

Facilicorp^{NB} 

ANNUAL REPORT

2012-2013

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MISSION

FacilicorpNB provides innovative support services in a safe and cost-effective manner, creating value and exceeding customer expectations.

VISION

FacilicorpNB will be the leading provider of health shared services in Canada.

VALUES

Integrity: We are ethical, honest, consistent and professional.

Teamwork: We cooperate and collaborate with our staff, customers and other stakeholders.

Accountability: We measure, monitor and report our performance in an open and transparent manner.

Respect: We treat all stakeholders with courtesy, fairness and dignity, and communicate with them in both official languages.

Pride: We have personal and professional pride in everything that we do.

Environmental Stewardship: We are diligent in identifying and adopting practices that will reduce our environmental footprint.

TABLE OF CONTENTS

Quick Facts 2012-2013.....	5
Accomplishments 2008-2013.....	6
1.0 Message from the Board Chair.....	8
1.1 Governance.....	9
1.2 Board Committees.....	9
1.3 Ethical Business Conduct.....	9
1.4 Board of Directors.....	10
2.0 Message from the President and CEO.....	11
2.1 Corporate Overview.....	12
2.2 Service Lines.....	12
2.2.1 Information Technology and Telecommunications.....	12
2.2.2 Clinical Engineering.....	13
2.2.3 Supply Chain.....	13
2.2.4 Laundry.....	14
2.3 Language Profile/Official Languages Act.....	14
2.4 Public Interest Disclosure Act.....	14
2.5 Organizational Chart.....	15
3.0 Report on Performance.....	16
3.1 Key Performance Indicators.....	16
3.2 Annual Context.....	16
3.3 Strategic Pillars.....	17
3.3.1 Customer Relationships and Service.....	17
3.3.2 Operational Excellence.....	20
3.3.3 People and Culture.....	21
3.3.4 Accountability.....	23
4.0 Management Discussion and Analysis.....	26
4.1 Overview of 2012-2013 Financial Results.....	26
4.2 Revenue.....	26
4.3 Expenses.....	27
4.4 Investments.....	27
4.5 Risks.....	27
4.6 Future Outlook.....	28
5.0 Financial Statements and Notes.....	29

2012-2013 QUICK FACTS

WE ARE:

New Brunswick's health care shared services agency.

WE PROVIDE:

Safe, cost-effective, innovative and sustainable non-clinical support services for the health system.

Our service lines include: Information Technology and Telecommunications (IT&T), Clinical Engineering, Supply Chain and Laundry services.

2012-2013 FISCAL YEAR:

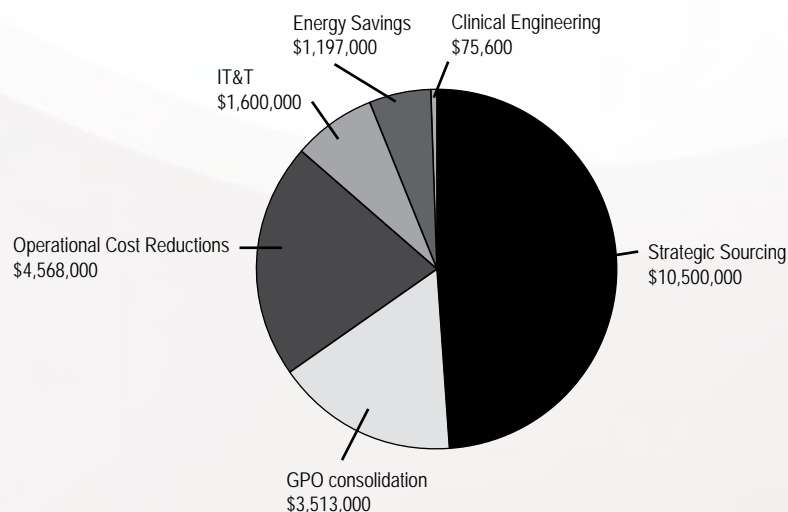
Savings realized in 2012-2013: \$3.8 million

Reinvested in health system 2012-2013: \$1.1 million

2012 Client Satisfaction Survey results

IT&T:	B+
Clinical Engineering:	A-
Supply Chain:	B
Laundry:	B+

Cumulative annualized savings (2008-2013): \$21,453,600



2008-2013

ACCOMPLISHMENTS

When FacilicorpNB was formed in 2008, our first strategic plan set down a clear objective that would guide and govern our activities moving forward: achieve annual savings of \$20 million within five years of assuming responsibility for service delivery.

Cumulative annualized savings achieved (2008-2013): \$21,453,600

Utilization of annualized savings:

- Transferred to Province	\$8,500,000
- FacilicorpNB operations	\$4,540,300
- New Investments	\$4,000,000
- RHA and Health operations	\$2,663,300
- IT equipment funding	\$1,750,000

Our 2008-2013 Strategic Plan identified 109 key result areas, and 114 initiatives to be undertaken. Of these, 89 were successfully completed, 11 are still in progress, and 14 were not completed, due to a variety of reasons. All of the major initiatives were completed.

We also identified a series of desirable outcomes, organizing them into four strategic pillars:

i) Customer Relationships and Service

Desired outcome:

Understanding and serving the needs of our customers and partners in the New Brunswick health system.

Status:

We successfully planned for and transitioned a broad array of health related business units – including IT&T, Clinical Engineering, Supply Chain (Materials Management) and Laundry – examining work processes, streamlining and creating efficiencies that better allow us to serve our customers. We also built relationships and understanding through shared governance and leadership, and developed an annual customer survey and customer experience program.

ii) **Operational Excellence**

Desired outcome:

Contributing to the long-term sustainability of the health system by generating savings through consolidating, standardizing and continuously improving non-clinical services. Reinvesting surplus funds to improve operational efficiencies and to improve technology solutions for the health system.

Status:

We established a Strategic Sourcing branch, allowing us to implement short- and long-term sourcing strategies, and consolidated group purchasing into a single national group purchasing organization. We began standardizing IT functions by implementing Microsoft Office 2010, developing and launching a new Common Health Intranet Portal, and sourcing a new time and talent management system. We also standardized computing systems and other hardware tools, as well as providing project-management for energy efficiency initiatives.

iii) **People and Culture**

Desired outcome:

To attract, develop and retain highly motivated and qualified people who are fully engaged in the delivery of high quality services to our customers.

