assumed rate of salary escalation was 2.5%. The latest actuarial calculation was done as at April 1, 2000.

The retiring allowance obligation as at March 31, 2001 is \$22 million (2000 - \$25 million). The retiring allowance expense for the year ended March 31, 2001 was \$4 million (2000 - \$4 million). The cumulative amount expensed in excess of amounts paid out under the retirement allowance program has been set up as a liability under deferred liabilities.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

11. LONG-TERM DEBT

	2001	2000
Debentures guaranteed by the Province of New Brunswick	\$ 134	\$ 211
Debentures held by the Province of New Brunswick	<u>3,061</u>	<u>2,930</u>
	3,195	3,141
Less: Payments due within one year	<u>245</u>	<u>234</u>
	<u><u>\$ 2,950</u></u>	<u><u>\$ 2,907</u></u>

Debentures and notes

Date of maturity	Average Interest Rate	Canadian	US	2001	2000
Years ending:					
March 31, 2001	-	-	-	-	251
March 31, 2002	9.6%	250	-	250	250
March 31, 2003	8.0%	500	189	689	674
March 31, 2004	7.5%	100	-	100	100
March 31, 2005	-	-	-	-	-
March 31, 2006	8.1%	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
1-5 Years	8.3%	1,050	189	1,239	1,275
6-10 years	8.3%	495	-	495	570
11-30 Years	8.5%	<u>600</u>	<u>851</u>	<u>1,451</u>	<u>1,285</u>
Debentures and notes		\$2,145	\$1,040	\$3,185	\$3,130

Loan payable in annual installments of principal and interest at rates varying from 4.5% to 8.25% per annum to the year 2011.

	<u>10</u>	<u>11</u>
Total long-term debt	<u><u>\$3,195</u></u>	<u><u>\$3,141</u></u>

The US\$ debenture balance outstanding at March 31, 2001 is US\$ 660 million.

The weighted average interest rate on all debentures and notes outstanding at March 31, 2001 is 8.39% (2000 – 8.88%).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

11. LONG-TERM DEBT (continued)

Long-term debt payments

Long-term debt maturities and sinking fund requirements in respect of debt outstanding at March 31, 2001 are as follows for the five years ending March 31, 2006:

	Debt maturities and sinking fund obligations (in millions)
Year ending March 31, 2002	245
Year ending March 31, 2003	620
Year ending March 31, 2004	109
Year ending March 31, 2005	22
Year ending March 31, 2006	195

Exchange rates in effect at March 31, 2001 are used for debt denominated in foreign currencies.

Sinking funds

The Minister of Finance of the Province of New Brunswick, as Trustee for the Corporation, maintains a sinking fund for all debenture issues where required. Sinking fund earnings are reflected in the Corporation's income. Corporation debentures held in the fund are cancelled at maturity or on the debenture call date. Sinking fund investments are deducted from long-term debt except where the legally enforceable right to offset does not exist. The amount not offset and reclassified as investments is immaterial (2000 - \$17 million).

Guarantee fee

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

12. SHORT-TERM INDEBTEDNESS

The Corporation borrows funds for temporary purposes from the Province of New Brunswick. The short-term borrowings from the Province of New Brunswick are \$102 million at March 31, 2001 (2000 - \$176 million).

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

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

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

13. IRRADIATED FUEL MANAGEMENT AND PLANT DECOMMISSIONING

	2001	2000
Irradiated fuel management	\$ 113	\$ 109
Nuclear decommissioning	92	86
Thermal decommissioning	<u>16</u>	<u>14</u>
	<u>\$ 221</u>	<u>\$ 209</u>

The obligation is not funded.

14. DEFERRED LIABILITIES - OTHER

	2001	2000
Early retirement programs	\$ 29	\$ 27
Retirement allowance program	<u>8</u>	<u>6</u>
	37	33
Less: Amounts due within one year	<u>4</u>	<u>3</u>
	<u>\$ 33</u>	<u>\$ 30</u>

During the fiscal year ended March 31, 2001, the Corporation's subsidiary, N.B. Coal, recorded an expense of \$5 million for a downsizing program. During the fiscal year ended March 31, 2000, the Corporation recorded an expense of \$7 million for an early retirement program.

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

	2001	2000
Amortization and decommissioning	\$ 205	\$ 190
Amortization of deferred debt costs	4	5
Amortization of unrealized foreign exchange	16	12
Disposal of nuclear fuel consumed during the year	(2)	(2)
Interest on plant decommissioning and irradiated fuel management	14	12
Retirement expenses less related cash payments	3	8
Reduction in pension expense	<u>(14)</u>	<u>(5)</u>
	<u>\$ 226</u>	<u>\$ 220</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

16. FINANCIAL INSTRUMENTS

Foreign exchange risk management

At March 31, 2001, the Corporation had outstanding forward exchange contracts representing a net commitment to purchase US\$ 124 million (2000 - US\$ 105 million). The weighted average rate of exchange protected by these contracts is Cdn \$1.5161.

The fair value of forward exchange contracts as at March 31, 2001 is \$196 million (2000 - \$151 million). If the contracts had been closed out at March 31, 2001, the gain would have been \$8 million (2000 - \$1 million loss).

Fuel price risk management

At March 31, 2001, the Corporation had outstanding oil swap contracts totaling \$62 million (2000 - \$20 million) maturing over the next year. The fair market value of the fuel price swap agreements as at March 31, 2001 is \$58 million (2000 - \$24 million).

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

If the outstanding swap contracts for which gains or losses accrue to the Corporation had been closed out at March 31, 2001, the loss would have been \$4 million (2000 - \$4 million gain).

Interest rate risk management

The Corporation has entered into interest rate swap agreements with effective dates of March 15, 2001 to November 15, 2002 and termination dates from June 15, 2011 to February 17, 2013. These agreements have a notional principal amount of \$450 million. The Corporation will pay a weighted average fixed rate of 6.555%. If the agreements had been closed out at March 31, 2001, the loss would have been \$17 million (2000 - immaterial).

Fair value of debt and sinking funds

The estimated fair value of long-term debt as at March 31, 2001 is \$3,620 million compared to a book value of \$3,195 million (2000 - \$3,448 million compared to \$3,141 million). The estimated fair value of all sinking funds as at March 31, 2001 is \$346 million compared to a book value of \$326 million (2000 - \$362 million compared to \$346 million).

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation conducts a thorough assessment of debtors prior to granting credit and actively monitors the financial health of its debtors on an on-going basis. The accounts receivable, net of applicable reserves approximates fair market value.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2001
(in millions)

17. COMMITMENTS

Belledune Wharf

The Corporation has entered into a twenty year operating lease, expiring in 2013, with a twenty year renewal option for the port facility at Belledune. This lease provides for annual charges of approximately \$4.5 million.

Courtenay Bay Generating Station

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

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

Gas Transportation Agreement

The Corporation has entered into a fifteen year agreement, expiring in 2015, for firm natural gas transportation service to the re-powered Courtenay Bay Generating Station. The cost of transportation will be recovered from the tenant referred to in the lease of the generating station.

Fuel Supply to Dalhousie Generating Station

The Corporation has entered into a twenty year agreement to purchase orimulsion fuel for the Dalhousie generating station from 1990, continuing year to year thereafter unless terminated by either party.

18. CONTINGENCY

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

19. COMPARATIVE FIGURES

Certain 2000 figures have been reclassified to conform with 2001 financial statement presentation.

FINANCIAL STATEMENTS

**NEW BRUNSWICK
PUBLIC LIBRARIES FOUNDATION**

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Directors
New Brunswick Public Libraries Foundation

I have audited the statement of financial position of the New Brunswick Public Libraries Foundation as at 31 March 2001 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2001 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
31 August 2001

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash (Trust Account)	\$ 129,434	\$ 24,423
Accounts receivable	138	137
	<u>\$ 129,572</u>	<u>\$ 24,560</u>

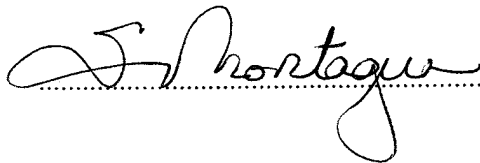
LIABILITIES AND NET ASSETS

Accounts payable	\$ 50,000	\$ 50,000
Net assets (deficit)	79,572	(25,440)
	<u>\$ 129,572</u>	<u>\$ 24,560</u>

Approved by the Board



Chairperson



Director

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Public donations	\$ 1,671	\$ 720
Grants from the Department of Education	101,671	720
Bank interest	1,670	347
	<u>105,012</u>	<u>1,787</u>
EXPENDITURE		
Library expenditures	-	50,210
	<u>-</u>	<u>50,210</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	105,012	(48,423)
Net assets (deficit), beginning of year	(25,440)	22,983
NET ASSETS (DEFICIT), end of year	<u>\$ 79,572</u>	<u>\$ (25,440)</u>

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Authority and Objective

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

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

The affairs of the Foundation are administered by a Board of Directors of ten persons appointed by the Lieutenant-Governor in Council. The Department of Education is responsible for the administration of the New Brunswick Public Libraries Foundation Act.

