

Financial Statements of

HORIZON HEALTH NETWORK

(Regional Health Authority B)

Year ended March 31, 2010



KPMG LLP
Chartered Accountants

Frederick Square
77 Westmorland Street Suite 700
Fredericton NB E3B 6Z3
Telephone (506) 452-8000
Fax (506) 450-0072
Internet www.kpmg.ca

One Factory Lane
Place Marven's
PO Box 827
Moncton NB E1C 8N6
Telephone (506) 856-4400
Fax (506) 856-4499

Harbour Building
133 Prince William Street
PO Box 2388 Stn Main
Saint John NB E2L 3V6
Telephone (506) 634-1000
Fax (506) 633-8828

AUDITORS' REPORT

To the Chairperson and Members of the Board of Directors
Horizon Health Network

We have audited the statement of financial position of Horizon Health Network as at March 31, 2010 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Fredericton, Canada
May 20, 2010

HORIZON HEALTH NETWORK

Financial Statements

Year ended March 31, 2010

Financial Statements

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Horizon Health Network**STATEMENT OF FINANCIAL POSITION**

As at March 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	9,367,325	2,365,346
Accounts receivable (note 5)	71,741,563	85,124,831
Inventory (note 6)	10,349,242	9,649,322
Prepaid expenses	5,186,241	5,511,852
Current portion of contributions receivable (note 7)	701,967	1,262,592
	<u>97,346,338</u>	<u>103,913,943</u>
Contributions receivable (note 7)	-	701,957
Investments and restricted cash (note 8)	18,161,924	16,521,250
Capital assets (note 9)	425,304,245	411,828,864
	<u>540,812,507</u>	<u>532,966,014</u>

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)

Current		
Short-term borrowings (note 10)	11,040,051	8,471,366
Accounts payable and accrued liabilities (note 11)	122,940,835	132,260,359
Designated funds (note 12)	5,854,539	5,787,483
Current portion of long term debt (note 13)	796,999	1,267,887
	<u>140,632,424</u>	<u>147,787,095</u>
Long-term debt (note 13)	48,107	845,105
Employee future benefits (note 14)	1,215,400	1,210,200
Deferred contributions for capital assets (note 15)	419,178,864	404,252,923
	<u>561,074,795</u>	<u>554,095,323</u>
Net Assets (deficiency)		
Unrestricted	(40,275,702)	(39,711,070)
Investment in capital assets (note 16)	5,982,242	7,588,872
Endowments and restricted funds	779,237	787,505
Board equity	13,251,935	10,205,384
	<u>(20,262,288)</u>	<u>(21,129,309)</u>
	<u>540,812,507</u>	<u>532,966,014</u>

*Commitments (note 19)**Contingencies (note 22)**See accompanying notes**Approved by the Board:*_____
*Director*_____
Director

Horizon Health Network**STATEMENT OF OPERATIONS**

Year ended March 31

	2010	2009
	\$	\$
<u>Revenues</u>		
Department of Health	1,009,612,156	968,387,477
Government of Canada	16,453,303	15,956,250
Patient recoveries	30,196,759	28,837,954
Other recoveries and sales	15,629,202	13,711,769
Board generated	12,952,759	13,434,885
Amortization of deferred contributions for capital assets	37,840,186	37,501,242
	<u>1,122,684,365</u>	<u>1,077,829,577</u>
<u>Expenses</u>		
Nursing inpatient services	311,168,484	292,442,201
Non-inpatient services	112,329,386	101,590,840
Diagnostic and therapeutic services	184,910,952	176,233,945
Community services	98,388,138	90,515,205
Medicare	146,124,751	124,961,025
Research and education	13,156,226	13,608,375
Support services	179,384,368	210,322,604
Administrative services	23,569,376	23,579,754
Ancilliary services	3,313,859	2,375,967
Board sponsored	11,891,876	11,582,981
Amortization of capital assets	39,388,433	39,029,203
	<u>1,123,625,849</u>	<u>1,086,242,100</u>
Deficit from operations before undernoted	(941,485)	(8,412,523)
Working capital grant from Province of New Brunswick	-	11,142,721
Adjustment of prior year-end settlements	(159,175)	(17,148)
	<u>(1,100,659)</u>	<u>2,713,050</u>

