

Public Accounts

for the fiscal year ended 31 March

2002

Volume 3

Financial Statements of
Crown Corporations,
Boards, Commissions

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



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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).

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 2001 in excess of \$40,000.

FINANCIAL STATEMENTS

ADVISORY COUNCIL ON THE STATUS OF WOMEN

31 MARCH 2002

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 2002 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 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

K. D. Robinson

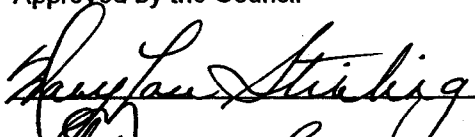
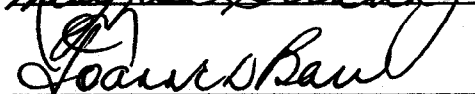
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
10 June 2002

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
BALANCE SHEET
31 MARCH 2002**

	2002	2001
ASSETS		
Cash	\$ -	\$ 2,775
Accounts receivable - Province of New Brunswick	138,197	1,000
	<u>\$ 138,197</u>	<u>\$ 3,775</u>
LIABILITIES AND SURPLUS		
Surplus	<u>\$ 138,197</u>	<u>\$ 3,775</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 2002**

	2002 Budget	2002	2001
REVENUE			
Grants - Province of New Brunswick	\$ 436,600	\$ 429,992	\$ 431,221
Other	-	-	18,305
	<u>436,600</u>	<u>429,992</u>	<u>449,526</u>
 EXPENSE			
Personal services	221,800	131,486	199,054
Other services	174,800	134,003	239,420
Materials and supplies	15,000	8,561	18,737
Property and equipment	5,000	8,490	15,970
Contributions and grants	20,000	13,030	12,900
Debt and other charges	-	-	63
	<u>436,600</u>	<u>295,570</u>	<u>486,144</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	-	134,422	(36,618)
Surplus, beginning of year	-	3,775	40,393
SURPLUS, end of year	<u>\$ -</u>	<u>\$ 138,197</u>	<u>\$ 3,775</u>

**ADVISORY COUNCIL ON THE STATUS OF WOMEN
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 the costs of the financial administration of the Council.

FINANCIAL STATEMENTS

ALGONQUIN GOLF LIMITED

31 DECEMBER 2001

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 2001 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 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

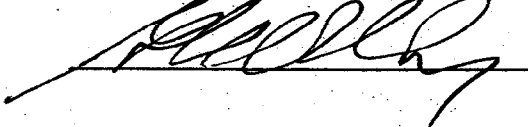
Fredericton, N.B.
14 May 2002

ALGONQUIN GOLF LIMITED
BALANCE SHEET
31 DECEMBER 2001

ASSETS	2001	2000
Current Assets:		
Cash & short term investments (Note 8)	\$ 257,771	\$ 284,069
Accounts Receivable	1,983	1,931
Prepaid Expenses	<u>2,950</u>	<u>13,085</u>
	262,704	299,085
Capital Assets (Note 3)	<u>6,793,583</u>	<u>7,277,210</u>
	<u>\$ 7,056,287</u>	<u>\$ 7,576,295</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable and Accrued Liabilities	<u>\$ 917,178</u>	<u>\$ 611,174</u>
Long Term Liabilities		
Deferred Contributions Related to Capital Assets (Note 5)	1,975,741	2,082,538
Due to Province of New Brunswick (Note 4)	4,572,514	4,572,514
Interest on Construction Loan	284,543	288,858
Leases Payable (Note 7)	<u>162,607</u>	<u>221,453</u>
	6,995,405	7,165,363
Capital Stock		
Issued and Fully Paid 1 Common Share	<u>1</u>	<u>1</u>
Contributed Surplus (Note 6)	59,531	59,531
Deficit	<u>(915,828)</u>	<u>(259,774)</u>
	<u>(856,297)</u>	<u>(200,243)</u>
	<u>\$ 7,056,287</u>	<u>\$ 7,576,295</u>

Approved by the Board

 Director

 Director

ALGONQUIN GOLF LIMITED
STATEMENT OF REVENUE, EXPENSE AND DEFICIT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Budget	2001	2000
REVENUE			
Green fees and rentals	\$ 1,332,250	\$ 1,111,076	\$ 691,989
Food sales	134,247	78,180	73,208
Beverage sales	104,916	75,360	56,446
RDC Grant (Note 5)	-	106,797	53,398
Pro-Shop Commission	28,535	21,159	16,545
Interest	-	12,155	9,819
	<u>\$ 1,599,948</u>	<u>\$ 1,404,727</u>	<u>\$ 901,405</u>
EXPENSE			
Direct costs	1,004,062	824,909	522,271
Administrative and general	233,313	125,720	69,384
Advertising and promotion	128,673	117,533	81,905
Repairs and maintenance	23,999	19,324	11,147
Heat, light, power and water	60,451	58,613	23,552
Property taxes	59,613	61,213	25,873
Management fees	47,999	38,648	22,294
Interest on construction loan (Note 4)	300,000	296,057	155,157
Interest on leases	-	18,223	-
Amortization - capital assets	400,000	500,541	249,596
	<u>2,258,110</u>	<u>2,060,781</u>	<u>1,161,179</u>
NET PROFIT / (LOSS)	<u>\$ (658,162)</u>	<u>\$ (656,054)</u>	<u>\$ (259,774)</u>
Deficit, beginning of year		(259,774)	-
DEFICIT, end of year		<u>\$ (915,828)</u>	<u>\$ (259,774)</u>

ALGONQUIN GOLF LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
CASH PROVIDED BY (USED FOR):		
Operating Activities:		
Net loss for the year	\$ (656,054)	\$ (259,774)
Add item not involving cash:		
Amortization	500,541	249,596
Increase of non-cash components of working capital	29,084	272,644
	<u>(126,429)</u>	<u>262,466</u>
Financing activities		
Interest to the Province on the loan for construction	296,057	231,443
Increase in construction loan from the Province (Note 4)	-	305,887
RDC contributions related to capital assets (Note 5)	(106,797)	(53,398)
Contributed surplus	-	59,531
Capital Leases	(72,216)	221,453
	<u>117,044</u>	<u>764,916</u>
Investing activities:		
Purchases of capital assets – construction	(16,913)	(743,313)
	<u>(16,913)</u>	<u>(743,313)</u>
INCREASE (DECREASE) IN CASH	(26,298)	284,069
Cash Position, beginning of year	<u>284,069</u>	<u>-</u>
CASH POSITION, end of year	\$ 257,771	\$ 284,069

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

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 Inc.

2. Summary of Significant Accounting Policies

Capital Assets

- 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 2001, the following costs had been incurred:

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

Capital Assets	Rate	Cost	Accumulated Amortization	Unamortized Balance
Land	0%	\$211,557	\$0	\$211,557
Buildings	5%	1,377,250	103,293	1,273,957
Golf Course Improvements	5%	4,937,843	370,263	4,567,580
Golf Course Equipment	20%	755,900	226,770	529,130
External Improvements	15%	178,196	40,094	138,102
Furniture and Fixtures	8%	70,986	8,518	62,468
Building Improvements	10%	11,988	1,199	10,789
		<u>\$7,543,720</u>	<u>\$750,137</u>	<u>\$6,793,583</u>

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, commencing with an interest only payment on March 31, 2002 of \$300,372 and then through blended payments of principal and interest each and every year together with a final installment of principal and interest of \$1,148,476 on March 31, 2013. The loan bears interest at the rate of 6% compounded semi-annually not in advance, beginning in 1999. Interest accrued on this loan for 2001 was \$296,057 (2000 - \$231,443).

5. Deferred Contribution

In 1998, Algonquin Golf Limited received a non-repayable contribution of \$2,135,936 from the Regional Development Corporation 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.

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

6. Contributed Surplus

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

7. Obligations Under Capital Leases

Capital leases are in place for golf carts and golf maintenance equipment. The gross amount of assets under capital lease is \$377,243 with accumulated amortization totaling \$113,173. Leases for both the golf carts and golf maintenance equipment are set to expire in 2004. The total future principal and interest payments for capital leases amounts to \$263,171. That amount includes \$239,674 in principal and \$23,497 in interest. Of the \$239,674, \$77,067 is due in current year and appears in current liabilities.

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

Fiscal Year

2002	\$90,438
2003	\$90,438
2004	<u>\$82,295</u>
	<u>\$263,171</u>

8. Short Term Investments

As of December 31, 2001 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 and are valued at the lower of cost or market value.

ALGONQUIN GOLF LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

9. Related Party Transactions

Under the Management Agreement, Fairmont Hotels Inc. 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 \$917,178 (2000 - \$611,174), \$492,445 is payable to Algonquin Properties Limited. (2000 - \$511,367) 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.

FINANCIAL STATEMENTS

ALGONQUIN PROPERTIES LIMITED

31 DECEMBER 2001

**AUDITOR'S REPORT**

To the Shareholder of
Algonquin Properties Limited

I have audited the balance sheet of Algonquin Properties Limited as at 31 December 2001 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 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

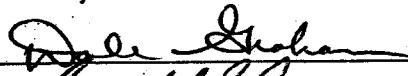
K. D. Robinson, CA
Deputy Auditor General

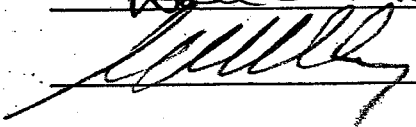
Fredericton, N. B.
14 May 2002

ALGONQUIN PROPERTIES LIMITED
BALANCE SHEET
31 DECEMBER 2001

	2001	2000
ASSETS		
Current assets		
Cash and short term investments (Note 6)	\$ 2,531,626	\$ 2,381,225
Accounts receivable (Note 5c)	793,204	719,642
Inventories, at cost	107,535	102,504
Prepaid expenses	43,135	61,727
	<u>3,475,500</u>	<u>3,265,098</u>
Capital assets (Note 3)	15,693,736	16,128,139
	<u>\$ 19,169,236</u>	<u>\$ 19,393,237</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 397,475	\$ 415,010
Due to Fairmont Hotels Inc.	213,502	201,443
Advance deposits	20,939	17,615
	<u>631,916</u>	<u>634,068</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	40,238,428
Deficit	(22,001,108)	(21,779,259)
	<u>18,537,320</u>	<u>18,759,169</u>
	<u>\$ 19,169,236</u>	<u>\$ 19,393,237</u>

Approved by the Board

 Director

 Director

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2001

	Budget	2001	2000
REVENUE			
Room sales	\$ 5,378,349	\$ 4,507,054	\$ 4,779,831
Food sales	2,666,763	2,233,718	2,656,070
Beverage sales	687,908	577,436	672,061
Green fees and rentals	-	-	147,448
Telephone	86,770	84,903	86,492
Other sport activities	88,400	92,423	81,692
Miscellaneous	95,733	115,708	139,703
Interest	-	72,704	63,978
	<u>9,003,923</u>	<u>7,683,946</u>	<u>8,627,275</u>
EXPENSE			
Direct costs	4,215,671	3,580,654	4,386,610
Administrative and general	683,977	802,525	870,115
Advertising and promotion	639,274	599,223	562,468
Repairs and maintenance	686,987	734,122	694,462
Heat, light, power and water	443,095	420,406	455,515
Property taxes	321,687	330,321	344,488
Management fees	625,106	356,392	416,420
Amortization - capital assets	1,200,000	1,082,152	1,124,473
Loss due to write down of assets	-	-	257,932
	<u>8,815,797</u>	<u>7,905,795</u>	<u>9,112,483</u>
NET LOSS	<u>\$188,126</u>	<u>\$(221,849)</u>	<u>\$(485,208)</u>

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
Capital Stock		
Opening and Closing Balance	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Deficit		
Opening Balance	\$ (21,779,259)	\$ (21,294,051)
Net Loss	<u>(221,849)</u>	<u>(485,208)</u>
Ending Balance	<u>\$ (22,001,108)</u>	<u>\$ (21,779,259)</u>
Contributed Surplus		
Opening Balance	\$ 40,238,428	\$ 38,047,960
Loans/Advances Forgiven	-	2,250,000
Assets Transferred to AGL	-	(59,532)
Ending Balance	<u>\$ 40,238,428</u>	<u>\$ 40,238,428</u>
Total Equity	<u>\$ 18,537,320</u>	<u>\$ 18,759,169</u>

ALGONQUIN PROPERTIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net loss for the year	\$(221,849)	\$(485,208)
Add item not involving cash:		
Amortization	1,082,152	1,124,473
Increase of non-cash components of working capital	(62,153)	(298,872)
Loss due to write down of assets	-	257,932
	<u>798,150</u>	<u>598,325</u>
Financing activities:		
Advances from the Province	-	2,250,000
	<u>-</u>	<u>2,250,000</u>
Investing activities:		
Purchases of capital assets – renovations	(647,749)	(522,441)
	<u>(647,749)</u>	<u>(522,441)</u>
INCREASE IN CASH	150,401	2,325,884
Cash Position, beginning of year	<u>2,381,225</u>	<u>55,341</u>
CASH POSITION, end of year	\$ 2,531,626	\$ 2,381,225

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

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 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 Limited. After this transfer of assets, golf revenues and expenses were recorded in the books of Algonquin Golf Limited.

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%	23,174,660	8,390,257	14,784,403
Operating equipment	8 - 20%	3,078,902	2,299,851	779,051
		<u>\$ 26,383,844</u>	<u>\$ 10,690,108</u>	<u>\$ 15,693,736</u>

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

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

4. Contributed Surplus

Contributed surplus results from the forgiveness by the Province of New Brunswick, during 1999 and 2000, of all loans and advances, including accrued interest.

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 2001, Fairmont Hotels Inc. headquarters invoiced the Algonquin Hotel for a total of \$1,111,700 (2000 - \$1,125,387) for such services. The Algonquin also paid for \$ 18,789 (2000 - \$110,534) of goods and services from other Fairmont Hotels during 2001. 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 Limited. is \$492,445 (2000 - \$511,367). This amount will be reimbursed when sufficient funds are available.

ALGONQUIN PROPERTIES LIMITED
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

6. Short Term Investments

As of December 31, 2001 Algonquin Properties Limited held short term investments in the amount of \$1,800,000 (2000 - \$2,100,000). They are in the form of Government of New Brunswick Treasury Bills and valued at lower of cost or market value.

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**Board of Commissioners of
Public Utilities
of the Province of New Brunswick
Financial Statements
March 31, 2002**

Grant Thornton LLP
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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, 2002 and the statements of revenue and expenses and (deficit) 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 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
July 17, 2002

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 Expenses and Surplus**

Year Ended March 31	2002	2001
Revenue		
Assessment on electric utilities (Note 6)	\$ 793,314	\$ 191,126
Interest	<u>7,846</u>	<u>14,742</u>
	<u>801,160</u>	<u>205,868</u>
Expenses		
Depreciation	20,950	6,473
Direct expenses	365,630	61,809
Library and publications	3,360	2,467
Office and administration	101,201	54,457
Professional fees	3,500	4,800
Salaries and benefits	383,310	179,398
Training	<u>30,901</u>	<u>25,252</u>
	<u>908,852</u>	<u>334,656</u>
Deficiency of revenue over expenses	\$ <u>(107,692)</u>	\$ <u>(128,788)</u>
Surplus, beginning of year	\$ 132,686	\$ 261,474
Deficiency of revenue over expenses	<u>(107,692)</u>	<u>(128,788)</u>
Surplus, end of year	\$ <u>24,994</u>	\$ <u>132,686</u>

See accompanying notes to the financial statements.

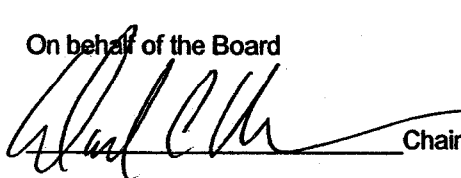
**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Electric Utilities
Balance Sheet**


March 31	2002	2001
Assets		
Current		
Cash	\$ 667,173	\$ 138,367
Receivables (Note 3)	16,364	10,917
Prepaid expenses	717	-
Due from Natural Gas fund	50,309	-
Due from Automobile Insurance fund	<u>68,145</u>	<u>-</u>
	802,708	149,284
Cash held in trust (Note 4)	-	2,815
Capital assets (Note 5)	<u>88,200</u>	<u>56,628</u>
	<u>\$ 890,908</u>	<u>\$ 208,727</u>

Liabilities		
Current		
Payables and accruals	\$ 15,914	\$ 73,226
Deferred revenue	<u>850,000</u>	<u>-</u>
	865,914	73,226
Cash held in trust (Note 4)	<u>-</u>	<u>2,815</u>
	865,914	76,041
Surplus	<u>24,994</u>	<u>132,686</u>
	<u>\$ 890,908</u>	<u>\$ 208,727</u>

Commitment (Note 9)

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

2002

2001

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenue over expenses	\$ (107,692)	\$ (128,788)
Depreciation	<u>20,950</u>	<u>6,473</u>
	(86,742)	(122,315)
Changes in		
Receivables	(5,447)	9,657
Prepays	(717)	116
Payables and accruals	(57,312)	68,726
Deferred revenue	<u>850,000</u>	<u>-</u>
	<u>699,782</u>	<u>(43,816)</u>

Investing

Transfer of computer equipment from Natural Gas division	(2,695)	-
Proceeds on disposal of computer equipment	133	-
Purchase of computer equipment	(18,279)	(12,672)
Purchase of office equipment	(667)	-
Purchase of leasehold improvements	<u>(31,014)</u>	<u>(38,251)</u>
	<u>(52,522)</u>	<u>(50,923)</u>

Financing

Due from Natural Gas Fund	(50,309)	-
Due from Automobile Insurance Fund	<u>(68,145)</u>	<u>-</u>
	<u>(118,454)</u>	<u>-</u>

Net increase (decrease) in cash and cash equivalents	528,806	(94,739)
Cash and cash equivalents, beginning of year	<u>138,367</u>	<u>233,106</u>
Cash and cash equivalents, end of year	\$ <u>667,173</u>	\$ <u>138,367</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, 2002

1. Nature of operations

The Board of Commissioners of Public Utilities has regulatory responsibility for electric utilities, automobile insurers, the public motor bus industry 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 and reported in the Electric Utilities division. Deposits and withdrawals relating to automobile insurer or natural gas operations of the Board are recorded through the interdivisional accounts.

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 are being amortized using the straight-line method over the ten year 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 amounts have been allocated between the three divisions of the Board based on management's best judgement 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, 2002

3. Receivables	<u>2002</u>	<u>2001</u>
Accounts receivable	\$ 581	\$ 269
HST receivable	13,112	9,957
Travel advances	<u>2,671</u>	<u>691</u>
	\$ <u>16,364</u>	\$ <u>10,917</u>

4. Cash held in trust

Cash of \$nil (2001 - \$2,815) relating to the regulation of the public motor bus industry in New Brunswick was 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. Capital assets	<u>2002</u>		<u>2001</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 47,936	\$ 22,075	\$ 25,861	\$ 18,377
Leasehold improvements	<u>69,265</u>	<u>6,926</u>	<u>62,339</u>	<u>38,251</u>
	\$ <u>117,201</u>	\$ <u>29,001</u>	\$ <u>88,200</u>	\$ <u>56,628</u>

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. Assessments are adjusted to include the audited surplus or deficit from 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, 2002**

6. Assessment on electric utilities (continued)	<u>2002</u>	<u>2001</u>
Gross electric utilities' earnings	\$ <u>1,312,097,698</u>	\$ <u>1,250,665,835</u>
Estimate of common expenses	\$ <u>540,000</u>	\$ <u>323,600</u>
Less: estimate of interest income	<u>(14,000)</u>	<u>(6,000)</u>
Estimate of net common expenses	<u>526,000</u>	<u>317,600</u>
Estimate of direct expenses	<u>400,000</u>	<u>135,000</u>
	<u>926,000</u>	<u>452,600</u>
Surplus from prior year	<u>(132,686)</u>	<u>(261,474)</u>
Assessment on electric utilities	\$ <u>793,314</u>	\$ <u>191,126</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, 2002 and March 31, 2001 as the Attorney General submitted no costs to the Board to be collected in its assessment.

8. Employee pension plan

The Board 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. The expense for this pension plan is equivalent to the annual contribution of \$24,441. The Province has advised the Board that the plan was fully funded as at April 1, 2000.

9. Commitment

The Board has negotiated a lease of its office premises for a 10 year period commencing March 1, 2001. Minimum annual payments under the lease total approximately \$126,000.

**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Automobile Insurers
Statements of Revenue and Expenses and (Deficit) Surplus**

Year Ended March 31

2002

2001

Revenue

Assessment on automobile insurers (Note 2)	\$ 345,259	\$ 251,900
Interest	<u>7,846</u>	<u>14,742</u>
	<u>353,105</u>	<u>266,642</u>

Expenses

Actuarial consultant	128,029	17,447
Advertising	4,400	-
Commissioners' per diems	7,026	95
Commissioners' travel	3,569	-
Depreciation	20,949	6,473
Direct expense	-	821
Library and publications	3,360	2,467
Office and administration	103,044	54,457
Professional fees	3,500	2,200
Salaries	183,115	130,148
Training	<u>1,114</u>	<u>54</u>
	<u>458,106</u>	<u>214,162</u>

(Deficiency) excess of revenue over expenses \$ (105,001) \$ 52,480

Surplus, beginning of year	\$ 102,921	\$ 50,441
(Deficiency) excess of revenue over expenses	<u>(105,001)</u>	<u>52,480</u>
(Deficit) surplus, end of year	\$ <u>(2,080)</u>	\$ <u>102,921</u>


See accompanying notes to the financial statements.

