

# Financial Statements



Central  
Health

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**INDEPENDENT AUDITORS' REPORT**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of **Central Regional Health Authority**

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **Central Regional Health Authority** which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations, statement of changes in net financial assets (debt) and cash flows for the year then ended, and 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 consolidated financial statements in accordance with Canadian public sector accounting board standards, 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 consolidated financial statements present fairly, in all material respects, the financial position of **Central Regional Health Authority** as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting board standards.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

June 26, 2012



**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED**

**Statement of Financial Position**

**March 31, 2012**

**2012**

**2011**

**April 1  
2010**

**Financial Assets**

Cash (Note 9)	\$ 7,797,035	-	-
Receivables (Note 4)	15,092,833	26,808,988	23,697,356
Residents' trust funds held on deposit	812,861	855,977	822,634
Cash restricted for security deposits	33,319	30,555	27,201
Investments restricted for general endowment purposes (Note 7)	629,865	603,336	487,688
Replacement reserve funding (Note 15)	157,541	251,430	303,892
	<u>\$ 24,523,454</u>	<u>28,550,286</u>	<u>25,338,769</u>

**Liabilities**

Bank indebtedness (Note 9)	\$ -	5,492,593	11,815,630
Payables and accruals (Note 10)	24,288,234	24,331,080	19,686,731
Employee future benefits			
Accrued vacation	13,380,578	12,500,992	12,143,785
Accrued severance (Note 14)	25,034,229	24,240,756	23,027,706
Accrued sick (Note 14)	15,762,419	15,664,632	15,572,280
Deferred grants (Note 11)	24,802,811	21,796,287	18,249,976
Long-term debt (Note 12)	16,268,869	19,272,194	20,645,569
Obligations under capital lease (Note 13)	558,500	771,415	989,342
Trust funds payable	812,861	855,977	822,634
Security deposits liability	33,319	30,555	27,201
Replacement reserves (Note 15)	157,541	251,430	303,892
J.M. Olds scholarship and library funds	83,177	83,223	84,486
	<u>121,182,138</u>	<u>125,291,134</u>	<u>123,369,211</u>

**Net Financial Assets (Debt)**

( 96,658,684 ) ( 96,740,848 ) ( 98,030,442 )

**Non-Financial Assets**

Capital assets (Note 8)	58,802,588	58,512,422	55,993,635
Deposit on capital assets	-	-	924,964
Inventories (Note 5)	2,724,641	2,785,888	3,003,379
Prepays (Note 6)	6,232,694	6,238,375	6,394,636
	<u>67,759,923</u>	<u>67,538,685</u>	<u>66,316,614</u>

**Accumulated surplus/ (deficit) (Note 3)**

\$ ( 28,898,761 ) ( 29,204,163 ) ( 31,713,828 )

Commitments (Note 17)

Contingencies (Note 18)

See accompanying notes

Approved:

K. Mahesh Trustee  
Wm. O'Keefe Trustee

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED**  
**Statement of Operations**  
**Year ended March 31, 2012**