See accompanying notes

Horizon Health Network**STATEMENT OF CHANGES IN NET ASSETS**

As at March 31

	Investment in Capital Assets	Restricted For Endowments	Unrestricted	Board	2010 Total	2009 Total
Balance, beginning of year	7,588,872	787,505	(39,711,070)	10,205,384	(21,129,309)	(21,271,855)
Net surplus (deficit) for the year (note 16)	(1,548,247)	9,720	(623,015)	1,060,883	(1,100,659)	2,713,050
Net change in available-for-sale investments during the year	-	-	-	1,985,668	1,985,668	(2,568,107)
Endowment and restricted funds expenditures	-	(17,988)	-	-	(17,988)	(2,399)
Net changes in investment in capital assets (note 16)	(58,383)	-	58,383	-	-	-
Balance at end of year	5,982,242	779,237	(40,275,702)	13,251,935	(20,262,288)	(21,129,309)

See accompanying notes

Horizon Health Network**STATEMENT OF CASH FLOWS**

Year ended March 31

	2010	2009
	\$	\$
Cash provided by (used in):		
Operating activities		
Surplus (deficit) for the year	(1,100,659)	2,713,050
Add (deduct) items not requiring an outlay of cash		
Amortization of capital assets	39,388,433	39,029,203
Amortization of deferred contributions on capital assets	(37,840,186)	(37,501,242)
Decrease in employee future benefits	101,839	(105,600)
Loss (gain) on disposal of capital assets	(80,090)	16,689
Forgiveness of accrued interest on short-term borrowings	537,274	
Loss (gain) on disposal of investments	(40,459)	17,031
	<u>966,152</u>	<u>4,169,131</u>
Net change in non-cash working capital balances related to operations (note 17)	<u>3,756,493</u>	<u>12,053,127</u>
	<u>4,722,645</u>	<u>16,222,258</u>
Financing activities		
Increase in deferred contributions related to capital assets	52,766,127	31,835,253
Endowment expenditures	(17,988)	(2,399)
Increase (decrease) in short term borrowing	2,031,411	(8,505,568)
Repayment of long term debt	(1,267,887)	(2,225,621)
Repayment of other liabilities	(96,639)	(82,296)
Decrease in contributions receivable	1,262,582	1,194,266
	<u>54,677,606</u>	<u>22,213,635</u>
Investing activities		
Purchase of capital assets	(52,998,458)	(33,335,376)
Proceeds on disposal of capital assets	214,734	
Proceeds on disposal of investments	414,298	756,036
Purchase of investments	(28,845)	(5,924,506)
	<u>(52,398,271)</u>	<u>(38,503,846)</u>
Cash increase (decrease) during the year	7,001,980	(67,953)
Cash, beginning of year	<u>2,365,346</u>	<u>2,433,299</u>
Cash, end of year	<u>9,367,325</u>	<u>2,365,346</u>

*See note 17 for supplemental cash flow information**See accompanying notes*

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010

1. GENERAL / RESTRUCTURING

Regional Health Authority B was created on September 1, 2008 by the merger of the following Regional Health Authorities by Bill 34, an act to amend the Regional Health Authorities Act of the Province of New Brunswick:

Regional Health Authority	1SE
Regional Health Authority	2
Regional Health Authority	3
Regional Health Authority	7

Regional Health Authority B (the Authority) operates as Horizon Health Network.

The principal activity of the Authority is the provision of health care services to the south-eastern, western and southern areas of New Brunswick. Through a network of hospitals, health centres and specialty centres the Authority provides programs and services ranging from primary care to specialized and tertiary services. Community based services, such as Extra-Mural Program, Community Mental Health and Public Health are located in several communities.

2. ECONOMIC DEPENDENCE

The Authority is dependent on the Department of Health to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized as follows:

Horizon Health Network

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

Revenue recognition

The Authority follows the deferral method of accounting for contributions, which includes donations and government grants.