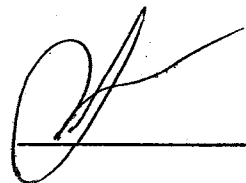
**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Automobile Insurers
Balance Sheet**

March 31	2002	2001
Assets		
Current		
Cash	\$ -	\$ 91,219
Receivables (Note 3)	16,364	6,665
Prepays	<u>717</u>	<u>-</u>
	17,081	97,884
Capital assets (Note 4)	<u>88,200</u>	<u>56,628</u>
	<u>\$ 105,281</u>	<u>\$ 154,512</u>
Liabilities		
Current		
Payables and accruals	\$ 39,216	\$ 51,591
Due to Electric Utilities fund	<u>68,145</u>	<u>-</u>
	107,361	
(Deficit) surplus	<u>(2,080)</u>	<u>102,921</u>
	<u>\$ 105,281</u>	<u>\$ 154,512</u>

Commitment (Note 6)

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	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
(Deficiency) excess of revenue over expenses	\$ (105,001)	\$ 52,480
Depreciation	<u>20,949</u>	<u>6,473</u>
	(84,052)	58,953
Changes in		
Receivables	(9,699)	(6,665)
Prepays	(717)	116
Payables and accruals	<u>(12,375)</u>	<u>34,590</u>
	<u>(106,843)</u>	<u>86,994</u>
Investing		
Transfer of computer equipment from Natural Gas division	(2,695)	-
Proceeds on disposal of computer equipment	133	-
Purchase of computer equipment	(18,278)	(12,672)
Purchase of office equipment	(667)	-
Purchase of leasehold improvements	<u>(31,014)</u>	<u>(38,251)</u>
	<u>(52,521)</u>	<u>(50,923)</u>
Financing		
Due to Electrical utilities fund	<u>68,145</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(91,219)	36,071
Cash and cash equivalents, beginning of year	<u>91,219</u>	<u>55,148</u>
Cash and cash equivalents, end of year	\$ -	\$ 91,219

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, 2002

1. Summary of significant accounting policies

Cash on hand

One bank account is maintained for the Board and reported in the Electric Utilities division. Deposits and withdrawals relating to automobile insurer or natural gas operations of the Board are recorded through the interdivisional accounts.

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 are being amortized using the straight-line method over the ten year term of the lease.

Allocations

Certain balance sheet and income statement amounts have been allocated between the three divisions of the Board based on management's best judgement 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 include the audited surplus or deficit from the prior year.

	<u>2002</u>	<u>2001</u>
Automobile insurers' receipts	\$ <u>366,751,000</u>	\$ <u>341,152,000</u>
Assessment on receipts	\$ <u>345,259</u>	\$ <u>251,900</u>

**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Automobile Insurers
Notes to the Financial Statements
March 31, 2002**

3. Receivables	<u>2002</u>	<u>2001</u>
Accounts receivable	\$ 581	\$ 269
HST receivable	13,112	6,396
Travel advances	<u>2,671</u>	<u>-</u>
	\$ <u>16,364</u>	\$ <u>6,665</u>

4. Capital assets			<u>2002</u>	<u>2001</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 47,936	\$ 22,075	\$ 25,861	\$ 18,377
Leasehold improvements	<u>69,265</u>	<u>6,926</u>	<u>62,339</u>	<u>38,251</u>
	\$ 117,201	\$ 29,001	\$ 88,200	\$ <u>56,628</u>

5. Employee pension plan

The Board 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. The expense for this pension plan is equivalent to the annual contribution of \$11,676. The Province has advised the Board that the plan was fully funded as at April 1, 2000.

6. Commitment

The Board has negotiated a lease of its office premises for a 10 year period commencing March 1, 2001. Minimum annual payments under the lease total approximately \$126,000.

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

Year Ended March 31	2002	2001
Revenue		
Assessment on natural gas distributors (Note 3)	\$ 417,278	\$ 822,435
Franchise fees submitted by Department of Natural Resources and Energy	250,000	-
Marketers' filing fees	1,000	17,500
Interest	<u>7,846</u>	<u>14,742</u>
	<u>676,124</u>	<u>854,677</u>
Expenses		
Consensus committee expense	-	3,482
Depreciation	32,246	20,751
Direct expenses	78,365	326,095
Library and publications	3,360	2,467
Office and administration	109,962	54,456
Professional fees	3,500	3,000
Repairs & maintenance - board vehicle	10,690	16,187
Salaries	382,362	438,457
Training	<u>21,879</u>	<u>22,625</u>
	<u>642,364</u>	<u>887,520</u>
Excess (deficiency) of revenue over expenses	\$ <u>33,760</u>	\$ <u>(32,843)</u>
Surplus, beginning of year	\$ 48,722	\$ 81,565
Excess (deficiency) of revenue over expenses	<u>33,760</u>	<u>(32,843)</u>
Surplus, end of year	\$ <u>82,482</u>	\$ <u>48,722</u>

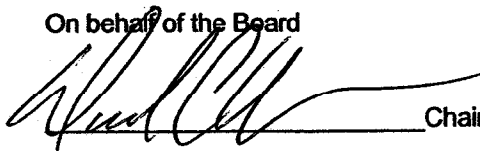
See accompanying notes to the financial statements.

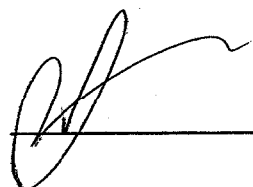
**Board of Commissioners of Public Utilities
of the Province of New Brunswick – Regulation of Natural Gas
Balance Sheet**

March 31	2002	2001
Assets		
Current		
Cash	\$ -	241,222
Receivables (Note 4)	16,364	27,672
Prepays	<u>717</u>	<u>-</u>
	17,081	268,894
Capital assets (Note 5)	<u>128,978</u>	<u>96,919</u>
	<u>\$ 146,059</u>	<u>\$ 365,813</u>
Liabilities		
Current		
Payables and accruals	\$ 13,268	\$ 317,091
Due to Electric Utilities fund	<u>50,309</u>	<u>-</u>
	63,577	317,091
Surplus	<u>82,482</u>	<u>48,722</u>
	<u>\$ 146,059</u>	<u>\$ 365,813</u>

Commitment (Note 7)

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	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Excess (deficiency) of revenue over expenses	\$ 33,760	\$ (32,843)
Depreciation	<u>32,246</u>	<u>20,751</u>
	66,006	(12,092)
Changes in		
Receivables	11,308	(27,672)
Prepays	(717)	116
Payables and accruals	<u>(303,823)</u>	<u>(226,363)</u>
	<u>(227,226)</u>	<u>(266,011)</u>
Investing		
Transfer of computer equipment to other divisions	5,390	-
Proceeds on disposal of capital assets	133	14,332
Purchase of computer equipment	(18,277)	(25,536)
Purchase of leasehold improvements	(31,014)	(38,251)
Purchase of motor vehicles	(19,870)	(38,646)
Purchase of office equipment	<u>(667)</u>	<u>-</u>
	<u>(64,305)</u>	<u>(88,101)</u>
Financing		
Due to Electric Utilities fund	<u>50,309</u>	-
Net decrease in cash and cash equivalents	(241,222)	(354,112)
Cash and cash equivalents, beginning of year	<u>241,222</u>	<u>595,334</u>
Cash and cash equivalents, end of year	\$ <u>-</u>	\$ <u>241,222</u>

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, 2002**

1. Summary of significant accounting policies

Cash on hand

One bank account is maintained for the Board and reported in the Electric Utilities division. Deposits and withdrawals relating to automobile insurer or natural gas operations of the Board are recorded through the interdivisional accounts.

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 are being amortized using the straight-line method over the ten year term of the lease.

Motor vehicles

Depreciation of vehicles is recorded using the straight-line method and a rate of 20%, except as described in Note 2.

Allocations

Certain balance sheet and income statement amounts have been allocated between the three divisions of the Board based on management's best judgement 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. Accounting Change

During 2002, management reassessed the remaining useful lives of the Board's vehicles. Management has determined that the useful life of one of the vehicles is 3 years, as opposed to 5 years as previously estimated. Accordingly, 2002 depreciation on this vehicle has been provided on a straight-line basis using this revised estimated useful life. For the year ended March 31, 2002, this change in estimate has resulted in an increase in depreciation expense of \$3,567.

of the Province of New Brunswick - Regulation of Natural Gas Notes to the Financial Statements

March 31, 2002

3. 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 as determined by the Board. Fees paid by single end use franchisees to the Department of Natural Resources and Energy were submitted by the Department to the Board to be used to reduce common expenses for regulation of natural gas. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2002</u>	<u>2001</u>
Estimate of common expenses	\$ 642,000	\$ 560,000
Less: estimate of interest income	(16,000)	(6,000)
amounts from Department of Natural Resources and Energy	<u>(250,000)</u>	<u>-</u>
Estimate of net common expenses	376,000	554,000
Estimate of direct expenses	<u>90,000</u>	<u>350,000</u>
	466,000	904,000
Surplus from prior year	<u>(48,722)</u>	<u>(81,565)</u>
Assessment on natural gas distribution	\$ <u>417,278</u>	\$ <u>822,435</u>

4. Receivables

	<u>2002</u>	<u>2001</u>
Accounts receivable	\$ 581	\$ 269
HST receivable	13,112	26,712
Travel advances	<u>2,671</u>	<u>691</u>
	\$ <u>16,364</u>	\$ <u>27,672</u>

5. Capital assets

5. Capital assets		<u>2002</u>		<u>2001</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 47,936	\$ 22,075	\$ 25,861	\$ 26,463
Leasehold improvements	69,265	6,926	62,339	38,251
Motor vehicles	<u>58,516</u>	<u>17,738</u>	<u>40,778</u>	<u>32,205</u>
	<u>\$ 175,717</u>	<u>\$ 46,739</u>	<u>\$ 128,978</u>	<u>\$ 96,919</u>

**Board of Commissioners of Public Utilities
of the Province of New Brunswick - Regulation of Natural Gas
Notes to the Financial Statements
March 31, 2002**

6. Employee pension plan

The Board 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. The expense for this pension plan is equivalent to the annual contribution of \$24,381. The Province has advised the Board that the plan was fully funded as at April 1, 2000.

7. Commitment

The Board has entered into a lease of its office premises for a 10 year period commencing March 1, 2001. Minimum annual payments under the lease total approximately \$126,000.

FINANCIAL STATEMENTS

TRUST FUND No. 33

FISCAL STABILIZATION FUND

31 MARCH 2002

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 2002 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 2002 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.
25 October 2002

**TRUST FUND NO. 33
FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION
31 MARCH 2002**

	2002	2001
ASSETS		
Cash and short-term investments	\$ 112,320,137	\$ -
Accrued interest receivable	415,308	-
Receivable from Province of New Brunswick Consolidated Fund	30,000,000	100,000,000
Fixed term investments	60,965,573	-
	<u>\$ 203,701,018</u>	<u>\$ 100,000,000</u>

FUND EQUITY

Fund equity	<u>\$ 203,701,018</u>	<u>\$ 100,000,000</u>
-------------	-----------------------	-----------------------

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 2002

	2002	2001
REVENUE		
Contribution from Province of New Brunswick		
- Consolidated Fund	\$ 100,000,000	\$ 100,000,000
Investment income	3,701,018	-
	<u>103,701,018</u>	<u>100,000,000</u>
EXPENDITURE	-	-
EXCESS OF REVENUE OVER EXPENDITURE	<u>103,701,018</u>	<u>100,000,000</u>
Fund Equity balance, beginning of year	100,000,000	-
FUND EQUITY BALANCE, end of year	<u>\$ 203,701,018</u>	<u>\$ 100,000,000</u>

**TRUST FUND NO. 33
FISCAL STABILIZATION FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 Policy

Fixed term investments

These investments are in fixed term, interest bearing securities of Canadian governments or similar securities guaranteed by Canadian governments. They are recorded at cost net of any discount or premium on purchase. Any discount or premium is amortized over the life of the security and included in investment income.

Financial Statements of

FOREST PROTECTION LIMITED

March 31, 2002

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, 2002 and the statements of operations and unrestricted net deficit, 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, 2002 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

September 10, 2002

**Deloitte
Touche
Tohmatsu**

as at March 31, 2002

APPROVED BY THE BOARD

W. J. [Signature] Director

A. L. Howard

**Deloitte
& Touche**

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

year ended March 31, 2002

	2002	2001
REVENUES		
Contributions from participants		
Province of New Brunswick	\$ 2,312,103	\$ 2,107,731
Industry	551,344	306,566
Other revenue	773,381	577,363
Interest operating	10,255	33,048
	<u>3,647,083</u>	<u>3,024,708</u>
OPERATING EXPENSES (Note 6)		
Overhead	655,532	641,986
Pest control	599,722	417,441
Fire suppression	1,649,286	1,420,873
Research and development	725,687	523,479
	<u>3,630,227</u>	<u>3,003,779</u>
OTHER		
Interest on investments	(332,705)	(506,719)
Amortization of capital assets	174,334	134,907
Aircraft leases	376,683	-
Sale of aircraft parts	(10,899)	-
Remediation reserve (Note 3)	440,000	-
Gain on disposal of investment	(50,545)	-
Gain on disposal of capital assets - operating	(157,689)	(38,940)
Gain on disposal of capital assets - internally restricted	-	(159,291)
	<u>439,179</u>	<u>(570,043)</u>
EXCESS OF (EXPENSES OVER REVENUE)		
REVENUE OVER EXPENSES	(422,323)	590,972
Transfer from net investment in capital assets	141,902	37,859
Transfer to net assets internally restricted		
for equipment replacement	(168,147)	(628,831)
UNRESTRICTED NET DEFICIT		
AT END OF YEAR	\$ (448,568)	\$ -

FOREST PROTECTION LIMITED
Statement of Changes in Net Assets
year ended March 31, 2002

	2002	2001
NET INVESTMENT IN CAPITAL ASSETS		
Balance at the beginning of the year	\$ 1,693,714	\$ 1,398,047
Transfers from (to) unrestricted operations:		
Acquisition of capital assets	32,432	98,127
Proceeds on assets disposed of or retired	(157,689)	(199,310)
Amortization of capital assets	(174,334)	(134,907)
Gain on disposal of capital assets	157,689	198,231
	(141,902)	(37,859)
Transfer from net assets internally restricted for equipment replacement:		
Acquisition of capital assets	5,361,318	333,526
Total transferred from net investment in capital assets	5,219,416	295,667
Balance at end of year	\$ 6,913,130	\$ 1,693,714

FOREST PROTECTION LIMITED
Statement of Changes in Net Assets
year ended March 31, 2002

	2002	2001
NET ASSETS INTERNALLY RESTRICTED FOR EQUIPMENT REPLACEMENT		
Balance at the beginning of the year	\$ 8,744,838	\$ 8,449,533
Transfers (to) from unrestricted operations:		
Interest earned on funds invested	332,705	506,719
Gain on disposal of investment	50,545	-
Transfer from unrestricted assets	-	14,024
Sale of aircrafts	155,080	153,570
Sale of aircraft parts	10,899	6,801
Interest expense on building loan	(4,401)	(7,050)
Replacement parts	-	(1,713)
Aircraft lease	(376,681)	(43,520)
	168,147	628,831
Transfer to net investment in capital assets:		
Building	(45,603)	(42,954)
Aircraft	(5,315,715)	(185,000)
Replacement parts	-	(105,572)
	(5,361,318)	(333,526)
Balance at end of year	\$ 3,551,667	\$ 8,744,838

FOREST PROTECTION LIMITED**Statement of Cash Flows**

year ended March 31, 2002

	2002	2001
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of (expenses over revenues)		
revenues over expenses	\$ (422,323)	\$ 590,972
Amortization of capital assets	174,334	134,907
Gain on disposal of capital assets	(157,689)	(198,231)
Gain on disposal of investment	(50,545)	-
Changes in non-cash operating working capital items:		
Accounts receivable	(214,925)	2,534
Interest receivable	(63,280)	-
Inventories - aircraft spare parts	(69,170)	(52,214)
- other	(3,454)	5,128
Accounts payable	69,783	8,703
Remediation reserve	440,000	-
Deferred revenue	29,310	152,308
	(267,959)	644,107
FINANCING		
Repayment of long-term debt	(45,603)	(42,954)
INVESTING		
Acquisition of capital assets	(5,348,147)	(388,699)
Net sale of short-term investments	5,560,372	(290,258)
Deposit on aircrafts	(237,255)	-
Proceeds on sale of capital assets	157,689	199,310
	132,659	(479,647)
NET CASH (OUTFLOW) INFLOW	(180,903)	121,506
CASH POSITION, BEGINNING OF YEAR	386,154	264,648
CASH POSITION, END OF YEAR	\$ 205,251	\$ 386,154

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2002

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. The Company is not taxable under section 149(1)(l) of the Income Tax Act.
- b. Program expenditures 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 capital assets, except for aircraft sales, which are transferred to Net Assets Internally Restricted for Equipment Replacement.
- c. Capital assets 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 acquisition cost. 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 capital assets, including buildings acquired subsequent to October 31, 1975 are 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, 2002

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.

Statement of cash flows

For the purpose of the statement of cash flows the Company considers cash on hand to be 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.

Short-term investments

Discounts and premiums arising from the acquisition of short-term investments are amortized on a straight-line basis over the remaining term of the investment.

2. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
			2002	2001
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building and mobile homes	327,705	153,093	174,612	177,594
Aircraft	7,266,875	803,310	6,463,565	1,218,002
Equipment	1,482,425	1,234,056	248,369	317,137
	<u>\$ 9,152,005</u>	<u>\$ 2,190,459</u>	<u>\$ 6,961,546</u>	<u>\$ 1,787,733</u>

FOREST PROTECTION LIMITED**Notes to the Financial Statements**year ended March 31, 2002

3. REMEDIATION RESERVE

The Company is involved with the remediation of the old Charlo Airport due to contamination. This work has already begun and is expected to be finished in the fall of 2002. The total cost is undeterminable. To date, the Company has incurred \$60,000 in remediation costs and management expects that the minimum additional costs will be \$440,000. Accordingly, \$440,000 has been accrued.

4. 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.

5. CAPITAL STOCK

	<u>2002</u>	<u>2001</u>
Authorized		
500 common shares \$10 par value each		
Issued and outstanding		
200 common shares	\$ 2,000	\$ 2,000

FOREST PROTECTION LIMITED

Notes to the Financial Statements

year ended March 31, 2002

6. OPERATING EXPENSES

	2002	2001
PROGRAM EXPENDITURES		
Salaries and wages	\$ 1,242,765	\$ 1,074,843
Employer contributions	149,603	143,491
Transportation and communications	188,409	145,837
Consultants' fees, legal fees, audit, contractual, services, insurance, etc.	685,719	602,692
Maintenance and repairs (contractual)	706,480	555,131
Rentals	318,905	183,670
Insecticides, materials and supplies	338,346	298,115
Expenses charged to operations	3,630,227	3,003,779
Capitalized - capital assets	32,432	98,127
Total program expenditures	\$ 3,662,659	\$ 3,101,906

	2002	2001
PROGRAM EXPENDITURES BY OPERATIONAL DIVISION		
Overhead expenditures	\$ 668,964	\$ 688,483
Pest control expenditures	599,722	423,534
Research and development expenditures	725,687	525,094
Fire suppression - operational	1,668,286	1,419,563
- internally restricted	-	45,232
	\$ 3,662,659	\$ 3,101,906

7. COMMITMENT TO PURCHASE

The Company has entered into a contract with Conair Aviation to purchase 6 aircrafts in the next year. At year-end, the Company had received and paid for three of the six aircrafts. The remaining commitment on the last three aircrafts total \$3,474,300 US of which deposits totaling \$237,255 have been made in advance.

FOREST PROTECTION LIMITED**Notes to the Financial Statements****year ended March 31, 2002**

8. STATEMENT OF CASH FLOWS

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

	\$
Interest received	347,361
Interest paid	4,401

FINANCIAL STATEMENTS

KINGS LANDING CORPORATION

31 MARCH 2002

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 2002 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 2002 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.