Status:

We developed and implemented an employee orientation program, a senior management succession plan, an employee recognition program and a performance management system. We completed the linguistic profile for the corporation, and developed effective change management and communications plans. We also developed an employee engagement strategy for the organization.

iv) **Accountability**

Desired outcome:

To understand the importance of being able to monitor and report on our progress as a public sector organization, and to demonstrate our commitment to accountability by the measures we have taken to provide open and transparent information relative to all business decisions made and actions taken.

Status:

We have generated annualized savings of \$21.5 million and developed key performance indicators to monitor our progress. We have also created a multi-year reinvestment plan, and implemented system-wide risk management processes and privacy-related policies and procedures.

1.0

MESSAGE FROM THE BOARD CHAIR

On behalf of the Board of Directors, I am pleased to present FacilicorpNB's 2012-2013 Annual Report.

I was honoured to be appointed Chair of the Board of Directors in February of this year – following in the footsteps of Roxanne Fairweather. She's a tough act to follow. Under her stewardship our organization moved smoothly through its start-up phase and into its operational phase. With the guidance and support of our President and CEO Gordon Gilman and the rest of the executive team, Roxanne and the Board were able to build an organizational culture of creativity, inclusiveness and hard work. We are all reaping the benefits of that effort, and will continue to do so for years to come.

As we move into our second strategic phase, I am cognizant of the fact that we are standing on a solid foundation. The successful attainment of our start-up goal of achieving \$20M in annual savings within five years is an enormous win for our company, our shareholder, and for the taxpayers of New Brunswick.

These achievements have been realized in a very challenging economic climate. Now more than ever, concentrating on delivering products and services at the lowest possible cost for the best possible quality is critical. It's about adding value into the system, and the successes we've had speak directly to the quality of the people in this organization.

I am looking forward to bringing my business background to the table, and continuing to work as a team on the challenging issues before us. Make no mistake – we are up to the task.

From a governance perspective, the Board's role will remain the same. We will continue to chart a course for our organization that prioritizes accountability, sustainability and teamwork. We – along with the Department of Health and the Regional Health Authorities – are single-mindedly focused on generating value for New Brunswickers.

It is extremely satisfying to be part of such a diverse and committed team. A lot is happening here, and I'm excited to be a part of what's next.

Sincerely,



Marcus Goddard
Board Chair

1.1 Governance

What is corporate governance?

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized. Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

FacilicorpNB's Board of Directors unanimously endorses the principle that sound corporate governance practices are essential for the proper functioning of the corporation and for enhancing the interest of its sole shareholder, the Province of New Brunswick.

Our Board discharges its responsibilities directly and through committees under FacilicorpNB's By-laws, Sole Shareholder Declaration and Board of Directors' Governance Manual. The Board holds at least six scheduled meetings each year, with unscheduled meetings held as required.

1.2 Board Committees

The Board of Directors is responsible for the governance and functioning of three committees, as follows:

- Audit and Finance Committee – reviews all finance, audit and risk items
- Governance Committee – reviews all governance items
- Human Resource Committee – reviews all human resource items

On March 26, 2013 the Board approved combining the functions of the Governance Committee and of the Human Resources Committee under a single Committee.

Our Board committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.

1.3 Ethical Business Conduct

FacilicorpNB has adopted a Code of Conduct and Conflict of Interest Guidelines, which govern the conduct of all Directors and Officers, and manage the disclosure and avoidance of conflicts of interest.

Directors are required to update their disclosure statements as necessary.

1.4 Board of Directors

Name	Role	Board meeting attendance ¹	Committee memberships	Committee meeting attendance ¹
Alfred W. Lacey	Director	9/9	Governance Committee Human Resource Committee (Chair)	2/3 3/3
Donna Mazerolle ²	Director	0/3	Human Resource Committee	0/1
W. David Ferguson	Director	8/9	n/a	n/a
Gerald W. O'Brien, Q.C.	Director	9/9	Audit and Finance Committee Governance Committee	6/6 3/3
Gordon A. Gilman ³	President & CEO ⁴	9/9	Audit and Finance Committee Governance Committee Human Resource Committee	5/6 ¹¹ 3/3 3/3
Malcolm Little ⁴	Director	8/8	Audit and Finance Committee Governance Committee	5/5 2/3
Marc Léger ⁵	Director	3/3	n/a	n/a
Marcus Goddard	Board Chair ¹⁰ (as of Feb. 6/13)	2/2	Audit and Finance Committee Governance Committee Human Resource Committee	1/1 n/a n/a
Michael Coster ⁶	Director	4/4	Audit and Finance Committee	1/1
Odette Snow, Q.C.	Director	8/9	Governance Committee (Chair)	3/3
Paul Couturier ⁷	Director	6/7	n/a	n/a
Philippe Desrosiers ²	Director	2/3	Audit and Finance Committee	1/1
Roxanne Fairweather	Board Chair ¹⁰ (until Feb. 6/13)	8/9	Audit and Finance Committee Governance Committee Human Resource Committee	5/6 3/3 3/3
Sonia Roy ⁸	Director	2/4	Human Resource Committee	0/1
Suzanne Roussel	Director	8/9	Human Resource Committee	3/3
Sylvie Levesque-Finn ⁹	Director	1/1	Human Resource Committee	n/a
Tom Maston	Director	6/9	Audit and Finance Committee	5/6

1 For those Directors who left or joined the Board or Board Committees part way through the year, the attendance record reflects the number of meetings attended during their respective tenures.

2 Terms for Donna Mazerolle and Philippe Desrosiers both expired on June 26, 2012.

3 Ex officio, non-voting.

4 Malcolm Little's term ended February 8, 2013.

5 Marc Léger was appointed to the Board on December 14, 2012.

6 Michael Coster was appointed to the Board on November 9, 2012.

7 Paul Couturier was appointed to the Board on April 26, 2012.

8 Sonia Roy was appointed to the Board on October 18, 2012.

9 Sylvie Levesque-Finn was appointed to the Board on February 11, 2013.

10 After five years in the position Roxanne Fairweather stepped down as Board Chair and Marcus Goddard became Board Chair as of February 6, 2013.

