

Financial Statements of

**NORTHEAST MENTAL HEALTH CENTRE**

Year ended March 31, 2011

# NORTHEAST MENTAL HEALTH CENTRE

## Financial Statements Index

Year ended March 31, 2011

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying financial statements of Northeast Mental Health Centre, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northeast Mental Health Centre as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Other matters*

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

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Canada  
June 9, 2011

# NORTHEAST MENTAL HEALTH CENTRE

## Statement of Financial Position

March 31, 2011, with comparative information for 2010


	2011	2010
<b>Assets</b>		
Current assets:		
Cash and short-term investments	\$ 27,257,919	\$ 12,936,125
Marketable securities (note 2)	6,829,613	35,817,412
Accounts receivable (note 3)	5,918,971	1,368,740
Prepaid expenses	853,838	714,270
	<u>40,860,341</u>	<u>50,836,547</u>
Capital assets (note 4)	159,607,554	120,996,179
	<u>\$ 200,467,895</u>	<u>\$171,832,726</u>

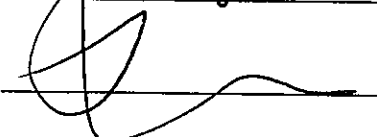
## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 11,957,296	\$ 9,222,515
Current portion of other long-term debt	1,597,375	-
	<u>13,554,671</u>	<u>9,222,515</u>
Deferred contributions (note 6):		
Expenses of future periods	2,906,014	7,640,348
Capital assets	33,001,493	24,241,307
	<u>35,907,507</u>	<u>31,881,655</u>
Post-retirement benefit obligations (note 7)	255,700	250,100
Other long-term debt (note 8)	112,639,732	92,163,571
Net assets:		
Internally restricted (note 9)	23,815,959	25,474,096
Unrestricted	14,294,326	12,840,789
	<u>38,110,285</u>	<u>38,314,885</u>
Commitments and contingencies (note 10)		
Subsequent events (note 11)		
	<u>\$200,467,895</u>	<u>\$171,832,726</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# NORTHEAST MENTAL HEALTH CENTRE

## Statement of Operations

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Revenue:		
Government funding	\$ 66,681,784	\$ 64,208,734
Other	3,493,022	2,729,172
Investment	563,112	673,967
Amortization of deferred capital contributions and donations	117,564	152,665
	<u>70,855,482</u>	<u>67,764,538</u>
Expenses:		
Salaries and wages	30,909,351	31,811,157
Supplies and other	22,600,646	19,624,623
Benefits	8,110,393	7,304,699
Medical staff remuneration	6,876,767	6,386,625
Amortization of capital assets	473,241	440,795
Drugs and medical gases	413,166	471,073
Medical supplies	104,882	103,173
	<u>69,488,446</u>	<u>66,142,145</u>
Excess of revenue over expenses, before the undernoted	1,367,036	1,622,393
Interest on other long-term debt	(5,049,268)	-
Government contribution for interest on other long term debt	4,994,380	-
Amortization – buildings	(2,137,503)	(1,369,866)
Amortization of deferred capital contributions	620,755	135,120
Excess (deficiency) of revenue over expenses from continuing operations	<u>(204,600)</u>	<u>387,647</u>
Discontinued operations	-	(66,972)
Excess (deficiency) of revenue over expenses	<u>\$ (204,600)</u>	<u>\$ 320,675</u>

See accompanying notes to financial statements.

# NORTHEAST MENTAL HEALTH CENTRE

## Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative information for 2010

	Internally restricted	Unrestricted	Total 2011	2010
Net assets, beginning of year	\$ 25,474,096	\$ 12,840,789	\$38,314,885	\$ 37,994,210
Excess (deficiency) of revenue over expenses	-	(204,600)	(204,600)	320,675
Internally imposed restrictions (note 9)	(1,658,137)	1,658,137	-	-
Net assets, end of year	\$ 23,815,959	\$ 14,294,326	\$38,110,285	\$ 38,314,885

See accompanying notes to financial statements.