The Authority is funded primarily by the Province of New Brunswick in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that future period.

Provision of service or sale of goods are recognized when the service is provided or when the customer takes ownership, the amount can be reasonably estimated and collection is reasonably assured.

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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year 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 a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Horizon Health Network

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

Inventory

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

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Authority's designation for such instruments. Settlement date accounting is used.

Classification

Cash	Held for trading
Accounts receivable	Loans and receivables
Contributions receivable and long term advances	Loans and receivables
Investments and restricted cash	Available-for-sale
Short term borrowings	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Designated funds	Other liabilities
Long-term debt	Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in Board generated revenue and expense.

Horizon Health Network

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or held-for-trading investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in Board equity.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

Derivatives

The Authority does not enter into any derivative financial instrument arrangements.

Transaction costs

Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010***Capital assets***

Capital assets are recorded at cost and are amortized on a straight-line basis over the estimated useful life of the assets. Certain assets owned by the Province of New Brunswick are administered by the Authority and are recognized on the financial statements for purposes of accountability. (note 20)

Capital assets are amortized as follows:

Asset	Rate
Buildings	2.5% to 10%
Leasehold improvements	10% to 20%
Land improvements	4% to 20%
Equipment	2.5% to 50%

Construction in progress is not amortized.

Vacation pay and overtime

Vacation pay and overtime is accrued to year end. The related funding from the Department of Health is recorded when received.

Foreign Currency Transactions

The market values of investments listed in foreign currencies are translated into Canadian dollars at the year-end closing exchange rate. In calculating unrealized gains or losses on foreign securities, cost values are translated into Canadian dollars at the rate of exchange on the transaction date.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010

Sick pay

Employees of the Authority are entitled to sick-pay benefits which accumulate. In accordance with generally accepted accounting principles for employee future benefits, the Authority does not accrue for these benefits as the benefits do not vest.

Cash and cash equivalents

The Authority considers cash balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash and cash equivalents. Bank borrowings are considered to be financing activities.

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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas of significant estimate include allowance for doubtful accounts, working capital estimates, amortization of capital assets and amortization of deferred contributions for capital assets, accruals and employee future benefits. Actual results could differ from those estimates.

Asset impairment

When a capital asset no longer has any long-term service potential to the Authority, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Horizon Health Network

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

4. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Authority monitors the collectability of its accounts receivable on an on-going basis.

The Authority has approximately 76% (2009-74%) of its receivables with the Province of New Brunswick.

Fair Value

The carrying value of cash, restricted cash, accounts receivable, short term borrowing, accounts payable, and accrued liabilities approximate fair value due to the relatively short-term maturities of these instruments. of these instruments. The carrying value of the long-term debt approximates fair value. Investments and restricted cash are carried at fair value.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**5. ACCOUNTS RECEIVABLE**

	2010	2009
	\$	\$
<u>Province of New Brunswick</u>		
Medicare	26,611,058	16,628,119
Equipment grants	3,316,481	5,157,849
Provincial plan	7,131,247	14,188,683
Budget amendments	13,384,441	15,410,826
Estimated year end adjustments	733,980	206,964
Other	1,149,327	1,491,135
Working capital grant	-	9,397,239
	<u>52,326,534</u>	<u>62,480,815</u>
Patient, net of allowance for doubtful accounts of \$2,124,502 - (2009 - \$1,780,393)	9,984,937	9,559,821
Other related entities (note 18)	1,873,381	3,491,128
HST	3,323,510	4,600,833
Other	4,233,201	4,992,234
	<u>71,741,563</u>	<u>85,124,831</u>

6. INVENTORY

	2010	2009
	\$	\$
Drugs	3,859,306	3,562,504
Medical, surgical, general supplies	6,489,936	6,086,818
	<u>10,349,242</u>	<u>9,649,322</u>

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**7. CONTRIBUTIONS RECEIVABLE**