2. Annual Grant

The Province provided a grant of \$100,000 during the year and approved future grants in each of the next two years of \$100,000 per year. This funding, unlike prior years, is not dependent upon the Foundation receiving donations from the public.

CONSOLIDATED FINANCIAL STATEMENTS

NEW BRUNSWICK

RESEARCH AND PRODUCTIVITY COUNCIL

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

The Honourable Bernard Lord
Premier of the Province of New Brunswick

- and -

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

I have audited the consolidated statement of financial position of the New Brunswick Research and Productivity Council as at 31 March 2001 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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


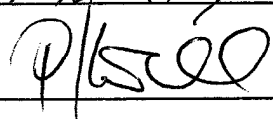
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
13 June 2001

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2001

	Operating Fund	Capital Fund	2001 Total	Restated 2000 Total
ASSETS				
Current assets				
Cash and term deposits	\$ 615,824	\$ -	\$ 615,824	\$ 572,998
Accounts receivable	1,893,143	-	1,893,143	1,735,681
Work in progress	357,652	-	357,652	125,148
Prepaid expenses	27,982	-	27,982	27,206
	<u>2,894,601</u>	<u>-</u>	<u>2,894,601</u>	<u>2,461,033</u>
Long term investments, at cost (Note 4)	103,007	1,645,993	1,749,000	1,749,000
Capital assets, net (Note 5)	-	2,286,380	2,286,380	2,241,734
	<u>\$2,997,608</u>	<u>\$3,932,373</u>	<u>\$6,929,981</u>	<u>\$6,451,767</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 836,513	\$ -	\$ 836,513	\$ 771,697
Deferred revenue	150,042	-	150,042	100,305
Current portion of long term debt (Note 6)	-	11,250	11,250	-
	<u>986,555</u>	<u>11,250</u>	<u>997,805</u>	<u>872,002</u>
Long term debt				
Accrued retirement benefits (Note 3)	468,543	-	468,543	438,714
Note payable (Note 6)	-	62,004	62,004	-
	<u>468,543</u>	<u>62,004</u>	<u>530,547</u>	<u>438,714</u>
Deferred contributions (Note 7)	-	32,071	32,071	55,473
Fund balances				
Unrestricted (Note 3)	1,542,510	-	1,542,510	1,348,385
Board restricted (Note 8)	-	1,645,993	1,645,993	1,550,932
Invested in capital assets	-	2,181,055	2,181,055	2,186,261
	<u>1,542,510</u>	<u>3,827,048</u>	<u>5,369,558</u>	<u>5,085,578</u>
	<u>\$2,997,608</u>	<u>\$3,932,373</u>	<u>\$6,929,981</u>	<u>\$6,451,767</u>

Approved by the Council

Chairman

Executive Director

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 MARCH 2001**

	Operating Fund	Capital Fund	2001 Total	Restated 2000 Total
REVENUE				
Operations	\$7,223,626	\$ -	\$7,223,626	\$7,478,794
Operating grant				
Province of New Brunswick	740,700	-	740,700	740,701
Interest	131,532	-	131,532	121,332
Demutualization of insurance policies	-	-	-	63,635
Sundry	54,613	-	54,613	34,368
Gain on sale of capital assets	-	3,000	3,000	-
	<u>8,150,471</u>	<u>3,000</u>	<u>8,153,471</u>	<u>8,438,830</u>
EXPENSE				
Operations	5,803,824	-	5,803,824	6,415,821
General and administrative	1,620,774	-	1,620,774	1,523,756
Amortization (Notes 5 and 7)	413,144	-	413,144	341,420
Bad debts	31,749	-	31,749	97,616
	<u>7,869,491</u>	<u>-</u>	<u>7,869,491</u>	<u>8,378,613</u>
EXCESS OF REVENUE OVER EXPENSE	280,980	3,000	283,980	60,217
Fund balances, beginning of year	1,348,385	3,737,193	5,085,578	5,025,361
Interfund adjustment (Note 8)	(86,855)	86,855	-	-
FUND BALANCES, end of year	<u>\$1,542,510</u>	<u>\$3,827,048</u>	<u>\$5,369,558</u>	<u>\$5,085,578</u>

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2001

	Operating Fund	Capital Fund	2001 Total	Restated 2000 Total
CASH PROVIDED BY (USED FOR):				
Operating activities				
Excess of revenue over expense	\$ 280,980	\$ 3,000	\$283,980	\$ 60,217
Amortization	413,144	-	413,144	341,420
Gain on sale of capital assets	-	(3,000)	(3,000)	-
Net change in non-cash working capital	(276,188)	11,250	(264,938)	146,338
Net cash provided by operating activities	417,936	11,250	429,186	547,975
Financing and investing activities				
Conversion of short-term investments to long-term investments	-	-	-	(749,000)
Purchase or transfer of long-term investment	95,061	(95,061)	-	(1,000,000)
Accrual of retirement allowance entitlements	29,829	-	29,829	32,146
Proceeds from long term loan	-	62,004	62,004	-
Proceeds on disposal of capital assets	-	3,000	3,000	-
Acquisition of capital assets	-	(481,193)	(481,193)	(526,747)
Deferred contributions towards capital assets	-	-	-	55,647
Net cash used in financing and investing activities	124,890	(511,250)	(386,360)	(2,187,954)
NET INCREASE (DECREASE) IN CASH	542,826	(500,000)	42,826	(1,639,979)
Cash and term deposits, beginning of year	572,998	-	572,998	2,212,977
Interfund transfer (Note 8)	(500,000)	500,000	-	-
CASH AND TERM DEPOSITS, end of year	\$ 615,824	\$ -	\$ 615,824	\$ 572,998

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2001**

1. Purpose of the organization

The New Brunswick Research and Productivity Council is a non-profit organization incorporated under the Research and Productivity Council Act 1962. The objectives of the Council are to promote, stimulate and expedite continuing improvement in productive efficiency and expansion in the various sectors of the New Brunswick economy. The Council provides independent research, testing and technical services to enterprises primarily within New Brunswick on a fee-for-service basis.

2. Significant accounting policies

(a) Fund accounting

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

(b) Revenue recognition

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

(c) Capital assets

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

(d) Consolidation policy

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

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2001

3. Change in accounting policy

During the fiscal year, the Council adopted retroactively the policy of recognizing a liability for accrued retirement allowance entitlements. The Council was previously recognising this as an expense in the year when an allowance was paid out. The effect of this change is an increase in the 2000 liabilities of \$438,714 and decrease in the opening 2000 unrestricted operating fund balance of \$406,568. An additional \$29,829 was accrued and expensed in 2001 in accordance with the new accounting policy.

4. Long-term investments

The following investments are carried at cost. The fundamental source of uncertainty to which these investments are exposed is interest rate risk. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates.

	Units	Unit Value	2001
Fixed Income			
Bank of Nova Scotia notes, due 26 June 2001, extendable at issuer's option until 2010. Interest at 6.00% is paid annually.	2,490	100	\$ 249,000
Export Development Corporation notes, due 17 April 2001, extendable at issuer's option until 2012. In 2001, interest at 5.650% is paid semi-annually, increasing incrementally to 7.00% in the final year.	5,000	100	500,000
Province of Nova Scotia notes, due 27 April 2001, extendable at issuer's option until 2010. Interest at 5.500% is paid annually	10,000	100	<u>1,000,000</u>
			<u>\$ 1,749,000</u>

Investments held at 31 March 2001 have a market value of \$1,648,968.

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2001**

5. Capital assets

	Amortization Rates	2001	2000
Vehicles	25 percent	\$ 14,343	\$ 14,343
Computer equipment	25 percent	1,138,337	950,162
Other equipment	12.5 percent	5,162,980	4,908,288
Building	3 percent	1,979,781	1,941,456
Cost		8,295,441	7,814,249
Less: accumulated amortization		6,009,061	5,572,515
Capital assets, net		<u>\$2,286,380</u>	<u>\$ 2,241,734</u>

Amortization expense is comprised of the following amounts:

	2001	2000
Amortization of assets	\$ 436,546	\$ 379,809
Amortization of deferred contributions	(23,402)	(38,389)
	<u>\$ 413,144</u>	<u>\$ 341,420</u>

6. Note payable

Atlantic Canada Opportunities Agency, interest free, payable \$3,750 quarterly through May 1, 2006	\$73,254
Less: current portion	<u>11,250</u>
	<u><u>\$62,004</u></u>

7. Deferred contributions

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

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2001**

7. Deferred contributions - continued

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

Deferred contributions at 31 March 2000	\$ 55,473
Contributions to the cost of equipment	-
Amortization of deferred contributions	(23,402)
Deferred contributions at 31 March 2001	<u>\$ 32,071</u>

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

8. Inter-fund transfers and internally restricted fund balances

The board of directors of the New Brunswick Research and Productivity Council internally restricted resources amounting to \$1,645,993 as at 31 March 2001. This internally restricted amount is intended for the acquisition of capital assets and payment of capital obligations and is not available for other purposes without the approval of the board of directors. This amount includes a 31 March 2001 transfer of \$500,000 from the Operating Fund to the Capital Fund.