# NORTHEAST MENTAL HEALTH CENTRE

## Statement of Cash Flows

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (204,600)	\$ 320,675
Adjustments for:		
Amortization of capital assets	2,610,744	1,811,810
Amortization of deferred contributions related to capital assets	(738,319)	(287,785)
Loss on disposal of capital assets	132,188	-
	1,800,013	1,844,700
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(4,550,231)	1,488,847
Decrease (increase) in prepaid expenses	(139,568)	158,717
Increase in accounts payable and accrued liabilities	2,734,781	3,467,875
Decrease in deferred contributions related to expenses of future periods	(1,711,863)	(661,515)
Increase in post retirement benefit obligations	5,600	300
	(1,861,268)	6,298,924
Cash flows from financing activities:		
Deferred contributions related to capital assets	6,476,034	2,385,723
Increase in other long-term debt	23,282,828	19,896,735
Principal repayment of other long-term debt	(1,209,292)	-
	28,549,570	22,282,458
Cash flows from investing activities:		
Disposition (acquisition) of marketable securities	28,987,799	(6,588,916)
Advance to North Bay General Hospital	-	922,927
Acquisition of capital assets	(41,358,807)	(24,650,895)
Proceeds from disposal of capital assets	4,500	36,178
	(12,366,508)	(30,280,706)
Increase (decrease) in cash and short-term investments	14,321,794	(1,699,324)
Cash and short-term investments, beginning of year	12,936,125	14,635,449
Cash and short-term investments, end of year	\$ 27,257,919	\$ 12,936,125

See accompanying notes to financial statements.



# NORTHEAST MENTAL HEALTH CENTRE

## Notes to Financial Statements

Year ended March 31, 2011

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The Northeast Mental Health Centre (the "Organization") is incorporated without share capital under the laws of Ontario and its principal activity is the provision of mental health services to patients in northeastern Ontario. The Organization is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

### 1. Significant accounting policies:

#### (a) Cash and short-term investments:

Cash and short-term investments consist of cash and cashable Guaranteed Investment Certificates and instruments with maturities of less than three months from their date of acquisition.

#### (b) Revenue recognition:

The Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care.

The Organization accounts for contributions, which include donations and government grants, under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grants and donations approved but not received at the end of a period are accrued. Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

#### (c) Financial instruments

The Organization accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations; available-for-sale financial instruments are measured at fair value with unrealized changes in fair value recorded in the statement of changes in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in the statement of operations.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 1. Significant accounting policies: (continued)

### (c) Financial instruments: (continued)

In accordance with the Canadian generally accepted accounting principles the Organization has undertaken the following:

- (i) Designated cash and short-term investments as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Marketable securities are designated as available-for-sale, which are recorded at fair value.
- (iv) Accounts payable and accrued liabilities and other long-term debt are classified as other financial liabilities, which are measured at amortized cost.

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

The Organization also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

The Organization has selected to account for transactions as at the trade date.

### (d) Donated assets:

Donated assets are recorded at fair value when received.

### (e) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis over their estimated useful lives at the following range of annual rates:

Buildings	Various rates to 4%
Roads, sidewalks and landscaping	Various rates to 10%
Furniture and equipment	Various rates to 20%

Certain renovation costs to adapt the facilities to change operating conditions or to maintain normal operating efficiency are expensed as incurred.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

### (f) Employee future benefits:

The Organization has defined benefit pension plans and also sponsors a post-retirement defined benefit health, dental and life insurance plan (the "Health Care Plan") for certain employees funded on a pay-as-you-go basis. The Organization has adopted the following policies:

- (i) The cost of the accrued benefit obligation for the Health Care Plan is actuarially determined using the projected benefit method provided on service and management's estimate of retirement age, health and dental care costs.
- (ii) Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employees is 10 years.
- (iii) On April 1, 2000, the Organization adopted the new accounting standard on employee future benefits using the prospective application method. The Organization is amortizing the transitional obligation on a straight-line basis over 12 years, which was the average remaining service period of the active employees expected to receive benefits under the benefit plan as of April 1, 2000.
- (iv) When a restructuring of a benefit plan gives rise to a curtailment and settlement of obligations, the curtailment is accounted for prior to the settlement.
- (v) Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Organization has insufficient information to apply defined benefit plan accounting.

### (g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables; and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

## 2. Marketable securities:

	2011		2010	
	Cost	Fair Value	Cost	Fair value
Marketable securities	\$ 6,772,709	\$ 6,829,613	\$ 35,564,100	\$ 35,817,412

Marketable securities consist of cashable fixed-term Guaranteed Investment Certificates with maturities ranging from June 2011 to March 2012.