KD Robinson

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
26 June 2002

KINGS LANDING CORPORATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2002

	2002	2001
ASSETS		
Current assets		
Cash	\$ 22,894	\$ 17,298
Accounts receivable		
Province of New Brunswick	-	44,895
Other	12,051	20,018
Prepaid expenses	18,140	19,514
Inventories (Note 1 (c))	83,760	86,277
	<u>136,845</u>	<u>188,002</u>
Kings Landing Collection (Note 1(d))	1	1
Capital assets, net (Note 1(e))	1,674,005	1,768,299
	<u>\$ 1,810,851</u>	<u>\$ 1,956,302</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$ 190,379	\$ 163,890
Deferred revenue	24,242	24,036
	<u>214,621</u>	<u>187,926</u>
Deferred contributions related to capital assets (Note 1(g))	1,636,861	1,729,154
Net assets		
Net assets invested in capital assets	37,144	39,145
Unrestricted net assets	(77,775)	77
	<u>(40,631)</u>	<u>39,222</u>
	<u>\$ 1,810,851</u>	<u>\$ 1,956,302</u>

Approved by the Board

Chairperson

Director

**KINGS LANDING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH 2002**

	Budget 2002	Actual 2002	Actual 2001
REVENUE			
Admissions	\$ 394,000	\$ 345,896	\$ 343,825
Emporium	280,000	263,030	275,851
Food services	481,300	468,442	473,474
Education	87,500	85,743	87,708
Other operating revenue	39,100	120,760	90,631
	<u>1,281,900</u>	<u>1,283,871</u>	<u>1,271,489</u>
 Grants			
Provincial Operating	1,225,000	1,406,861	1,301,264
Provincial Capital	-	74,998	36,115
Federal and Other	-	55,000	76,041
Amortization of deferred contributions (Note 1(g))	-	92,293	98,081
	<u>1,225,000</u>	<u>1,629,152</u>	<u>1,511,501</u>
	<u>2,506,900</u>	<u>2,913,023</u>	<u>2,782,990</u>
 EXPENSE			
Interpretation			
Operations	648,200	626,499	563,368
Education	82,500	97,723	85,629
Fabrics	96,800	95,797	75,922
	<u>827,500</u>	<u>820,019</u>	<u>724,919</u>
 Curatorial			
Maintenance (Note 1(d))	323,200	388,341	400,398
Security	144,600	160,925	150,731
Curatorial	228,800	237,013	209,761
	<u>696,600</u>	<u>786,279</u>	<u>760,890</u>
 Emporium	237,900	213,150	232,114
Visitor services	97,800	108,783	88,824
Public relations	239,500	244,958	192,033
Administration	284,200	317,557	276,195
Food services	409,100	407,836	396,291
Amortization	-	94,294	100,136
	<u>1,268,500</u>	<u>1,386,578</u>	<u>1,285,593</u>
	<u>2,792,600</u>	<u>2,992,876</u>	<u>2,771,402</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ (285,700)</u>	<u>\$ (79,853)</u>	<u>\$ 11,588</u>

KINGS LANDING CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2002

	Net assets Invested in Capital Assets	Unrestricted Net Assets	Total 2002	Total 2001
Balance, beginning of year	\$ 39,145	\$ 77	\$ 39,222	\$ 27,634
Excess (deficiency) of revenue over expense	(2,001)	(77,852)	(79,853)	11,588
Balance, end of year	<u>\$ 37,144</u>	<u>\$ (77,775)</u>	<u>\$ (40,631)</u>	<u>\$ 39,222</u>

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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:

	2002	2001
Emporium	\$ 66,918	\$ 58,069
Less: Provision for obsolescence	(8,300)	(3,300)
	<u>58,618</u>	<u>54,769</u>
Fabrics	10,593	15,114
Food and liquor	12,901	14,341
Other	1,648	2,053
	<u>\$ 83,760</u>	<u>\$ 86,277</u>

(d) 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, artifacts worth an estimated \$66,868 (2001 - \$168,505) were donated.

Expenditures related to capital improvements of the historical structures are expensed as incurred. The current year historical capital expenditures amounted to \$74,998 (2001 - \$51,055).

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

1. Summary of significant accounting policies - continued

(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 recorded using a fixed percentage on the 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	2002	2001
Land		\$ 1	\$ 1
Buildings	5%	2,148,988	2,148,988
Computer hardware	20%	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		(597,434)	(503,140)
Total capital assets, net		<u>\$ 1,674,005</u>	<u>\$ 1,768,299</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.

(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:

	2002	2001
Beginning balance	\$ 1,729,154	\$ 1,827,235
Less amounts amortized to revenue	92,293	98,081
Ending balance	<u>\$ 1,636,861</u>	<u>\$ 1,729,154</u>

**KINGS LANDING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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. 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.

4. Statement of cash flows

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

5. Comparative figures

Certain 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002. As part of this change all amounts and notes related to the former publication fund have been removed.

FINANCIAL STATEMENTS

LOTTERIES COMMISSION OF NEW BRUNSWICK

31 MARCH 2002

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 2002 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 2002 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'.

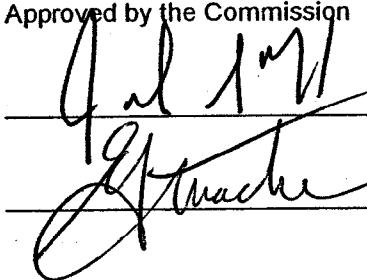
K. D. Robinson, C.A.
Deputy Auditor General

Fredericton, N. B.
14 June 2002

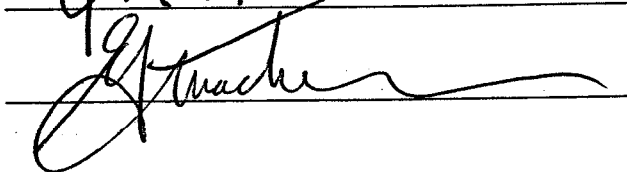
**LOTTERIES COMMISSION OF NEW BRUNSWICK
BALANCE SHEET
31 MARCH 2002**

	2002	2001
ASSETS		
Current assets		
Due from Atlantic Lottery Corporation Inc.	\$ 566,806	\$ 1,125,161
Other assets		
Investment in share capital of Atlantic Lottery Corporation Inc.	100	100
Investment in share capital of Interprovincial Lottery Corporation	1	1
	101	101
	<u>\$ 566,907</u>	<u>\$ 1,125,262</u>
LIABILITIES AND CONTRIBUTED SURPLUS		
Current liabilities		
Due to Province of New Brunswick (Note 4)	\$ 566,806	\$ 1,125,161
Contributed surplus (Note 2)	101	101
	<u>\$ 566,907</u>	<u>\$ 1,125,262</u>

Approved by the Commission



Member



Member

**LOTTERIES COMMISSION OF NEW BRUNSWICK
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2002**

	2002		2001
	Budget	Actual	Actual
REVENUE			
Share of net profit of Atlantic Lottery Corporation Inc. (Note 1)	\$ 83,269,000	\$ 89,727,280	\$ 90,195,058
Other revenue (Note 3)	31,000	24,380	39,129
	<u>83,300,000</u>	<u>89,751,660</u>	<u>90,234,187</u>
EXPENDITURE			
To the Province of New Brunswick (Note 1)			
Ordinary account revenue	80,031,000	86,230,908	86,776,483
Sport Development Trust Fund	500,000	500,000	500,000
Arts Development Trust Fund	700,000	700,000	700,000
Agreements with First Nations	-	454,678	575,045
Commission inspection expenses	1,137,000	1,077,854	1,084,936
Administrative costs	175,000	74,113	136,334
Department of Health and Wellness (Gambling addiction; education and treatment)	757,000	714,107	461,389
	<u>83,300,000</u>	<u>89,751,660</u>	<u>90,234,187</u>
EXCESS OF REVENUE OVER EXPENDITURE	\$ -	\$ -	\$ -

**LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 2002, 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.

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.

LOTTERIES COMMISSION OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002

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.

4. Statement of transactions with the Province of New Brunswick

	2002	2001
Current liability		
Balance, beginning of year	\$ 1,125,161	\$ 1,264,204
Income for the year	89,751,660	90,234,187
	<hr/>	<hr/>
Funds available to Province of New Brunswick	90,876,821	91,498,391
Less remittances during the year	90,310,015	90,373,230
Balance, end of year	<hr/> \$ 566,806	<hr/> \$ 1,125,161

FINANCIAL STATEMENTS

NB AGRIEXPORT INC.

31 MARCH 2002

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 2002 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 2002 and the results of its operations 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.
13 September 2002


**NB AGRIEXPORT INC.
BALANCE SHEET
31 MARCH 2002**


	2002	2001
ASSETS		
Current assets		
Cash and short-term investments	\$ 112,253	\$ 155,275
Accounts receivable	123,148	11,909
Interest receivable	467	-
	<u>235,868</u>	<u>167,184</u>
Investments (Note 2)	734,300	734,300
Less: Provision for loss	<u>734,300</u>	<u>734,300</u>
	-	-
	<u>\$ 235,868</u>	<u>\$ 167,184</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities		
Accounts payable	\$ 33,087	\$ 31,529
Due to the Province of New Brunswick	984,467	888,000
Less: Provision for loss	<u>500,000</u>	<u>500,000</u>
	<u>484,467</u>	<u>388,000</u>
Capital stock		
Authorized and issued:		
One common share, no par value	-	-
Deficit	<u>(281,686)</u>	<u>(252,345)</u>
	<u>\$ 235,868</u>	<u>\$ 167,184</u>

Approved by the Board





Director

Director

**NB AGRIEXPORT INC.
STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
Export sales	\$ -	\$ 18,676
Cost of sales	-	15,800
Gross profit	-	2,876
Other income		
Loan guarantee fees	-	3,750
Interest	6,119	14,493
Grants	27,087	79,989
Province of New Brunswick (Note 3)	713,765	-
Other	293	776
	747,264	99,008
Total Income	747,264	101,884
Expenses		
Loss on investment (Note 2)	-	234,300
Loan guarantee payout (Note 3)	713,765	-
Interest	15,184	21,576
Office	386	4,649
Projects	47,270	65,455
	776,605	325,980
NET INCOME (LOSS) FOR THE YEAR	(29,341)	(224,096)
Deficit, beginning of year	(252,345)	(28,249)
DEFICIT, end of year	\$(281,686)	\$(252,345)

**NB AGRIEXPORT INC.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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. Investments

During the 1999/2000 fiscal year, the Corporation purchased 500 Class B, non-voting, preferred shares of a company 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 2002 stands at \$500,000.

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

3. Loan guarantee payout

The Corporation had guaranteed a loan of a company involved in the export of agricultural products. This resulted in a payout of \$713,765. The resulting loss was 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.

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.

FINANCIAL STATEMENTS

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION**

31 DECEMBER 2001

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

K D Robinson

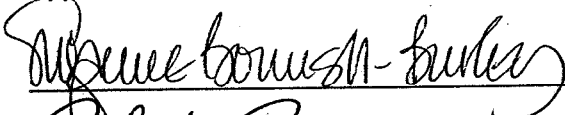
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N.B.
20 March 2002

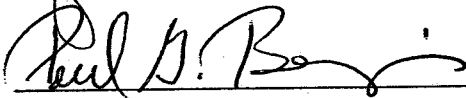
**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2001**

	2001	2000
ASSETS		
Cash	\$ 9,255	\$ 12,516
Accounts receivable	2,517	2,170
Assets held in trust funds (Note 4)	1,393,985	1,443,612
	<u>\$ 1,405,757</u>	<u>\$ 1,458,298</u>
LIABILITIES		
Advances - stabilization boards (Note 2 (a))	\$ 11,772	\$ 14,686
Liabilities of the trust funds	1,492	127,790
	<u>13,264</u>	<u>142,476</u>
NET ASSETS OF THE DEPOSIT INSURANCE FUND (Note 5)	<u>1,392,493</u>	<u>1,315,822</u>
	<u>\$ 1,405,757</u>	<u>\$ 1,458,298</u>

Approved by the Board



Chairperson



Director

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>2001</u>		<u>2000</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE (Note 2)			
Contributions - stabilization boards	\$ 8,000	\$ 79,584	\$ 3,061
EXPENDITURE (Note 2)			
Professional services and other	4,500	2,421	2,006
Board of Directors	3,500	492	1,055
Distributions - stabilization boards	-	-	454,378
	<u>8,000</u>	<u>2,913</u>	<u>457,439</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	-	76,671	(454,378)
NET ASSETS OF THE DEPOSIT INSURANCE FUND - BEGINNING OF YEAR	-	<u>1,315,822</u>	<u>1,770,200</u>
NET ASSETS OF THE DEPOSIT INSURANCE FUND - END OF YEAR	<u>\$ -</u>	<u>\$ 1,392,493</u>	<u>\$ 1,315,822</u>

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001**

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 \$11,772 (2000 - \$14,686) 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.

(b) Contributions/Distributions – Deposit insurance fund

Contributions to the deposit insurance fund are recorded as revenue as they become due for payment.

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.

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001**

2. Significant accounting policies (continued)

(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.

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.

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001**

4. Assets held in trust funds

The trust funds held the following assets at 31 December 2001:

	Book Value	Market Value
Cash	\$ 2,221	\$ 2,221
Interest receivable	15,798	15,799
Contribution receivable	35,073	35,073
Government of Canada Bonds	423,545	437,870
Provincial and Municipal Bonds	840,348	862,547
Corporate and Public Utility Bonds	77,000	75,757
Total - 2001	<u>\$ 1,393,985</u>	<u>\$ 1,429,267</u>
Total - 2000	<u>\$ 1,443,612</u>	<u>\$ 1,449,291</u>

5. Deposit Insurance Fund

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

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

The two trust fund agreements contain provisions regarding the return of the deposit insurance fund to the two stabilization boards 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.

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001**

5. Deposit Insurance Fund (continued)

At 31 December 2001 the balance in the trust fund account administered by the Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée was \$906,938 (2000 - \$0.87 million). The balance in the trust fund account administered by the Brunswick Credit Union Federation Stabilization Board Limited at the same date was \$485,555 (2000 - \$0.45 million).

6. Deposit protection for credit union members

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

Separate deposit coverage up to a maximum of \$60,000 each is also provided for joint deposits, trust deposits and deposits held in RRSPs and in RRIIFs. 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 2001, the financial statements of the Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée reported net assets of \$43.7 million (2000 - \$40.4 million). Of this total, an amount of \$0.4 million (2000 - \$2.1 million) represents investments in caisses populaires for the purpose of stabilization. As at 31 December 2001, the financial statements of the Brunswick Credit Union Federation Stabilization Board Limited reported net assets of \$11.2 million (2000 - \$9.9 million). Each stabilization board is responsible to carry out inspections and monitor the financial condition and business practices of its member credit unions on an ongoing basis.

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

7. Related parties

Transactions 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.

FINANCIAL STATEMENTS

NEW BRUNSWICK

CROP INSURANCE COMMISSION

31 MARCH 2002

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 2002 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 2002 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.
10 July 2002

**NEW BRUNSWICK CROP INSURANCE COMMISSION
BALANCE SHEET
31 MARCH 2002**

	2002	2001
ASSETS		
Accounts receivable		
Canada	\$ 283,382	\$ 42,504
Other	-	5,022
	<u>283,382</u>	<u>47,526</u>
Crop Insurance Trust Account (Note 2)	6,346,166	4,835,891
	<u>\$ 6,629,548</u>	<u>\$ 4,883,417</u>
LIABILITIES AND SURPLUS		
Accounts payable		
Indemnities	\$ 149,729	\$ 198,764
Province of New Brunswick	2,062	1,722
	<u>151,791</u>	<u>200,486</u>
Deferred revenue (Note 4)	47,361	43,027
Surplus	6,430,396	4,639,904
	<u>\$ 6,629,548</u>	<u>\$ 4,883,417</u>

Leopold Bourgeois

Minister, on behalf of the Commission chairman

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
REVENUE		
Premiums from producers (Schedule A)	\$ 375,935	\$ 428,129
Premiums contributions		
- Province of New Brunswick	1,167,149	1,275,386
- Canada	1,167,149	1,275,386
	<u>2,710,233</u>	<u>2,978,901</u>
Contributions for administration		
- Province of New Brunswick	490,058	487,616
- Canada	490,058	487,616
	2,023	2,016
Interest from producers	<u>3,692,372</u>	<u>3,956,149</u>
EXPENSE		
Indemnities (Schedule B)	764,571	551,692
Administration (Schedule C)	980,115	975,232
Crop Reinsurance Fund of New Brunswick	78,597	259,164
Crop Reinsurance Fund of Canada for New Brunswick	78,597	259,164
	<u>1,901,880</u>	<u>2,045,252</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u>\$ 1,790,492</u>	<u>\$ 1,910,897</u>

**NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF SURPLUS
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
Surplus, beginning of year	\$ 4,639,904	\$ 2,729,007
Excess of revenue over expense for the year	<u>1,790,492</u>	<u>1,910,897</u>
SURPLUS, END OF YEAR	<u>\$ 6,430,396</u>	<u>\$ 4,639,904</u>

NEW BRUNSWICK CROP INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
CASH PROVIDED BY (USED FOR)		
Operating activities:		
Excess of revenue over expense for the year	\$ 1,790,492	\$ 1,910,897
(Increase) decrease in accounts receivable	(235,856)	40,507
Increase (decrease) in accounts payable	(48,695)	(537,969)
Increase (decrease) in deferred revenue	4,334	(781)
Increase in trust account	(1,510,275)	(1,412,654)
Cash provided by operations	-	-
CASH POSITION AT BEGINNING AND AT END OF YEAR	\$ -	\$ -

NEW BRUNSWICK CROP INSURANCE COMMISSION **NOTES TO FINANCIAL STATEMENTS** **31 MARCH 2002**

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

(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.

NEW BRUNSWICK CROP INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002

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

(c) Crop Reinsurance Funds

On an annual basis a reinsurance premium based on total crop insurance premiums (2.9% of total premiums in 2002 and 8.7% in 2001) 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	2002	2001
Excess of claims over premiums, 1 April	\$ 2,197,428	\$ 2,456,592
Premiums submitted	(78,597)	(259,164)
Excess of claims over premiums, 31 March	<u>\$ 2,118,831</u>	<u>\$ 2,197,428</u>

Crop Reinsurance Fund of New Brunswick	2002	2001
Excess of premiums over claims, 1 April	\$ (2,063,213)	\$ (1,804,049)
Premiums submitted	(78,597)	(259,164)
Excess of premiums over claims, 31 March	<u>\$ (2,141,810)</u>	<u>\$ (2,063,213)</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 2002**

	2002	2001
Potatoes	\$ 286,320	\$ 348,713
Spring grain	33,578	21,889
Apples	17,701	16,298
Blueberries	21,814	23,772
Strawberries	16,522	17,457
	<u>\$ 375,935</u>	<u>\$ 428,129</u>

SCHEDULE B

**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF INDEMNITIES
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
Potatoes	\$ 297,782	\$ 355,767
Spring grain	88,404	29,501
Apples	96,672	22,760
Blueberries	234,114	135,767
Strawberries	47,599	7,897
	<u>\$ 764,571</u>	<u>\$ 551,692</u>

SCHEDULE C

**NEW BRUNSWICK CROP INSURANCE COMMISSION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
Personnel	\$ 684,149	\$ 686,854
Data information processing costs	6,656	7,775
Transportation and communication	76,812	74,542
Utilities, material and supplies	9,732	7,558
Professional services	106,078	97,754
Repairs and maintenance	9,287	10,136
Office accommodations and equipment rentals	52,284	52,538
Capital equipment	11,265	9,940
Other	23,852	28,135
	<u>\$ 980,115</u>	<u>\$ 975,232</u>

Financial Statements Of

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance
du Nouveau-Brunswick Inc.**

(Incorporated under the laws of New Brunswick without share capital)

March 31, 2002

Peter G. Gaulton
Chartered Accountant

Peter G. Gaulton Professional Corporation
Chartered Accountant
74 Adelaide Street
Saint John, NB
E2K 1W5

Bus: (506) 634-7393
Fax: (506) 652-8618

Res: (506) 634-7609
E Mail: gaultonp@nbnet.nb.ca

AUDITOR'S REPORT

I have examined the statement of financial position of New Brunswick Distance Education Network Inc. / Réseau de Formation à Distance du Nouveau-Brunswick Inc. for the year ended March 31, 2002 and the statements of operations and net assets 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 March 31, 2002, and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

October 22, 2002



Chartered Accountant

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance
du Nouveau-Brunswick Inc.**

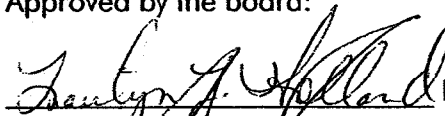
(Incorporated under the laws of New Brunswick without share capital)

Statement of Financial Position

For the year ended March 31, 2002

	2002	2001
ASSETS		
Current:		
Cash in bank	\$ 209,808	\$ 215,344
Accounts receivable	709,568	36,491
	<u>\$ 919,376</u>	<u>\$ 251,835</u>
LIABILITIES		
Current:		
Accounts payable	\$ 9,089	\$ 85,101
HST payable	306,469	278,085
Deferred revenue (note 4)	600,000	-
	<u>915,558</u>	<u>363,186</u>
NET ASSETS		
Unrestricted net assets (deficiency)	<u>3,818</u>	<u>(111,351)</u>
	<u>\$ 919,376</u>	<u>\$ 251,835</u>

Approved by the board:

 Director

 Director

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance
du Nouveau-Brunswick Inc.**

(Incorporated under the laws of New Brunswick without share capital)

Statement of Operations and Net Assets

For the year ended March 31, 2002

	2002	2001
Receipts:		
Federal Government	\$ 273,367	\$ 235,907
Provincial Government (note 4)	153,767	253,685
Universities / Colleges	-	70,000
Miscellaneous	5,760	9,115
	432,894	568,707
Disbursements:		
Bank charges	72	76
Interest on Harmonized Sales Tax	35,268	28,250
Professional service contracts	228,355	502,910
Equipment	-	45,672
C.A.S.E. program	(3,704)	134,784
CSPACE - salaries and operations	31,723	145,907
Meetings	2,035	5,267
Office and supplies	55	10,089
Travel	13,921	14,403
Professional services	8,471	63,397
Public relations and advertising	-	2,460
Miscellaneous	1,529	18,710
	317,725	971,925
Excess of receipts over disbursements (disbursements over receipts)	115,169	(403,218)
Net assets (deficiency), beginning of year	(111,351)	291,867
Net assets (deficiency), end of year	\$ 3,818	\$(111,351)

**New Brunswick Distance Education Network Inc. /
Réseau de Formation à Distance
du Nouveau-Brunswick Inc.**

(Incorporated under the laws of New Brunswick without share capital)

Statement of Changes in Financial Position

For the year ended March 31, 2002

	2002	2001
Cash provided by (used in)		
Operations:		
Excess of receipts over disbursements (disbursements over receipts)	\$ 115,169	\$(403,218)
Decrease (increase) in accounts receivable	(673,077)	170,734
Increase (decrease) in HST payable	28,384	36,971
Increase (decrease) in accounts payable	(76,012)	80,869
Increase (decrease) in deferred revenue	600,000	(267,260)
Decrease in cash during the period	(5,536)	(381,904)
Cash, beginning of year	215,344	597,248
Cash, end of year	\$ 209,808	\$ 215,344
Consisting of:		
Bank - Operating account	\$ 25,723	\$ 80,593
- Community Access account	184,085	134,751
	\$ 209,808	\$ 215,344

New Brunswick Distance Education Network Inc. / Réseau de Formation à Distance du Nouveau-Brunswick Inc.