9. Related party transactions

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

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

	2001	2000
Revenue from services provided for the year		
Government departments and agencies	\$1,007,599	\$1,405,465
Accounts receivable at 31 March		
Government departments and agencies	\$ 405,628	\$ 248,035

FINANCIAL STATEMENTS

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

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

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

I have audited the balance sheet of the Premier's Council on the Status of Disabled Persons as at 31 March 2001 and the statements of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads 'K D Robinson'.

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
11 May 2001

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash	\$ 16,051	\$ 34,885
Accounts receivable	1,469	1,697
Prepaid expenses (Note 2)	5,226	7,625
	<u>\$ 22,746</u>	<u>\$ 44,207</u>

LIABILITIES AND SURPLUS

Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 4,507</u>	<u>\$ 10,223</u>
Surplus		
Unappropriated	6,130	21,901
Appropriated (Note 1 (c))	12,109	12,083
	<u>18,239</u>	<u>33,984</u>
	<u>\$ 22,746</u>	<u>\$ 44,207</u>

Approved by the Council

Lynn Halsey Chairperson

cecilia a macle Member

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001 Budget	2001 Actual	2000 Actual
REVENUE			
Grants - Province of New Brunswick	\$227,300	\$230,100	\$ 229,600
Cost recoveries	5,000	1,902	2,450
Interest revenue	-	7	7
Disability Awareness Week (Note 2)	-	-	7,443
	<u>232,300</u>	<u>232,009</u>	<u>239,500</u>
EXPENDITURE			
Salaries and employee benefits	182,000	171,122	176,349
Furniture and equipment	5,000	1,447	4,854
Office supplies	4,600	3,479	3,531
Telephone	4,400	3,161	3,505
Printing	10,000	6,433	9,111
Translation	5,000	5,218	276
Honoraria	7,250	7,350	5,325
Travel expenses	7,425	5,825	4,455
Postage	7,950	4,223	7,933
Maintenance	2,250	2,959	1,477
Hotel expenses	4,850	5,633	3,946
Parking	2,700	1,904	2,671
Council meetings	3,000	2,130	1,487
Consultations and seminars	-	445	132
Meals	1,750	1,427	1,219
Library and subscriptions	1,900	1,725	1,709
Office equipment rental	3,000	1,806	2,537
Insurance	450	428	732
Miscellaneous	1,000	76	715
Bank charges	100	27	26
Disability Awareness Week (Note 2)	12,675	20,936	7,443
	<u>267,300</u>	<u>247,754</u>	<u>239,433</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$(35,000)</u>	<u>\$(15,745)</u>	<u>\$ 67</u>
Allocated as follows:			
Unappropriated surplus	\$(35,000)	\$(15,771)	\$ 60
Appropriated surplus	-	26	7
	<u>\$(35,000)</u>	<u>\$(15,745)</u>	<u>\$ 67</u>

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
STATEMENT OF SURPLUS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
Unappropriated surplus:		
Balance, beginning of year	\$ 21,901	\$ 21,841
Allocation of excess (deficiency) of revenue over expenditure for the year	(15,771)	60
Balance, end of year	<u>6,130</u>	<u>21,901</u>
Appropriated surplus:		
Balance, beginning of year	12,083	12,076
Allocation of excess of revenue over expenditure for the year (Note 1 (c))	26	7
Balance, end of year	<u>12,109</u>	<u>12,083</u>
TOTAL SURPLUS, end of year	<u>\$ 18,239</u>	<u>\$ 33,984</u>

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Summary of significant accounting policies

(a) Capital assets

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

(b) Services provided by the Province of New Brunswick

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

(c) Appropriated surplus

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

2. Other activities – Disability Awareness Week

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

The Council paid \$4,490 on behalf of the provincial D.A.W. committee relating to next year's event. These costs are included in the prepaid expense on the financial statements. All the prepaid costs paid on behalf of the provincial D.A.W. committee for the June 2000 event were reimbursed.

FINANCIAL STATEMENTS

PROVINCIAL HOLDINGS LTD.

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Shareholders of
Provincial Holdings Ltd.

I have audited the balance sheet of Provincial Holdings Ltd. as at 31 March 2001 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 31 March 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

K.D. Robinson

K. D. Robinson, CA
Deputy Auditor General

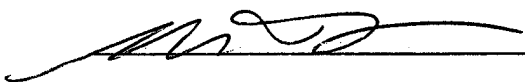
Fredericton, N. B.
7 September 2001

**PROVINCIAL HOLDINGS LTD.
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash and short-term investments	\$ 1,609,501	\$ 2,106,374
Interest receivable	36,094	70,431
Prepaid	46,742	48,203
Accounts receivable	45,412	19,080
	<u>1,737,749</u>	<u>2,244,088</u>
Industrial development projects (Notes 2(a) and 3)		
Loans to client companies	6,688,254	15,696,848
Shares in client companies	2,205,000	6,419,602
	<u>8,893,254</u>	<u>22,116,450</u>
Less: Provision for loss	2,454,248	12,672,491
	<u>6,439,006</u>	<u>9,443,959</u>
Capital assets (Note 2(b))		
Land and building, at cost	1,511,309	1,511,309
Less: Accumulated amortization	110,696	52,337
	<u>1,400,613</u>	<u>1,458,972</u>
	<u>\$ 9,577,368</u>	<u>\$ 13,147,019</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 47,752	\$ 3,757
Due to Province of New Brunswick	-	1,558
Due to Regional Development Corporation - forgivable loan recovery	831,116	-
Deferred revenue - grants to industry	134,327	-
	<u>1,013,195</u>	<u>5,315</u>
Long-term debt		
Due to Province of New Brunswick (Note 3)	8,683,409	17,341,288
Less: Provision for loss on industrial development projects (Note 2(a))	1,101,570	6,465,751
	<u>7,581,839</u>	<u>10,875,537</u>
Capital stock		
Authorized: 500 common shares, par value of \$10 each		
Issued and fully paid; 500 shares	5,000	5,000
Retained earnings	977,334	2,261,167
	<u>982,334</u>	<u>2,266,167</u>
Approved by the Board	<u>\$ 9,577,368</u>	<u>\$ 13,147,019</u>



Director



Director

**PROVINCIAL HOLDINGS LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Bad debts recovery - Provincially funded (Note 2(a))	\$ -	\$ 300,000
Interest income	222,594	161,381
Dividend income	-	37,500
Rental income	137,081	25,001
Grants to industry	501,423	-
	<u>861,098</u>	<u>523,882</u>
EXPENSE		
Bad debts - Provincially funded (Note 2(a))	-	300,000
- Other	12,137	14,565
Amortization on building (Note 2(b))	58,359	52,337
Miscellaneous	9,228	227
Property tax	63,784	-
Grants to industry	501,423	-
	<u>644,931</u>	<u>367,129</u>
NET INCOME FOR THE YEAR	216,167	156,753
Retained earnings, beginning of year	2,261,167	2,104,414
Dividend paid to Minister	(1,500,000)	-
RETAINED EARNINGS, end of year	<u>\$ 977,334</u>	<u>\$ 2,261,167</u>

**PROVINCIAL HOLDINGS LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2001**

CASH PROVIDED BY (USED FOR)	2001	2000
Operating activities:		
Net income for the year	\$ 216,167	\$ 156,753
Add items not requiring, or generating cash		
Capitalized interest on loans	(12,137)	-
Amortization	58,359	52,337
Bad debt expense	12,137	-
	<u>274,526</u>	<u>209,090</u>
Changes in non-cash working capital components*	183,893	(106,327)
	<u>458,419</u>	<u>102,763</u>
Investing activities:		
Industrial development projects - recoveries		
Payments collected	2,981,344	229,466
Industrial development projects - investments		
Loans	(1,026,568)	-
Shares	-	(945,000)
Building purchase	-	(1,511,309)
Investments transferred to the Province (Note 7)	(6,597,366)	-
	<u>(4,642,590)</u>	<u>(2,226,843)</u>
Financing activities:		
Advance from Province	1,500,784	2,445,000
Repayments to the Province	(2,910,852)	(247,886)
Dividend	(1,500,000)	-
Investments transferred to the Province (Note 7)	6,597,366	-
	<u>3,687,298</u>	<u>2,197,114</u>
INCREASE (DECREASE) IN CASH	(496,873)	73,034
Cash position, beginning of year	<u>2,106,374</u>	<u>2,033,340</u>
CASH POSITION, end of year	\$ 1,609,501	\$ 2,106,374

* Non-cash working capital components include accounts receivable, interest receivable, prepaid, accounts payable, due to Province of New Brunswick and deferred revenue grants to industry.

**PROVINCIAL HOLDINGS LTD.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. Description of operations

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

2. Summary of significant accounting policies

a) Industrial development projects

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

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

b) Capital assets

Amortization on the building is being taken at 4% per annum on a declining balance basis.

3. Long-term debt

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

4. Outstanding commitments

At 31 March 2001, the Company had outstanding commitments in respect of investments in industrial development projects and grants to industry of \$2,269,781 (2000 - \$5,452,272).