## 3. Accounts receivable:

	2011	2010
Ontario Ministry of Health and Long-Term Care/ Local Health Integration Network	\$ 3,074,102	-
Ministry of Children and Youth Services	-	\$ 2,955
Other programs and miscellaneous	2,844,869	1,365,785
	\$ 5,918,971	\$ 1,368,740

## 4. Capital assets:

	2011		2010	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 662,617	-	\$ 662,617	-
Buildings, roads, side-walks and landscaping	159,284,317	7,200,047	11,030,898	7,604,349
Furniture and equipment	9,861,262	3,000,595	4,494,386	3,106,182
	169,808,196	10,200,642	16,187,901	10,710,531
Less accumulated amortization	10,200,642	-	10,710,531	-
	159,607,554	-	5,477,370	-
Construction in progress	-	-	115,518,809	-
	\$ 159,607,554	-	\$ 120,996,179	-

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

## 5. Accounts payable and accrued liabilities:

The accounts payable and accrued liabilities consist of:

	2011	2010
Ministry of Health and Long-Term Care	\$ 4,719	\$ 1,342,186
Ministry of Children and Youth Services	134,937	83,556
Other accounts payable and accrued liabilities	11,817,640	7,796,773
	<u>\$11,957,296</u>	<u>\$ 9,222,515</u>

## 6. Deferred contributions:

### (a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants received for transition costs, research, and mental health programs.

	2011	2010
Balance, beginning of year	\$ 7,640,348	\$ 8,301,863
Less amount recognized during the year	(1,807,541)	(1,310,035)
Add contributions received related to future periods	95,678	648,520
Transfers and disposals	(3,022,471)	-
Balance, end of year	<u>\$ 2,906,014</u>	<u>\$ 7,640,348</u>

### (b) Deferred capital contributions related to capital assets represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2011	2010
Balance, beginning of year	\$ 24,241,307	\$ 22,143,369
Add contributions received	6,476,034	2,744,185
Less amounts amortized to revenue	(738,319)	(287,785)
Transfers and disposals	3,022,471	(358,462)
Balance, end of year	<u>\$ 33,001,493</u>	<u>\$ 24,241,307</u>

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

## 6. Deferred contributions: (continued)

	2011	2010
Details of the balance are as follows:		
Unamortized capital contributions used to purchase assets	\$ 33,001,493	\$ 22,356,382
Unspent contributions	-	1,884,925
	<u>\$ 33,001,493</u>	<u>\$ 24,241,307</u>

## 7. Employee future benefits:

### (a) Health care plans:

The Organization measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the plan for funding purposes was March 31, 2011. The next required valuation will be as of April 1, 2014.

Total cash payments for employee future benefits in 2011 were \$22,000 (2010 - \$28,400) consisting of cash contributed by the Organization directly to beneficiaries for its unfunded health care, dental and life insurance plans.

The reconciliation of the funded status of the defined benefit health care plan and the amounts recorded in the financial statements is as follows:

	2011	2010
Accrued benefit obligation, beginning of year	\$ 232,200	\$ 225,700
Current service cost	8,100	5,900
Interest cost	12,600	17,400
Benefits paid	(22,000)	(28,400)
Actuarial (gain) loss	(58,600)	11,600
Balance and plan deficit, end of year	172,300	232,200
Unamortized net actuarial gain	91,100	33,500
Unamortized transitional obligation	(7,700)	(15,600)
Accrued benefit liability	<u>\$ 255,700</u>	<u>\$ 250,100</u>

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

## 7. Employee future benefits: (continued)

### (a) Health care plans: (continued)

The significant actuarial assumptions adopted in measuring the Organization's accrued benefit obligation are as follows:

	2011	2010
Discount rate	5.50%	5.50%
Initial dental care cost trend rate	4.50%	4.50%
Initial health care cost trend rate	7.82%	8.00%
Health care cost trend rate declines to	4.50%	4.50%
Year ultimate rate reached	2030	2030

### (b) Multi-employer pension plans:

For the Sudbury campus, all full-time and some part-time employees and for the North Bay campus, all full-time and part-time management and non-unionized employees of the Organization are eligible to be members of the Health Care of Ontario Pension Plan (the "Plan") which is a multi-employer defined benefit plan. Employer contributions made to the Plan during the year by the Organization amounted to \$1,502,164 (2010 - \$1,591,800). These amounts are included in the Statement of Operations. The most recent actuarial valuation of the Plan, as at December 31, 2010, indicates the plan has a surplus of \$176 million.

For the North Bay campus, all full-time and some part-time unionized employees of the organization are eligible to be members of the Ontario Public Servants (OPSEU) Pension Trust, which is a multi-employer defined benefit pension plan. Employer contributions made to the (the "Trust") during the year by the Organization amounted to \$1,056,069 (2010 - \$885,191). These amounts are included in the Statement of Operations. The most recent actuarial valuation of the Plan, as at December 31, 2009, indicates the plan has a surplus of \$1.2 billion.