(Incorporated under the laws of New Brunswick without share capital)

Notes to Financial Statements

For the year ended March 31, 2002

1. Purpose of the organization

The company is a non-profit company incorporated in 1994 for the purpose of seeking funding and partnership arrangements to facilitate access to distance education in New Brunswick and to support the development of the advanced training technologies sector of the provincial economy.

2. Significant Accounting Policies

(a) Method of accounting:

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

(b) Donated services:

Donated services are not recorded in the records

3. Services in kind

The corporation is operated entirely by volunteer services of directors and committee members. Due to the difficulty of determining the fair market value for those services they are not recorded in the financial statements.

4. Related party transactions

The company's Board of Directors consists of employees of the Province of New Brunswick. The company receives grants from the Province of New Brunswick to assist in training and development costs of its programs. These grants are reflected as deferred revenue in the attached statement of financial position until costs are incurred. At that time, the grants are applied to reduce the costs of its programs and are reflected in the statement of operations and net assets. During the year, the company entered into contracts with the Province of New Brunswick totalling \$753,767 (2001: \$253,685) of which \$600,000 (2001: \$NIL) was deferred to the following year.

5. Comparative figures

Certain figures have been restated to conform with presentation adopted for this year.

FINANCIAL STATEMENTS

NEW BRUNSWICK HIGHWAY CORPORATION

31 MARCH 2002

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 2002 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 2002 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

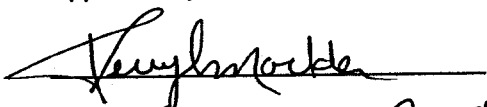

K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
27 June 2002

NEW BRUNSWICK HIGHWAY CORPORATION
BALANCE SHEET
31 MARCH 2002

	2002	2001
ASSETS		
Due from Province of New Brunswick	\$ 853,032,396	\$ 857,976,578
Accounts receivable (Note 4)	12,610,633	15,977,761
Prepaid expenses	423,174	-
Land (Note 5)	1	1
	<u>\$ 866,066,204</u>	<u>\$ 873,954,340</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 2,210,431	\$ 991,403
Accrued interest payable	19,224,284	-
Deferred revenue	-	1,150,652
Capital lease obligation (Note 6)	844,631,488	871,812,284
Contribution from Province of New Brunswick (Note 5)	1	1
	<u>\$ 866,066,204</u>	<u>\$ 873,954,340</u>

Approved by the Board

Chairperson

Member

**NEW BRUNSWICK HIGHWAY CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2002**

	2002		2001
	Budget	Actual	
REVENUE			
Province of New Brunswick	\$ 25,314,170	\$ 29,529,906	\$ 4,509,825
EXPENDITURE			
Highway operations and maintenance (Note 7)	5,847,000	5,967,674	4,264,659
Tolling system operations and maintenance (Note 7)	158,000	159,396	152,271
Operating and administrative expense	669,000	699,815	-
New Brunswick (F-M) Project Company Inc. administrative expenditures	600,000	175,018	-
Interest expense	18,040,170	22,528,003	-
Removal of tolls	-	-	111,385
Costs related to transponder sales and distribution	-	-	(18,490)
	25,314,170	29,529,906	4,509,825
EXCESS OF REVENUE OVER EXPENDITURE	\$ -	\$ -	\$ -

NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002

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.

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

NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002

3. Fredericton-Moncton highway – continued

NBHC is also responsible for making monthly traffic volume payments to the New Brunswick (F-M) Project Company Inc. The traffic volume payments are used to repay principal and interest on the toll-based debt after 23 October 2001, full traffic availability date. Any amount in excess of that required to repay the debt is returned to NBHC.

4. Accounts receivable

The accounts receivable balance at 31 March 2002 of \$12,610,633 (2001 - \$15,977,761) is comprised of amounts paid by NBHC to the New Brunswick (F-M) Project Company Inc. to maintain a tolling reserve fund as required in the agreements with toll-based lenders.

5. Land

The transfer of the land corridor required for the Fredericton-Moncton highway by the Province to NBHC has been treated as an equity contribution for financial statement purposes and has been recorded at the nominal amount of one dollar.

6. Capital lease obligation

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 2002 was \$844.6 million (2001 - \$871.8 million).

Under the agreements NBHC will be required to make total future lease payments to the New Brunswick (F-M) Project Company Inc. of approximately \$1.841 billion, including principal and interest.

Annual principal and interest payments in each of the next five years are as follows:

<u>Fiscal Year</u>	<u>(millions)</u>
2002 - 2003	\$11.2
2003 - 2004	\$41.6
2004 - 2005	\$72.6
2005 - 2006	\$72.8
2006 - 2007	\$73.2

**NEW BRUNSWICK HIGHWAY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

7. 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 \$1,817,221 (2001 - \$4,520,758) 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.

8. Staff resources

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

9. 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, 2002

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, 2002 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, 2002 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 24, 2002

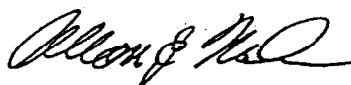
NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Statement of Financial Position**

March 31, 2002, with comparative figures for 2001

	2002	2001
Assets		
Current assets:		
Cash	\$ 10,858	\$ 3,505
Accounts receivable, Pension Funds	1,112,864	771,490
Prepaid expenses	149,527	16,197
	1,273,249	791,192
Capital assets (note 3)	412,293	385,943
	<u>\$ 1,685,542</u>	<u>\$ 1,177,135</u>
Liabilities and Deferred Contributions		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,172,427	\$ 791,192
Harmonized Sales Tax	100,822	-
	1,273,249	791,192
Deferred contributions related to capital assets	412,293	385,943
Commitment (note 4)		
	<u>\$ 1,685,542</u>	<u>\$ 1,177,135</u>

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, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Fees:		
Public Service Superannuation Fund	\$ 3,307,591	\$ 2,914,066
Teachers' Pension Fund	3,108,129	2,765,508
Judges' Superannuation Fund	24,390	20,596
Amortization of deferred contributions related to capital assets	130,319	119,502
Other	2,072	31,090
	<u>6,572,501</u>	<u>5,850,762</u>
Expenses:		
Salaries and benefits	3,383,446	2,575,130
Other services (note 5)	2,989,290	3,091,267
Materials and supplies	69,446	64,863
Amortization of capital assets	130,319	119,502
	<u>6,572,501</u>	<u>5,850,762</u>
	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2002

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

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.

(b) Basis of accounting:

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

(c) Capital assets:

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

(d) Revenue recognition:

Fees for services are recognized in revenue as services are performed.

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, 2002

2. Statement of Cash Flows:

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.

3. Capital assets:

				2002	2001
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	33 1/3%	\$ 437,971	\$ 336,598	\$ 101,373	\$ 68,707
Furniture and equipment	8%	327,464	138,573	188,891	197,217
Leasehold improvements	10%	251,082	129,053	122,029	120,019
		\$1,016,517	\$ 604,224	\$ 412,293	\$ 385,943

4. 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:

2003	\$ 231,859
2004	245,700
2005	245,700
2006	245,700
Later years through 2012	1,433,250
	<u>\$ 2,402,209</u>

5. Other services:

	2002	2001
External management fees and expenses	\$ 1,451,314	\$ 1,213,225
Custodial services	102,378	159,556
Travel	199,692	332,523
Office rent	171,331	161,292
Professional services	335,815	492,851
Information systems	595,198	577,961
Other	133,562	153,859
	<u>\$ 2,989,290</u>	<u>\$ 3,091,267</u>

**NEW BRUNSWICK LIQUOR CORPORATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2002**



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.

Barbara Winsor
President and C.E.O.

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

May 21, 2002

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New  Nouveau
Brunswick



KPMG LLP
Chartered Accountants

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

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

AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of the New Brunswick Liquor Corporation as at March 31, 2002 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, 2002 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 21, 2002



BALANCE SHEET

	MARCH 31	
Assets	2002	2001
<i>Current Assets</i>		
Cash	\$ 180 010	\$ 167 555
Accounts receivable	2 030 398	1 348 025
Inventories (note 1)	17 093 753	13 661 866
Prepaid expenses	383 640	405 786
Total current assets	<u>19 687 801</u>	<u>15 583 232</u>
<i>Fixed Assets</i>		
Property, plant and equipment (note 2)	<u>9 968 531</u>	<u>10 116 604</u>
Total Assets	<u><u>\$29 656 332</u></u>	<u><u>\$25 699 836</u></u>
Liabilities		
<i>Current Liabilities</i>		
Outstanding cheques in excess of funds on deposit	\$ 514 892	\$ 1 201 603
Accounts payable and accrued liabilities	10 757 341	8 536 010
Total current liabilities	<u>11 272 233</u>	<u>9 737 613</u>
<i>Long Term Debt</i>		
Pension liability (note 3)	<u>2 724 254</u>	<u>2 933 812</u>
Equity of the Province of New Brunswick		
Balance at beginning of year	13 028 411	12 593 664
Net income	106 822 123	103 030 873
	119 850 534	115 624 537
Payments to the Province of New Brunswick	104 190 689	102 596 126
Balance at end of year	<u>15 659 845</u>	<u>13 028 411</u>
Total Liabilities and Equity	<u><u>\$29 656 332</u></u>	<u><u>\$25 699 836</u></u>
Commitments (note 4)		
Subsequent event (note 7)		

See accompanying notes to financial statements

APPROVED BY THE BOARD:

Jean-Benoit Marquis
Director

Aline Pétard
Director

INCOME STATEMENT

Year ended March 31

	Budget 2002	Actual 2002	Actual 2001
Total sales (note 5)	\$284 798 611	\$295 877 374	\$280 417 299
Less: commissions	4 071 704	4 298 666	3 991 108
Net sales	280 726 907	291 578 708	276 426 191
Cost of sales	148 616 317	154 798 129	146 906 343
Gross profit	132 110 590	136 780 579	129 519 848
Other income	933 702	935 545	881 302
	133 044 292	137 716 124	130 401 150
Operating expenses	29 494 636	30 894 001	27 370 277
Net income	<u>\$ 103 549 656</u>	<u>\$ 106 822 123</u>	<u>\$ 103 030 873</u>

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2002	2001
Cash from Operations		
Net income	\$ 106 822 123	\$ 103 030 873
Items not involving cash:		
Depreciation	1 948 780	1 838 840
Pension amortization	(209 558)	(86 298)
Loss on sale of property, plant and equipment	198 258	109 111
Change in non-cash working capital	(2 557 494)	(928 236)
Cash available from operations	<u>106 202 109</u>	<u>103 964 290</u>
Net Capital Investments		
Additions to property, plant and equipment	(2 075 795)	(1 443 362)
Proceeds from sale of property, plant and equipment	76 830	48 370
Net cash used for capital investments	<u>(1 998 965)</u>	<u>(1 394 992)</u>
Payments to the Province of New Brunswick	<u>(104 190 689)</u>	<u>(102 596 126)</u>
Increase (Decrease) in Cash	12 455	(26 828)
Cash at Beginning of Year	<u>167 555</u>	<u>194 383</u>
Cash at End of Year	<u>\$ 180 010</u>	<u>\$ 167 555</u>

See accompanying notes to financial statements

Schedule of Sales

Year ended March 31

	Budget 2002	Actual 2002	Actual 2001
Spirits	\$ 70 423 337	\$ 69 106 642	\$ 68 978 366
Wine	30 595 263	31 758 252	29 721 629
Other beverages	11 996 882	15 959 875	12 224 661
Beer	171 783 129	179 052 605	169 492 643
	<u>\$284 798 611</u>	<u>\$295 877 374</u>	<u>\$280 417 299</u>

Schedule of Cost of Sales

Year ended March 31

	Spirits	Wine	Other beverages	Beer	2002 Total	2001 Total
Inventories at beginning of year	\$ 4 781 244	\$ 5 391 767	\$ 2 493 818	\$ 883 173	\$ 13 550 002	\$ 14 414 541
Purchases	15 995 273	14 466 874	5 983 769	106 334 552	142 780 468	130 890 320
Freight	551 711	1 137 800	344 679	234 265	2 268 455	1 819 895
Duty and excise tax	11 818 323	945 473	179 357	193 841	13 136 994	13 331 589
	<u>33 146 551</u>	<u>21 941 914</u>	<u>9 001 623</u>	<u>107 645 831</u>	<u>171 735 919</u>	<u>160 456 345</u>
Inventories at end of year	5 375 457	7 632 611	1 106 987	2 822 735	16 937 790	13 550 002
	<u>\$ 27 771 094</u>	<u>\$ 14 309 303</u>	<u>\$ 7 894 636</u>	<u>\$ 104 823 096</u>	<u>\$ 154 798 129</u>	<u>\$ 146 906 343</u>

Schedule of Other Income

Year ended March 31

	Budget 2002	Actual 2002	Actual 2001
Merchandising programs	\$ 735 632	\$ 878 995	\$ 757 945
Private importation revenue	51 468	56 466	50 426
Commission on collection of licensee user fees	44 000	46 464	44 868
Beer voucher administration fees	10 000	14 578	14 154
Unredeemed beverage container deposits	67 302	68 398	69 794
Subscriptions to sales reports	12 300	16 240	11 825
Loss on sale of property, plant and equipment	(29 000)	(198 258)	(109 111)
Sundry	42 000	52 662	41 401
	<u>\$ 933 702</u>	<u>\$ 935 545</u>	<u>\$ 881 302</u>

Schedule of Operating Expenses

Year ended March 31

	Budget 2002	Actual 2002	Actual 2001
Salaries - stores, warehouse and maintenance	\$ 12 286 863	\$ 12 650 218	\$ 11 659 976
- administration	2 790 649	2 823 822	2 636 550
Employee benefits	3 144 863	3 981 821	2 837 180
Rent	2 920 479	2 918 286	2 841 185
Heat and light	977 928	885 341	956 295
Depreciation	1 898 982	1 948 780	1 838 840
Training programs	189 400	187 660	116 294
Trucking	437 918	448 563	394 795
Repairs to property, plant and equipment	348 727	464 132	362 683
Property taxes	425 300	416 763	416 974
Minor equipment and supplies	463 227	465 563	470 263
Security	224 285	233 898	205 023
Retail automation system maintenance	223 678	232 920	220 787
Travel	245 736	301 903	229 405
Beverage container redemption costs	347 000	384 929	354 446
Shopping bags	163 837	206 128	159 750
Data processing	327 470	345 165	296 055
Telecommunications	311 355	303 339	263 269
Motor vehicle operation	28 585	34 803	26 868
Cleaning	153 168	157 275	140 912
Shortages	39 240	35 263	40 041
Bad debt	-	5 944	-
Management meetings	49 223	50 177	36 859
Postage	64 010	66 320	51 035
Professional services	246 400	116 264	109 332
Bank charges	938 400	870 216	484 883
Warehouse maintenance and supplies	27 300	28 751	35 692
Insurance	15 000	37 982	14 712
Advertising and promotions	86 930	159 430	66 239
Directors' remuneration	40 000	36 787	35 775
Other	78 683	95 558	68 159
	<u>\$ 29 494 636</u>	<u>\$ 30 894 001</u>	<u>\$ 27 370 277</u>

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2002

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.

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.

Retiring Allowances

The estimated cost of retiring allowances payable to employees aged fifty-five and older as of March 31, 2002 has been charged to employee benefits at their current rate of pay.

Workplace, Health, Safety and Compensation Commission

The Corporation is a self-assessed employer with the Workplace, Health, Safety and Compensation Commission (WHSCC). Costs incurred under this plan are charged to employee benefits in the year the payment is made.

1. Inventories

	2002	2001
Spirits, wine, other beverages and beer	\$ 16 937 790	\$ 13 550 002
Supplies	155 963	111 864
	<u>\$ 17 093 753</u>	<u>\$ 13 661 866</u>

2. Property, Plant and Equipment

	Cost	Accumulated Depreciation	2002 Net	2001 Net
Land	\$ 209 075		\$ 209 075	\$ 209 621
Paving	448 422	\$ 433 854	14 568	13 668
Buildings	10 377 801	6 541 220	3 836 581	3 942 521
Leasehold improvements	4 382 566	2 873 813	1 508 753	1 197 166
Furniture, fixtures and equipment	6 754 818	5 860 205	894 613	852 417
Automotive equipment	213 850	130 849	83 001	91 272
Retail automation equipment	1 619 240	1 257 980	361 260	655 609
Software and services	3 259 435	1 156 979	2 102 456	2 020 788
Refrigeration equipment	3 212 457	2 254 233	958 224	1 133 542
	<u>\$30 477 664</u>	<u>\$20 509 133</u>	<u>\$9 968 531</u>	<u>\$10 116 604</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 payments to the pension trust fund have been made since March 31, 2000. Deferred pension costs have been netted against pension liability and the balance amortized over the estimated remaining service life of active contributors.

	2002	2001
Pension liability	<u>\$2 724 254</u>	<u>\$2 933 812</u>

4. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2003 and 2013. 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, 2002, initial lease terms in excess of one year:

2003	\$ 2 696 655
2004	2 430 354
2005	2 135 285
2006	1 954 396
2007	1 817 462
2008 to 2013	<u>5 176 595</u>
	<u>\$ 16 210 747</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. Retiring Allowances

During the year the Corporation booked an estimate of retiring allowances payable to employees aged fifty-five and older as of March 31, 2002. This policy has been accounted for on a prospective basis. In the current year a total of \$633 136 has been charged to employee benefits.

7. Subsequent Event

Subsequent to year end, New Brunswick Liquor Corporation changed to the assessed basis of payment with the Workplace, Health, Safety and Compensation Commission (WHSCC). As a result, the Corporation placed the sum of \$1 000 000 on deposit in trust with the WHSCC to cover the cost of claims for employees injured prior to the conversion date of April 1, 2002. This deposit will be held for the period of June 1, 2002 to May 31, 2009 and will accrue interest at the WHSCC's accounting rate of return for the applicable year. The actual cost of claims will be deducted from the deposit in the year the expense is incurred. At the end of the seven-year period or at any time prior, upon request of the Corporation, WHSCC will calculate the future costs associated with these claims, whereupon the Corporation will be responsible for a one-time payment of the amount. From that point forward, WHSCC will assume responsibility for the liability. It is anticipated that the \$1 000 000 on deposit will be sufficient to cover all future costs associated with injuries that occurred prior to April 1, 2002.

8. Comparative Figures

Certain 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2002.