	<b>2012</b>		<b>2011</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
<b>Revenue:</b>			
Provincial plan operating	\$ 290,163,196	290,149,010	286,711,187
Provincial capital grants	-	7,014,366	8,344,074
Other capital contributions	-	312,644	628,171
MCP physicians salaries	12,812,056	16,974,151	15,397,679
Patient-resident services	11,563,350	12,557,642	11,638,957
CMHC mortgage interest subsidy (Note 16)	68,623	56,805	95,008
Capital project funding	5,673,111	5,863,251	3,329,376
Pandemic funding	-	-	374,470
Recoveries	7,551,364	9,990,783	7,229,101
Cottage operations	1,546,460	2,479,707	1,613,650
Foundations	812,800	812,969	976,228
Other revenue	1,720,000	3,258,796	3,294,806
	<b><u>331,910,960</u></b>	<b><u>349,470,124</u></b>	<b><u>339,632,707</u></b>
<b>Expenditure:</b>			
Administration	34,352,120	32,690,316	30,604,013
Community and social services	79,722,106	80,376,525	85,664,873
Support services	63,744,656	64,415,927	59,709,111
Nursing inpatient services - acute	44,561,242	47,203,347	45,522,109
- long-term care	30,508,004	31,555,228	29,746,061
Ambulatory care services	19,402,411	20,292,716	19,020,542
Diagnostic and therapeutic services	39,338,775	40,366,824	35,787,640
Medical services	16,574,392	20,500,214	19,685,399
Education services	1,347,994	996,720	1,092,456
Cottage operations, including amortization of \$449,056 (2011 - \$411,041)	1,443,395	1,940,577	1,571,745
Foundations, including amortization of \$5,029 (2011 - \$5,294)	698,400	762,824	974,988
	<b><u>331,693,495</u></b>	<b><u>341,101,218</u></b>	<b><u>329,378,937</u></b>
<b>Surplus (Deficit) - shareable</b>	<b><u>\$ 217,465</u></b>	<b><u>8,368,906</u></b>	<b><u>10,253,770</u></b>
<b>Non-shareable items:</b>			
Amortization		( 6,209,271)	( 6,087,651)
Accrued vacation pay - (increase) decrease		( 881,279)	( 351,051)
Accrued severance pay - (increase) decrease		( 793,473)	( 1,213,051)
Accrued sick pay - (increase) decrease		( 97,787)	( 92,352)
		<b><u>( 7,981,810)</u></b>	<b><u>( 7,744,105)</u></b>
<b>Surplus (Deficit) - shareable and non-shareable (Note 3)</b>		<b>387,096</b>	<b>2,509,665</b>
<b>Accumulated Surplus(Deficit):</b>			
Beginning of year (Note 3)		(29,204,163)	(31,713,828)
Repayment of contributed surplus to CMHC		( 81,694)	-
End of year		<b><u>\$(28,898,761)</u></b>	<b><u>(29,204,163)</u></b>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY****CONSOLIDATED****Statement of Changes in Net Financial Assets (Debt)****Year ended March 31, 2012****2012****2011**

<b>Net Debt - beginning of period</b>	<b><u>\$(96,740,848)</u></b>	<b><u>(98,030,442)</u></b>
<b>Surplus (Deficit) (Note 3)</b>	<b>387,096</b>	<b>2,509,665</b>
<b>Repayment of contributed surplus</b>	<b><u>( 81,694)</u></b>	<b><u>-</u></b>
	<b><u>305,402</u></b>	<b><u>2,509,665</u></b>
<b>Changes in capital assets</b>		
Acquisition of capital assets	<b>( 7,327,011)</b>	<b>( 9,022,773)</b>
Amortization of capital assets	<b>6,663,355</b>	<b>6,503,986</b>
Net book value of capital asset disposals	<b>373,490</b>	<b>-</b>
Deposits on capital assets used	<b><u>-</u></b>	<b><u>924,964</u></b>
<b>Decrease (Increase) in net book value of capital assets</b>	<b><u>( 290,166)</u></b>	<b><u>( 1,593,823)</u></b>
<b>Changes in other non-financial assets</b>		
Reduction in prepaids	<b>5,681</b>	<b>156,261</b>
Reduction in inventories	<b><u>61,247</u></b>	<b><u>217,491</u></b>
<b>Decrease (Increase) in other non-financial assets</b>	<b><u>66,928</u></b>	<b><u>373,752</u></b>
<b>Decrease (Increase) in debt</b>	<b><u>82,164</u></b>	<b><u>1,289,594</u></b>
<b>Net Debt - end of period</b>	<b><u>\$(96,658,684)</u></b>	<b><u>(96,740,848)</u></b>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED**