**PROVINCIAL HOLDINGS LTD.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

5. Related party transactions

The Company acts as an agent for the Province of New Brunswick for the Self Start Program. Funds are advanced by the Province to cover any guaranteed loans called by the bank. Any amounts paid by Provincial Holdings Ltd. under the terms of the Program reduce the advance from the Province. During the 2000-2001 year, \$58,995 (2000 - \$177,501) was advanced to the Company and \$62,639 (2000 - \$179,857) was paid out under the terms of the Program. There will be no new clients under this program as of 31 March 2000.

6. Contingent liabilities

The Company has guaranteed loans of certain companies under the Self Start Program. At 31 March 2001, the contingent liability in respect of these guarantees was \$633,202 (2000 - \$1,084,301). The Company has also guaranteed a loan to a client company. Under the agreement, the amount guaranteed shall not exceed the lesser of \$7,500,000 or 50% of the balance of the loan. The contingent liability in respect of this guarantee was \$5,409,976 (2000 - \$6,230,047) at 31 March 2001. In both cases, any resulting losses will be borne by the Province of New Brunswick and will not be reflected as expenses of the Company.

7. Transfer of loans and investments

Loans, investments and interest receivable of approximately \$6,600,000 were transferred from Provincial Holdings Ltd. to the Province of New Brunswick on 31 January 2001. The provision associated with these loans totalled approximately \$5,700,000. This transfer resulted in a decrease in long term debt due to the Province.

8. Restatement of prior year's figures

Certain 2000 figures have been restated to conform with current year presentation. In addition to this the long-term debt due to the Province was increased and the 2000 opening retained earnings decreased by approximately \$414,000. This adjustment was made to bring the accounting treatment of the sale of the Grandview building in prior years in line with that of the Province.

FINANCIAL STATEMENTS

REGIONAL DEVELOPMENT CORPORATION

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

Lieutenant-Governor in Council
- and -
The Chairperson and Directors
Regional Development Corporation
Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation as at 31 March 2001 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

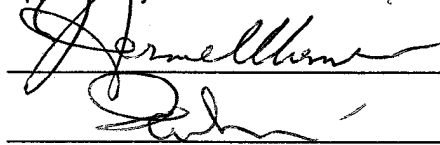
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
20 July 2001

REGIONAL DEVELOPMENT CORPORATION
BALANCE SHEET
31 MARCH 2001

	2001	2000
ASSETS		
Current assets		
Cash	\$(1,169,618)	\$ 1,286,262
Accounts receivable		
Canada - Regional Economic Development Agreement	2,047,717	8,286,424
- Other agreements	2,678,905	1,461,338
Province of New Brunswick - operating and capital funds	3,644,518	2,143,805
Other	367,511	66,494
	<u>7,569,033</u>	<u>13,244,323</u>
Other assets		
Advance to Fundy Trail Endowment Fund - In Trust (Note 2)	3,200,000	3,000,000
	<u>\$10,769,033</u>	<u>\$16,244,323</u>
LIABILITIES		
Current liabilities		
Accounts payable		
Province of New Brunswick - claims on Canada	\$ 4,717,841	\$9,741,249
Other	2,851,192	3,503,074
	<u>7,569,033</u>	<u>13,244,323</u>
Due to Province of New Brunswick		
Fundy Trail Endowment Fund - In Trust (Note 2)	3,200,000	3,000,000
	<u>\$10,769,033</u>	<u>\$16,244,323</u>

Approved by the Board



Chairperson



Director

**REGIONAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Federal contribution (Schedule 1)	\$11,674,621	\$19,878,484
Provincial contribution (Schedule 2)	22,560,879	40,631,961
	<u>34,235,500</u>	<u>60,510,445</u>
EXPENDITURE		
Regional Economic Development Agreement		
Economic Diversification - Cooperation	(57,304)	2,177,711
Economic Development - Cooperation	-	3,175,114
Urban Economic Development - Cooperation	(27,480)	-
New Framework	14,934,069	15,810,562
	<u>14,849,285</u>	<u>21,163,387</u>
Other Agreements and Programs		
Economic Development Fund	-	17,175,447
Youth Futures Agreement	1,695,758	5,921,451
Youth Community Assistance Program	1,874,705	2,194,846
Northern Special Projects Fund	-	1,275,516
Atlantic Canada Tourism Partnership	712,753	531,531
International Business Development Agreement	15,132	68,736
Aboriginal Economic Development Program	47,508	186,355
Acadian Peninsula Economic Development Fund	4,002,060	117,542
	<u>8,347,916</u>	<u>27,471,424</u>
Other Activities		
Official Languages and Intergovernmental Cooperation	2,867,560	3,246,122
Centres scolaires communautaires	1,680,669	1,682,369
Special Projects	930,085	736,173
Special Initiatives (Schedule 3)	3,424,283	3,692,730
Atlantic Sires Stakes	-	111,000
Regional Planning	143,420	21,727
Grant to RDC Special Operating Agency	-	500,000
Operations	1,899,445	1,885,513
Government Grant Program	92,837	-
	<u>11,038,299</u>	<u>11,875,634</u>
	<u>34,235,500</u>	<u>60,510,445</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ Nil</u>	<u>\$ Nil</u>

REGIONAL DEVELOPMENT CORPORATION SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

	2001	2000
Schedule 1 - Revenue - Federal contribution		
Regional Economic Development Agreement	\$ 9,319,886	\$14,989,912
Other activities		
Tracadie Two Rivers Link Project	-	384,635
Official Languages	1,679,305	1,933,636
Centres scolaires communautaires	282,500	282,500
Fisheries Research and Training Initiative	129,295	1,407,082
Tobacco Sales Enforcement	117,457	123,594
Cultural Strategy Program	146,178	757,125
	<u>\$11,674,621</u>	<u>\$19,878,484</u>
Schedule 2 - Revenue - Provincial contribution		
Regional Economic Development Agreement	\$ 5,529,399	\$ 6,173,475
Other Agreements and Programs		
Economic Development Fund	-	17,175,447
Youth Futures	1,695,758	5,921,451
Youth Community Assistance Program	1,874,705	2,194,846
Northern Special Projects Fund	-	1,275,516
Atlantic Canada Tourism Partnership	712,753	531,531
International Business Development Agreement	15,132	68,736
Aboriginal Economic Development Program	47,508	186,355
Acadian Peninsula Economic Development Fund	4,002,060	117,542
	<u>8,347,916</u>	<u>27,471,424</u>
Other Activities		
Official Languages and Intergovernmental Cooperation	1,188,255	1,312,486
Centres scolaires communautaires	1,398,169	1,399,869
Special Projects	930,085	736,173
Special Initiatives	3,031,353	1,020,294
Atlantic Sires Stakes	-	111,000
Regional Planning	143,420	21,727
Grant to RDC Special Operating Agency	-	500,000
Operations	1,899,445	1,885,513
Government Grant Program	92,837	-
	<u>8,683,564</u>	<u>6,987,062</u>
	<u>\$22,560,879</u>	<u>\$40,631,961</u>

**REGIONAL DEVELOPMENT CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001**

Schedule 3 - Expenditure - Special Initiatives

Beaverbrook Auditorium	\$ 300,000	\$ 200,000
Tracadie Two Rivers Link Project	-	384,635
Eel River Bar Access Ramp	(28,000)	233,882
Cultural Strategy Program	146,178	1,343,537
Fisheries Research and Training Initiative	129,295	1,407,082
Tobacco Sales Enforcement	117,457	123,594
Canada/NB Infrastructure Agreement	1,000	-
Centre of Excellence - Université de Moncton	1,350,000	-
Canada Winter Games 2003	77,633	-
Special Tourism Initiatives	1,330,720	-
	<u>\$ 3,424,283</u>	<u>\$ 3,692,730</u>

REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001

1. General comments on operations

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

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

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

2. Fundy Trail Endowment Fund

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

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

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

3. Commitments

Under the Regional Economic Development Agreement, the provincial government has committed funds subsequent to 31 March 2001 totalling approximately \$19.2 million.

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

**REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

4. Contingent liabilities

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

The Corporation has guaranteed loans of certain organizations. At 31 March 2001 the contingent liability in respect of these guarantees was \$4,020,000 (31 March 2000 - \$4,035,000). Any resulting losses will be borne by the Corporation.