FINANCIAL STATEMENTS

NEW BRUNSWICK

MUNICIPAL FINANCE CORPORATION

31 DECEMBER 2001

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 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 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 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

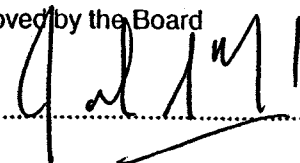
K.D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
19 March 2002

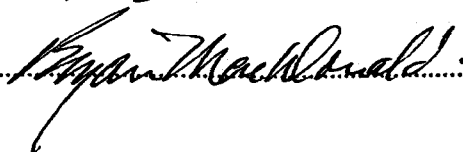
NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2001

	2001	2000
ASSETS		
Cash and short-term investments	\$ 256,945	\$ -
Accrued principal receivable from municipalities and municipal enterprises	-	2,224,000
Accrued interest receivable from municipalities and municipal enterprises	4,518,626	4,684,522
Accrued investment income receivable	14,366	14,553
	<u>4,789,937</u>	<u>6,923,075</u>
Long term investments	520,000	520,000
Add: Unamortized premium	36,103	49,426
	<u>556,103</u>	<u>569,426</u>
Loans to municipalities and municipal enterprises (Note 2)	366,936,000	350,908,000
	<u>\$ 372,282,040</u>	<u>\$ 358,400,501</u>
LIABILITIES AND RETAINED EARNINGS		
Outstanding cheques in excess of bank deposits	\$ -	\$ 2,439,382
Accounts payable	4,019	4,326
Accrued interest payable on debenture debt	4,518,626	4,283,845
Debenture debt (Note 3)	<u>366,936,000</u>	<u>350,908,000</u>
	<u>371,458,645</u>	<u>357,635,553</u>
Retained earnings	823,395	764,948
	<u>\$ 372,282,040</u>	<u>\$ 358,400,501</u>

Approved by the Board



Director



Director

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
REVENUE		
Interest from municipalities and municipal enterprises	\$ 23,392,348	\$ 23,910,283
Retained for debenture issue expenses	106,802	89,532
Investment income	61,383	58,702
	<u>23,560,533</u>	<u>24,058,517</u>
EXPENSE		
Interest paid on debentures	23,392,348	23,910,283
Amortization of premium	13,324	13,360
Other expenses	96,414	90,703
	<u>23,502,086</u>	<u>24,014,346</u>
NET INCOME FOR THE YEAR	58,447	44,171
Retained earnings, beginning of year	764,948	720,777
RETAINED EARNINGS, end of year	<u>\$ 823,395</u>	<u>\$ 764,948</u>

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
CASH PROVIDED BY (USED FOR):		
Operating activities:		
Net income for the year	\$ 58,447	\$ 44,171
Add (deduct)		
Amortization of premium	13,324	13,360
Decrease (increase) in non-cash components of working capital	2,624,556	(2,634,007)
	<u>2,696,327</u>	<u>(2,576,476)</u>
Financing activities:		
Proceeds on sale of debentures	70,632,010	59,140,754
Funds retained for debenture issues expenses	(106,802)	(89,532)
Principal paid on debenture debt	(55,173,000)	(54,993,000)
	<u>15,352,208</u>	<u>4,058,222</u>
Investing activities:		
Loans to municipalities and municipal enterprises	(70,525,208)	(59,051,222)
Principal repayments made by municipalities and municipal enterprises	55,173,000	54,993,000
	<u>(15,352,208)</u>	<u>(4,058,222)</u>
INCREASE (DECREASE) IN CASH	2,696,327	(2,576,476)
Cash position, beginning of year	(2,439,382)	137,094
CASH POSITION, end of year	<u>\$ 256,945</u>	<u>\$ (2,439,382)</u>

NEW BRUNSWICK MUNICIPAL FINANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2001

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 2001

3. Debenture debt

- (a) The following debenture debt outstanding at 31 December 2001 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>
"S"	14 July 1992	14 July 1993 to 2002	6 1/2% to 9%	\$ 24,076,000	\$ 3,557,000
*"T"	30 Dec. 1992	30 Dec. 1993 to 2002	7 1/2% to 8 7/8%	22,171,000	4,486,000
"U"	29 July 1993	29 July 1994 to 2008	5 1/2% to 8 3/8%	34,442,000	8,157,000
"V"	23 Dec. 1993	23 Dec. 1994 to 2003	4 3/4% to 7 1/2%	23,856,000	6,773,000
*"W"	09 Aug. 1994	09 Aug. 1995 to 2004	8% to 9 3/4%	30,860,000	10,614,000
*"X"	21 Dec. 1994	21 Dec. 1995 to 2004	7 1/4% to 9 1/2%	14,243,000	5,315,000
"Y"	07 June 1995	07 June 1996 to 2005	7 1/8% to 8 1/8%	13,611,000	7,268,000
*"Z"	20 Dec. 1995	20 Dec. 1996 to 2005	6 1/4% to 7 7/8%	39,032,000	18,704,000
"AA"	24 July 1996	24 July 1997 to 2006	5 5/8% to 7 7/8%	19,028,000	11,716,000
"AB"	02 Dec. 1996	02 Dec. 1997 to 2006	3 5/8% to 6 5/8%	38,610,000	22,806,000
*"AC"	16 Oct. 1997	16 Oct. 1998 to 2007	4 1/8% to 6%	36,187,000	24,062,000
"AD"	18 Dec. 1997	18 Dec. 1998 to 2007	4 1/4% to 5 3/4%	34,346,000	22,253,000
"AE"	25 Aug. 1998	25 Aug. 1999 to 2008	5 1/4% to 5 5/8%	26,566,000	18,863,000
"AF"	15 Dec. 1998	15 Dec. 1999 to 2008	5 1/8% to 5 1/2%	29,838,000	22,758,000
"AG"	11 Aug. 1999	11 Aug. 2000 to 2009	5 1/5% to 5 3/4%	31,633,000	25,975,000
*"AH"	14 Dec. 1999	14 Dec. 2000 to 2009	5 7/10% to 6 1/2%	33,575,000	28,196,000
"AI"	10 Aug. 2000	10 Aug. 2001 to 2010	6 1/10% to 6 2/5%	31,887,000	28,911,000
"AJ"	19 Dec. 2000	19 Dec. 2001 to 2010	6% to 6 1/8%	27,801,000	25,321,000
"AK"	17 July 2001	17 July 2002 to 2011	4 9/20% to 6 1/5%	28,920,000	28,920,000
"AL"	30 Nov. 2001	30 Nov. 2002 to 2011	2 9/20% to 5 1/2%	42,281,000	42,281,000
				<u>\$ 582,963,000</u>	<u>\$ 366,936,000</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:

2002	\$56,884,000
2003	\$52,208,000
2004	\$46,292,000
2005	\$45,417,000
2006	\$41,471,000

The New Brunswick Museum

Consolidated Financial Statements
March 31, 2002



PricewaterhouseCoopers LLP
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Saint John New Brunswick
Canada E2L 4B9
Telephone +1 (506) 632 1810
Facsimile +1 (506) 632 8997

May 1, 2002

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, 2002, 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

The New Brunswick Museum

Consolidated Balance Sheet

As at March 31, 2002

	General Fund \$	Property and Equipment Fund \$	Restricted Funds \$	Endowment Fund \$	2002 \$	2001 \$
Assets						
Cash	24,819	-	92,453	203	117,475	31,475
Short-term investments (note 3)	111,712	-	161,234	-	272,946	479,252
Accounts receivable – trade	39,718	-	-	10,129	49,847	70,771
Accounts receivable – grants	-	-	44,400	2,250	46,650	96,700
Inventory	30,483	-	-	-	30,483	26,395
Due from Province of New Brunswick	-	-	21,530	-	21,530	8,686
	206,732	-	319,617	12,582	538,931	713,279
Investments (note 3)	-	-	-	911,131	911,131	949,347
Property and equipment (note 4)	-	68,800	64,529	-	133,329	170,110
Collection and accessions	2	-	-	-	2	2
	206,734	68,800	384,146	923,713	1,583,393	1,832,738
Liabilities and Fund Balances						
Accounts payable and accrued liabilities	102,701	-	34,819	2,000	139,520	350,012
Interfund loan	51,317	-	2,152	(53,469)	-	-
Due to Province of New Brunswick	35,654	-	-	-	35,654	-
	189,672	-	36,971	(51,469)	175,174	350,012
Fund balances						
Unrestricted	17,062	-	-	-	17,062	43,111
Internally restricted	-	-	56,880	137,517	194,397	242,768
Externally restricted	-	-	225,766	93,686	319,452	316,780
Endowments	-	-	-	743,979	743,979	709,957
Property and equipment	-	68,800	64,529	-	133,329	170,110
	17,062	68,800	347,175	975,182	1,408,219	1,482,726
	206,734	68,800	384,146	923,713	1,583,393	1,832,738

Approved by the Board of Directors

Director

Director

The New Brunswick Museum

Consolidated Statement of Financial Operations and Changes in Fund Balances For the year ended March 31, 2002

	General Fund \$ (note 6)	Property and Equipment Fund \$	Restricted Fund \$	Endowment Fund \$	2002 \$	2001 \$
Revenue						
Grants						
Provincial	1,590,016	-	54,881	-	1,644,897	1,558,908
Federal	-	-	30,864	-	30,864	11,667
Department of Canadian Heritage	-	-	46,950	-	46,950	202,194
Investment income	4,634	-	901	58,164	63,699	73,507
Webster Foundation	-	-	-	57,640	57,640	40,225
Museum services (note 5)	135,594	-	687	-	136,281	129,804
Other grants and bequests	-	-	43,619	19,750	63,369	53,904
Donations	-	-	20,331	4,241	24,572	49,577
Miscellaneous income	6,236	-	-	-	6,236	-
	1,736,480	-	198,233	139,795	2,074,508	2,119,786
Expenditures						
Salaries and benefits	1,219,960	-	100,524	-	1,320,484	1,205,609
Materials, supplies and services	604,217	-	112,066	-	716,283	810,550
Amortization of property and equipment	53,923	-	41,524	-	95,447	82,603
Acquisitions	28,513	-	1,236	18,073	47,822	47,599
Scholarships	-	-	-	2,000	2,000	-
	1,906,613	-	255,350	20,073	2,182,036	2,146,361
Excess (deficiency) of revenues over expenditures	(170,133)	-	(57,117)	119,722	(107,528)	(26,575)
Gain on sale of investments	-	-	-	33,021	33,021	110,067
Internal transfer	171,102	(26,561)	-	(144,541)	-	-
Fund balance – Beginning of year	16,093	95,361	404,292	966,980	1,482,726	1,399,234
Fund balance – End of year	17,062	68,800	347,175	975,182	1,408,219	1,482,726

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2002

1 Nature of organization

The New Brunswick Museum (the "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 (the "Board") or various funding authorities.

These consolidated financial statements include the accounts of The New Brunswick Museum and its subsidiary, 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 and 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, 2002

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, 2002

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

(e) Contributed services

Volunteers contributed approximately 2,575 hours to assist the Museum in carrying out its service delivery activities.

3 Investments

Investments comprise the following:

	2002		2001	
	Cost \$	Market value \$	Cost \$	Market value \$
Short-term investments				
Treasury bills	272,946	272,678	479,252	481,142
Long-term investments				
GIC's	17,000	17,000	17,000	17,000
Treasury bills	-	-	16,930	16,930
Bonds	742,179	729,274	801,687	795,412
Equity	151,952	385,279	113,730	332,644
	911,131	1,131,553	949,347	1,161,986

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2002

4 Property and equipment

	2002		2001	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Computers	226,337	186,826	39,511	66,604
Vehicles and equipment	189,867	124,034	65,833	69,843
Furniture	76,421	48,436	27,985	33,663
	492,625	359,296	133,329	170,110

5 Museum services

Museum Services consist of the following revenue and expenditures:

	2002 \$	2001 \$
Revenue		
Gift shop and programs	147,012	113,078
Admissions	102,638	100,073
Facility rentals	15,323	14,887
Membership	11,759	12,786
	276,732	240,824
Expenditures		
Gift shop and programs	140,451	111,020
	136,281	129,804

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2002

6 General Fund revenue and expenditures – Detailed comparison to budget

	2002 Actual \$	2002 Budget (unaudited) \$
Revenue		
Provincial	1,590,016	1,508,800
Museum services	135,594	137,400
Investment income	4,634	5,000
Miscellaneous income	6,236	10,000
	<u>1,736,480</u>	<u>1,661,200</u>
Expenditures		
Salaries and benefits	1,219,960	1,253,000
Operations	243,088	204,000
Collections upgrade	77,580	100,000
Marketing and development	92,184	83,500
Curatorial and library	85,924	75,200
Exhibition and technical services	126,364	71,500
Visitor services	21,989	19,000
Outreach	12,963	10,000
	<u>1,880,052</u>	<u>1,816,200</u>
	(143,572)	(155,000)
Less: Amortization of property and equipment not included in the above	(53,923)	-
Add: Capital expenditures included above	<u>27,362</u>	<u>-</u>
Deficiency of revenue over expenditures	<u>(170,133)</u>	<u>(155,000)</u>

The New Brunswick Museum

Notes to Consolidated Financial Statements

March 31, 2002

7 Commitments

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

	\$
Year ending March 31, 2003	19,376
2004	19,376
2005	18,363
2006	7,216
2007	3,608

8 Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the presentation adopted for the current year.

**NEW BRUNSWICK POWER CORPORATION
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002**

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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, 2002 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

May 14, 2002

**Deloitte
Touche
Tohmatsu**

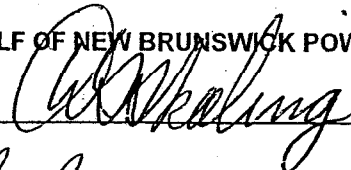
NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (DEFICIT)
Year ended March 31, 2002
(in millions)

	2002	2001 Restated (See Note 2)
REVENUES		
Sales of power (Note 3)		
In-province	\$ 919	\$ 931
Out-of-province	359	332
Miscellaneous	<u>41</u>	<u>46</u>
	1,319	1,309
EXPENSES		
Purchased power	102	100
Fuel	387	401
Operation, maintenance and administration	344	325
Amortization and decommissioning (Note 4)	<u>200</u>	<u>205</u>
	1,033	1,031
Income before finance charges	286	278
Finance charges (Note 5)	<u>266</u>	<u>356</u>
NET INCOME (LOSS) FOR THE YEAR	20	(78)
RETAINED EARNINGS (DEFICIT)		
Opening retained earnings as previously reported		20
Effect of change in accounting policy (Note 2)		<u>(106)</u>
Opening retained earnings (deficit) as restated	<u>(164)</u>	<u>(86)</u>
Deficit end of year	<u><u>\$ (144)</u></u>	<u><u>\$ (164)</u></u>

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2002
(in millions)

	2002	2001 Restated (See Note 2)
PROPERTY, PLANT AND EQUIPMENT (Note 6)		
Land, buildings, plant and equipment, at cost	\$ 5,400	\$ 5,323
Less: accumulated amortization	<u>2,560</u>	<u>2,417</u>
	<u>2,840</u>	<u>2,906</u>
CURRENT ASSETS		
Cash and short-term investments (Note 7)	17	57
Accounts receivable	169	174
Materials, supplies and fuel	102	78
Prepaid expenses	<u>5</u>	<u>4</u>
	<u>293</u>	<u>313</u>
DEFERRED CHARGES		
Deferred debt costs, less amounts amortized	42	27
Deferred pension benefit (Note 8)	<u>61</u>	<u>52</u>
	<u>103</u>	<u>79</u>
	<u>\$ 3,236</u>	<u>\$ 3,298</u>

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION


Chairman


Director

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2002
(in millions)

	2002	2001 Restated (See Note 2)
LONG-TERM DEBT (Note 10)		
Debtures and other loans	\$ 2,530	\$ 2,950
Less: sinking funds	<u>359</u>	<u>326</u>
	<u>2,171</u>	<u>2,624</u>
CURRENT LIABILITIES		
Short-term indebtedness (Note 11)	-	102
Accounts payable and accruals	149	164
Accrued interest	73	73
Current portion of long-term debt (Note 10)	<u>719</u>	<u>245</u>
	<u>941</u>	<u>584</u>
DEFERRED LIABILITIES		
Plant decommissioning and used nuclear fuel management (Note 12)	234	221
Other (Notes 9 and 13)	<u>34</u>	<u>33</u>
	<u>268</u>	<u>254</u>
DEFICIT		
Deficit (Note 2)	<u>(144)</u>	<u>(164)</u>
	<u>\$ 3,236</u>	<u>\$ 3,298</u>

**NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW**

Year ended March 31, 2002

(in millions)

	2002	2001 Restated (See Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
OPERATING		
Net income (loss) for the year	\$ 20	\$ (78)
Amounts charged or credited to operations not requiring a current cash payment (Note 14)	<u>214</u>	<u>292</u>
	234	214
Net change in non-cash working capital balances	<u>(35)</u>	<u>16</u>
	<u>199</u>	<u>230</u>
FINANCING		
Debt retirements net of sinking fund proceeds	(229)	(252)
Sinking fund installments and earnings	(56)	(56)
Proceeds from long-term debt obligations	283	291
Increase (decrease) in short-term indebtedness	<u>(102)</u>	<u>(74)</u>
	<u>(104)</u>	<u>(91)</u>
INVESTING		
Expenditure on property, plant and equipment	(140)	(118)
Proceeds on disposal and customer contributions	<u>5</u>	<u>2</u>
	<u>(135)</u>	<u>(116)</u>
NET CASH INFLOW (OUTFLOW)	(40)	23
CASH AND SHORT-TERM INVESTMENTS		
BEGINNING OF YEAR	<u>57</u>	<u>34</u>
END OF YEAR	<u><u>\$ 17</u></u>	<u><u>\$ 57</u></u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(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 consolidated 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 system whereby annual average rate increases greater than three percent, or the Consumer Price Index, whichever is higher, require regulatory review 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 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 removed from 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 dispositions, the cost and accumulated amortization is removed from 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, 2002
(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 removed from 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 and on amounts contributed by customers.

The main categories of property, plant and equipment have been amortized based on the following average 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, which are stated at cost, consist of balances with banks and investments in money market instruments.

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 related to anticipated debt refinancing, over the lives of the issues to which they pertain.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(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. Exchange gains and losses resulting from foreign currency translation are reflected in income.

g. 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 estimated fair value does not include costs that would be incurred to exchange or settle the debt.

h. Plant decommissioning and used nuclear fuel management

In order to provide for the estimated future costs of permanently disposing of used 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 sufficient, when accumulated with interest, to cover the total costs of these future activities as they occur. The calculations of the anticipated future costs are based on 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 used 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 also provides, 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. 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 used nuclear fuel management and plant decommissioning are charged against the deferred liability account.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Plant decommissioning and used nuclear fuel management (continued)

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

i. Pension plans

Corporation employees are members of 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.

j. 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.

k. 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.

l. 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.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2002

(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Derivative financial instruments

The Corporation periodically uses the following derivative financial instruments to manage the following risks:

<u>Derivative Financial Instrument</u>	<u>Risk</u>
Forward Exchange Contracts	Exchange risk related to future US dollar purchases, and interest and principal obligations on US denominated long-term debt.
Interest Rate Agreements	Risk related to changes in interest rates on planned refinancing of debt
Electricity Swap Contracts	Risk related to changes in electricity prices on export electricity sales
Oil and Natural Gas Swaps	Risk related to changes in the cost of heavy fuel oil used in the operations of its generating stations and on a purchase contract based on natural gas prices

Gains, losses, revenues and expenses associated with derivative contracts are recognized in income on the same basis as the underlying hedged transaction. The Corporation only enters into derivative financial instruments to manage underlying exposures.

n. 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 used nuclear fuel management costs and amortization of nuclear generating station

As indicated in Note 1h, the Corporation annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total costs of permanently disposing of used 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.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2002
(in millions)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Use of estimates (continued)

Decommissioning and used nuclear fuel management costs and amortization of nuclear generating station (continued)

The Corporation updated its estimates during the year for the costs of permanently disposing of used nuclear fuel and decommissioning the nuclear generating station. The update considered the impacts on the estimates of changes in costs, interest rates and inflation rates.

The annual charges for used 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 update did not consider any changes in these factors beyond the last reviews completed in 1996.

The reviews completed 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.

The Corporation has filed evidence with the Board of Commissioners of Public Utilities (PUB) seeking a recommendation to refurbish the nuclear generating station to extend its service life to 2032, and expects to receive a response in 2002. The Corporation's Board of Directors, upon receiving the recommendation of the PUB, will make a decision on whether or not to refurbish the station, which will impact the estimates for used nuclear fuel management and decommissioning costs, and amortization. If a decision is made to refurbish the nuclear generating station and extend its service life, the annual charges for used nuclear fuel management and decommissioning will decrease from their current level by \$1 million and the annual charge for amortization will decrease by \$25 million. If a decision is made not to refurbish the plant, the annual charges for used nuclear fuel management and decommissioning will increase in the range from \$11 to \$22 million and the annual charge for amortization will increase in the range from \$0 to \$33 million from current levels, depending on the year of the planned shutdown of the generating station.

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 used nuclear fuel management and decommissioning. Accordingly, when the refurbishment decision is made in 2002, it is reasonably possible that the annual charges to income for used nuclear 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, 2001, the Corporation adopted the Canadian Institute of Chartered Accountants (CICA) amended standards for foreign exchange translation. The amended standard no longer allows foreign exchange gains or losses on long-term debt to be deferred

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2002

(in millions)

2. CHANGE IN ACCOUNTING POLICY (continued)

and amortized over the life of the related debt issue. Income and retained earnings from prior years have been restated to reflect the amended standard. Adoption of the amended standard increased net income by \$16 million (2001 - reduced net income by \$66 million) and reduced opening retained earnings by \$172 million (2001 - \$106 million).

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 \$194 million (2001 - \$234 million) to utilities in the United States.

4. AMORTIZATION AND DECOMMISSIONING

	2002	2001
Amortization expense	\$ 197	\$ 202
	3	3
Charges for decommissioning	<u>\$ 200</u>	<u>\$ 205</u>

5. FINANCE CHARGES

	2002	2001
Interest expense	\$ 265	\$ 284
Less: Income from sinking funds and other investments	(24)	(25)
Less: Interest income on pension plan	<u>(8)</u>	<u>(16)</u>
	233	243
Provincial government guarantee fee	19	19
Amortization of deferred debt costs	4	4
Unrealized foreign exchange losses	4	82
Realized foreign exchange losses	<u>11</u>	<u>12</u>
	271	360
Less: Interest capitalized	<u>(5)</u>	<u>(4)</u>
	<u>\$ 266</u>	<u>\$ 356</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

5. FINANCE CHARGES (continued)

Interest paid on debt during the year was \$263 million (2001 - \$288 million). Interest received on investments during the year was \$22 million (2001 - \$23 million).

6. PROPERTY, PLANT AND EQUIPMENT

	2002		2001	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Power generating stations	\$ 3,667	\$ 1,787	\$ 3,672	\$ 1,688
Transmission system	272	121	261	117
Terminals and substations	408	203	396	193
Distribution system	693	288	673	272
Buildings and properties	58	27	57	25
Communications and computer systems	62	26	61	22
Mining equipment and related assets	74	65	74	62
Motor vehicles	48	31	45	28
Miscellaneous assets	20	12	18	10
Construction-in-progress	98	-	66	-
	<u>\$ 5,400</u>	<u>\$ 2,560</u>	<u>\$ 5,323</u>	<u>\$ 2,417</u>

7. CASH AND SHORT-TERM INVESTMENTS

	2002	2001
Cash	\$ 13	\$ 53
Short-term investments	<u>4</u>	<u>4</u>
	<u>\$ 17</u>	<u>\$ 57</u>

8. DEFERRED PENSION BENEFIT

Corporation employees are members of the Province of New Brunswick Public Service Superannuation Plan (Public Service Plan) as described in Note 1i. 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 completed on the Public Service Plan was April 1, 2000.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2002
(in millions)

8. DEFERRED PENSION BENEFIT (continued)

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, 2002 was as follows:

	2002	2001
Pension fund assets (market value)	\$ 678	\$ 664
Accrued pension obligations	\$ 676	\$ 653
Pension surplus	\$ 2	\$ 11
Cost of benefits for the year	\$ 10	\$ 10
Interest cost on accrued benefits	43	41
Interest on pension fund assets	(49)	(53)
Amortization of transitional surplus	(4)	(4)
Amortization of gains/losses	2	-
Pension expense	\$ 2	\$ (6)

Employees contributed \$9 million (2001 - \$9 million) and the Corporation contributed \$11 million to the plan (2001 - \$8 million) during the year. Benefit payments from the plan to retirees were \$29 million (2001 - \$25 million). Total contributions to date in excess of pension expense, in the amount of \$61 million (2001 - \$52 million) have been recorded as an asset under deferred charges.