**Statement of Cash Flows**

**Year ended March 31, 2012**

	2012	2011
<b>Operations:</b>		
Surplus (Deficit)	\$ 387,096	2,509,665
Amortization	6,663,355	6,503,986
Loss on cottage units demolished	373,490	-
Investment gains/losses	<u>8,444</u>	<u>(45,350)</u>
	<u>7,432,385</u>	<u>8,968,301</u>
<b>Changes in:</b>		
Receivables	11,716,155	(3,111,631)
Inventories	61,247	217,491
Prepays	5,681	156,261
Payables and accruals	(42,846)	4,644,349
Accrued vacation pay	879,586	357,227
Accrued severance pay	793,473	1,213,051
Accrued sick pay	97,787	92,352
Deferred grants and donations	<u>3,006,324</u>	<u>3,546,311</u>
<b>Net cash provided from operations</b>	<u>23,949,792</u>	<u>16,083,712</u>
<b>Investing:</b>		
Additions to capital assets	(7,327,011)	(9,022,773)
Deposit on capital assets used	-	924,964
Increase in general endowment fund investments	<u>(34,974)</u>	<u>(70,300)</u>
<b>Net cash applied to investing</b>	<u>(7,361,985)</u>	<u>(8,168,109)</u>
<b>Financing:</b>		
Repayment of long-term debt	(3,003,524)	(1,373,376)
Repayment of capital leases	(212,915)	(217,927)
Net changes in J.M. Olds funds	(46)	(1,263)
Repayment contributed surplus	(81,694)	-
New capital lease proceeds	<u>-</u>	<u>-</u>
<b>Net cash applied to financing</b>	<u>(3,298,179)</u>	<u>(1,592,566)</u>
<b>Net increase (decrease) in cash</b>	<u>13,289,628</u>	<u>6,323,037</u>
<b>Cash, net of bank indebtedness:</b>		
Beginning	<u>(5,492,593)</u>	<u>(11,815,630)</u>
Ending (Note 9)	<u>\$ 7,797,035</u>	<u>(5,492,593)</u>

See accompanying notes



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

**March 31, 2012**

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### 1. Nature of operations:

The Central Regional Health Authority ("Central Health") or ("The Authority") is charged with the responsibility for the provision of health care services in the Central region of Newfoundland and Labrador.

The mandate of Central Health is to provide the best possible health and community services and programs which respond to the identified needs of the people of Central Newfoundland and Labrador within available resources.

Central Health is a not-for-profit corporation and is exempt from income taxes and is constituted under the Regional Health Authority's Act.

### 2. Summary of significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting board standards. Outlined below are those policies considered particularly significant by the Authority.

#### (a) Basis of consolidation

These consolidated statements represent the consolidated assets, liabilities, revenues and expenses of the following entities which comprise the reporting entity. The reporting entity is comprised of all organizations which are controlled by Central Health including the following:

Bonnews Lodge Apartment Complex  
North Haven Manor Cottages  
Valley Vista Cottages  
Central Northeast Health Foundation  
South and Central Health Foundation

#### (b) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting board standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accrued severance, accrued sick leave, useful life of capital assets and allowance for doubtful receivables.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

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# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

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### 2. Summary of significant accounting policies (continued):

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank overdrafts are considered a component of cash and cash equivalents and are secured by approved authority to borrow authorized by the Province's Minister of Health and Community Services.

#### (d) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

#### (e) Expenses

Expenses are reported on an accrual basis. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

#### (f) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services in transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

#### (g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

#### (h) Severance and sick pay liability

An accrued liability for severance is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service. An estimate for the provision of employees with less than nine years of service has been determined by actuarial analysis.

An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

Actuarial gains or losses are being amortized to the liability and the related expense straight-line over the expected average remaining service life of the employee group.

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# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

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### 2. Summary of significant accounting policies (continued):

#### (i) Inventory

Inventories have been determined using the following methods for the various areas. Cost includes purchase price plus the non-refundable portion of applicable taxes.

General stores	at average cost
Drugs - JPM	at average cost
Drugs - CNF	first-in, first-out

#### (j) Capital assets

The Authority has control over certain lands, buildings and equipment with the title resting with the Government and consequently these assets are not recorded under capital assets. In accordance with an operating agreement with Newfoundland and Labrador Housing Corporation, certain assets of the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5.0%
Buildings and service equipment	5.0%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

#### (k) Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

#### (l) Impairment of long-lived assets

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

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# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

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### 2. Summary of significant accounting policies (continued):

#### (m) Replacement reserves

Under certain operating agreements with Newfoundland and Labrador Housing Corporation (NLHC) the Authority is required to maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may only be used as approved by NLHC.