11 One Audit and Finance Committee meeting was in-camera without staff present.

2.0

MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the management and staff at FacilicorpNB, I am pleased to present our 2012-2013 annual report.

Our organization has grown from its inception in 2008, meeting the challenge of an expanded set of responsibilities, and achieving the savings goal set out by our shareholder.

Throughout that time, we have remained committed to managing our services and our relationships in a professional, transparent manner. After all, we manage non-clinical shared services that are critical to health care delivery for taxpayers province-wide – and that is a public trust we are privileged to hold.

Our province's economic landscape remains a challenge, and our shareholder's commitment to identifying savings opportunities and efficiencies across the health system is a top priority. Achieving our collective goals means we must build productive, long-term relationships with each of our partners, vendors and stakeholders. To that end, our team is setting the bar high – through transparent project planning, effective management and a commitment to accountability.

This year we completed the transition of in-hospital laundry operations, reorganized our Clinical Engineering service, achieved key milestones in the ongoing consolidation and modernization of IT systems, and continued to consolidate group purchasing functions.

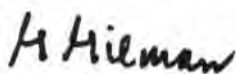
The pages that follow illustrate our achievements and results in further detail. Although we reached the end of our first three-year strategic plan and achieved our five-year goal of \$20 million in annualized savings, there is more work to do.

We are now embarking upon a new three-year strategic plan, and I am confident that together we will achieve our short- and long-term objectives through a collaborative, province-wide effort.

I'd like to take this opportunity to thank our outgoing Board Chair Roxanne Fairweather for her tireless efforts over the past five years. I'd also like to extend a warm welcome to our new Chair, Marcus Goddard. We're very pleased to have him on the team.

Thank you to our Board of Directors, our senior executive team and each and every one of our employees for their ongoing commitment over the past year. Together we are building a fair and respectful place to work – a place where people feel confident about bringing their knowledge and expertise to bear on our collective goals – and a place where our corporate values consistently flow through the work that we do. I'd also like to thank the senior executive teams and staff of the RHAs and the Department of Health for their ongoing support.

Thank you for taking the time to review our 2012-2013 Annual Report. And if you would like to learn more about FacilicorpNB, you can look us up at www.FacilicorpNB.ca.



Gordon Gilman
President and CEO

2.1 Corporate Overview

FacilicorpNB is a public sector agency, created in 2008 to manage specific non-clinical shared services for the New Brunswick health care system. Our mandate is to provide cost-effective, innovative and sustainable support services to the health system.

We currently provide Information Technology and Telecommunications (IT&T), Clinical Engineering, Supply Chain, and Laundry services.

We fulfill our mandate by delivering of high quality services; consolidating service management; standardizing processes and products; developing best practices; and leveraging greater critical mass in the procurement of goods and services.

Our operations are funded by the Department of Health and by savings generated by our activities. In accordance with our mandate, our savings are initially to be reinvested in operational efficiencies, and then reinvested into new and enhanced information technology systems.

2.2 Service Lines

Our service lines – which include Information Technology and Telecommunications (IT&T), Clinical Engineering, Supply Chain and Laundry – provide a wide array of support for the health system and its partners. They were transitioned to FacilicorpNB between April 1, 2009 and April 2, 2012.

2.2.1 Information Technology & Telecommunications

Health professionals rely on timely clinical and decision-support information to treat patients and administer health services to New Brunswickers. Our IT&T Division provides that critical foundation through effective, proactive and innovative management of our health system's technology and communications infrastructure. We develop, test and implement provincial e-health solutions for the RHAs and for the Department of Health. We also troubleshoot, support and manage the lifecycle of both hardware and software products in use within the health system throughout the province. Our team also ensures that data and information are safely and securely stored and managed.

We provide 24/7 support for the operations of New Brunswick's health system.

Statistics at a glance	2011-2012	2012-2013	Change
Total number of PCs and laptops	12,554	12,683	↑
Total number of servers	1,068	1,200	↑
Total calls to Service Desk	123,169	121,186	↓
Total incidents reported	110,371	95,346	↓
Total incidents resolved	101,265	87,711	↓

Notes:

- The number of net new workstations installed during the year was 287. Information technology now uses an automated application to compile desktop and laptop inventory numbers rather than relying on a manual count. The new exact count is 12,683.
- Because of the transition to Server Virtualization, Information Technology is now including virtual servers in the total server count. Although the physical server count has decreased dramatically to 575, the total including virtual servers now adds to 1200.
- The decrease in incidents reported is largely due to the implementation of new service-tracking software across all zones and the implementation of consistent work methods.
- The overall clearance rate for incidents remained consistent with the year prior, at approximately 92%. Incidents impacting the work of users were 100% resolved. Other requests have been addressed at a resolution rate of 79%.

2.2.2 Clinical Engineering

Health care professionals use a wide array of diagnostic and therapeutic medical equipment in their day-to-day work. This equipment can be very complex and costly.

Our Clinical Engineering Division works with our customers to plan for and evaluate new and existing health care technologies. We inspect and maintain the equipment and we ensure the technology complies with all applicable regulations. We also support the investigation of incidents related to medical equipment and participate actively in the training and education of technical and medical personnel regarding its use. Finally, we help determine when equipment has reached end-of-life status, and take a significant role in the decommissioning process.

Statistics at a glance	2011-2012	2012-2013	Change
Total number of work orders	63,521	64,251	↑
Total number of preventive maintenance service orders	17,080	20,051	↑
Total number of completed actions following alerts about equipment	851	1,560	↑

Notes:

- The increased number of work orders was mainly due to an increase in corrective work required to support aging equipment and new services performed related to new equipment added by the RHAs.
- The number of alerts handled will rise and fall from year to year as it is dependent on the quantity of equipment in service, and the details of the published alert.