9. RETIRING ALLOWANCE LIABILITY

The Corporation has a retiring allowance program for employees as described in Note 1j. 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, 2002 is \$24 million (2001 - \$22 million). The retiring allowance expense for the year ended March 31, 2002 was \$4 million (2001 - \$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 (See Note 13).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

10. LONG-TERM DEBT

	2002	2001
Debentures guaranteed by the Province of New Brunswick	\$ 125	\$ 125
Debentures held by the Province of New Brunswick	3,114	3,060
Other loans	10	10
	<u>3,249</u>	<u>3,195</u>
Less: Payments due within one year	719	245
	<u><u>\$ 2,530</u></u>	<u><u>\$ 2,950</u></u>

Debentures and notes

Date of maturity	Average Interest Rate	Canadian	US	2002	2001
Years ending:					
March 31, 2002	9.6%	-	-	-	250
March 31, 2003	8.0%	500	185	685	689
March 31, 2004	7.5%	100	-	100	100
March 31, 2005	-	-	-	-	-
March 31, 2006	8.1%	200	-	200	200
March 31, 2007	6.8%	70	-	70	-
1-5 Years	7.9%	870	185	1,055	1,239
6-10 years	7.7%	975	-	975	495
11-30 Years	8.5%	350	860	1,209	1,451
Debentures and notes		<u>\$2,195</u>	<u>\$1,045</u>	<u>\$3,239</u>	<u>\$3,185</u>

Loans 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>10</u>
--	-----------	-----------

Total long-term debt	<u><u>\$3,249</u></u>	<u><u>\$3,195</u></u>
-----------------------------	-----------------------	-----------------------

The US\$ debenture balance outstanding at March 31, 2002 is US\$ 660 million. (See Note 18)

The weighted average coupon interest rate on all debentures and notes outstanding at March 31, 2002 is 8.06% (2001 – 8.39%).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2002
 (in millions)

10. LONG-TERM DEBT (continued)

Long-term debt payments

Long-term debt maturities and sinking fund requirements in respect of debt outstanding at March 31, 2002 are as follows for the five years ending March 31, 2007:

	Debt maturities and sinking fund obligations (in millions)
Year ending March 31, 2003	719
Year ending March 31, 2004	126
Year ending March 31, 2005	25
Year ending March 31, 2006	225
Year ending March 31, 2007	93

Exchange rates in effect at March 31, 2002 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 (2001 - immaterial) (See Note 18).

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.

11. 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 \$0 at March 31, 2002 (2001 - \$102 million).

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

11. SHORT-TERM INDEBTEDNESS (continued)

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 \$89 million.

N.B. Coal has bank lines of credit totaling \$4 million, which are secured by a general assignment of book debts.

12. PLANT DECOMMISSIONING AND USED NUCLEAR FUEL MANAGEMENT

	2002	2001
Used nuclear fuel management	\$ 117	\$ 113
Nuclear decommissioning	98	92
Thermal decommissioning	<u>19</u>	<u>16</u>
	<u>\$ 234</u>	<u>\$ 221</u>

As described in Note 1h, the \$234 million recorded liability shown above, together with future annual charges to income, when accumulated with interest, will be adequate to cover the total costs of these future activities as they occur.

The obligation is not funded.

13. DEFERRED LIABILITIES - OTHER

	2002	2001
Early retirement programs	\$ 27	\$ 29
Retirement allowance program (See Note 9)	<u>10</u>	<u>8</u>
	37	37
Less: Amounts due within one year	<u>3</u>	<u>4</u>
	<u>\$ 34</u>	<u>\$ 33</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

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

	2002	2001
Amortization and decommissioning	\$ 200	\$ 205
Amortization of deferred debt costs	4	4
Unrealized foreign exchange losses	4	82
Disposal of nuclear fuel consumed during the year	(1)	(2)
Interest on plant decommissioning and used nuclear fuel Management	15	14
Retirement expenses less related cash payments	1	3
Reduction in pension expense	(9)	(14)
	<u>\$ 214</u>	<u>\$ 292</u>

15. FINANCIAL INSTRUMENTS

Foreign exchange risk management

At March 31, 2002, the Corporation had outstanding forward exchange contracts representing a net commitment to purchase US\$ 355 million (2001 – US\$ 124 million) maturing over the next sixteen months. The weighted average rate of exchange protected by these contracts is CDN \$1.5640.

The fair value of forward exchange contracts as at March 31, 2002 is \$568 million (2001 – \$196 million). If the contracts had been closed out at March 31, 2002 the gain would have been \$12 million (2001 – \$8 million).

Fuel price risk management

At March 31, 2002, the Corporation had outstanding heavy fuel oil swap contracts totaling \$79 million (2001 – \$62 million) maturing over the next eighteen months. The fair market value of the heavy fuel oil swap agreements as at March 31, 2002 is \$89 million (2001 – \$58 million).

At March 31, 2002, the Corporation had outstanding natural gas swap contracts totaling \$15 million maturing over the next twelve months. The fair market value of the natural gas swap agreements as at March 31, 2002 is \$19 million. No natural gas hedges were in place as at March 31, 2001.

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 and losses accrue to the Corporation had been closed out at March 31, 2002, the gain would have been \$10 million for heavy fuel oil swaps (2001 – loss of \$4 million), and \$4 million for natural gas swaps.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

15. FINANCIAL INSTRUMENTS (continued)

Electricity risk management

At March 31, 2002, the Corporation had outstanding electricity swap contracts totaling \$8 million maturing over the next five months. The fair market value of the electricity swap agreements as at March 31, 2002 is \$9 million. No electricity swap contracts were in place as at March 31, 2001.

If the contracts had been closed out at March 31, 2002 the loss would have been \$1 million.

Interest rate risk management

The Corporation has entered into interest rate swap agreements which will become effective from July 1, 2002 to November 15, 2002 with termination dates from October 1, 2012 to February 17, 2013. These agreements have a notional principal amount of \$225 million (2001 - \$450 million). The Corporation will pay a weighted average fixed rate of 6.5612%. If the outstanding interest rate swaps had been closed out as of March 31, 2002, the loss would have been \$4 million (2001 - \$17 million).

Fair value of debt and sinking funds

The estimated fair value of long-term debt as at March 31, 2002 is \$3,685 million compared to a book value of \$3,249 million (2001 - \$3,620 million compared to \$3,195 million). The estimated fair value of all sinking funds as at March 31, 2002 is \$381 million compared to a book value of \$359 million (2001 - \$346 million compared to \$326 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 estimated fair value of credit risk is deemed to be the sum of accounts receivable net of applicable reserves and the total gross unrealized gains for financial instruments. Accounts receivable, net of applicable reserves is \$169 million (2001 - \$174 million). The gross unrealized gains, net of losses, from the foreign exchange, interest rate, electricity and fuel price risk management instruments is \$21 million.

16. COMMITMENTS

Coleson Cove Generating Station Refurbishment

Subject to successful completion of the environmental impact assessment, the Corporation plans to refurbish the 1,000 megawatt Coleson Cove generating station including converting it to burn Orimulsion fuel. Construction is scheduled to commence in September 2002. The estimated cost of the refurbishment is \$747 million. Expenditures to March 31, 2002 amounted to \$7 million.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2002
(in millions)

16. COMMITMENTS (continued)

Belledune Wharf

The Corporation has entered into an 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 lease agreement for site facilities, expiring in 2021, with a five year option to extend. The tenant has repowered an existing 100 MW unit to a 280 MW combined cycle natural gas unit which began commercial operation effective September 2001.

The Corporation has also entered into a related 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 an 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.

Orimulsion Fuel Supply

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.

Computer Equipment

The Corporation has entered into operating leases relating to computer equipment. The future minimum lease payments under these leases are as follows

	2002	2001
2003	\$ 4	\$ 1
2004	3	1
2005	2	-
	<u>\$ 9</u>	<u>\$ 2</u>

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

17. 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.

18. SUBSEQUENT EVENTS

a. Restructuring the Corporation

Subsequent to year end, the New Brunswick provincial government announced that there will be a structural and financial separation of the Corporation's four business units and corporate services with greater emphasis on the commercial development of the business units. By April 1, 2003, the Corporation will be restructured or unbundled into NB Power Holding with the four business units operating as subsidiary companies – NB Power Generation, NB Power Nuclear, NB Power Transmission, and NB Power Distribution and Customer Service. The holding company will provide corporate services to the subsidiaries.

The new subsidiary companies will be directed to operate on a commercial basis similar to other energy companies. They will be responsible for financial statements, business plans, and benchmarking for regulatory purposes. The four subsidiaries will be required to:

- earn a positive rate of return on equity
- pay a cash dividend to the Province
- pay appropriate income and capital taxes
- borrow funds without a provincial government guarantee

Legislation to effect this restructuring is expected in early 2003. Also invitations for equity positions or partnerships will be sought for the Coleson Cove and Point Lepreau generating station refurbishment projects.

b. Financial Instruments

Subsequent to year end, the Corporation entered into cross currency interest rate swaps to hedge foreign exchange risk associated with \$200 million of its outstanding \$US debentures. Also, subsequent to year end, certain US denominated sinking fund assets were assigned to provide a hedge against an additional US\$ 200 million in outstanding debentures.

Also, subsequent to year end, a legislative change was made to debenture provisions to allow the Corporation, as debentures mature, to either withdraw the value of the sinking funds accumulated for the maturing debentures, or leave these funds in the sinking fund to be withdrawn later at the date of maturity of other debentures.

NEW BRUNSWICK POWER CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2002
(in millions)

19. COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to conform with 2002 financial statement presentation.

FINANCIAL STATEMENTS

**NEW BRUNSWICK
PUBLIC LIBRARIES FOUNDATION**

31 MARCH 2002

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 2002 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 revenue over expenditure, 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 2002 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

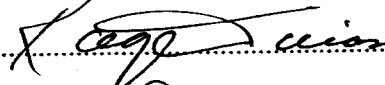
K. D. Robinson, CA
Deputy Auditor General

Fredericton, N. B.
15 August 2002

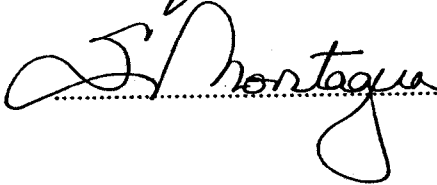
NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2002

	2002	2001
ASSETS		
Current assets		
Cash (Trust Account)	\$ 236,063	\$ 129,434
Accounts receivable	353	138
	<u>\$ 236,416</u>	<u>\$ 129,572</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 50,000	\$ 50,000
Net assets	<u>186,416</u>	<u>79,572</u>
	<u>\$ 236,416</u>	<u>\$ 129,572</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 2002**

	2002	2001
REVENUE		
Public donations	\$ 338	\$ 1,671
Grants from the Department of Education	100,000	101,671
Bank interest	6,506	1,670
	<u>106,844</u>	<u>105,012</u>
EXPENDITURE	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURE	106,844	105,012
Net assets (deficit), beginning of year	<u>79,572</u>	<u>(25,440)</u>
NET ASSETS, end of year	<u>\$186,416</u>	<u>\$ 79,572</u>

**NEW BRUNSWICK PUBLIC LIBRARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 a grant of \$100,000 is approved for next year. This funding is not dependent upon the Foundation receiving donations from the public.

CONSOLIDATED FINANCIAL STATEMENTS
NEW BRUNSWICK
RESEARCH AND PRODUCTIVITY COUNCIL
31 MARCH 2002

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 2002 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 2002 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 June 2002

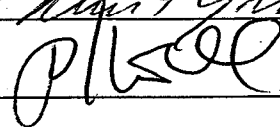
NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2002

	Operating Fund	Capital Fund	2002 Total	2001 Total
ASSETS				
Current assets				
Cash and term deposits	\$ 879,053	\$ -	\$ 879,053	\$ 615,824
Accounts receivable	1,855,475	-	1,855,475	1,893,143
Work in progress	201,887	-	201,887	357,652
Prepaid expenses	31,082	-	31,082	27,982
	<u>2,967,497</u>	<u>-</u>	<u>2,967,497</u>	<u>2,894,601</u>
Long term investments, at cost (Note 3)	145,791	1,798,920	1,944,711	1,749,000
Capital assets, net (Note 4)	-	2,365,912	2,365,912	2,286,380
	<u>\$ 3,113,288</u>	<u>\$ 4,164,832</u>	<u>\$ 7,278,120</u>	<u>\$ 6,929,981</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 950,214	\$ -	\$ 950,214	\$ 836,513
Deferred revenue	111,616	-	111,616	150,042
Current portion of long term debt (Note 5)	-	34,400	34,400	11,250
	<u>1,061,830</u>	<u>34,400</u>	<u>1,096,230</u>	<u>997,805</u>
Long term debt				
Accrued retirement benefits	527,275	-	527,275	468,543
Notes payable (Note 5)	-	119,658	119,658	62,004
	<u>527,275</u>	<u>119,658</u>	<u>646,933</u>	<u>530,547</u>
Deferred contributions (Note 6)	-	16,056	16,056	32,071
Fund balances				
Unrestricted	1,524,183	-	1,524,183	1,542,510
Board restricted (Note 7)	-	1,798,920	1,798,920	1,645,993
Invested in capital assets	-	2,195,798	2,195,798	2,181,055
	<u>1,524,183</u>	<u>3,994,718</u>	<u>5,518,901</u>	<u>5,369,558</u>
	<u>\$ 3,113,288</u>	<u>\$ 4,164,832</u>	<u>\$ 7,278,120</u>	<u>\$ 6,929,981</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 2002**

	Operating Fund	Capital Fund	2002 Total	2001 Total
REVENUE				
Operations	\$7,291,248	\$ -	\$7,291,248	\$7,223,626
Operating grant				
Province of New Brunswick	740,700	-	740,700	740,700
Interest	127,085	-	127,085	131,532
Sundry	91,105	-	91,105	54,613
Gain on sale of capital assets	-	169	169	3,000
	<u>8,250,138</u>	<u>169</u>	<u>8,250,307</u>	<u>8,153,471</u>
EXPENSE				
Operations	6,033,377	-	6,033,377	5,803,824
General and administrative	1,597,400	-	1,597,400	1,620,774
Amortization (Notes 4 and 6)	432,499	-	432,499	413,144
Bad Debts	37,688	-	37,688	31,749
	<u>8,100,964</u>	<u>-</u>	<u>8,100,964</u>	<u>7,869,491</u>
EXCESS OF REVENUE OVER EXPENSE	149,174	169	149,343	283,980
Fund balances, beginning of year	1,542,510	3,827,048	5,369,558	5,085,578
Interfund adjustment (Note 7)	(167,501)	167,501	-	-
FUND BALANCES, end of year	<u>\$1,524,183</u>	<u>\$3,994,718</u>	<u>\$5,518,901</u>	<u>\$5,369,558</u>

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2002**

	Operating Fund	Capital Fund	2002 Total	2001 Total
CASH PROVIDED BY (USED FOR):				
Operating activities				
Excess of revenue over expense	\$ 149,174	\$ 169	\$ 149,343	\$ 283,980
Amortization	432,499	-	432,499	413,144
Gain on sale of capital assets	-	(169)	(169)	(3,000)
Net change in non-cash working capital	265,608	23,150	288,758	(264,938)
Net cash provided by operating activities	847,281	23,150	870,431	429,186
Financing and investing activities				
Purchase or transfer of long-term investment	(42,784)	(152,927)	(195,711)	-
Accrual of retirement allowance entitlements	58,732	-	58,732	29,829
Proceeds from long term loan	-	73,754	73,754	62,004
Payment of long term loans	-	(16,100)	(16,100)	-
Proceeds on disposal of capital assets	-	4,500	4,500	3,000
Acquisition of capital assets	-	(532,377)	(532,377)	(481,193)
Net cash used in financing and investing activities	15,948	(623,150)	(607,202)	(386,360)
NET INCREASE (DECREASE) IN CASH	863,229	(600,000)	263,229	42,826
Cash and term deposits, beginning of year	615,824	-	615,824	572,998
Interfund transfer (Note 7)	(600,000)	600,000	-	-
CASH AND TERM DEPOSITS, end of year	\$ 879,053	\$ -	\$ 879,053	\$ 615,824

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2002**

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 expenditures 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 2002**

3. 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	2002
Fixed Income			
Bank of Nova Scotia notes, due 26 June 2002, extendable at issuer's option until 2010. Interest at 6.00% is paid annually.	2,490	100	\$ 249,000
Province of Nova Scotia notes, due 27 April 2002, extendable at issuer's option until 2010. Interest at 5.50% is paid annually	10,000	100	1,000,000
Bell Canada medium term note, due 1 December 2003. Interest at 6.25% is paid semi-annually.	500	100	50,000
Government of Canada, due 1 September 2004. Interest at 5.0% is paid semi-annually.	2,000	100	200,000
City of Hamilton, due 25 October 2004. Interest at 4.25% is paid semi-annually.	1,440	100	144,000
Farm Credit Canada, due 15 August 2005. Interest at 4.25% is paid monthly.	2,500	100	250,000
Farm Credit Corporation medium term notes, due 15 November 2005. Interest at 5.00% is paid semi-annually.	500	100	50,000
			1,943,000
Unamortized net discount/premium			1,711
			<u>\$ 1,944,711</u>

Investments held at 31 March 2002 have a market value of \$1,869,187.

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2002**

4. Capital assets

	Amortization Rates	2002	2001
Vehicles	25 percent	\$ 14,343	\$ 14,343
Computer equipment	25 percent	1,204,898	1,138,337
Other equipment	12.5 percent	5,478,284	5,162,980
Building	3 percent	2,113,065	1,979,781
Cost		<u>8,810,590</u>	<u>8,295,441</u>
Less: accumulated amortization		<u>6,444,678</u>	<u>6,009,061</u>
Capital assets, net		<u>\$ 2,365,912</u>	<u>\$ 2,286,380</u>

Amortization expense is comprised of the following amounts:

	2002	2001
Amortization of assets	\$ 448,514	\$ 436,546
Amortization of deferred contributions	(16,015)	(23,402)
	<u>\$ 432,499</u>	<u>\$ 413,144</u>

5. Note payable

Atlantic Canada Opportunities Agency, interest free, payable \$3,750 quarterly through May 1, 2006	\$ 62,004
Atlantic Canada Opportunities Agency, interest free, payable \$4,850 quarterly through November 1, 2006	<u>92,054</u>
	154,058
Less: current portion	<u>34,400</u>
	<u>\$ 119,658</u>

6. Deferred contributions

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

**NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2002**

6. 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 2001	\$ 32,071
Contributions to the cost of equipment	-
Amortization of deferred contributions	<u>(16,015)</u>
Deferred contributions at 31 March 2002	<u>\$ 16,056</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.

7. Inter-fund transfers and internally restricted fund balances

The board of directors of the New Brunswick Research and Productivity Council internally restricted resources amounting to \$1,798,920 as at 31 March 2002. 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 2002 transfer of \$600,000 from the Operating Fund to the Capital Fund.

8. 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.

	2002	2001
Revenue from services provided for the year		
Government departments and agencies	\$ 996,457	\$ 1,007,599
Accounts receivable at 31 March		
Government departments and agencies	\$ 407,376	\$ 405,628

FINANCIAL STATEMENTS

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

31 MARCH 2002

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 2002 and the statement of revenue, 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 2002 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.
27 May 2002

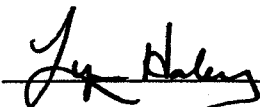
**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
BALANCE SHEET
31 MARCH 2002**

	2002	2001
ASSETS		
Current assets		
Cash	\$ 8,794	\$ 16,051
Accounts receivable	5,131	1,469
Prepaid expenses	1,439	5,226
	<u>\$ 15,364</u>	<u>\$ 22,746</u>

LIABILITIES AND SURPLUS

Current liabilities		
Accounts payable and accrued liabilities	\$ 9,384	\$ 4,507
Surplus	5,980	18,239
	<u>\$ 15,364</u>	<u>\$ 22,746</u>

Approved by the Council



Chairperson



Member

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2002**

	2002 Budget	2002 Actual	2001 Actual
REVENUE			
Grants - Province of New Brunswick	\$ 234,000	\$ 236,300	\$ 230,100
Cost recoveries	4,000	4,629	1,902
Interest revenue	-	7	7
	<u>238,000</u>	<u>240,936</u>	<u>232,009</u>
EXPENDITURE			
Salaries and employee benefits	180,000	179,209	171,122
Furniture and equipment	1,500	2,573	1,447
Office supplies	4,000	3,283	3,479
Telephone	3,700	3,168	3,161
Printing	8,000	9,882	6,433
Translation	6,000	4,599	5,218
Honoraria	8,000	6,676	7,350
Travel expenses	6,000	7,359	5,825
Postage	8,000	6,962	4,223
Maintenance	2,800	2,334	2,959
Hotel expenses	4,850	5,827	5,633
Parking	2,505	2,548	1,904
Council meetings	3,000	2,605	2,130
Consultations and seminars	-	582	445
Meals	1,600	1,909	1,427
Library and subscriptions	1,800	1,725	1,725
Office equipment rental	2,600	2,623	1,806
Insurance	500	525	428
Miscellaneous	500	260	76
Bank charges	50	134	27
Disability Awareness Week (Note 2)	5,286	8,412	20,936
	<u>250,691</u>	<u>253,195</u>	<u>247,754</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ (12,691)</u>	<u>(12,259)</u>	<u>(15,745)</u>
Surplus, beginning of year		18,239	33,984
SURPLUS, END OF YEAR		<u>\$ 5,980</u>	<u>\$ 18,239</u>

**PREMIER'S COUNCIL ON THE STATUS OF DISABLED PERSONS
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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.