Transactions in the reserves are shown in Note 15.

#### (n) Pension costs

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

#### (o) Financial instruments

The Authority recognizes a financial asset or a financial liability on its statement of financial position when the Authority becomes a party to the contractual provision of the financial instrument. The Authority initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions. The Authority subsequently measures all its financial assets and liabilities at amortized cost except for investments restricted for endowment purposes which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, receivables, trust funds, and replacement reserve funding. Financial assets measured at fair value are investments restricted for endowment purposes.

Financial liabilities measured at amortized cost include bank indebtedness, payables and accruals, employee future benefits, deferred grants, long-term debt, obligations under capital lease, trust funds, security deposits, replacement reserves and scholarship and library funds payable.

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks.

### 3. Impact of the change in the basis of accounting:

These consolidated financial statements are the first financial statements for which Central Health has applied Canadian public sector accounting board standards ("PSAB"). The consolidated financial statements for the year ended March 31, 2012 were prepared in accordance with PSAB. Comparative period information presented for the year ended March 31, 2011 was prepared in accordance with PSAB and the provisions set out in Section PS 2125 *First-time adoption by government organizations*. Central Health has elected to take the first-time adoption exemption under PS 2125 relating to actuarial gains and losses resulting from the initial actuarial valuations of severance and sick benefits liabilities and recognize all cumulative actuarial gains and losses at the date of transition in the accumulated deficit.

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# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

**March 31, 2012**

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### 3. Impact of the change in the basis of accounting (continued):

The date of transition to PSAB is April 1, 2010, the adoption of the standards has resulted in a restatement of the Statement of Operations for the year ended March 31, 2011 as well as the unamortized deferred capital contributions, operating deferred contributions, accrued sick benefits, severance liability and accumulated surplus as of April 1, 2010 and March 31, 2011.

As of April 1, 2010, the statement of financial position included unamortized deferred capital contributions. Under Public Sector Standards these deferred capital contributions are not permitted to be deferred. Also, there were operating deferred contributions without specific restrictions or stipulations that are not permitted to be deferred under PSAB. As well, the Authority performed an actuarial assessment of accrued sick benefits and severance liabilities that resulted in restatement of these liabilities as required under PSAB. Therefore, as a result of the above adjustments required under the transition to PSAB the following restatement has occurred.

#### (a) Adjustment to consolidated statement of financial position as at April 1, 2010:

	<u>As previously Reported</u>	<u>Adjustment Required</u>	<u>As restated</u>
Liabilities:			
Unamortized deferred capital contributions	\$ 27,803,658	(27,803,658)	-
Deferred operating grants	20,161,213	( 1,979,987)	18,249,976
Accrued sick benefits	-	15,572,280	15,572,280
Accrued severance	<u>25,489,078</u>	<u>( 2,461,373)</u>	<u>23,027,705</u>
Accumulated surplus (deficit)	<u><u>\$ ( 48,386,566)</u></u>	<u><u>16,672,738</u></u>	<u><u>(31,713,828)</u></u>

#### (b) Reconciliation of previously reported consolidated annual surplus for March 31, 2011 with the annual surplus for March 31, 2011 shown in the financial statements:

	<u>2011</u>
Annual surplus (deficit), as previously reported, March 31, 2011	\$(2,384,415)
Adjustment related to unamortized deferred capital contributions	(4,295,773)
Adjustment related to capital grants received	8,972,245
Adjustment related to other deferred revenue	13,459
Adjustment related to sick benefits expense	( 92,352)
Adjustment related to severance expense	<u>296,501</u>
Restated annual surplus, March 31, 2011	<u><u>\$ 2,509,665</u></u>

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# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 4. Receivables:

	<u>2012</u>	<u>2011</u>
Provincial plan grants - operating	\$ 3,416,363	8,388,820
Capital grants	2,150,082	9,183,458
Patient, capital donations, rents and other	6,565,324	3,853,327
MCP	1,885,353	4,042,715
Cancer Foundation	956,168	1,037,107
HST	637,606	582,724
Due from NLHC	<u>23,464</u>	<u>36,710</u>
	15,634,360	27,124,861
Allowance for doubtful	<u>541,527</u>	<u>315,873</u>
	<u>\$ 15,092,833</u>	<u>26,808,988</u>