2.2.3 Supply Chain

On a day-to-day basis, a wide variety of equipment, supplies and services are used in the delivery of health care to New Brunswickers.

Our Supply Chain Division supports health care professionals by ensuring the right goods and services are available at the right time and place. This Division is responsible for sourcing, procurement, storage, delivery and distribution of all equipment, supplies and services for the health system throughout New Brunswick. Supply Chain includes the following: inventory management/stores, distribution, shipping and receiving, motor services, strategic sourcing, print shops, mail rooms and purchasing.

Statistics at a glance	2011-2012	2012-2013	Change
Total number of purchase orders	125,897	130,915	↑
Total dollar value of purchase orders	\$272,325,532	\$227,969,303	↓
Total number of contracts	2,346	1,452	↓
Total number of RFPs/tenders	92	82	↓

Notes:

- Pharmacy numbers are not included in 2012-2013 total value of purchase orders as the procurement of pharmaceuticals is not administered by FacilicorpNB staff.
- Multiple contracts were consolidated resulting in a lower number of contracts. In addition the contract register was reviewed and updated to remove any duplicates or inactive contracts.
- During the year there were 44 requests for proposals and 38 tenders.

2.2.4 Laundry

New Brunswick's many health care facilities require a wide variety of clean and/or sterile linens on a daily basis.

Our Laundry Division offers a complete range of products, including white linen, surgical gowns, drapes, scrubs, incontinent care products, and a surgical pack service. We also manage the pickup, laundering and delivery of these items.

Statistics at a glance	2011-2012	2012-2013	Change
Total poundage of laundry processed	6,735,879	22,416,307	↑
Total number of customers	36	58	↑

Notes:

- On April 2, 2012, seven in-hospital laundries were transitioned to FacilicorpNB. The increase in poundage reflects the volumes done in these facilities.
- The poundage reported in 2011- 2012 was for the Saint John laundry only. In 2012-2013 this facility processed 6,654,050 pounds. The decrease over the previous year is a reflection of improved internal controls at a number of customer sites.
- The total number of customers increased significantly during the year as a result of the transitioning of in-hospital laundries. Many of these facilities provide laundry services to nursing home clients which are now included in our customer numbers.

2.3 Language Profile/*Official Languages Act*

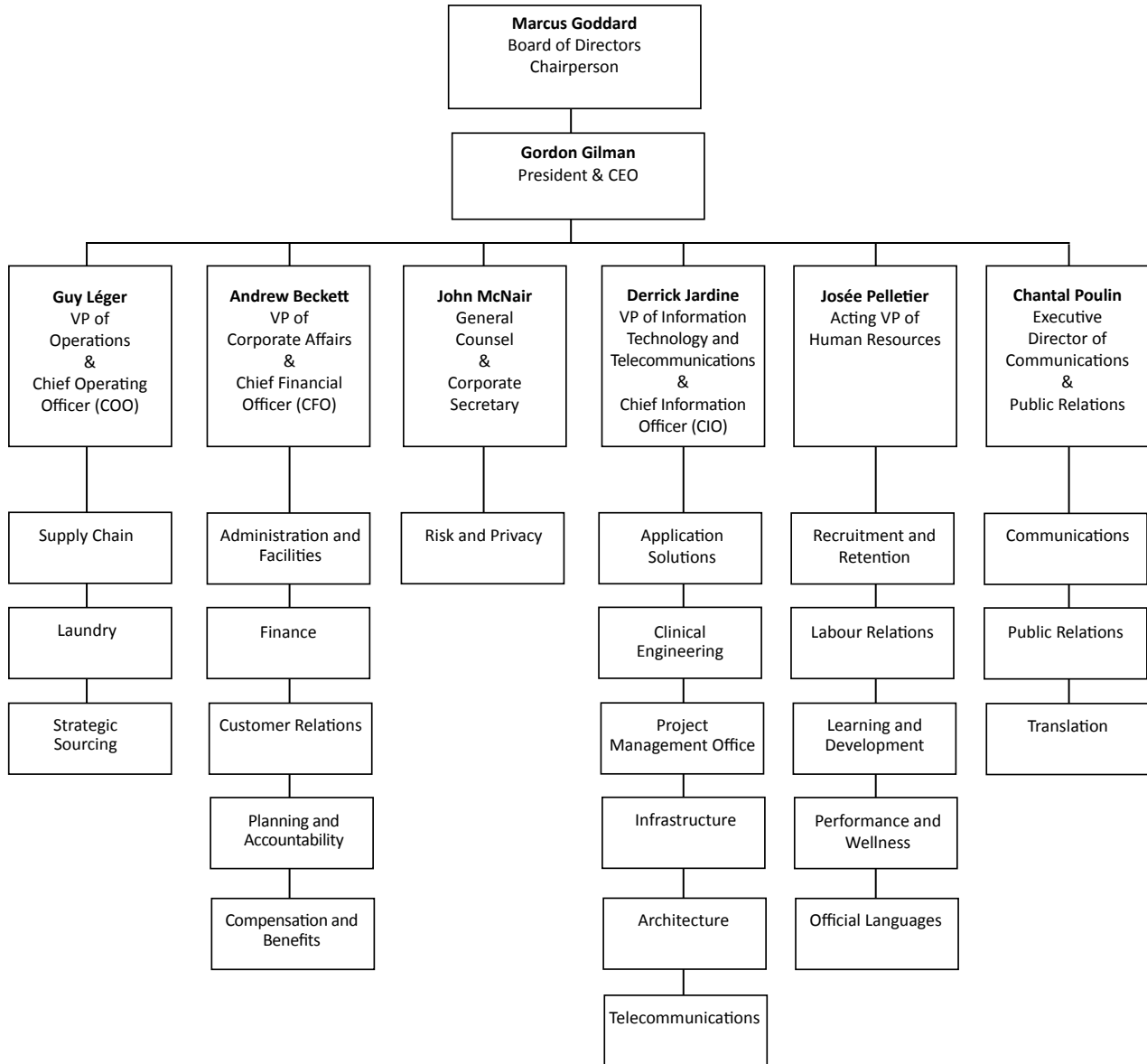
FacilicorpNB provides quality services to its customers in their language of choice. The Human Resource Department is responsible for the coordination of the Official Languages policy for our organization. FacilicorpNB actively updates its language profiles, as new lines of business are added to the organization or as they re-organize internally.