## 8. Other long-term debt:

	2011	2010
Long-term obligation, unsecured, payable in monthly blended installments of principal and interest, bearing interest at 5.55%, maturing on June 2040	\$ 114,237,107	\$ 92,163,571
Less: current portion	(1,597,375)	-
	\$ 112,639,732	\$ 92,163,571

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

## 8. Other long-term debt: (continued)

Scheduled payments for the next five years are as follows:

2012	\$	1,597,375
2013		1,705,531
2014		1,802,595
2015		1,905,181
2016		1,997,478
Thereafter		105,228,947
Total	\$	114,237,107

## 9. Restrictions on net assets:

The Board of Directors has restricted net assets for specific projects totaling \$23,815,959 (2010 - \$25,474,096) comprised of the following amounts:

	2011	2010
Invested in capital assets	\$12,368,954	\$6,947,332
North Bay Regional Health Centre	5,795,336	11,487,374
Alternate level of care initiatives	4,579,085	4,650,000
Patient transfer to Sudbury campus	1,072,584	-
Sudbury campus renovation	-	1,601,702
Capital equipment	-	437,688
Foundation	-	300,000
Feasibility assessment for academic health sciences centre	-	50,000
	\$23,815,959	\$25,474,096

The Board of Directors has restricted the following amounts which are not available for other purposes without approval of the Board of Directors:

### (a) North Bay Regional Health Centre:

To ensure operational readiness at occupancy of the new North Bay Regional Health Centre, \$5,795,336 has been restricted to cover project variations, co-generation plant, new equipment and information systems, transition costs and relocation of regional outreach programs to a shared office space.



# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 9. Restrictions on net assets: (continued)

### (b) Alternative level of care initiatives:

To enhance the community effort in providing appropriate residences and support for patients once they are discharged from the hospital, \$4,579,085 has been restricted for this purpose. These funds will support the Regional Advisory Panel and assist with capital improvements to community residences.

### (c) Patient transfer to Sudbury campus:

During the year, 31 beds were relocated to the Sudbury campus. There remains a restriction of \$1,072,584 to ensure operational readiness related to staff relocation, capital improvements and equipment.

### (d) Sudbury campus renovations:

Funds had been restricted for the ongoing improvements to the Sudbury campus infrastructure totaling \$1,601,702. These funds covered the first year of a five year plan to upgrade the exterior and interior of the buildings. These improvements were completed by March 31, 2011.

### (e) Capital equipment:

As part of the annual budget planning, \$437,688 had been restricted for capital purchases of equipment for the regular operation of the Organization. These equipment requests are separate from new equipment requests for the new hospital. There is no restriction remaining at March 31, 2011.

### (f) Foundation start-up:

The Organization will be included in the reconstitution of the North Bay Regional Health Centre Foundation. \$300,000 was paid during the year to cover the cost of this process and three years of ongoing support of the Foundation. There is no restriction remaining at March 31, 2011.

### (g) Feasibility assessment for academic health sciences centre:

A feasibility assessment was conducted to study the proposal for the Organization to become an Academic Health Sciences Centre. The amount restricted to conduct the assessment was \$50,000. There is no restriction remaining at March 31, 2011.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 10. Commitments and contingencies:

### (a) North Bay Regional Health Centre lifecycle and maintenance costs:

In February 2007, on behalf of itself and the Organization, North Bay General Hospital ("NBGH") signed an agreement with Plenary Health ("Plenary") to build, maintain and finance the North Bay Regional Health Centre Project. Plenary commenced facility construction in March 2007 with substantial completion on June 16, 2010.

Upon completion of construction, annual payments of approximately \$6.6 million for lifecycle and hard facility maintenance costs commenced for a period of 30 years, with the final payment due in May 2041. The Organization's share of the annual payment is approximately \$1.83 million of which the Ministry of Health and Long Term Care has approved an annual grant in the amount of approximately \$1.81 million.

A portion of the payment will be indexed to allow for increases in the cost of living, labour, insurance and energy and utilities.

### (b) Operating lease commitments:

The Organization rents various premises under operating leases expiring at various dates to December 2020. Minimum annual rental payments to maturity are approximately \$370,000 per annum, and in aggregate are approximately \$3 million.

### (c) Divestment of Sudbury District Programs:

Sudbury Regional Hospital is claiming an amount of \$475,900 related to their increased Employee Future Benefits liability as a result of a transfer of the Organization's employees with the divestment of the district programs in 2008. As this was not a funded liability, management of the Organization believes that it is not a transferred liability, but rather, consistent with the approach taken with other one-time transitional pressures, Sudbury Regional Hospital should seek one-time transitional funding from the Northeast Local Health Integration Network. On this basis, the Organization has not accrued any amounts related to this matter in the accounts of the Organization. The outcome of this matter is not determinable at this time.

### (d) Claims

In the normal course of business, the Organization is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 11. Subsequent events:

### (a) Amalgamation

On April 1, 2011, the NBGH and the Organization amalgamated to form the North Bay Regional Health Centre ("NBRHC").