### 5. Inventories:

	<u>2012</u>	<u>2011</u>
General stores	\$ 1,249,394	1,581,022
Drugs	<u>1,475,247</u>	<u>1,204,866</u>
	<u>\$ 2,724,641</u>	<u>2,785,888</u>

### 6. Prepays:

	<u>2012</u>	<u>2011</u>
Equipment maintenance	\$ 359,898	596,640
Malpractice and membership fees	110,362	103,427
General insurance	389,985	266,896
Workplace Health, Safety and Compensation Commission	3,954,641	3,885,018
Municipal taxes	638,669	658,145
Other	<u>779,139</u>	<u>728,249</u>
	<u>\$ 6,232,694</u>	<u>6,238,375</u>

### 7. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate market value as follows:

	<u>2012</u>	<u>2011</u>
Central Northeast Health Foundation Inc.	\$ 176,060	163,806
South and Central Health Foundation	<u>453,805</u>	<u>439,530</u>
	<u>\$ 629,865</u>	<u>603,336</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 8. Property, plant and equipment:

	<u>2012</u>		<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land	\$ 313,914	-	313,914
Land improvements	1,212,046	795,573	416,473
Buildings and service equipment	74,007,758	48,203,133	25,804,625
Equipment	106,333,028	75,728,526	30,604,502
Equipment under capital lease	2,781,898	2,271,938	509,960
Motor vehicles	3,516,633	2,390,205	1,126,428
Motor vehicles under capital lease	196,503	169,817	26,686
	<u>\$ 188,361,780</u>	<u>129,559,192</u>	<u>58,802,588</u>
			<u>58,512,422</u>

### 9. Cash and bank indebtedness:

	<u>2012</u>	<u>2011</u>
Cash	\$ 7,797,035	1,081,953
Due to bank on current account	-	(6,574,546)
	<u>\$ 7,797,035</u>	<u>(5,492,593)</u>

The Authority has access to a \$15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

### 10. Payables and accruals:

	<u>2012</u>	<u>2011</u>
Trade	\$ 13,514,135	14,094,480
Due to NLHC - operating subsidy	5,547	3,965
Residents comfort fund	30,113	28,801
Accrued - wages	10,689,119	10,191,914
- interest	49,320	80,670
	<u>\$ 24,288,234</u>	<u>24,399,830</u>

### 11. Deferred grants and donations:

	<u>2012</u>	<u>2011</u>
Operating:		
Deferred operating grants	\$ 1,278,748	5,112,858
Deferred capital grants	23,523,863	16,683,429
	<u>\$ 24,802,611</u>	<u>21,796,287</u>



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 12. Long-term debt:

	<u>2012</u>	<u>2011</u>
Operating:		
4.59% CMHC 1 <sup>st</sup> mortgage on Bonnews Lodge; repayable in equal monthly installments of \$10,248, interest included; matured April, 2011	\$ -	10,200
2.4% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$12,112, interest included; maturing April, 2020, renewable October, 2015	1,067,377	1,185,617
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023	421,149	443,936
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing December, 2018	247,457	284,129
3.53% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of \$58,386, interest included; maturing January, 2027	8,081,433	8,435,329
4.89% Canadian Imperial Bank of Commerce mortgage on 3 Twomey Dr, Botwood housing; repayable in equal monthly installments of \$431, interest included; maturing July, 2028, renewable July, 2014	55,591	57,618
4.89% Canadian Imperial Bank of Commerce mortgage on 145 Commonwealth Ave, Botwood housing; repayable in equal monthly installments of \$390, interest included; maturing July, 2027, renewable July, 2014	50,324	52,159
2.46% Canadian Imperial Bank of Commerce mortgage on Hospital renovations; repayable in equal monthly installments of \$8,423, interest included; maturing January, 2014	181,009	270,189
8.0% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor; repayable in equal monthly installments of \$8,298, interest included; repaid during year	-	875,332
	<u>10,104,340</u>	<u>11,614,509</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 12. Long-term debt (continued):