No official language complaints were received by the organization during the fiscal year 2012-2013.

2.4 *Public Interest Disclosure Act*

FacilicorpNB has policies and processes designed to manage public interest disclosures as required by the *Public Interest Disclosure Act* (New Brunswick). In 2012-2013, no claims or disclosures of wrongdoing were made or received.

2.5 Organizational Chart - as at March 31, 2013



3.0

REPORT ON PERFORMANCE

Our 2010-2013 Strategic Plan identified a series of desirable outcomes, and organized them into four strategic pillars:

- i) Customer Relationships and Service
- ii) Operational Excellence
- iii) People and Culture
- iv) Accountability

The following sections will outline our activities and accomplishments related to the four strategic pillars, over the past year.

3.1 Key Performance Indicators

Key performance indicators have been developed at both the corporate and operational levels to monitor our performance. The following table provides an overview of the corporate indicators for the year ending March 31, 2013.

Measurement	Strategic priority	Calculation	Target	Annual results
Savings	Accountability and Operational Excellence	Total realized savings	\$5,211,000	\$ 3,826,764
Savings available for investments	Accountability and Operational Excellence	Savings less head office expenses	\$765,452	\$3,790,914
Total investments	Accountability and Operational Excellence	Total investments for year	\$1,431,678	\$1,101,662
Overall operational budget attainment	Accountability	Annual Surplus (deficit)	\$(666,226)	\$2,689,252
Customer satisfaction	Customer Relationships and Services	Customer survey results by service area:		
		IT&T:	B+	
		Clinical Engineering:	A-	
		Supply Chain:	B	
		Laundry:	B+	
Employee engagement survey	People and Culture	Survey completed every two years	Employee engagement level 2011-2012	42 %

Note: for further details, please see Management Discussion and Analysis section on page 26.

3.2 Annual Context

Fiscal 2012-2013 saw continued global financial stress, causing both federal and provincial governments to sharpen their focus on addressing and resolving fiscal challenges.

New Brunswick's economic challenges are top of mind for our shareholder, and for taxpayers around the province. Now more than ever, realizing savings and identifying opportunities to create efficiencies in service delivery is critically important. Our corporate goals and our new strategic plan are consistent with provincial priorities and in alignment with government's approach to resolving the issues before us.

3.3 Strategic Pillars

3.3.1 Customer Relationships and Service

Desired Outcome

Understanding and serving the needs of our customers and partners in the New Brunswick health system.

Actions Taken



Completing the Laundry transition

On April 2, 2012 we completed the transition of all remaining hospital laundries, welcoming more than 170 new employees to FacilicorpNB. The consolidation of these services completes a process that began in January 2010, with the transition of the Saint John Laundry.

> Next steps

Our work to provide efficient, cost-effective, and quality laundry services to our customers will continue. The full consolidation of hospital laundries will allow us to take better advantage of opportunities for standardization of the equipment and linen used, including group purchasing, and economies of scale in processing.



Additional Laundry clients

Another 16 nursing homes outsourced their linen laundry services to FacilicorpNB, beginning in March 2013.

“The transition of laundry operations to FacilicorpNB will enable the provincial government to realize savings annually without impacting nursing home operations and services to the residents.”

Madeleine Dubé,
Social Development Minister

This transition is expected to be complete by Fall 2013.



Microsoft Office 2010 implementation

To allow for better internal collaboration, and to maintain extended technical support from the manufacturer, in 2012, we began the process of migrating 12,000 Horizon Health Network and Vitalité Health Network computers to Microsoft Office 2010.

Staff from Enterprise Architecture, Service Desks, and the Project Management Office worked with representatives from both health networks to ensure a smooth transition. A pilot was conducted in May 2012. Province-wide implementation started in June, and was successfully completed in December.

More than 8,000 computers in the New Brunswick health system were migrated over to the new platform. Approximately 4,000 additional workstations will stay on the existing Office 2003 platform due to incompatibilities with clinical software – gradually migrating to Office 2010 as they are refreshed or when software incompatibilities are resolved.

Online resources were made available on the Boulevard, Skyline, and Rendezvous intranets to support users through this change and ease the transition to the new interface.

What are the Boulevard, Skyline and Rendezvous intranets?

Employees at FacilicorpNB and the RHAs use one of three intranet systems – online private-access sites – to access their paystubs, review news and announcements, use calendars and forms, and access policies, procedures, and employee contact information. The intranets provide efficient access to a wide variety of tools and information, and give staff an important tool for staying in touch.

**CAPsource group purchasing partnership**

To further maximize value related to the purchase of medical equipment for New Brunswick's health system in 2012, FacilicorpNB entered into an agreement with CAPsource, an organization specializing in medical equipment procurement – from high-technology Diagnostic Imaging devices to high-use everyday equipment such as patient beds and stretchers.

CAPsource has more than twenty years' experience providing services to the Provinces of Ontario, Saskatchewan, Quebec and Nova Scotia.

For New Brunswick, CAPsource is expected to provide both the Vitalité and Horizon Health Networks with a more cost-effective way to acquire medical equipment, and a single purchasing process that will reduce turnaround time for Request for Proposals (RFPs).

> Next steps

FacilicorpNB continues to be responsible for the management of medical equipment procurement, working alongside the RHAs, who will continue to lead the decision-making process and the final selection regarding their medical equipment.

**Flood recovery in Perth-Andover**

In Spring 2012, the Hotel-Dieu of St. Joseph hospital was damaged by flooding in the Perth-Andover area.

Our team worked closely with Horizon Health Network staff and volunteers to assist with cleanup and recovery, support the temporary relocation of clinical staff, and to ensure the continuity of healthcare services.