FINANCIAL STATEMENTS
REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

Lieutenant Governor in Council
- and -
The Chairperson and Directors
Regional Development Corporation
Fredericton, New Brunswick

I have audited the balance sheet of the Regional Development Corporation - Special Operating Agency as at 31 March 2001 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 Regional Development Corporation - Special Operating Agency as at 31 March 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

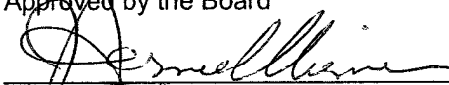
K. D. Robinson, CA
Deputy Auditor General


Fredericton, N. B.
1 August 2001

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
BALANCE SHEET
31 MARCH 2001**

ASSETS	2001	2000
Current assets		
Accounts receivable		
Canada - Infrastructure Agreement	\$ 53,945	\$ 356,901
Province of New Brunswick - Operating and capital funds	3,811,901	2,004,360
	<u>\$3,865,846</u>	<u>\$2,361,261</u>
EQUITY		
Equity	<u>\$3,865,846</u>	<u>\$2,361,261</u>

Approved by the Board

 Chairperson

 Director

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Federal contribution		
- Community Pride Program	\$ -	\$ 5,953,064
- Infrastructure Agreement	53,945	2,577,187
- Rural Experience Program	-	4,406,936
- Vegetation Management of Roadside Right-of-Way	1,354,360	-
	<u>1,408,305</u>	<u>12,937,187</u>
Provincial contribution		
- Infrastructure Agreement	53,945	2,577,212
- Other	5,574,107	4,774,418
	<u>5,628,052</u>	<u>7,351,630</u>
	<u>7,036,357</u>	<u>20,288,817</u>
EXPENDITURE		
Community Pride Program	-	6,564,652
Rural Experience Program	-	11,223,622
Infrastructure Agreement	107,890	5,154,399
Appalachian Range Initiative	-	159,694
Fisheries Facilities Expansion	-	130,229
Village Historique Acadien	223,585	276,415
Vegetation Management of Roadside Right-of-Way	2,401,811	-
Planning Initiatives	12,960	-
Tourism Initiatives	647,850	-
	<u>3,394,096</u>	<u>23,509,011</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	3,642,261	(3,220,194)
Equity, beginning of year	2,361,261	5,581,455
Equity Adjustment (Note 1)	<u>(2,137,676)</u>	<u>-</u>
EQUITY, end of year	<u>\$3,865,846</u>	<u>\$ 2,361,261</u>

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2001**

1. General comments on operations

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

The equity balance for the SOA represents amounts funded by the Province for future expenditures by the SOA. During the year \$2,137,676 in funds were returned to the Province as the projects they were intended for were discontinued.

2. Contingent liabilities - federal contributions

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



Service New Brunswick
Services Nouveau-Brunswick

Financial Statements

March 31, 2001

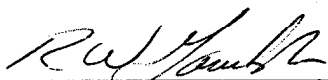
Service New Brunswick

MANAGEMENT REPORT

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

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

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



Robert W. Gamble, CMA, FCMA
President



Carol Macdonald, CA
Vice President Finance and Administration

Fredericton, N B Canada
June 1, 2001

Service New Brunswick

AUDITORS' REPORT

To the Members of the Board:

We have audited the balance sheet of Service New Brunswick as at March 31, 2001 and the statements of income and changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

Saint John, N B Canada
June 1, 2001

Ernst & Young LLP

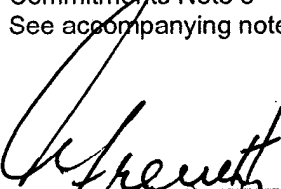
Ernst & Young, LLP
Chartered Accountants


Service New Brunswick

BALANCE SHEET As at March 31, 2001

	2000/01	1999/00
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 7,776,658	\$ 6,233,822
Accounts receivable (Note 4)	1,672,128	1,784,714
Prepaid expenses	217,936	85,035
	9,666,722	8,103,571
LONG TERM ASSETS		
Accounts receivable (Note 4)	440,570	738,677
Equipment and leasehold improvements (Note 5)	4,786,678	5,431,729
Intangible assets (Notes 3 and 5)	11,850,709	9,608,347
	17,077,957	15,778,753
	\$26,744,679	\$23,882,324
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,892,165	\$ 4,873,309
Deferred revenue	93,382	121,126
Deferred liability (Note 6)	-	1,198,970
Land Titles Assurance (Note 7)	21,015	-
	6,006,562	6,193,405
EQUITY	20,738,117	17,688,919
	\$26,744,679	\$23,882,324

Commitments Note 8
See accompanying notes


J. Raymond Frenette
Chairman


Robert W. Gamble
President

Service New Brunswick

STATEMENT OF INCOME AND CHANGES IN EQUITY

For the year ended March 31, 2001

	2000/01	1999/00
REVENUES		
Provincial services	\$ 27,260,864	\$ 24,572,600
Municipal services	5,940,092	5,771,034
Government assistance (Note 9)	149,237	525,000
Registry and mapping	8,408,142	7,541,481
Service transactions	214,088	201,878
Software sales	17,860	521,850
Other	153,043	246,896
Interest	742,196	620,863
	42,885,522	40,001,599
EXPENSES		
Personnel services	\$ 23,959,205	\$ 23,222,965
Professional services	1,837,509	4,155,450
Space and equipment services	3,669,082	3,293,816
Amortization	3,657,539	2,982,289
Communications and computer services	3,579,532	2,151,002
Travel and meetings	921,654	924,675
Materials and supplies	801,909	779,306
Furniture and equipment (Note 3)	805,877	-
Other	604,017	449,590
	39,836,324	37,959,093
NET INCOME	\$ 3,049,198	\$ 2,042,506
OPENING EQUITY	17,688,919	15,646,413
ENDING EQUITY	\$20,738,117	\$17,688,919

See accompanying notes

Service New Brunswick

STATEMENT OF CASH FLOWS For the year ended March 31, 2001

	2000/01	1999/00
Cash and cash equivalents provided by (used in):		
Operations:		
Net income	\$ 3,049,198	\$ 2,042,506
Items not involving cash:		
Amortization	3,657,539	2,982,289
Change in non-cash working capital	(207,158)	306,705
	<u>6,499,579</u>	<u>5,331,500</u>
Financing:		
Decrease in deferred liability	-	(372,947)
Decrease (increase) in long term accounts receivable	298,107	(127,782)
	<u>298,107</u>	<u>(500,729)</u>
Investments:		
Additions to equipment and leasehold improvements	(1,275,644)	(2,888,376)
Additions to intangible assets	(3,979,206)	(3,875,386)
	<u>(5,254,850)</u>	<u>(6,763,762)</u>
Increase (decrease) in cash	1,542,836	(1,932,991)
Cash and cash equivalents, beginning of year	6,233,822	8,166,813
Cash and cash equivalents, end of year	\$7,776,658	\$ 6,233,822

See accompanying notes

Service New Brunswick

NOTES TO FINANCIAL STATEMENTSFor the year ended March 31, 2001

1. SERVICE NEW BRUNSWICK

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

- making government services more accessible; and
- being stewards for authoritative information.

2. ACCOUNTING POLICIES**General**

The Corporation follows generally accepted accounting principles (GAAP).

Temporary Investments

Temporary investments are recorded at the lower of cost and market value. The carrying value of the Corporation's financial instruments approximate fair market value because of their short-term maturity and normal credit terms.

Capital Assets

Investments in information systems and databases and in physical assets having a value of \$2,000 or greater are capitalized and written off to income in accordance with the amortization policy.

Amortization

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

Databases and system development	10 years
Furniture and equipment	10 years
Leasehold improvements	10 years
Vehicles	5 years
Computers and software	4 years

Measurement Uncertainty

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

Service New Brunswick

3. CHANGES IN ACCOUNTING POLICIES

In previous years, the Corporation did not apply a value limit to capitalized assets. During this year, the accounting policy was amended to expense individual assets with a value of less than \$2,000. An amount of \$805,877 has been expensed for furniture and equipment with values of less than \$2,000 in the current year.

In previous years, the Corporation capitalized and amortized all investments in information systems and databases in the year they were incurred. During the current year, the accounting policy was amended to capitalize investments to work in process and commence amortization when the assets are put in to use.

There have been no adjustments applied retroactively for either change.

4. ACCOUNTS RECEIVABLE

	Year Ended 2001	Year Ended 2000
Current:		
• Trade	\$ 463,531	\$ 383,524
• Software sales	288,818	323,359
• HST Rebate	420,086	608,036
• Related Entities	284,804	260,229
• Employees	128,144	131,428
• Interest receivable	86,745	78,138
	<u>\$ 1,672,128</u>	<u>\$ 1,784,714</u>
Long Term:		
• Software sales	\$ 440,570	\$ 738,677

The repayment terms for long term software sales are based on monthly transaction volumes with a discounted interest rate applied.

The Corporation's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms.

5. CAPITAL ASSETS

	Year Ended 2001			Year Ended 2000
	Cost	Accumulated Amortization	Net	Net
Equipment and Leasehold Improvements				
Computers and software	\$ 6,452,905	\$ 3,396,201	\$ 3,056,704	\$ 3,952,836
Furniture and equipment	1,690,916	837,731	853,185	942,558
Leasehold improvements	1,516,427	649,567	866,860	522,638
Vehicles	18,604	8,675	9,929	13,697
	<u>\$ 9,678,852</u>	<u>\$ 4,892,174</u>	<u>\$ 4,786,678</u>	<u>\$ 5,431,729</u>
Intangible Assets				
System development	\$14,137,322	\$ 4,655,530	\$ 9,481,792	\$ 9,374,067
Databases	1,018,040	893,116	124,924	234,280
Work in Process	2,243,993	-	2,243,993	-
	<u>\$17,399,355</u>	<u>\$ 5,548,646</u>	<u>\$ 11,850,709</u>	<u>\$ 9,608,347</u>

Service New Brunswick

6. DEFERRED LIABILITY

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

7. LAND TITLES ASSURANCE

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established the Land Titles Assurance Fund to provide for potential claims respecting indemnification pursuant to the *Land Titles Act*.