	<u>2012</u>	<u>2011</u>
Operating balance forward	<u>10,104,340</u>	<u>11,614,509</u>
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista; repayable in equal monthly installments of \$10,124, interest included; maturing August, 2027	1,084,647	1,119,084
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly installments of \$8,165, interest included; maturing August, 2024	784,063	819,429
2.61% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly installments of \$7,900, interest included; maturing July, 2019, renewable September, 2014	632,374	709,621
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of \$6,199, plus interest; maturing 2015	223,154	297,538
4.5% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of \$439, interest included; maturing November, 2024, renewable May, 2013	49,868	52,837
4.5% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of \$370, interest included; maturing June, 2020, renewable May, 2013	30,060	33,082
2.49% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of \$345, interest included; maturing July, 2020, renewable December, 2013	<u>31,181</u>	<u>34,277</u>
	<u>12,939,687</u>	<u>14,680,377</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 12. Long-term debt (continued):

	<u>2012</u>	<u>2011</u>
North Haven Manor Cottage Units Phase I,II,III:		
9.5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$7,925, interest included; maturing June, 2029 (Note 20)	-	834,790
4.25% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$8,668, interest included; maturing December, 2016	447,075	529,840
1.64% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$9,292, interest included; maturing November, 2018	<u>646,906</u>	<u>731,592</u>
	<u>1,093,981</u>	<u>2,096,222</u>
North Haven Manor Cottage Units Phase IV:		
4.31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of \$3,565, interest included; maturing July, 2025, renewable April, 2012	<u>434,260</u>	<u>457,884</u>
Valley Vista Cottages:		
2.26% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$4,865, interest included; maturing June, 2016	236,386	287,484
4.28% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$10,416 interest included; maturing December, 2017, renewable December, 2012	636,687	732,370
3.16% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of \$4,984, interest included; maturing May, 2018, renewable June, 2013	<u>334,873</u>	<u>383,313</u>
	<u>1,207,946</u>	<u>1,403,167</u>
Bonnews Lodge Apartment Complex:		
2.14% Newfoundland and Labrador Housing Corporation 1 <sup>st</sup> mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of \$3,733 interest included; maturing December, 2024, renewable April, 2014	<u>496,972</u>	<u>530,762</u>



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 12. Long-term debt (continued):

	<u>2012</u>	<u>2011</u>
South and Central Health Foundation:		
6.5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence; repayable in bi-weekly installments of \$397, interest included, maturing in May 2026, renewable December 2012	<u>95,823</u>	<u>103,781</u>
	<u>\$ 16,268,669</u>	<u>19,272,194</u>

The aggregate amount of principal payments estimated to be required in each of the next five years and thereafter is as follows:

2013	\$ 1,396,456
2014	1,424,976
2015	1,386,019
2016	1,358,103
2017	1,380,462
Thereafter	9,322,653

### 13. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31

2013	\$ 237,290
2014	237,290
2015	<u>119,564</u>
Total minimum lease payments	594,144
Less amount representing interest	<u>35,644</u>
Balance of obligation	<u>\$ 558,500</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 14. Employee future benefits:

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation completed on June 19, 2012. The assumptions are based on future events. The economic assumptions used in the valuation are Central Health's best estimates of expected rates as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Wages and salary escalation	4.00%	4.00%	4.00%
Interest	3.85%	4.65%	5.20%

Based on actuarial valuation of the liability, at March 31, 2012 the results for sick leave are:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Initial valuation	\$ -	-	15,572,280
Accrued sick pay obligation March 31	16,156,450	15,572,280	-
Current period benefit cost	1,773,585	1,655,771	-
Benefit payments	( 2,449,197)	( 2,354,997)	-
Interest on the accrued benefit obligations	735,569	791,578	-
Actuarial (gains)/losses	<u>759,402</u>	<u>491,818</u>	-
Accrued sick pay obligations at March 31	<u>\$ 16,975,809</u>	<u>16,156,450</u>	<u>15,572,280</u>