- IT&T staff fast-tracked requests from the Upper River Valley area (where most clinical staff were relocated), granting access to clinical applications for relocated employees and installing additional computers as required.
- Clinical Engineering (CE) and Horizon Health Network staff assisted with the inspection, relocation and tracking of medical equipment.
- Supply Chain supported the relocation of a FacilicorpNB employee to the Upper River Valley Hospital in Waterville and the establishment of a temporary stores facility in Perth-Andover.

After a successful relocation, FacilicorpNB's Clinical Engineering, IT&T, and Supply Chain staff began the recovery effort, working to re-open the facility's Emergency Room, Diagnostic Imaging Department, and Laboratory Services. Staff inspected and installed clinical and information technology equipment, purchased materials to replace damaged items, checked inventories, and much more. The facility re-opened on June 18.

**iTacit rollout – a new Human Resource Talent Management system**

In 2012, we began the implementation of a New Brunswick-developed human resource talent management system called iTacit. The new system will help us better manage the information and processes associated with human resources through added functionality in the areas of e-recruiting, e-learning and performance management.

Our IT&T, HR and Communications groups began implementation of the first iTacit module, a bilingual on-line job posting system. Phase one of the new Career Centre was launched for FacilicorpNB in March 2013. All management/non-union position vacancies are now posted internally and externally (through our website) using the iTacit system.

> Next steps

Once Horizon and Vitalité Health Networks have transitioned to publishing their position vacancies to the iTacit Career Centre, we will be able to coordinate vacancy postings and streamline the application process. The planning of the Performance Management and E-Learning components of iTacit will be completed in the coming year.

**Kronos implementation in Vitalité Health Network**

In late 2010, the Vitalité Health Network kicked off the start of the Regional Kronos Workforce Project.

The project provides a common tool for the submission of electronic timecards, allowing regional directors to manage timecards from any location. The Kronos system will enable the standardization of schedule, time, and attendance management – allowing for the production of regional reports from a common database. It will also make a real-time work schedule available to employees through a self-service option.

FacilicorpNB resources have worked closely with Vitalité Health Network throughout the project – contributing to infrastructure requirements and installation.

> *Next steps*

The plan is to complete the roll out in Vitalité Health Network and plan the implementation for Horizon Health Network and FacilicorpNB. Having the same platform throughout the health system will help ensure certification compliance, decreased overtime costs, consistent application of Collective Agreements, integrated and standardized payroll system, and availability of key information in real time to assist managers to better manage the resources.



Common Dictation/Transcription/Voice Recognition Solution

Modern voice recognition systems are now widely considered to be an essential requirement to support efficient and effective clinical care. There are currently 15 zone-based dictation/transcription solutions in place around the province that require refresh due to their age.

To accommodate these requirements, in 2012 FacilicorpNB embarked on a strategic initiative to establish a province-wide dictation/transcription/voice recognition solution in collaboration with both RHAs.

> *Next steps*

The RFP process to select a preferred vendor has been completed and a team of subject matter experts are currently in the process of defining the overall design and architecture, and developing an implementation roadmap for the new solution.



Transition of Department of Health application and infrastructure Support

Part of our original mandate was to transition the maintenance and support of provincial IT systems managed by the Department of Health.

We have been working collaboratively with the Department to ensure value, drive out inefficiencies and ensure the long-term sustainability of IT operations, in part by reducing reliance on IT Professional Service Contracts through insourcing where feasible.

Phase one of the transition included insourcing the Provincial Application Support Team (PAST) and the suite of applications supported by this team, including:

- Cancer Treatment Access Registry
- Cervical Cancer Prevention and Screening Registry
- Surgical Access Registry
- Workload Measurement System
- Utilization Management

The transition included insourcing seven IT application support positions which will create overall systems savings \$405,000 in 2012-13, \$606,000 in 2013-14 and \$632,000 per year thereafter. Phase one was completed in March 2013.

Future phases of the project will be managed and completed by Department of Health.



Clinical Information Systems (CIS) upgrades

Over the past year, upgrades to CIS were carried out in each zone/area. Two CIS upgrades were major and represented a significant IT effort to implement, including the Allscripts upgrade in Saint John area and the Meditech Client Server upgrade in Moncton area.

Planning for this Allscripts upgrade, which included both a hardware refresh and software updates, began in January 2012 and went live in March 2013. The Allscripts CIS is now fully supported, and high priority defects that existed in the prior version have been resolved. The area is now positioned to take advantage of the latest feature sets, enhancements and application capabilities that address business needs and improve operational efficiencies.

The Meditech Client Server upgrade was officially kicked off in January 2012 and went live in February 2013. The upgrade was a major effort that included the acquisition of new hardware and upgrade of all client desktops and laptops to accommodate new specifications. Significant changes to the user interface required extensive testing and comprehensive training plans. The Meditech Client Server is now fully supported, and the area can fully participate in provincial initiatives.

The remaining six zones/areas utilizing the Meditech Magic CIS were also upgraded between November 2012 and April 2013. For the most part these were standard updates requiring an implementation phase lasting two to three months. In addition to positioning the zones/areas to take advantage of new features and enhancements, these upgrades represent the first time that all zones/areas are using a common version of the software, which will greatly facilitate sharing of knowledge and resources.

3.3.2 Operational Excellence

Desired Outcome

Contributing to the long-term sustainability of the health system by generating savings through consolidating, standardizing and continuously improving non-clinical services. Reinvesting surplus funds to improve operational efficiencies and to improve technology solutions for the health system.

Action Taken



Group Purchasing Management Change

What is a GPO?

A group purchasing organization is designed to achieve discounted pricing by leveraging collective buying power and standardizing product use among its members.

FacilicorpNB continued to lead the effort required to consolidate group purchasing activities through a single national group purchasing organization (GPO).

During the year, responsibility for negotiating and administering 50 contracts, totalling \$9.5 million in annual spending, was transitioned to our GPO partner, Medbuy. This transition process involved product evaluation and standardization activities that were led by the clinical staff of the RHAs and supported by FacilicorpNB.



Laundry Payroll Transition

The final step in the transition of hospital laundries to FacilicorpNB was the transfer of payroll and benefits management for hospital laundry staff.