8. LEASE COMMITMENTS

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

2002	\$ 2,807,787
2003	2,574,075
2004	2,041,912
2005	1,979,169
2006	1,504,473
	<u>\$ 10,907,416</u>

9. GOVERNMENT ASSISTANCE

The Corporation received assistance in the year ended March 31, 2001 from the Official Languages Program towards the implementation of the Corporation's bilingual on-line services and from Service Canada for the co-establishment of two federal Access sites. In the year ended March 31, 2000, the Official Languages Program provided assistance for the Unlimited Service to New Brunswick initiative and the Regional Development Corporation assisted with PLANET. Both related revenue and expenses are included in these statements.

	Year Ended 2001	Year Ended 2000
Official Languages Program	\$ 80,000	\$ 25,000
Service Canada	69,237	-
Regional Development Corporation	-	500,000
	<u>\$ 149,237</u>	<u>\$ 525,000</u>

10. COMPARATIVE FIGURES

Certain 2000 comparative figures have been restated to conform to minor reclassifications in the financial statement presentation adopted for 2001.



Financial Statements

STRAIT CROSSING FINANCE INC.

Year ended October 30, 2000



KPMG LLP
Chartered Accountants

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Fredericton NB E3B 6Z3
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PO Box 2388 Stn Main
Saint John NB E2L 3V6
Telephone (506) 634-1000
Telefax (506) 633-8828

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the statement of financial position of Strait Crossing Finance Inc. as at October 30, 2000 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 30, 2000 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Fredericton, NB, Canada
January 8, 2001



STRAIT CROSSING FINANCE INC.

Statement of Financial Position

October 30, 2000, with comparative figures for 1999

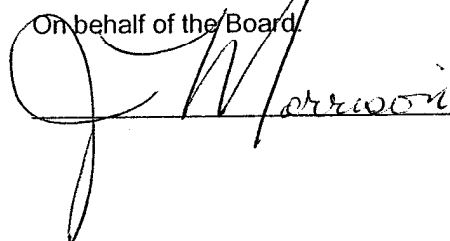
	2000	1999
Assets		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	1,079	5,027
	<u>\$ 1,080</u>	<u>\$ 5,028</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	\$ 1,079	\$ 5,027
Shareholders' equity:		
Share capital:		
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
1 Share	1	1
	<u>\$ 1,080</u>	<u>\$ 5,028</u>

See accompanying notes to financial statements.

On behalf of the Board,

 Director

STRAIT CROSSING FINANCE INC.

Statement of Earnings and Retained Earnings

Year ended October 30, 2000, with comparative figures for 1999

	2000	1999
Revenue:		
Financial maintenance fee (note 2(d))	\$ 16,159	\$ 16,541
Expenses:		
Trustee fees	14,098	14,480
Professional services	1,811	1,811
Filing fees	250	250
	16,159	16,541
Net earnings, being retained earnings, end of year	\$ -	\$ -

See accompanying notes to financial statements.

STRAIT CROSSING FINANCE INC.

Notes to Financial Statements

Year ended October 30, 2000

1. Incorporation:

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

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

2. Transactions and agreements:

(a) Issue of Bonds:

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

(b) Subsidy Agreement and Assignment:

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

STRAIT CROSSING FINANCE INC.

Notes to Financial Statements, continued

Year ended October 30, 2000

2. Transactions and agreements (continued):

(c) Developer Loan Agreement:

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

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

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

(d) Financial Maintenance Fee:

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

**FINANCIAL STATEMENTS
WORKPLACE HEALTH, SAFETY
AND COMPENSATION COMMISSON
OF NEW BRUNSWICK
31 DECEMBER 2000**

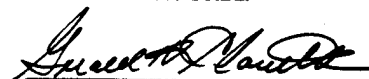
WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK
BALANCE SHEET

December 31, 2000

	2000 (000s)	1999 (000s)
ASSETS		
Receivables (Note 3)	\$ 10,923	\$ 8,789
Recoverable benefits liabilities	80,176	63,128
Investments (Note 4)	559,426	510,489
Capital assets (Note 5)	9,483	9,217
Other assets	418	3,836
	<u>\$ 660,426</u>	<u>\$ 595,459</u>
LIABILITIES AND FUND BALANCE		
Payables and accruals (Note 6)	\$ 8,426	\$ 7,340
Benefits liabilities (Notes 7 and 8)	622,899	539,084
Total liabilities	631,325	546,424
Fund balance	29,101	49,035
	<u>\$ 660,426</u>	<u>\$ 595,459</u>

Contingent liability (Note 14)

On behalf of the Board:



Gérald Clavette
 Audit Committee, Board of Directors



Gary Ritchie
 Audit Committee, Board of Directors



Raymond Campbell
 Chairperson, Board of Directors

AUDITORS' REPORT

To the Honourable Minister of Training and
 Employment Development of the Province of
 New Brunswick

We have audited the balance sheet of the
 Workplace Health, Safety and Compensation
 Commission of New Brunswick as at
 December 31, 2000 and the statements of
 operations and fund balance and cash flows for
 the year then ended. These financial statements
 are the responsibility of the Commission's
 management. Our responsibility is to express an
 opinion on these financial statements based on
 our audit.

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

In our opinion, these financial statements present
 fairly, in all material respects, the financial position
 of the Workplace Health, Safety and Compensation
 Commission of New Brunswick as at December 31,
 2000 and the results of its operations and its cash
 flows for the year then ended in accordance with
 generally accepted accounting principles.

Saint John, New Brunswick
 March 5, 2001



Chartered Accountants

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

For the Year ended December 31, 2000

	OPERATIONS		
	2000 (000s)		1999 (000s)
	Budget	Actual	Actual
INCOME			
Assessments (Note 9)	\$ 86,650	\$ 95,950	\$ 90,834
Self-insured employers (Note 10)	18,475	28,279	18,013
Investments (Note 4)	40,126	53,406	43,856
Province of New Brunswick	900	900	900
	146,151	178,535	153,603
EXPENSES			
Claims costs incurred (Note 7)			
Short-term disability and rehabilitation	39,806	42,126	37,729
Long-term disability	37,744	67,962	31,064
Survivor benefits	11,200	11,599	9,185
Health care	32,350	42,625	31,916
	121,100	164,312	109,894
Administration			
Operations (Note 11)	18,297	18,252	18,196
Occupational health and safety (Note 11)	6,256	6,317	6,251
Appeals Tribunal	1,231	1,120	1,137
Legislative obligations (Note 12)	557	547	534
Risk Management Services – rebates	330	421	227
Projects and research	–	–	34
	26,671	26,657	26,379
Total expenses	147,771	190,969	136,273
Excess of (expenses) over income before unusual item	(1,620)	(12,434)	17,330
Unusual item:			
Effect of new legislation (Note 7 ii)	–	(7,500)	–
Excess of (expenses) over income for the year	\$ (1,620)	\$ (19,934)	\$ 17,330

FUND BALANCE

Fund balance, beginning of year	\$ 49,035	\$ 31,705
Excess of (expenses) over income for the year	(19,934)	17,330
Fund balance, end of year	\$ 29,101	\$ 49,035

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK
STATEMENT OF CASH FLOWS
Year ended December 31, 2000

	2000 (000s)	1999 (000s)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Assessed employers	\$ 95,093	\$ 82,840
Self-insured employers	16,850	15,956
Investments	54,537	43,683
Province of New Brunswick	900	-
	<u>167,380</u>	<u>142,479</u>
Cash paid to:		
Injured workers or third parties on their behalf	94,577	87,686
Suppliers and employees, for administration and other services	21,742	24,776
	<u>116,319</u>	<u>112,462</u>
Net cash provided by operating activities	51,061	30,017
CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid for:		
Purchase of capital assets	2,124	2,406
Net increase in investments	48,937	27,611
Investments, beginning of year	510,489	482,878
Investments, end of year	<u>\$ 559,426</u>	<u>\$ 510,489</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

1. NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission ("the Commission") was established by the New Brunswick Legislature effective January 1, 1995, under the *Workplace Health, Safety and Compensation Commission Act*. The Commission is responsible for the administration of the *Workers' Compensation Act* and the *Occupational Health and Safety Act*; and, in accordance with the provisions of these acts, for promoting accident prevention; administering the payment of benefits to injured workers; levying and collecting assessments from employers sufficient to fund the current and future costs of existing claims; and promoting occupational health and safety.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Unbilled assessments

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

Recoverable benefits liabilities and self-insured employers

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

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

The benefits liabilities recorded in these financial statements also include estimated obligations under the *Special Payment to Certain Dependent Spouses of Deceased Workers Act*. A portion of payments to eligible spouses of deceased workers will be recovered from the Province of New Brunswick, and accordingly, an offsetting amount has been reported on the balance sheet as part of recoverable benefits liabilities.