Based on actuarial valuation of the liability, at March 31, 2012 the results for severance are:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Initial valuation	\$ -	-	23,027,705
Accrued benefit obligation March 31	25,372,612	23,027,705	-
Current period benefit cost	1,775,391	1,605,596	-
Benefit payments	( 2,238,053)	( 1,590,381)	-
Interest on the accrued benefit obligation	1,169,070	1,197,836	-
Actuarial (gains)/losses	<u>1,866,127</u>	<u>1,131,856</u>	-
Accrued severance obligation at March 31	<u>\$ 27,945,147</u>	<u>25,372,612</u>	<u>23,027,705</u>

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Sick benefits:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Initial valuation March 31	\$ -	-	15,572,280
Accrued benefit liability March 31	15,762,419	15,664,632	-
Unamortized actuarial losses	<u>1,213,390</u>	<u>491,818</u>	-
Accrued benefit obligation	<u>\$ 16,975,809</u>	<u>16,156,450</u>	<u>15,572,280</u>

(Continued...)

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

### 14. Employee future benefits (continued):

Severance benefits:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Initial valuation March 31	\$ -	-	23,027,705
Accrued benefit liability March 31	25,034,229	24,240,756	-
Unamortized actuarial losses	<u>2,910,918</u>	<u>1,131,856</u>	<u>-</u>
Accrued benefit obligation March 31	<u>\$ 27,945,147</u>	<u>25,372,612</u>	<u>23,027,705</u>

### 15. Replacement reserves:

	<u>2012</u>	<u>2011</u>
Balance, beginning	\$ 251,430	303,892
Add:		
Allocation for year	60,220	60,220
Contributions from Authority	12,900	12,900
Interest income (expense)	( 29)	( 8)
	<u>324,521</u>	<u>377,004</u>
Less:		
Approved expenditures	<u>166,980</u>	<u>125,574</u>
Balance, ending	<u>\$ 157,541</u>	<u>251,430</u>
	<u>2012</u>	<u>2011</u>
Funding:		
Replacement reserve funds	\$ 19,131	100,583
Due from Newfoundland and Labrador Housing Corporation	<u>138,410</u>	<u>150,847</u>
	<u>\$ 157,541</u>	<u>251,430</u>

### 16. Operating subsidies:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2012 was \$56,805 (2011 - \$95,088) for operating facilities and \$338,334 (2011 - \$378,895 for the Authority's Cottage operations.



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2012

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### 17. Commitments:

#### *Operating leases*

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2013	\$ 155,371
2014	137,572
2015	105,418
2016	9,291

#### *Energy performance contract*

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at \$4,450,214 and \$1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively. The contract for \$1,247,329 expired in 2010.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2012.

### 18. Contingencies:

As of March 31, 2012 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

### 19. Comparative figures:

Certain of the comparative figures have been restated to conform to the financial statement presentation used in the current year.

# Appendix A—Mandate



Central  
Health

# Mandate

Central Health's mandate is derived from the Regional Health Authorities Act and its regulations. Central Health is responsible for the delivery and administration of health services and community services in its health region in accordance with the above referenced legislation.

In carrying out its responsibilities, Central Health will:

- promote and protect the health and well-being of its region and develop and implement measures for the prevention of disease and injury and the advancement of health and well-being;
- assess health services and community services needs in its region on an ongoing basis;
- develop objectives and priorities for the provision of health services and community services which meet the needs of its region and which are consistent with provincial objectives and priorities;
- manage and allocate resources, including funds provided by government for health services and community services, in accordance with legislation;
- ensure that services are provided in a manner that coordinates and integrates health and community services;
- collaborate with other persons and organizations including federal, provincial and municipal governments and agencies and other regional health authorities to coordinate health services and community services in the province and to achieve provincial objectives and priorities;
- collect and analyze health and community services information for use in the development and implementation of health and community services policies and programs for its region;
- provide information to the residents of the region respecting:
  - the services provided by the Authority,
  - how they may gain access to these services,
  - how they may communicate with the Authority respecting the provision of those services;
- monitor and evaluate the delivery of health services and community services in compliance with prescribed standards and provincial objectives and in accordance with guidelines that the Minister may establish for the Authority;
- comply with directions the Minister may give.