The process began in Fall 2012, when a workgroup was formed, bringing together representatives from FacilicorpNB's Finance Department, Information Technology & Telecommunications, Human Resources, Communications, and Laundry division. The transition was successfully completed in January, 2013.



Creation of the Provincial Service Desk

Part of the transition of the maintenance and support of provincial IT systems was the announcement – on March 27 – of the implementation of a provincial bilingual Service Desk, a service that will be soon be available 24/7 for RHA customers and FacilicorpNB staff.

“Best practices have shown the advantage of centralizing IT support services in one place. We tried several methods over the past few years to continue to improve those services, but this solution has proven to be the right one.”

Derrick Jardine,
VP IT&T

> Next steps

As of March 31, 2013, three zones/areas have transitioned to the IT Provincial Service desk. The remaining zones will transition by March 2015.



Reorganization of Clinical Engineering

FacilicorpNB continues to seek opportunities for improving our operational efficiency and the services we provide to the Regional Health Authorities and their staff. With this in mind, FacilicorpNB reorganized its Clinical Engineering Division.

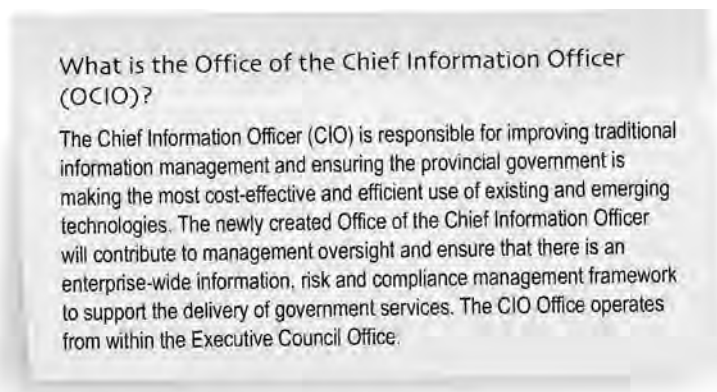
In 2012-2013 a new Program team was created, comprised of medical technology consultants – engineers and technologists who work with clients in the health networks. The team is involved in acquisition, equipment evaluation and replacement, and quality programs such as licensing and preventive maintenance. They will act as a resource for the Clinical Engineering Division, with regard to quality control, training and the preparation of business cases.

A governance framework for the team has also been developed and implemented with the RHAs, to improve collaboration and achieve greater efficiencies in planning, prioritization and equipment acquisition.



Collaboration with the Office of the Chief Information Officer

In September of 2012 a new mandate for the Office of the Chief Information Officer (OCIO) for the Government of New Brunswick (GNB) was announced. This mandate will enable the GNB to achieve improved investment benefits related to Information Management and Information and Communication Technologies (IM&ICT).



FacilicorpNB and other government departments and agencies are working directly with OCIO to develop strategies for the use of common technologies across all parts of government, including the development of common technical and application architectures and the standardization of technology components through province-wide procurement initiatives.

3.3.3 People and Culture

Desired Outcome

To attract, develop and retain highly motivated and qualified people that are fully engaged in the delivery of high quality services to our customers.

Action Taken



Employee Recognition Survey

In 2012-2013 we asked employees to complete an on-line survey to help us identify new focus areas for recognition program activities.

Survey results showed:

- the top 3 categories that employees would like to be recognized for are:
 - * Outstanding Service
 - * Bright Ideas
 - * Years of Service
- most employees felt either a verbal or written thank you would be an appropriate and valued form of recognition.
- 57% of the employees preferred to be recognized by their immediate supervisor.
- 40% felt that it is important to invest in recognition activities.
- 52% felt that it is important for FacilicorpNB to celebrate and recognize the exceptional work of employees, or teams of employees.

> Next steps

As a result of the survey, we developed a new component for our Recognition program. In Fall 2013, we will launch our Outstanding Service recognition. The program will recognize employees who provide excellent customer service to both external and internal customers, which leads to increased customer satisfaction and operational excellence.

The program's goal is to increase employees' sense of personal satisfaction with their employment at FacilicorpNB, and motivate them to continually meet Customer Experience Satisfaction initiatives and achieve operational excellence.



Local Recognition Ceremonies

Recognition Ceremonies have been held in each zone, recognizing employees with 1, 5, 10, 15, and 20 years of service. Staff members with 25, 30, and 35 years of service and those retiring were recognized during a provincial ceremony in the fall of 2012.

“Another successful year in celebrating our Years of Service both at the regional and provincial level. The participation increased from the previous year, and that is what we want to see. These celebrations are all about the honourees in order to thank them for their years of service. Our goal is to properly recognize the effort and dedication of long-serving employees.”

Brigitte Carter,
Chair of the Employee Recognition
Program Committee



Training Hours

Service lines	Hours
IT&T	2,578
Clinical Engineering	2,771
Supply Chain	1,216
Laundry	584
Other	150
Total	7,299

- Clinical Engineering continued to invest in training focused on the technology and equipment specific to the requirements of their service delivery model. Various training methods were used such as webinars, seminars and conferences.
- IT & Telecommunications invested in product and application training to support new implementations and upgrades.
- Laundry invested in Linen Master training and WHMIS (Workplace Hazardous Materials Information System) training.
- Supply Chain also invested in WHMIS training.
- We continue to invest in leadership development through our annual Leadership Conference, and through the selection of candidates to take part in the Public Service Management Program co-delivered with the University of New Brunswick and the University of Moncton.
- We also invested in second language training offered by the University of Moncton.



Clinical Engineering Recognition

In April 2012, the New Brunswick Society of Certified Engineering Technicians and Technologists (NBSCETT) awarded FacilicorpNB its President's Award.

The award is given to recognize an employer that promotes the endeavours of the association and encourages certification for its employees. FacilicorpNB's Clinical Engineering Technologists are members of the NBSCETT.



Leadership Conference

This annual conference brings together our organizations' leaders, providing a forum to share experiences, learn from each other, build relationships, and help achieve our strategic initiatives. The conference is designed to encourage participation and create an opportunity to share successes and learn about divisional initiatives.

Topics discussed included our Attendance Management Program, our next three-year Strategic Plan and other related organizational topics.