Investments

a) Fixed-term investments

Fixed-term investments are carried at amortized cost. Gains and losses realized on disposal of fixed-term investments are amortized on a straight-line basis over the average period to maturity of approximately nine years (1999 – seven years).

b) Equities

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

c) Fair values

Fair values of investments are determined as follows:

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

d) Foreign currencies

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

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

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

December 31, 2000

2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Capital assets

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

Buildings	25 or 40 years
Furniture and equipment	5 years
Computer software and hardware	3 years
Motor vehicles	3 years, 35% residual value

Post-employment benefits

Payables and accruals include an amount for post-employment benefits based upon a December 31, 2000 extrapolation of a 1999 actuarial valuation conducted by the Commission's independent consulting actuary.

Benefits liabilities

Benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. Benefits liabilities also include the estimated liability for latent occupational disease and a provision for future administration costs of existing claims. Due to the nature of the estimated liability for latent occupational disease and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

It is the Commission's policy to have an independent consulting actuary complete a valuation of the benefits liabilities of the Commission every two years. Such a valuation was performed as at December 31, 2000. In interim years, the Commission's internal actuary completes an estimate of the benefits liabilities. This estimate is reviewed with the Commission's consulting actuary, but not at the same level of detail as when a full independent valuation is performed. Actual future costs could vary from those amounts presented in the financial statements.

Included in benefits liabilities is an amount for pensions established to compensate injured workers and surviving spouses for the loss of retirement income due to an industrial accident, as provided in Sections 38.22, 38.54 and 38.7 of the *Workers' Compensation Act*. At year end, \$11.1 million (1999 – \$9.2 million) is included in benefits liabilities, representing the applicable pension on eligible compensation payments already made, plus interest calculated at the accounting rate of return on the Commission's investment portfolio. Future costs relating to these benefits are provided for as part of the benefits liabilities determined by actuarial valuation or review.

Funding policy

The Commission's funding policy permits a range for its funded ratio of assets to liabilities between 100% and 110% and specifies a funding goal of 105%. This permitted excess of assets over liabilities reduces the impact of year-to-year fluctuations, disasters and other unanticipated events, therefore providing rate stabilization. The assessment revenue raised in any year from assessed employers may include or be reduced by an amount designed to allow the Commission to attain a funded ratio considered financially advisable. The funded ratio at December 31, 2000 is 104.6% (1999 – 109.0%).

Workers' Rehabilitation Centre

Included in health care payments is \$5.8 million (1999 – \$7.1 million) for services provided by the Workers' Rehabilitation Centre, a department of the Commission.

3. RECEIVABLES

	2000 (000s)	1999 (000s)
Assessments billed	\$ 1,936	\$ 1,340
Unbilled assessments	6,626	6,243
Self-insured employers – receivable	2,514	1,584
Self-insured employers – deposits	(1,674)	(1,674)
Other	1,521	1,296
	<u>\$ 10,923</u>	<u>\$ 8,789</u>

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

December 31, 2000

4. INVESTMENTS

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

	2000 (000s)		1999 (000s)	
	Book Value	Fair Value	Book Value	Fair Value
i) Portfolio investments				
Money market	\$ 16,558	\$ 16,558	\$ 57,197	\$ 57,197
Fixed-term investments	215,526	219,962	181,492	179,310
Equities	380,672	399,292	314,162	378,843
	612,756	635,812	552,851	615,350
Deferred realized investment gains	(53,330)	—	(42,362)	—
	\$ 559,426	\$ 635,812	\$ 510,489	\$ 615,350

ii) Concentration of credit risk

Approximately 19% (1999 – 24%) of fixed-term investments are direct obligations of a Canadian chartered bank.

	2000 (000s)	1999 (000s)
iii) Deferred realized investment gains		
Balance, beginning of year	\$ 42,362	\$ 57,161
Realized net investment gains for the year	46,928	16,660
	89,290	73,821
Amortization to investment income	(35,960)	(31,459)
Balance, end of year	\$ 53,330	\$ 42,362

	2000 (000s)	1999 (000s)
iv) Investment income		
Interest and dividends	\$ 22,805	\$ 14,623
Reduction of fixed-term securities	—	(11,515)
Amortization of deferred realized investment gains	35,960	31,459
Amortization of deferred unrealized investment gains	(2,021)	11,030
	56,744	45,597
Less: Portfolio management expenses	(3,338)	(1,741)
	\$ 53,406	\$ 43,856

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

December 31, 2000

4. INVESTMENTS (CONTINUED)

v) Derivative financial instruments

At December 31, 2000, no derivative financial instruments were included in the Commission's investment portfolio. However, certain of the Commission's external investment portfolio managers may from time to time utilize unlevered derivative financial instruments where appropriate, to increase portfolio diversification, reduce interest rate and foreign currency volatility and enhance overall investment returns.

vi) Investment agreement

The Commission has entered into an investment agreement for the combined management of its investments and those of the Workers' Compensation Board of Prince Edward Island. These financial statements report the Commission's proportional share of the investments held in the fund which was 91.04% at December 31, 2000 (1999 – 91.10%). The Commission receives a fee for the administration of the Workers' Compensation Board of Prince Edward Island's share of the fund.

5. CAPITAL ASSETS

	2000 (000s)			1999 (000s)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 162	\$ –	\$ 162	\$ 162
Buildings	11,062	5,412	5,650	5,710
Furniture and equipment	4,252	3,394	858	527
Computer software and hardware	9,635	6,997	2,638	2,676
Motor vehicles	323	148	175	142
	<u>\$ 25,434</u>	<u>\$ 15,951</u>	<u>\$ 9,483</u>	<u>\$ 9,217</u>

6. PAYABLES AND ACCRUALS

	2000 (000s)	1999 (000s)
Accounts payable and accruals	\$ 6,151	\$ 5,249
Post-employment benefits	2,275	2,091
	<u>\$ 8,426</u>	<u>\$ 7,340</u>

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

December 31, 2000

7. BENEFITS LIABILITIES

i) Continuity schedule

	2000 (000s)					1999 (000s)
	Short-term disability and rehabilitation	Long-term benefits	Survivor benefits	Health care	Total	Total
Balance, beginning of year	\$ 72,211	\$ 265,672	\$ 104,162	\$ 97,039	\$ 539,084	\$ 516,876
Add claims costs incurred:						
Current year injuries	37,451	20,631	1,270	28,234	87,586	77,177
Prior years' injuries	4,675	47,331	10,329	14,391	76,726	32,717
	42,126	67,962	11,599	42,625	164,312	109,894
Less claims payments made:						
Current year injuries	11,389	174	21	7,908	19,492	18,223
Prior years' injuries	22,465	24,197	8,113	20,310	75,085	69,463
	33,854	24,371	8,134	28,218	94,577	87,686
Balance, before new legislation	80,483	309,263	107,627	111,446	608,819	539,084
Effect of new legislation	-	-	14,080	-	14,080	-
Balance, end of year	\$ 80,483	\$ 309,263	\$ 121,707	\$ 111,446	\$ 622,899	\$ 539,084

ii) New legislation

During 2000, the New Brunswick Legislature enacted the *Special Payment to Certain Dependent Spouses of Deceased Workers Act*, which provides a special payment of \$80,000 to surviving spouses whose benefits were terminated prior to April 17, 1985 as a result of remarriage or cohabitation, provided such surviving spouses file a prescribed claim form by the specified time limit of September 30, 2001.

	2000 (000s)	1999 (000s)
Commitment for special payments	\$ 14,080	\$ -
Less: Recovery from the Province and other self-insured employers	6,580	-
	\$ 7,500	\$ -

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

7. BENEFITS LIABILITIES (CONTINUED)

iii) Current year injuries

	2000 (000s)			1999 (000s)		
	Claims payments	Present value of expected future costs	Claims costs incurred	Claims payments	Present value of expected future costs	Claims costs incurred
Short-term disability and rehabilitation	\$ 11,389	\$ 26,062	\$ 37,451	\$ 10,811	\$ 22,616	\$ 33,427
Long-term disability	174	20,457	20,631	59	16,599	16,658
Survivor benefits	21	1,249	1,270	110	2,454	2,564
Health care	7,908	20,326	28,234	7,243	17,285	24,528
	<u>\$ 19,492</u>	<u>\$ 68,094</u>	<u>\$ 87,586</u>	<u>\$ 18,223</u>	<u>\$ 58,954</u>	<u>\$ 77,177</u>

iv) Prior years' injuries

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

	Increase (decrease) in benefits liabilities and claims costs incurred	
	2000 (000s)	1999 (000s)
Reduction in assumed indexing rate for CPI-indexed benefits	\$ (5,800)	\$ (6,500)
Unfavourable experience on health care costs	3,700	2,200
Unfavourable experience on long-term disability costs	9,100	-
Increased benefits due to income tax changes	12,300	-
(Favourable) experience on short-term disability and rehabilitation claims	-	(1,300)