Central Health will ensure accountability for its strategic and operational plans by monitoring and reporting in accordance with legislative, regulatory and policy requirements.



# Appendix B — Sites contact information



Central  
Health

# *List of Sites and Contact Information*

A M Guy Memorial Health Centre  
Buchans  
(709) 672-3304

Central Newfoundland Regional Health Centre  
Grand Falls-Windsor  
(709) 292-2500

Baie Verte Peninsula Health Centre  
Baie Verte  
(709) 532-4218

Centreville Community Health Centre  
Centerville  
(709) 678-2342

**Bay d'Espoir Community Health Centre**  
Harbour Breton  
(709) 538-3244

Change Islands Community Health Centre  
Change Islands  
(709) 621-6161

Belleoram Community Health Centre  
Belleoram  
(709) 881-6101

Connaigre Peninsula Health Centre  
Harbour Breton  
(709) 885-2043

Bell Place Community Health Centre  
Gander  
(709) 651-3306

Dr Brian Adams Community Health Centre  
Gambo  
(709) 674-4403

Bonnews Lodge  
New-Wes-Valley  
(709) 535-2160

Dr C V Smith Memorial Community Health Centre  
Glovertown  
(709) 533-2372

Botwood Community Health Centre  
Botwood  
(709) 257-4900

Dr Hugh Twomey Health Centre  
Botwood  
(709) 257-2874

Brookfield/Bonnews Health Centre  
New-Wes-Valley  
(709) 536-2405

Eastport Community Health Centre  
Eastport  
(709) 677-2530

Carmanville Community Health Centre  
Carmanville  
(709) 534-2844

Fogo Island Health Centre  
Fogo  
(709) 266-2221

Carmelite House  
Grand Falls-Windsor  
(709) 489-2274

Grand Falls-Windsor Community Health Centre  
Grand Falls-Windsor  
(709) 489-4861

Central Health Regional Office  
Grand Falls-Windsor  
(709) 292-2138

Green Bay Health Centre  
Springdale  
(709) 673-3911

## *List of Sites and Contact Information cont'd*

Green Bay Community Health Centre  
Springdale  
(709) 673-4714

**Valley Vista Senior Citizen's Home**  
Springdale  
(709) 673-3911

Hare Bay Community Health Centre  
Hare Bay  
(709) 537-2209

Hermitage Community Health Centre  
Hermitage  
(709) 883-2222

James Paton Memorial Regional Health Centre  
Gander  
(709) 256-2500

Lakeside Homes  
Gander  
(709) 256-8850

LaScie Community Health Centre  
LaScie  
(709) 675-2429

Lewisporte Health Centre

- Community Services  
(709) 535-0905
- Laboratory & X-Ray Clinic  
(709) 535-6654
- North Haven Manor  
(709) 535-6767

Mose Ambrose Community Health Centre  
Mose Ambrose  
(709) 888-3541

Musgrave Harbour Community Health Centre  
Musgrave Harbour  
(709) 655-2518

New World Island Community Health Centre  
New World Island  
(709) 629-3682  
Notre Dame Bay Memorial Health Centre  
Twillingate  
(709) 884-2131

**Robert's Arm Community Health Centre**  
Roberts Arm  
(709) 652-3617

Victoria Cove Community Health Centre  
(709) 676-2737

**St. Alban's Community Health Centre**  
St. Albans  
(709) 538-3738

**St. Brendan's Community Health Centre**  
St. Brendans  
(709) 669-5381



# Appendix C — Key Contact Information



Central  
Health

# *Key Contact Information*

For more information on programs and services, to view the 2011-14 Strategic Plan and for a complete set of financial statements, please visit the Central Health website at [www.centralhealth.nl.ca](http://www.centralhealth.nl.ca)

## Board of Trustees

Cyril Farrell, Board Chair

Kevin Manuel, Vice Chair

David Dove

Barbara Butt

Rhonda Byrne

Rita Sullivan

Daphne Woolridge

John George

Derm Flynn

Joan Barbour-Howse

Gilbert Stone

Bill O'Reilly

# Appendix D — Senior Leadership Team



Central  
Health



# *Senior Leadership Team*

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# Annual Report 2011-12



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