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 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.

FINANCIAL STATEMENTS
PROVINCIAL HOLDINGS LTD.
31 MARCH 2002

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 2002 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 2002 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.
4 September 2002


PROVINCIAL HOLDINGS LTD.
BALANCE SHEET
31 MARCH 2002

	2002	2001
ASSETS		
Current assets		
Cash and short-term investments	\$ 654,018	\$ 1,609,501
Interest receivable	5,165	36,094
Prepaid	18,696	46,742
	<u>677,879</u>	<u>1,692,337</u>
Industrial development projects (Notes 2(a) and 3)		
Loans to client companies	5,697,266	6,733,666
Shares in client companies	2,941,045	2,205,000
	<u>8,638,311</u>	<u>8,938,666</u>
Less: Provision for loss	<u>2,813,284</u>	<u>2,454,248</u>
	<u>5,825,027</u>	<u>6,484,418</u>
Capital assets (Note 2(b))		
Land and building, at cost	975,000	1,511,309
Less: Accumulated amortization	<u>35,750</u>	<u>110,696</u>
	<u>939,250</u>	<u>1,400,613</u>
	<u>\$ 7,442,156</u>	<u>\$ 9,577,368</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 456	\$ 47,752
Due to Regional Development Corporation - forgivable loan recovery	-	831,116
Deferred revenue - grants to industry and municipalities	-	134,327
	<u>456</u>	<u>1,013,195</u>
Long-term debt		
Due to Province of New Brunswick (Note 3)	8,446,572	8,683,409
Less: Provision for loss on industrial development projects (Note 2(a))	<u>1,613,285</u>	<u>1,101,570</u>
	<u>6,833,287</u>	<u>7,581,839</u>
Capital stock		
Authorized: 500 common shares, par value of \$10 each	5,000	5,000
Issued and fully paid: 500 shares	<u>603,413</u>	<u>977,334</u>
Retained earnings	<u>608,413</u>	<u>982,334</u>
	<u>\$ 7,442,156</u>	<u>\$ 9,577,368</u>

Approved by the Board



Director



Director

PROVINCIAL HOLDINGS LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
REVENUE		
Interest income	\$ 106,704	\$ 222,594
Dividend income	149,676	-
Rental income	-	137,081
Grants to industry and municipalities	134,327	501,423
Gain on sale of capital asset	29,056	-
	<u>419,763</u>	<u>861,098</u>
EXPENSE		
Bad debts	-	12,137
Amortization on building (Note 2(b))	40,419	58,359
Miscellaneous	18,193	9,228
Property tax	14,493	63,784
Grants to industry and municipalities	708,065	501,423
Accounting and legal fees	12,514	-
	<u>793,684</u>	<u>644,931</u>
NET INCOME (LOSS) FOR THE YEAR	(373,921)	216,167
Retained earnings, beginning of year	977,334	2,261,167
Dividend paid to Minister	-	(1,500,000)
RETAINED EARNINGS, end of year	<u>\$ 603,413</u>	<u>\$ 977,334</u>

**PROVINCIAL HOLDINGS LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
CASH PROVIDED BY (USED FOR)		
Operating activities:		
Net income (loss) for the year	\$ (373,921)	\$ 216,167
Add (deduct) items not requiring, or generating cash		
Capitalized interest on loans	-	(12,137)
Amortization	40,419	58,359
Bad debt expense	-	12,137
Gain on sale of capital asset	(29,056)	-
	(362,558)	274,526
Changes in non-cash working capital components*	(953,764)	183,893
	(1,316,322)	458,419
Investing activities:		
Industrial development projects - recoveries		
Loans	1,195,436	2,981,344
Shares	208,955	-
Industrial development projects - investments		
Loans	(386,716)	(1,026,568)
Shares	(945,000)	-
Proceeds from land and building sale and purchase	450,000	-
Investments transferred to the Province (Note 7)	-	(6,597,366)
	522,675	(4,642,590)
Financing activities:		
Advance from Province	895,000	1,500,784
Repayments to the Province	(1,056,836)	(2,910,852)
Dividend	-	(1,500,000)
Investments transferred to the Province (Note 7)	-	6,597,366
	(161,836)	3,687,298
INCREASE (DECREASE) IN CASH	(955,483)	(496,873)
Cash position, beginning of year	1,609,501	2,106,374
CASH POSITION, end of year	\$ 654,018	\$ 1,609,501

* Non-cash working capital components include interest receivable, prepaid, accounts payable, due to Regional Development Corporation and deferred revenue - grants to industry and municipalities.

**PROVINCIAL HOLDINGS LTD.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 2002, the Company had outstanding commitments in respect of investments in industrial development projects and grants to industry of \$310,000 (2001 - \$2,269,781).

**PROVINCIAL HOLDINGS LTD.
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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 2001-2002 year, \$101,407 (2001 - \$58,995) was advanced to the Company and \$101,407 (2001 - \$62,639) 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 2002, the contingent liability in respect of these guarantees was \$225,510 (2001 - \$633,202). 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 \$4,630,502 (2001 - \$5,409,976) at 31 March 2002. 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 \$6.6 million were transferred from Provincial Holdings Ltd. to the Province of New Brunswick on 31 January 2001. The provision associated with these loans totalled approximately \$5.7 million. This transfer resulted in a decrease in long term debt due to the Province at 31 March 2001.

8. Restatement of prior year's figures

Certain 2001 figures have been restated to conform with current year presentation.

FINANCIAL STATEMENTS

REGIONAL DEVELOPMENT CORPORATION

31 MARCH 2002

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 2002 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 2002 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.
19 July 2002

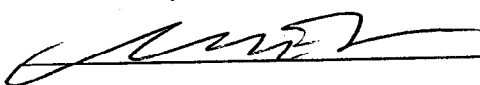
REGIONAL DEVELOPMENT CORPORATION
BALANCE SHEET
31 MARCH 2002

	2002	2001
ASSETS		
Current assets		
Cash	\$ 813,913	\$ (1,169,618)
Accounts receivable		
Canada - Regional Economic Development Agreement	3,686,978	2,047,717
- Other agreements	2,933,610	2,678,905
Province of New Brunswick - operating and capital funds	2,894,650	3,644,518
Other	41,198	367,511
	<u>10,370,349</u>	<u>7,569,033</u>
Other assets		
Advance to Fundy Trail Endowment Fund - In Trust (Note 2)	3,400,000	3,200,000
	<u>\$ 13,770,349</u>	<u>\$ 10,769,033</u>
LIABILITIES		
Current liabilities		
Accounts payable		
Government of Canada	\$ 20,292	\$ -
Province of New Brunswick - claims on Canada	6,605,084	4,717,841
Other	3,744,973	2,851,192
	<u>10,370,349</u>	<u>7,569,033</u>
Due to Province of New Brunswick		
Fundy Trail Endowment Fund - In Trust (Note 2)	3,400,000	3,200,000
	<u>\$ 13,770,349</u>	<u>\$ 10,769,033</u>

Approved by the Board



Chairperson



Director

REGIONAL DEVELOPMENT CORPORATION STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
REVENUE		
Federal contribution (Schedule 1)	\$ 7,757,311	\$ 11,674,621
Provincial contribution (Schedule 2)	42,491,084	22,560,879
	<u>50,248,395</u>	<u>34,235,500</u>
EXPENDITURE		
Agreements and Programs		
Regional Economic Development Agreement	8,424,708	14,849,285
Acadian Peninsula Economic Development Fund	6,019,900	4,002,060
Total Development Fund	4,950,787	-
Youth Community Assistance Program	2,331,528	1,874,705
Atlantic Canada Tourism Partnership	927,603	712,753
International Business Development Agreement	304,878	15,132
Aboriginal Economic Development Program	31,221	47,508
Youth Futures Agreement	-	1,695,758
	<u>22,990,625</u>	<u>23,197,201</u>
Other Activities		
Grants to RDC - SOA (Note 1)	12,286,450	1,331,720
Official Languages and Intergovernmental Cooperation	2,444,499	2,867,560
Centres scolaires communautaires	1,680,669	1,680,669
Special Projects	2,439,784	930,085
Other Initiatives (Schedule 3)	6,160,207	2,014,930
Operations	2,152,636	1,977,078
Government Grants Program	93,525	92,837
Regional Planning	-	143,420
	<u>27,257,770</u>	<u>11,038,299</u>
	<u>50,248,395</u>	<u>34,235,500</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ -</u>	<u>\$ -</u>

REGIONAL DEVELOPMENT CORPORATION SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
Schedule 1 - Revenue - Federal contribution		
Regional Economic Development Agreement	\$ 6,217,121	\$ 9,319,886
Other Activities		
Official Languages and Intergovernmental Cooperation	1,097,483	1,679,305
Centres scolaires communautaires	282,500	282,500
Fisheries Research and Training Initiative	-	129,295
Tobacco Sales Enforcement	125,000	117,457
Cultural Strategy Program	35,207	146,178
	<u>1,540,190</u>	<u>2,354,735</u>
	<u>\$ 7,757,311</u>	<u>\$ 11,674,621</u>
Schedule 2 - Revenue - Provincial contribution		
Agreements and Programs		
Regional Economic Development Agreement	\$ 2,207,587	\$ 5,529,399
Acadian Peninsula Economic Development Fund	6,019,900	4,002,060
Total Development Fund	4,950,787	-
Youth Community Assistance Program	2,331,528	1,874,705
Atlantic Canada Tourism Partnership	927,603	712,753
International Business Development Agreement	304,878	15,132
Aboriginal Economic Development Program	31,221	47,508
Youth Futures Agreement	-	1,695,758
	<u>16,773,504</u>	<u>13,877,315</u>
Other Activities		
Grant to RDC - SOA (Note 1)	12,286,450	1,331,720
Official Languages and Intergovernmental Cooperation	1,347,016	1,188,255
Centres scolaires communautaires	1,398,169	1,398,169
Special Projects	2,439,784	930,085
Other Initiatives	6,000,000	1,622,000
Operations	2,152,636	1,977,078
Government Grants Program	93,525	92,837
Regional Planning	-	143,420
	<u>25,717,580</u>	<u>8,683,564</u>
	<u>\$ 42,491,084</u>	<u>\$ 22,560,879</u>

**REGIONAL DEVELOPMENT CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
Schedule 3 - Expenditure - Other Initiatives		
Greater Moncton Airport Authority	\$ 3,200,000	\$ -
Atlantic Baptist University	2,800,000	-
Tobacco Sales Enforcement	125,000	117,457
Cultural Strategy Program	35,207	146,178
Centre of Excellence - Université de Moncton	-	1,350,000
Beaverbrook Auditorium	-	300,000
Fisheries Research and Training Initiative	-	129,295
Eel River Bar Access Ramp	-	(28,000)
	<u>\$ 6,160,207</u>	<u>\$ 2,014,930</u>

REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002

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 2002 totalling approximately \$15.0 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 2002**

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 2002 the contingent liability in respect of these guarantees was \$3,388,500 (31 March 2001 - \$4,020,000). Any resulting losses will be borne by the Corporation.

FINANCIAL STATEMENTS
REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
31 MARCH 2002

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 2002 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 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

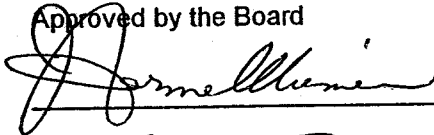
K. D. Robinson, CA
Deputy Auditor General

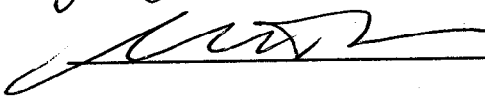
Fredericton, N. B.
16 September 2002

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
BALANCE SHEET
31 MARCH 2002**

ASSETS	2002	2001
Current assets		
Accounts receivable		
Canada - Infrastructure Agreement	\$ 1,527,371	\$ 53,945
Province of New Brunswick - Operating and capital funds	8,302,406	3,811,901
	<u>\$ 9,829,777</u>	<u>\$ 3,865,846</u>
EQUITY		
Equity	<u>\$ 9,829,777</u>	<u>\$ 3,865,846</u>

Approved by the Board





Chairperson

Director

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2002**

	2002	2001
REVENUE		
Federal contribution		
- Infrastructure Agreement	\$ 2,647,454	\$ 53,945
- Vegetation Management of Roadside Right-of-Way	-	1,354,360
	<u>2,647,454</u>	<u>1,408,305</u>
Provincial contribution		
- Infrastructure Agreement	9,529,000	2,001,000
- Canada Winter Games 2003	1,557,450	-
- Community Economic Development Agencies	1,200,000	-
- Special tourism initiatives	-	2,330,720
- Vegetation Management of Roadside Right of Way	-	1,221,332
- Planning Initiatives	-	75,000
	<u>12,286,450</u>	<u>5,628,052</u>
	<u>14,933,904</u>	<u>7,036,357</u>
EXPENDITURE		
Infrastructure Agreement	5,302,088	107,890
Special Tourism Initiatives	1,430,007	647,850
Canada Winter Games 2003	1,084,150	-
Community Economic Development Agencies	904,079	-
Restigouche/Chaleur Initiative	103,881	-
Planning Initiatives	75,768	12,960
Metz Farms Initiatives	70,000	-
Vegetation Management of Roadside Right-of-Way	-	2,401,811
Village Historique Acadien	-	223,585
	<u>8,969,973</u>	<u>3,394,096</u>
EXCESS OF REVENUE OVER EXPENDITURE	5,963,931	3,642,261
Equity, beginning of year	3,865,846	2,361,261
Equity Adjustment (Note 1)	-	(2,137,676)
EQUITY, end of year	<u>\$ 9,829,777</u>	<u>\$ 3,865,846</u>

**REGIONAL DEVELOPMENT CORPORATION
SPECIAL OPERATING AGENCY
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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. In 2001, \$2,137,676 in funds were returned to the Province as the projects they were intended for were discontinued.

2. Contingent liabilities - federal contribution

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, 2002

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
May 24, 2002

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, 2002 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.

Ernst + Young LLP

Saint John, N B Canada
May 24, 2002

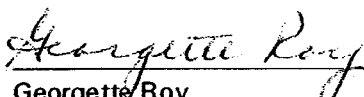
Chartered Accountants

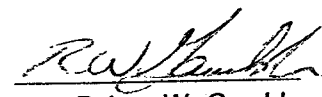
Service New Brunswick

BALANCE SHEET As at March 31, 2002

	2001/02	2000/01
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,957,928	\$ 7,776,658
Accounts receivable (Note 3)	3,754,978	1,672,128
Prepaid expenses	827,148	217,936
	<u>12,540,054</u>	<u>9,666,722</u>
LONG TERM ASSETS		
Accounts receivable (Note 3)	-	440,570
Equipment (Note 4)	4,505,901	4,786,678
System development (Note 4)	14,973,988	11,850,709
	<u>19,479,889</u>	<u>17,077,957</u>
	\$32,019,943	\$26,744,679
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 8,082,400	\$ 5,892,165
Deferred revenue	46,178	93,382
Land Titles Assurance (Note 6)	335,950	21,015
	<u>8,464,528</u>	<u>6,006,562</u>
EQUITY	<u>23,555,415</u>	<u>20,738,117</u>
	\$32,019,943	\$26,744,679

Commitments Note 11
See accompanying notes


Georgette Roy
Chairman


Robert W. Gamble
President

Service New Brunswick

STATEMENT OF INCOME AND CHANGES IN EQUITY

For the year ended March 31, 2002

	2001/02	2000/01
REVENUES		
Provincial services (Note 7)	\$ 26,027,539	\$ 27,260,864
Municipal services	6,204,104	5,940,092
Registry fees (Note 7)	12,184,113	7,203,846
Products and services	1,840,540	1,469,055
Government project assistance (Note 8)	1,200,000	149,237
Interest	563,903	742,196
CGI (Note 9)	250,000	-
Recoverable salaries	110,890	102,372
Software sales	73,151	17,860
	48,454,240	42,885,522
EXPENSES		
Personnel services	\$ 27,031,052	\$ 23,959,205
Communications and computer services	4,293,581	3,579,532
Space and equipment services	3,992,566	3,669,082
Amortization	3,627,051	3,657,539
Professional services	3,308,676	1,837,509
Travel and meetings	1,103,228	921,654
Materials and supplies	880,528	801,909
Furniture and equipment	803,470	805,877
Other	596,790	604,017
	45,636,942	39,836,324
NET INCOME	\$ 2,817,298	\$ 3,049,198
OPENING EQUITY	20,738,117	17,688,919
ENDING EQUITY	\$23,555,415	\$20,738,117

See accompanying notes

Service New Brunswick

STATEMENT OF CASH FLOWS For the year ended March 31, 2002

	2001/02	2000/01
Cash and cash equivalents provided by (used in):		
Operations:		
Net income	\$ 2,817,298	\$ 3,049,198
Items not involving cash:		
Amortization	3,627,051	3,657,539
Change in non-cash working capital	(549,031)	(207,158)
	5,895,318	6,499,579
Financing:		
Increase in Land Titles Assurance	314,935	-
Decrease in long term accounts receivable	440,570	298,107
	755,505	298,107
Investments:		
Additions to equipment	(1,562,204)	(1,275,644)
Additions to system development	(4,907,349)	(3,979,206)
	(6,469,553)	(5,254,850)
Increase in cash	181,270	1,542,836
Cash and cash equivalents, beginning of year	7,776,658	6,233,822
Cash and cash equivalents, end of year	\$7,957,928	\$ 7,776,658

See accompanying notes

Service New Brunswick

NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2002

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 Canadian generally accepted accounting principles (GAAP).

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short term, highly liquid financial instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

The carrying values of the Corporation's financial instruments approximate fair market values because of their short-term maturity and normal credit terms.

Long-term 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.

Revenue

Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollected are recognized as bad debt expense.

Pension expense

Service New Brunswick employees are part of a multi-employer plan. Although the plan is a defined benefit plan, only current year contributions are expensed.

Service New Brunswick

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	duration of lease up to 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.

3. ACCOUNTS RECEIVABLE

	Year Ended 2002			Year Ended 2001
	Accounts Receivable	Allow for Doubtful Accounts	Net	Net
Current				
Province of NB	\$1,394,161	\$ 23,358	\$1,370,803	\$ 284,804
HST rebate	886,872	-	886,872	420,086
Software sales	379,355	-	379,355	288,818
Corporate registry	369,710	33,110	336,600	-
Trade	267,471	7,067	260,404	463,531
CGI	250,000	-	250,000	-
Employee PC loans	152,568	-	152,568	128,144
Interest receivable	118,376	-	118,376	86,745
	<u>\$3,818,513</u>	<u>\$ 63,535</u>	<u>\$3,754,978</u>	<u>\$ 1,672,128</u>
Long Term				
Software sales	-	-	-	\$ 440,570
	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 440,570</u>

The Corporation's trade 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. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

Service New Brunswick

4. CAPITAL ASSETS

	Year Ended 2002		
	Cost	Accumulated Amortization	Net
Equipment			
Computers and software	\$ 7,541,149	\$ 4,881,804	\$ 2,659,345
Furniture and equipment	1,848,056	994,199	853,857
Leasehold improvements	1,833,247	846,756	986,491
Vehicles	18,604	12,396	6,208
	<u>\$11,241,056</u>	<u>\$ 6,735,155</u>	<u>\$ 4,505,901</u>
 System development			
Applications	\$19,063,504	\$ 6,361,382	\$ 12,702,122
Databases	1,018,040	971,334	46,706
Work in process	2,225,160	-	2,225,160
	<u>\$22,306,704</u>	<u>\$ 7,332,716</u>	<u>\$ 14,973,988</u>
	Year Ended 2001		
	Cost	Accumulated Amortization	Net
Equipment			
Computers and software	\$ 6,452,905	\$ 3,396,201	\$ 3,056,704
Furniture and equipment	1,690,916	837,731	853,185
Leasehold improvements	1,516,427	649,567	866,860
Vehicles	18,604	8,675	9,929
	<u>\$ 9,678,852</u>	<u>\$ 4,892,174</u>	<u>\$ 4,786,678</u>
 System development			
Applications	\$14,137,322	\$ 4,655,530	\$ 9,481,792
Databases	1,018,040	893,116	124,924
Work in process	2,243,993	-	2,243,993
	<u>\$17,399,355</u>	<u>\$ 5,548,646</u>	<u>\$ 11,850,709</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Year Ended 2002	Year Ended 2001
Trade payables	\$ 4,961,118	\$ 3,180,799
Salary and benefit accruals	1,762,349	1,371,054
Payroll deductions payable	887,743	348,436
Province of New Brunswick payables	471,190	991,876
	<u>\$ 8,082,400</u>	<u>\$ 5,892,165</u>

Service New Brunswick

6. LAND TITLES ASSURANCE

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a fund, based on actuarial estimate, to provide for potential claims respecting indemnification pursuant to the *Land Titles Act*.

7. REGISTRY FEES

Commencing with the year ended March 31, 2002, the Province of New Brunswick assigned revenue from Corporate Registrations to the Corporation in exchange for a reduction in provincial funding of \$2,850,000. Revenues for Corporate Registrations for the year ended March 31, 2002 were \$3,386,287. This amount includes an accrual for unpaid fees of \$369,710.

8. GOVERNMENT PROJECT ASSISTANCE

In the year ended March 31, 2002, the Corporation received funding from the Regional Development Corporation and the Canada Customs and Revenue Agency towards the development of the Business Registry System. In the year ended March 31, 2001, the Corporation received funding 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. Both related revenue and expenses are included in these statements.