	2010	2009
	\$	\$
Funding commitment from Veterans Affairs Canada, in fiscal year 2002 of \$5,143,942, for the construction of a building for the care of veterans. This amount is to be funded over a period of eight (8) years via an increase in the operating per diem.	264,180	1,027,370
Funding commitment from Veterans Affairs Canada, in fiscal year 2003 of \$3,534,251, for the construction of a building for the care of veterans. This amount is to be funded over a period of eight (8) years via an increase in the operating per diem.	437,787	937,179
	701,967	1,964,549
Less current portion	701,967	1,262,592
	0	701,957

8. INVESTMENTS AND RESTRICTED CASH

	2010	2009
	\$	\$
Fixed income securities	6,841,529	6,405,739
Canadian denominated stocks	2,774,929	2,187,082
U.S. denominated stocks	3,945,690	3,101,739
Amounts held in cash	4,599,776	4,826,690
	18,161,924	16,521,250

The amounts held in cash are restricted for designated funds (note 12).

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**9. CAPITAL ASSETS**

	Cost	Acc. Amort.	Net Book Value	
			2010	2009
	\$	\$	\$	\$
Land	3,918,473	-	3,918,473	3,918,473
Land improvements	11,504,728	5,224,355	6,280,373	6,672,484
Leasehold improvements	1,185,277	815,976	369,301	431,735
Buildings	468,276,987	223,263,169	245,013,818	221,743,814
Equipment	420,114,078	293,306,116	126,807,962	113,985,043
Construction in progress	42,914,318	-	42,914,318	65,077,315
	947,913,861	522,609,616	425,304,245	411,828,864

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**10. SHORT-TERM BORROWING**

	2010	2009
	\$	\$
Note payable with the Province of New Brunswick due and payable on April 26, 2010, bearing interest at 0.25%	1,500,051	-
Note payable with the Province of New Brunswick due and payable on April 1, 2010, bearing interest at 0.20%	4,000,000	-
Note payable with the Province of New Brunswick due and payable on April 22, 2010, bearing interest at 0.24%	5,540,000	-
Note payable with the Province of New Brunswick due and payable on April 3, 2009, bearing interest at 0.45%	-	6,000,000
Note payable with the Province of New Brunswick due and payable on April 6, 2009, bearing interest at 0.45%	-	1,000,000
Note payable with the Province of New Brunswick due and payable on April 6, 2009, bearing interest at 0.38%	-	500,000
Demand note, non-interest bearing, with no set terms of repayment, payable to Religious Hospitaliers of St. Joseph.	-	100,000
Notes payable, interest at 4%, with no set terms of repayment, payable to Religious Hospitaliers of St. Joseph. Amount shown as payable includes interest accrued to date on notes.		
Note 4%	-	180,989
Note 4%	-	153,103
Accrued interest on notes	-	537,274
	11,040,051	8,471,366

Horizon Health Network

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
	\$	\$
Accounts payable and other accrued liabilities	43,472,127	47,262,758
Salaries and benefits	38,882,724	46,644,235
Accrued vacation pay	40,585,984	38,353,366
	122,940,835	132,260,359

12. DESIGNATED FUNDS

	2010	2009
	\$	\$
Patient and other funds	1,184,921	1,256,894
Educational funds	806,052	810,113
Research funds	3,863,566	3,720,476
	5,854,539	5,787,483

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**13. LONG TERM DEBT**

	2010	2009
	\$	\$
Term loan with Province of New Brunswick due April, 2011 with a fixed rate of 5.4%, repayable in monthly installments of \$45,419 including principal and interest. Original loan was for 8 years and was covered by an increase in operational funding from Veterans Affairs Canada. The loan is unsecured.	572,266	1,071,668
Term loan with Province of New Brunswick due July, 2010 with a fixed rate of 5.76%, repayable in monthly installments of \$66,830 including principal and interest. The loan is unsecured.	264,180	1,027,370
Term lease due September, 2011, with a fixed rate of 8.99% payable in monthly installments of \$524 including principal and interest and is unsecured.	8,660	13,954
	<u>845,106</u>	<u>2,112,992</u>
Less current portion	<u>796,999</u>	<u>1,267,887</u>
	<u>48,107</u>	<u>845,105</u>

Principal repayments in each of the next two years are due as follows:

	\$
2011	796,999
2012	48,107

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**14. EMPLOYEE FUTURE BENEFITS****(A) Former CEO Pension**

The predecessor Corporation entered into supplementary pension arrangements with two of its former Chief Executive Officers on September 21, 1993 and May 8, 1995. The Province of New Brunswick has agreed to fund a portion of the obligations.