8. ACTUARIAL ASSUMPTIONS

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

	2000		1999	
	CPI-indexed awards	Other payments	CPI-indexed awards	Other payments
Gross rate of return	8.00%	8.00%	8.00%	8.00%
Inflation - Year 1	2.40%	4.35%	1.10%	4.35%
- subsequent years	4.35%	4.35%	4.35%	4.35%
Net rate of return - Year 1	5.47%	3.50%	6.82%	3.50%
- subsequent years	3.50%	3.50%	3.50%	3.50%

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

December 31, 2000

9. ASSESSMENTS

	2000 (000s)		1999 (000s)
	Budget	Actual	Actual
Assessment income	\$ 86,400	\$ 95,617	\$ 90,527
Interest and penalties	500	853	682
Uncollectibles	(250)	(520)	(375)
	<u>\$ 86,650</u>	<u>\$ 95,950</u>	<u>\$ 90,834</u>

10. SELF-INSURED EMPLOYERS

	2000 (000s)		1999 (000s)
	Budget	Actual	Actual
Assessments	\$ 18,475	\$ 28,279	\$ 18,013
Claims costs incurred:			
Short-term disability and rehabilitation	5,350	8,177	7,341
Long-term disability	5,050	10,042	4,277
Survivor benefits	875	933	1,141
Health care	3,900	6,535	2,592
	<u>15,175</u>	<u>25,687</u>	<u>15,351</u>
Administration	3,300	2,592	2,662
	<u>\$ 18,475</u>	<u>\$ 28,279</u>	<u>\$ 18,013</u>

11. ADMINISTRATION

i) Categories

	2000 (000s)		1999 (000s)
	Budget	Actual	Actual
Salaries and employee benefits	\$ 18,238	\$ 18,271	\$ 18,638
Depreciation	1,551	1,735	1,385
Professional fees	1,043	908	851
Office and communications	1,525	1,536	1,603
Building operations	2,280	2,172	2,154
Travel and vehicle operations	1,035	1,060	973
Education and training	454	381	490
Other	627	729	643
	<u>26,753</u>	<u>26,792</u>	<u>26,737</u>
Allocated to health care claims costs	(2,200)	(2,223)	(2,290)
	<u>\$ 24,553</u>	<u>\$ 24,569</u>	<u>\$ 24,447</u>

A portion of the Commission's administration costs represent charges incurred by the Commission through the Workers' Rehabilitation Centre. This portion, which relates to claims, has been allocated to health care.

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
December 31, 2000

11. ADMINISTRATION (CONTINUED)

ii) Presentation

	2000 (000s)		1999 (000s)
	Budget	Actual	Actual
Operations	\$ 18,297	\$ 18,252	\$ 18,196
Occupational health and safety	6,256	6,317	6,251
	\$ 24,553	\$ 24,569	\$ 24,447

12. LEGISLATIVE OBLIGATIONS AND OTHER RELATED PARTY TRANSACTIONS

These financial statements include the results of operating activities with various Provincial Government controlled departments, agencies and Crown Corporations, with which the Commission may be considered related. The Commission is required by legislation to reimburse the Provincial Government for operating costs of the Workers' and Employers' Advocates.

Investments in the amount of \$2.1 million (1999 – \$0.9 million) held by the Commission at December 31, 2000 were issued by the Province, its agencies, or municipalities and guaranteed by the Province.

13. EMPLOYEE PENSION PLAN

The Commission and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick under the *Public Service Superannuation Act*. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary.

An extrapolation to April 1, 2000 of an external actuarial valuation of the plan conducted as at April 1, 1999 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available to provide those benefits. The Province has advised the Commission that the plan was fully funded as at April 1, 2000.

14. CONTINGENT LIABILITY

In 1998, certain surviving spouses of deceased workers, who became disentitled to benefits as a result of remarriage or cohabitation commenced legal action against the Commission for reinstatement of benefits. On this action, the New Brunswick Court of Queen's Bench ruled in favour of the Commission. On December 6, 2000, the Province of New Brunswick proclaimed the *Special Payment to Certain Dependent Spouses of Deceased Workers Act*, which entitled eligible spouses of deceased workers to a payment of \$80,000 for each eligible person who waives the right to any further legal action against the Commission. The special payment will be funded by the Commission and the Province. The Commission estimates that there are 176 persons eligible for the payment and has recorded estimated benefits liabilities equal to \$14 million and recoverable benefits from the Province of New Brunswick and other self-insured employers, of \$6.5 million. Although total settlement costs to the Commission could exceed the amount recorded, it is management's opinion that the surviving spouses have no legal rights to any additional funds.

15. BUDGET

The 2000 budget figures which are presented for comparison with the actual figures were approved by the Commission's Board of Directors and have not been audited.

16. COMPARATIVE FIGURES

Certain of the 1999 figures which are presented for comparative purposes have been reclassified to conform with the presentation adopted in the current year.

FINANCIAL STATEMENTS

YOUTH COUNCIL OF NEW BRUNSWICK

31 MARCH 2001

Office of the
Auditor General

Bureau du
vérificateur général



AUDITOR'S REPORT

To the Chairperson and Members
Youth Council of New Brunswick

I have audited the balance sheet of the Youth Council of New Brunswick as at 31 March 2001 and the statement of revenue, expense and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

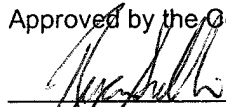
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
24 May 2001

**YOUTH COUNCIL OF NEW BRUNSWICK
BALANCE SHEET
31 MARCH 2001**

	2001	2000
ASSETS		
Current assets		
Cash	\$49,188	\$10,218
Accounts receivable	<u>6,436</u>	<u>3,457</u>
	<u>\$55,624</u>	<u>\$13,675</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable	\$3,175	\$ 8,795
Accrued salaries payable	<u>2,669</u>	<u>271</u>
	5,844	9,066
Surplus	<u>49,780</u>	<u>4,609</u>
	<u>\$55,624</u>	<u>\$13,675</u>

Approved by the Council



Chairperson



Member

**YOUTH COUNCIL OF NEW BRUNSWICK
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2001**

	2001 Budget	2001	2000
REVENUE			
Operating grant from the Province of New Brunswick	\$117,100	\$118,300	\$117,100
Other grants	9,000	54,350	9,000
Miscellaneous	2,200	8,666	4,327
Administration fee revenue	-	14,544	-
Youth Connexions Jeunesse (Schedule A)	188,934	188,087	101,185
	<u>317,234</u>	<u>383,947</u>	<u>231,612</u>
EXPENSE			
Salaries and benefits	80,000	82,669	83,435
Travel, accommodations and meals	13,000	26,545	10,138
Printing and photocopying	10,000	5,703	8,650
Telephone	5,500	6,216	5,725
Office expenses	4,250	6,840	3,863
Public relations and advertising	2,500	2,413	2,200
Honoraria	3,000	138	2,013
Furniture and equipment	2,000	3,972	1,666
Professional services	1,000	5,415	547
Translation	1,750	8,286	-
Professional development	300	-	354
Repairs and maintenance	300	85	-
Bank charges	180	186	180
Conference and meeting	150	1,871	303
Miscellaneous	2,050	42	29
Youth Connexions Jeunesse (Schedule A)	186,776	188,395	105,563
	<u>312,756</u>	<u>338,776</u>	<u>224,666</u>
EXCESS OF REVENUE OVER EXPENSE	\$ 4,478	45,171	6,946
Surplus (Deficit), beginning of year		<u>4,609</u>	<u>(2,337)</u>
SURPLUS, end of year		<u>\$ 49,780</u>	<u>\$ 4,609</u>

YOUTH COUNCIL OF NEW BRUNSWICK NOTES TO FINANCIAL STATEMENTS 31 MARCH 2001

1. Purpose of the organization

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

The Youth Council's mission statement reads as follows:

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

2. Capital assets

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

3. Services provided by the Province of New Brunswick

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

4. Youth Connexions Jeunesse – Purpose of the organization

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

A new component was taken on in 2000 as part of the Youth Connexions Jeunesse operation. The Fredericton Youth Information Line provides assistance and information on employment-related services and programs.

The YCJ's mission statement reads as follows:

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

SCHEDULE A

**YOUTH COUNCIL OF NEW BRUNSWICK
SCHEDULE OF YOUTH CONNEXIONS JEUNESSE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
REVENUE		
Province of New Brunswick		
Operating grant	\$188,087	\$ 60,000
Skills program	-	14,353
Special projects	-	25,100
Miscellaneous	-	1,732
	<u>188,087</u>	<u>101,185</u>
EXPENSE		
Salaries and benefits		
Administration	39,905	36,855
Casuals	117,244	41,902
Furniture and equipment	3,120	18,401
Printing and photocopying	632	1,359
Office expenses	2,449	2,107
Telephone	3,406	2,635
Miscellaneous - special projects	-	1,548
Professional development	-	55
Professional services	419	35
Conference	215	57
Travel, accommodations and meals	930	279
Public relations and advertising	628	-
Repairs and maintenance	853	330
Info Line	14,114	-
Rent	4,480	-
	<u>188,395</u>	<u>105,563</u>
EXCESS OF EXPENSE OVER REVENUE	<u>\$ (308)</u>	<u>\$ (4,378)</u>