### (b) Mental health trust

Subsequent to year end, the Board of the NBRHC passed a motion to create a trust fund to support the regional mental health programs in the catchment area served by the NBRHC in the amount of \$10 million. The trust will be funded by the restricted net assets of the Organization, with the NBRHC as trustee.

## 12. Available credit facilities:

As part of its financial arrangements, the Organization has negotiated a line of credit in the amount of \$1.0 million with its bankers. The line of credit is unsecured and bears interest at the bank's prime rate.

## 13. Fair value of financial assets and liabilities:

### (a) Credit and interest rate risk:

The Organization's financial instruments do not expose the Organization to a significant concentration of credit or interest rate risk.

### (b) Fair value:

The carrying values of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity or because they are receivable on demand.

The carrying value of other long-term debt approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

### (c) Financial risk management objectives:

The Organization invests only in high quality financial instruments to ensure the maintenance of its capital, while providing appropriate levels of liquidity.

# NORTHEAST MENTAL HEALTH CENTRE

Notes to Financial Statements

Year ended March 31, 2011

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## 14. Capital disclosures:

The Organization defines its capital as its net assets. It is not subject to external restrictions on its capital.

The Organization has in place an annual budgeting process to assist in determining the funds required in order to meet its annual working capital requirements.

## 15. Comparative information:

Certain 2010 comparative information have been reclassified to conform to the financial statement presentation adopted for the current year.

# NORTHEAST MENTAL HEALTH CENTRE

Schedule of Operations Funded by Other Sources including Ministry of Health - Institutions Branch  
Schedule 1

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
<b>Revenue:</b>		
Government funding	\$ 54,423,953	\$ 51,743,901
Other	3,462,842	2,542,333
Investment	563,112	673,967
Amortization of deferred capital contributions and donations	20,476	97,427
	<u>58,470,383</u>	<u>55,057,628</u>
<b>Expenses:</b>		
Salaries and wages	27,373,683	28,211,820
Supplies and other	15,912,618	12,655,448
Benefits	7,126,555	6,321,667
Medical staff remuneration	5,786,711	5,320,460
Drugs and medical gases	407,013	467,313
Amortization of capital assets	391,885	351,787
Medical supplies	104,882	103,169
	<u>57,103,347</u>	<u>53,431,664</u>
Excess of revenue over expenses before the undernoted	1,367,036	1,625,964
Interest on other long-term debt	(5,049,268)	-
Government contribution for interest on other long-term debt	4,994,380	-
Amortization – buildings	(2,137,503)	(1,369,866)
Amortization of deferred capital contributions	620,755	135,120
	<u>Excess (deficiency) of revenue over expenses from continuing operations</u>	<u>391,218</u>
Discontinued operations	-	(66,972)
	<u>Excess (deficiency) of revenue over expenses</u>	<u>\$ (204,600)</u>
	<u>\$ (204,600)</u>	<u>\$324,246</u>

# NORTHEAST MENTAL HEALTH CENTRE

Schedule of Operations Funded by Other Sources including Ministry of Health – Other Votes  
Schedule 2

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
<b>Revenue:</b>		
Government funding	\$ 1,738,617	\$ 1,663,305
Amortization of deferred capital contributions and donations	9,954	8,652
Other recoveries	4,864	13,087
	<u>1,753,435</u>	<u>1,685,044</u>
<b>Expenses:</b>		
Salaries and wages	948,045	983,149
Supplies and other	510,679	388,172
Benefits	223,675	242,400
Medical staff remuneration	60,008	62,586
Amortization of capital assets	11,028	8,733
Medical supplies	-	4
	<u>1,753,435</u>	<u>1,685,044</u>
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

# NORTHEAST MENTAL HEALTH CENTRE

Schedule of Operations Funded by Ministry of Children and Youth Services  
Schedule 3

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Revenue:		
Government funding	\$ 10,519,214	\$10,801,528
Amortization of deferred capital contributions and donations	87,134	80,275
Other recoveries	25,316	140,063
	<u>10,631,664</u>	<u>11,021,866</u>
Expenses:		
Supplies and other	3,607,099	3,059,249
Salaries and wages	2,587,623	2,616,188
Grants	2,570,250	3,521,754
Medical staff remuneration	1,030,048	1,003,579
Benefits	760,163	740,632
Amortization of capital assets	70,328	80,275
Drugs and medical gases	6,153	3,760
	<u>10,631,664</u>	<u>11,025,437</u>
Deficiency of revenue over expenses from continuing operations	\$ -	\$ (3,571)