	Year Ended 2002	Year Ended 2001
Regional Development Corporation	\$ 1,000,000	\$ -
Canada Customs and Revenue Agency	200,000	-
Official Languages Program	-	80,000
Service Canada	-	69,237
	<u>\$ 1,200,000</u>	<u>\$ 149,237</u>

9. CGI AGREEMENT

CGI, an information technology services firm, and Service New Brunswick signed a seven-year agreement in 2001. Under the terms of the agreement, CGI provides \$3.5 million to the Corporation in exchange for considerations that enable CGI to establish credibility as experts in the provision of e-government services. Up to \$700,000 will be contributed to the Corporation for any year. The considerations provided by Service New Brunswick include the use of CGI resources for project management and technical architecture, presentations of Service New Brunswick systems to potential clients, and exclusive access to CGI to market g-commerce software developed for Service New Brunswick. Service New Brunswick earned \$250,000 under this agreement for the year ended March 31, 2002.

Service New Brunswick

10. EMPLOYEE FUTURE BENEFITS

- a) Regular employees of Service New Brunswick are covered by the Public Service Superannuation Plan of the Province of New Brunswick. The Superannuation Plan is a defined benefit multi-employer plan under which contributions are made by both Service New Brunswick and the employees. For the year ended March 31, 2002, the Corporation expensed contributions of \$1,496,986 under the terms of the plan. Service New Brunswick has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.
- b) Regular employees of Service New Brunswick are entitled to a paid retirement allowance prior to their retirement based upon years of service. Over the service life of its employees, the Corporation accrues the estimated future liability based upon actuarial estimate and assumptions. The accrued liability is reduced by actual payments made. The significant assumptions used in determining the accrued liability are 0.89% of payroll costs to provide for the current service cost and 7.55% of the accrued liability to provide for interest costs. A continuity schedule of the benefit obligation, which is included in accounts payable and accrued liabilities, is set out below.

	Year Ended 2002	Year Ended 2001
Retirement allowance obligation, beginning of year	\$ 181,878	\$ 29,964
Current period service cost	198,945	169,110
Interest cost	15,020	12,768
Retirement allowances paid	(189,503)	(29,964)
Retirement allowance obligation, end of year	<u>\$ 206,340</u>	<u>\$ 181,878</u>

- c) Service New Brunswick incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick in 1995/96. Pursuant to an agreement with the Province, the amount of the obligation and expense recorded was equal to the amount of the employer contributions that the Corporation would have otherwise funded to the Public Service Superannuation Plan. The Corporation annually reduces the recorded obligation by the amount it remits to the Province. A continuity schedule of the benefit obligation, which is included in accounts payable and accrued liabilities, is set out below.

	Year Ended 2002	Year Ended 2001
Early retirement obligation, beginning of year	\$ 493,114	\$ 552,276
Paid to Province of New Brunswick	(59,356)	(59,162)
Early retirement obligation, end of year	<u>\$ 433,758</u>	<u>\$ 493,114</u>

Service New Brunswick

11. LEASE COMMITMENTS

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

2003	\$ 3,202,631
2004	2,832,873
2005	2,693,982
2006	2,121,835
2007	1,410,613
Thereafter	<u>3,852,123</u>
	<u>\$ 16,114,057</u>

12. COMPARATIVE FIGURES

Certain 2000/01 comparative figures have been restated to conform to minor reclassifications in the financial statement presentation adopted for the year ended March 31, 2002.



Financial Statements

STRAIT CROSSING FINANCE INC.

Year ended October 30, 2001



KPMG LLP
Chartered Accountants

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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, 2001 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 30, 2001 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
December 17, 2001



STRAIT CROSSING FINANCE INC.

Statement of Financial Position

October 30, 2001, with comparative figures for 2000

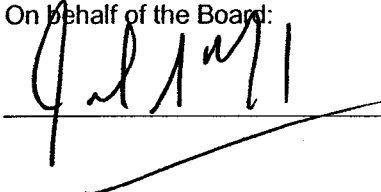
	2001	2000
Assets		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	1,450	1,079
	<u>\$ 1,451</u>	<u>\$ 1,080</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	\$ 1,450	\$ 1,079
Shareholders' equity:		
Share capital:		
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
1 Share	1	1
	<u>\$ 1,451</u>	<u>\$ 1,080</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, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Financial maintenance fee (note 2(d))	\$ 17,141	\$ 16,159
Expenses:		
Trustee fees	15,090	14,098
Professional services	1,811	1,811
Filing fees	240	250
	17,141	16,159
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, 2001

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, 2001

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 COMMISSION
OF NEW BRUNSWICK
31 DECEMBER 2001**

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

BALANCE SHEET

December 31, 2001

	2001 (000s)	2000 (000s)
ASSETS		
Receivables (Note 3)	\$ 9,290	\$ 11,542
Recoverable benefits liabilities	85,542	80,176
Investments (Note 4)	569,297	559,426
Capital assets (Note 5)	9,160	9,483
Other assets	457	418
	<u>\$ 673,746</u>	<u>\$ 661,045</u>
LIABILITIES AND FUND BALANCE		
Payables and accruals (Note 6)	\$ 10,078	\$ 9,045
Benefits liabilities (Notes 7 and 8)	670,241	622,899
	<u>680,319</u>	<u>631,944</u>
Total liabilities		
Fund balance	(6,573)	29,101
	<u>\$ 673,746</u>	<u>\$ 661,045</u>

On behalf of the Board:

Robert Davidson

Robert Davidson
Financial Services Evaluation Committee, Board of Directors

N. Fraser MacLeod

N. Fraser MacLeod
Financial Services Evaluation Committee, Board of Directors

Raymond Campbell

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, 2001 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 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 Workplace Health, Safety and Compensation Commission of New Brunswick as at December 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.

Saint John, New Brunswick
March 5, 2002

Grant Thornton LLP
Chartered Accountants

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

STATEMENTS OF OPERATIONS AND FUND BALANCE

For the Year ended December 31, 2001

	OPERATIONS		2000 (000s)
	Budget	Actual	
INCOME			
Assessments (Note 9)	\$ 95,425	\$ 89,762	\$ 95,950
Self-insured employers (Note 10)	20,721	32,772	28,279
Investments (Note 4)	43,500	35,351	53,406
Province of New Brunswick	900	900	900
	160,546	158,785	178,535
EXPENSES			
Claims costs incurred (Note 7)			
Short-term disability and rehabilitation	40,755	44,210	42,126
Long-term disability	44,150	64,951	67,962
Survivor benefits	10,436	8,390	11,599
Health care	36,369	49,754	42,625
	131,710	167,305	164,312
Administration			
Operations (Note 11)	19,117	18,910	18,252
Occupational health and safety (Note 11)	6,477	6,341	6,317
Appeals Tribunal	1,288	1,175	1,120
Legislative obligations (Note 12)	550	556	547
Risk Management Services – rebates	300	172	421
	27,732	27,154	26,657
Total expenses	159,442	194,459	190,969
Excess of (expenses) over income before unusual item	1,104	(35,674)	(12,434)
Unusual item:			
Effect of legislative change (Note 7 ii)	–	–	(7,500)
Excess of (expenses) over income for the year	\$ 1,104	\$ (35,674)	\$ (19,934)

FUND BALANCE

Fund balance, beginning of year	\$ 29,101	\$ 49,035
Excess of (expenses) over income for the year	(35,674)	(19,934)
Fund balance, end of year	\$ (6,573)	\$ 29,101

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

STATEMENT OF CASH FLOWS

Year ended December 31, 2001

	2001 (000s)	2000 (000s)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Assessed employers	\$ 92,295	\$ 95,093
Self-insured employers	22,366	16,850
Investments	35,238	54,537
Province of New Brunswick	2,440	900
	<u>152,339</u>	<u>167,380</u>
Cash paid to:		
Injured workers or third parties on their behalf	115,803	94,577
Suppliers and employees, for administration and other services	24,770	21,742
	<u>140,573</u>	<u>116,319</u>
Net cash provided by operating activities	11,766	51,061
CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid for:		
Purchase of capital assets	1,895	2,124
Net increase in investments	9,871	48,937
Investments, beginning of year	559,426	510,489
Investments, end of year	<u>\$ 569,297</u>	<u>\$ 559,426</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK**NOTES TO FINANCIAL STATEMENTS****December 31, 2001**

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*, the *Occupational Health and Safety Act*, and the *Special Payment to Certain Dependent Spouses of Deceased Workers Act*; and, in accordance with the provisions of these acts, for promoting accident prevention; administering the payment of benefits to injured workers and surviving spouses; 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 was recovered from the Province of New Brunswick in 2001, and accordingly, an offsetting amount was reported on the December 31, 2001 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.

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.

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

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.

e) Derivative financial instruments

Derivative financial instruments are financial contracts whose price is dependent on the price of one or more underlying securities, reference rates or indices. At December 31, 2001, the Commission owned units in a pooled fund, which uses unlevered U.S. equity index futures contracts (a type of derivative financial instrument) to approximate the return of the S&P 500, a U.S. equity index. The Commission's investment in this fund is treated as an equity investment.

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, 2001 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 practice 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.

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, 2001 is 99.0% (2000 – 104.6%). Under the *Workers' Compensation Act*, a minimum funding level of 100% is required with any shortfall to be recovered over a period of 5 years.

Workers' Rehabilitation Centre

Included in health care payments is \$7.3 million (2000 – \$5.8 million) for services provided by the Workers' Rehabilitation Centre, a department of the Commission.

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

3. RECEIVABLES

	2001 (000s)	2000 (000s)
Assessments billed	\$ 1,869	\$ 2,555
Unbilled assessments	6,004	6,626
Self-insured employers – receivable	1,847	2,514
Self-insured employers – deposits	(1,654)	(1,674)
Other	1,224	1,521
	<u>\$ 9,290</u>	<u>\$ 11,542</u>

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.

	2001 (000s)		2000 (000s)	
	Book Value	Fair Value	Book Value	Fair Value
i) Portfolio investments				
Money market	\$ 7,621	\$ 7,621	\$ 16,558	\$ 16,558
Fixed-term investments	210,994	220,314	215,526	219,962
Equities				
Canadian	97,849	95,306	91,703	96,846
U.S.	184,322	187,908	183,060	194,921
Non-North American	99,574	93,822	105,909	107,525
Total equities	381,745	377,036	380,672	399,292
	600,360	604,971	612,756	635,812
Deferred realized investment gains	(31,063)	–	(53,330)	–
	<u>\$ 569,297</u>	<u>\$ 604,971</u>	<u>\$ 559,426</u>	<u>\$ 635,812</u>

ii) Deferred realized investment gains

	2001 (000s)	2000 (000s)
Balance, beginning of year	\$ 53,330	\$ 42,362
Realized net investment gains for the year	5,197	46,928
	58,527	89,290
Amortization to investment income	(27,464)	(35,960)
Balance, end of year	<u>\$ 31,063</u>	<u>\$ 53,330</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

4. INVESTMENTS (CONTINUED)

	2001 (000s)	2000 (000s)
iii) Investment income		
Interest and dividends	\$ 18,900	\$ 22,805
Amortization of deferred realized investment gains	27,464	35,960
Amortization of deferred unrealized investment gains	(7,994)	(2,021)
	<u>38,370</u>	<u>56,744</u>
Less: Portfolio management expenses	<u>(3,019)</u>	<u>(3,338)</u>
	<u>\$ 35,351</u>	<u>\$ 53,406</u>

iv) 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 91.28% at December 31, 2001 (2000 – 91.04%). The Commission receives a fee for the administration of the Workers' Compensation Board of Prince Edward Island's share of the fund.

v) Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. The Commission does not undertake long-term hedging strategies for the currency risk of foreign investments. Currency fluctuations may affect investment returns.

vi) Credit risk management

Credit risk on fixed-term investments arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Policy guidelines have been established to ensure the Commission holds fixed-term investments with a credit rating of A or higher.

Approximately 23% (2000 – 21%) of fixed-term investments are direct obligations of a Canadian chartered bank.

vii) Interest risk management

Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The table below presents the remaining term to maturity of the Commission's outstanding fixed-term investments.

	Remaining Term to Maturity (000s)				Total 2000
	Within 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total 2001	
Fixed-term investments (fair value)	\$ 4,491	\$ 119,928	\$ 95,895	\$ 220,314	\$ 219,962

The average effective yield of these fixed-term investments is 4.82% (2000 – 5.65%) per annum based on market value.

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

5. CAPITAL ASSETS

	2001 (000s)			2000 (000s)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 162	\$ -	\$ 162	\$ 162
Buildings	11,246	5,737	5,509	5,650
Furniture and equipment	4,135	3,242	893	858
Computer software and hardware	6,567	4,103	2,464	2,638
Motor vehicles	249	117	132	175
	<u>\$ 22,359</u>	<u>\$ 13,199</u>	<u>\$ 9,160</u>	<u>\$ 9,483</u>

6. PAYABLES AND ACCRUALS

	2001 (000s)	2000 (000s)
Accounts payable and accruals	\$ 7,745	\$ 6,770
Post-employment benefits	2,333	2,275
	<u>\$ 10,078</u>	<u>\$ 9,045</u>

7. BENEFITS LIABILITIES

i) Continuity schedule

	2001 (000s)					2000 (000s)
	Short-term disability and rehabilitation	Long-term benefits	Survivor benefits	Health care	Total	Total
Balance, beginning of year	\$ 80,483	\$ 309,263	\$ 121,707	\$ 111,446	\$ 622,899	\$ 539,084
Add claims costs incurred:						
Current year injuries	40,157	25,671	2,610	29,828	98,266	87,586
Prior years' injuries	4,053	39,280	5,780	19,926	69,039	76,726
	<u>44,210</u>	<u>64,951</u>	<u>8,390</u>	<u>49,754</u>	<u>167,305</u>	<u>164,312</u>
Less claims payments made:						
Current year injuries	12,600	77	119	8,275	21,071	19,492
Prior years' injuries	25,807	26,490	18,145	24,290	94,732	75,085
	<u>38,407</u>	<u>26,567</u>	<u>18,264</u>	<u>32,565</u>	<u>115,803</u>	<u>94,577</u>
Balance, before legislative change	86,286	347,647	111,833	128,635	674,401	608,819
Effect of legislative change	-	-	(4,160)	-	(4,160)	14,080
Balance, end of year	<u>\$ 86,286</u>	<u>\$ 347,647</u>	<u>\$ 107,673</u>	<u>\$ 128,635</u>	<u>\$ 670,241</u>	<u>\$ 622,899</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

7. BENEFITS LIABILITIES (CONTINUED)

ii) Legislative change

During 2000, the provincial 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.

In 2001, payments of \$9.92 million were made to 124 eligible dependent spouses. The Province of New Brunswick and other self-insured employers contributed \$2.42 million of these funds and the Commission funded the remaining \$7.50 million. In 2000, the Commission estimated that there were 176 dependent spouses eligible for these benefits. In 2001, the benefits liability was reduced by \$4.16 million to reflect the actual number of eligible dependent spouses.

iii) Current year injuries

	2001 (000s)			2000 (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	\$ 12,600	\$ 27,557	\$ 40,157	\$ 11,389	\$ 26,062	\$ 37,451
Long-term disability	77	25,594	25,671	174	20,457	20,631
Survivor benefits	119	2,491	2,610	21	1,249	1,270
Health care	8,275	21,553	29,828	7,908	20,326	28,234
	\$ 21,071	\$ 77,195	\$ 98,266	\$ 19,492	\$ 68,094	\$ 87,586

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	
	2001 (000s)	2000 (000s)
Reduction in assumed indexing rate for CPI-indexed benefits	\$ (1,400)	\$ (5,800)
Unfavourable experience on health care costs	3,200	3,700
Unfavourable experience on long-term disability costs	13,300	9,100
Increased benefits due to income tax changes	—	12,300
Favourable experience on short-term disability and rehabilitation claims	(2,800)	—
Provision for extraordinary claims	5,500	—

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

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:

	2001		2000	
	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	3.05%	4.35%	2.40%	4.35%
– subsequent years	4.35%	4.35%	4.35%	4.35%
Net rate of return – Year 1	4.80%	3.50%	5.47%	3.50%
– subsequent years	3.50%	3.50%	3.50%	3.50%

9. ASSESSMENTS

	2001 (000s)		2000 (000s)
	Budget	Actual	Actual
Assessment income	\$ 95,200	\$ 89,539	\$ 95,617
Interest and penalties	600	916	853
Uncollectibles	(375)	(693)	(520)
	<u>\$ 95,425</u>	<u>\$ 89,762</u>	<u>\$ 95,950</u>

10. SELF-INSURED EMPLOYERS

	2001 (000s)		2000 (000s)
	Budget	Actual	Actual
Assessments	\$ 20,721	\$ 32,772	\$ 28,279
Claims costs incurred:			
Short-term disability and rehabilitation	7,447	10,536	8,177
Long-term disability	4,756	9,409	10,042
Survivor benefits	910	1,258	933
Health care	4,608	8,484	6,535
	<u>17,721</u>	<u>29,687</u>	<u>25,687</u>
Administration	3,000	3,085	2,592
	<u>\$ 20,721</u>	<u>\$ 32,772</u>	<u>\$ 28,279</u>

WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION OF NEW BRUNSWICK

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

11. ADMINISTRATION

i) Categories

	2001 (000s)		2000 (000s)
	Budget	Actual	Actual
Salaries and employee benefits	\$ 18,824	\$ 18,323	\$ 18,271
Depreciation	1,600	2,127	1,735
Professional fees	967	1,020	908
Office and communications	1,569	1,634	1,536
Building operations	2,351	2,173	2,172
Travel and vehicle operations	1,207	1,087	1,060
Education and training	493	429	381
Other	783	751	729
	27,794	27,544	26,792
Allocated to health care claims costs	(2,200)	(2,293)	(2,223)
	\$ 25,594	\$ 25,251	\$ 24,569

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.

ii) Presentation

	2001 (000s)		2000 (000s)
	Budget	Actual	Actual
Operations	\$ 19,117	\$ 18,910	\$ 18,252
Occupational health and safety	6,477	6,341	6,317
	\$ 25,594	\$ 25,251	\$ 24,569

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 \$1.3 million (2000 – \$2.1 million) held by the Commission at December 31, 2001 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. The expense for this pension plan is equivalent to the annual contribution of \$0.94 million (2000 – \$0.93 million). The Province has advised the Commission that the plan was fully funded as at April 1, 2000.

14. BUDGET

The 2001 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.

15. COMPARATIVE FIGURES

Certain of the 2000 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 2002

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 2002 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 2002 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.
10 September 2002

**YOUTH COUNCIL OF NEW BRUNSWICK
BALANCE SHEET
31 MARCH 2002**

	2002	2001
ASSETS		
Current assets		
Cash	\$ 67,950	\$ 49,188
Accounts receivable	78,847	6,436
	<u>\$ 146,797</u>	<u>\$ 55,624</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable	\$ 82,308	\$ 3,175
Accrued salaries payable	1,875	2,669
	<u>84,183</u>	<u>5,844</u>
Surplus	<u>62,614</u>	<u>49,780</u>
	<u>\$ 146,797</u>	<u>\$ 55,624</u>

Approved by the Council



Chairperson



Member

**YOUTH COUNCIL OF NEW BRUNSWICK
STATEMENT OF REVENUE, EXPENSE AND SURPLUS
FOR THE YEAR ENDED 31 MARCH 2002**

	2002 Budget	2002 Actual	2001 Actual
REVENUE			
Operating grant from the Province of New Brunswick	\$ 120,000	\$ 122,413	\$ 118,300
Other grants	14,000	95,891	54,350
Miscellaneous	-	24,316	8,666
Administration fee revenue	22,500	20,258	14,544
Youth Connexions Jeunesse (Schedule A)	341,480	331,119	188,087
	<u>497,980</u>	<u>593,997</u>	<u>383,947</u>
EXPENSE			
Salaries and benefits	88,000	117,640	82,669
Travel, accommodations and meals	17,000	27,541	26,545
Printing and photocopying	12,000	8,450	5,703
Telephone	7,000	5,042	6,216
Office expenses	6,000	10,382	6,840
Public relations and advertising	1,500	650	2,413
Honoraria	3,000	2,113	138
Furniture and equipment	4,000	6,342	3,972
Professional services	500	1,646	5,415
Translation	1,500	10,770	8,286
Professional development	1,000	-	-
Repairs and maintenance	750	-	85
Bank charges	300	240	186
Conference and meeting	2,000	995	1,871
Miscellaneous	24,500	3,500	42
Special projects	10,600	81,434	-
Youth Connexions Jeunesse (Schedule A)	340,216	304,418	188,395
	<u>519,866</u>	<u>581,163</u>	<u>338,776</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ (21,886)</u>	12,834	45,171
Surplus, beginning of year		49,780	4,609
SURPLUS, end of year		<u>\$ 62,614</u>	<u>\$ 49,780</u>

**YOUTH COUNCIL OF NEW BRUNSWICK
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2002**

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.

In 2000, as part of the Youth Connexions Jeunesse operation, the Fredericton Youth Information Line which provides assistance and information on employment-related services and programs was taken on.

A new component was also taken on in 2001. The "Job Search Centre" offers a number of different services to meet the needs of job seekers.

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 2002**

	2002	2001
REVENUE		
Province of New Brunswick		
Operating grant	<u>\$ 331,119</u>	<u>\$ 188,087</u>
EXPENSE		
Salaries and benefits		
Administration	44,719	39,905
Casuals	206,957	117,244
Furniture and equipment	-	3,120
Printing and photocopying	1,106	632
Office expenses	1,691	2,449
Telephone	2,882	3,406
Professional services	200	419
Conference	60	215
Travel, accommodations and meals	1,118	930
Public relations and advertising	-	628
Repairs and maintenance	1,072	853
Info Line	21,931	14,114
Rent	5,472	4,480
Job Search Centre	17,210	-
	<u>304,418</u>	<u>188,395</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 26,701</u>	<u>\$ (308)</u>