	2010	2009
	\$	\$
Total actuarial value, beginning of year	1,048,500	1,227,743
Change during the year	81,593	(100,715)
Less: payments made during the year	<u>(88,593)</u>	<u>(78,528)</u>
Total actuarial value, end of year	<u><u>1,041,500</u></u>	<u><u>1,048,500</u></u>

(B) Other Pension

The Corporation entered into additional pension arrangements with four former employees of the West Saint John Community Hospital and an amount was recorded at March 31, 2007 equal to the present value of future monthly payments.

	2010	2009
	\$	\$
Total actuarial value, beginning of year	161,700	170,353
Change during the year	20,246	(4,883)
Less: payments made during the year	<u>(8,046)</u>	<u>(3,770)</u>
Total actuarial value, end of year	<u><u>173,900</u></u>	<u><u>161,700</u></u>
Total Employee Future Benefits	<u><u>1,215,400</u></u>	<u><u>1,210,200</u></u>

(C) General Pensions

Current employees of Regional Health Authority B are covered by the Public Service Pension Plans of the Province of New Brunswick. The Pension Plans are a defined benefit multi-employer plan under which contributions are made by both Regional Health Authority B and the employees. For the fiscal year ended March 31, 2010, the Authority expensed contributions of \$24,184,852 (2009 - \$20,082,647) under the terms of the plan. Regional Health Authority B has no direct liability or entitlement to any unfunded liability or surplus in the Plan related to its current or former employees.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**15. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS**

	2010	2009
	\$	\$
<hr/>		
The changes in the deferred contributions balance during the year are as follows:		
Balance, beginning of year	404,252,924	369,999,281
Transfer from Department of Supply and Service (note 20)	-	39,918,314
Additional contributions received	52,788,010	31,835,253
Disposal of assets - net	(21,884)	1,317
Less: amortized to revenue	(37,840,186)	(37,501,242)
	<u>419,178,864</u>	<u>404,252,923</u>

Deferred contributions related to capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**16. INVESTMENT IN CAPITAL ASSETS**

	2010	2009
	\$	\$
Investment in capital assets is as follows:		
Capital assets	425,304,245	411,828,864
Less amounts funded by:		
Deferred contributions used to purchase capital assets	(419,178,864)	(404,252,923)
Contributions receivable	701,967	1,964,549
Long term debt	(845,106)	(1,951,618)
	<u>5,982,242</u>	<u>7,588,872</u>
Change in investment in capital assets is calculated as follows:		
Excess of expenses over revenues		
Amortization of deferred contributions related to capital assets	37,840,186	37,501,242
Less: amortization of capital assets	(39,388,433)	(39,029,203)
	<u>(1,548,247)</u>	<u>(1,527,961)</u>
Net change in investment in capital assets:		
Purchase of capital assets	52,998,458	33,335,376
Less: amounts funded by deferred contributions	(52,766,127)	(31,835,253)
Contributions receivable spent	(1,262,582)	(1,194,266)
Proceeds and gain on disposal	(296,019)	(23,866)
Repayment of long-term debt	1,267,887	2,225,621
	<u>(58,383)</u>	<u>2,507,612</u>

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010**17. STATEMENT OF CASH FLOWS**

Changes in non-cash operating working capital items were as follows:

	2010	2009
	\$	\$
<hr/>		
Decrease (increase) in		
Accounts receivable	13,383,268	(4,781,402)
Inventory	(699,920)	(384,180)
Prepaid expenses	325,611	(225,526)
	<hr/> 13,008,959	<hr/> (5,391,108)
<hr/>		
Increase (decrease) in		
Accounts payable and accrued liabilities	(9,319,523)	17,410,457
Designated funds	67,056	33,778
	<hr/> (9,252,467)	<hr/> 17,444,235
	<hr/> 3,756,492	<hr/> 12,053,127
	<hr/> <hr/>	

Supplemental information

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

	2010	2009
	\$	\$
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Interest received	157,074	667,316
Interest paid	116,920	374,861

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

18. RELATED PARTIES

The Authority has an economic interest in several foundations which are registered charitable foundations incorporated in various communities. Their purpose is to raise, invest and distribute funds used in the enhancement of services and facilities throughout the Authority. In addition, several Auxiliaries which are not for profit organizations who operate businesses and organize fund raising events, have distributed funds to the hospitals to be used in the enhancement of services and facilities.

Effective December 31, 2009, the operations of Fundy Linen Service Inc., which provides central laundry services to public hospitals and similar institutions, was amalgamated with the operations of FacilicorpNB.

FacilicorpNB is a non-clinical shared services agency providing services to the Province of New Brunswick. During the year the Materials Management and Information Services budgets were transferred to FacilicorpNB. The amount of the total budget transfer was \$30,500,182 for the two departments, and resulted in a budget reduction to the Authority by the Department of Health.

The purchase and sale of materials and services were measured at exchange amounts which are also market prices, on normal terms of purchase and sale.

Horizon Health Network**NOTES TO FINANCIAL STATEMENTS**

Year ended March 31, 2010

	2010	2009
	\$	\$
Transactions during the year:		
Supply of services to		
FacilicorpNB	1,909,116	1,133,341
Other	938,405	1,712,670
Donations received from		
Foundations	3,983,960	5,399,679
Auxiliaries	912,717	458,701
Purchased services from		
Fundy Linen Service (Division of FacilicorpNB)	5,891,920	5,795,797
FacilicorpNB	549,274	-
Balances at end of year		
Accounts receivable from related parties (note 5)		
Regional Health Authority A	86,202	71,927
Other related parties	1,787,179	3,419,201
Accounts payable to related parties		
Regional Health Authority A	371,290	82,909
Other related parties	1,093,062	3,034

19. COMMITMENTS

The Authority is committed to minimum annual lease payments under various operating leases as follows:

	\$
2011	9,360,190
2012	6,831,463
2013	3,893,776
2014	1,951,016
2015	601,164

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

The Authority has an agreement with the University of New Brunswick - Saint John (UNBSJ) to supply steam sufficient to meet the campus' needs to a maximum of 15,000 lbs per hour. The Authority is not liable for any loss, damage, cost or expense incurred by UNBSJ as a result of the Authority's failure to supply steam unless the failure is caused by negligence or wilful misconduct of the Authority. The Authority will be reimbursed based on actual consumption at rates agreed upon by both parties. The agreement expires March 31, 2025.

The Authority has an agreement with GE Healthcare for service support requirements of diagnostic imaging equipment in the amount of \$7,815,670. The five year service support contract commenced on October 1, 2007. As at March 31, 2010 the outstanding commitment is \$3,317,983.

The Authority enters into other contractual arrangements on a regular basis in its normal course of business.

20. SAINT JOHN REGIONAL HOSPITAL ASSET TRANSFER

At the request of the Department of Health, the capital costs for the Saint John Regional Hospital were included in the accounts for the Authority in year ended March 31, 2009. Previously these capital costs were recorded by the Department of Supply and Services. The net book value of the assets transferred was \$39,918,314.

21. RESTRICTED BOARD RESERVES

The excess of Board generated revenues over Board sponsored expenses is internally restricted by the Board of Directors. This internally restricted amount is available for purposes specifically approved by the Board of Directors.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2010

22. CONTINGENCIES

The nature of the Authority's activities is such that there is usually litigation pending or possible at any time. With respect to claims at March 31, 2010, management believes that the Authority has valid defenses and appropriate insurance coverage's in place. In the event any claims are successful, managemnt believes that such claims are not expected to have a material effect on the Authority's financial position.

The Authority is covered under the Health Services Liability Protection Plan which is underwritten by the Province of New Brunswick and administered by HIROC.

23. COMPARATIVE FIGURES

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.