The engagement of our leaders was evident by the level of participation and the quality of discussions that took place during the conference.



Employee Engagement Initiatives

Working Group: Building Teams Across the Distance

The Building Teams Across Distance working group has established three subgroups: Collaboration Tools, Responsibility Matrix and Cooperation TEAM (Techniques for Employees And Management). These three teams have been hard at work planning and developing strategies that promote collaboration and teamwork within our organization.

Collaboration Tools

The Collaboration Tools group is currently developing a toolbox that catalogues all the collaboration tools available to our staff, including how-to guides, best practices, and guidelines on efficiency tools such as MS Lync (an internet-based communication tool).

Responsibility Matrix

The Responsibility Matrix group is working to develop centralized, easy to view org charts that will be available on the Rendezvous intranet, providing easy staff access to a resource contact directory. The team is also working on a clear and simple RACI model (who is Responsible, Accountable, Consulted, and Informed in a project) based on job descriptions & positions throughout the company.

Cooperation TEAM

The Cooperation TEAM group is focused on providing employees and managers with easy and effective best practices – including meeting guidelines, tips for dealing with different generations, and techniques for results-based management – designed to improve efficiency and strengthen relationships.



Performance Management

The Performance Management system is a tool used to encourage open discussion with employees on their performance and to provide them with on-going coaching. By capturing the completion rate, it allows the organization to identify the number of employees who are getting feedback and recognition regarding their performance.

In fiscal 2012-2013, we had an 85% completion rate.

3.3.4 Accountability

Desired Outcome

To understand the importance of being able to monitor and report on our progress as a public sector organization, and to demonstrate our commitment to accountability by the measures we have taken to provide open and transparent information relative to all business decisions made and actions taken.



Action Taken

Client Satisfaction Survey

Many positive results emerged from the 2012 FacilicorpNB Customer Satisfaction Survey, which was conducted in November 2012 by MQO Research.

A total of 1,377 clients from both RHAs and external laundry clients answered the questionnaire about IT&T, Supply Chain, Clinical Engineering, and Laundry services.

All services got an equal or superior grade compared to the 2011 survey. IT&T progressed from B to B+, Supply Chain went from B- to B, Clinical Engineering remained at A- and Laundry got a B+.

Here is an overview of the key drivers of satisfaction highlighted by our customers as required to maintain or improve their satisfaction rate.

Laundry

The 2012 survey gave FacilicorpNB's customers the opportunity to share their opinion on the consolidated group of laundry services. (In 2011, the only laundry service participating in the survey was Saint John laundry.) In order to maintain an acceptable customer satisfaction level, the Laundry Division will have to concentrate on four satisfaction drivers: the ability to meet users' needs, the degree of consideration given to user's opinions when evaluating and selecting products, the time spent solving or addressing problems, and the overall quality of services.

IT and Telecommunications

Five key drivers of satisfaction were highlighted by the 2012 survey: the usefulness of the information or advice provided by IT staff, the quality of support for software applications, the efficiency of IT staff, the post-request follow-up provided, and the speed with which IT staff informs the user of any situation with the systems.

Supply Chain

Supply Chain customers identified the following drivers of satisfaction in the 2012 survey: the speed of delivery and procurement of supplies, the ability to meet users’ needs, the degree of consideration given to user’s opinions when evaluating and selecting products, the efficiency of staff, and the accuracy of deliveries (the right article at the right place).

Clinical Engineering

Finally, to maintain or improve Clinical Engineering customers’ satisfaction rate, key drivers are: the support provided for technical projects, the support of staff during commissioning of new equipment, the degree to which Clinical Engineering services meet the users’ needs, and the maintenance and repair of medical equipment.

“It’s interesting to see that our customers say they are more and more happy with the quality and delivery of our services. It encourages us to continue our efforts to accomplish our mission, which is to provide innovative service in a safe and cost-effective manner, creating value and exceeding customer expectations.”

Gordon Gilman,
President and CEO

	2009	2010	2011	2012
Information Technology and Telecommunications	C+	B-	B	B+
Supply Chain	B-	B-	B-	B
Clinical Engineering	-	B+	A-	A-
Laundry	-	-	B+*	B+

*Saint John facility only



Risk Management with Board and Staff

As part of FacilicorpNB’s ongoing risk management process, the key risks associated with our business have been identified and placed on a Risk Register. The Risk Register contains an assessment of each risk and provides for the implementation of appropriate mitigation strategies.

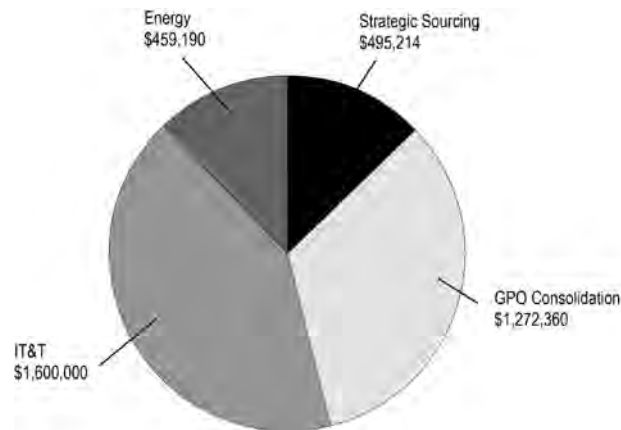
The Risk Register is a standing item on Board of Directors meeting agendas. The review process with the Board helps determine if all relevant risks are properly identified and whether the outlined mitigation strategies remain appropriate or need to be adjusted.

The Board and senior management team also participate in a one-day Risk Oversight session annually to conduct a detailed and comprehensive review of risk and to consider any relevant best practice approaches to risk management.



Savings Generation

Annual savings for 2012-2013 totalled \$3,826,764.



Investments

During fiscal 2012-2013 we reinvested \$1,101,662 into information technology upgrades and service enhancements, as follows:

PC Refresh: \$694,953

Upgrades to personal computers and laptops across the health system. All PCs and laptops are being brought up to a common standard and then replaced according to a regular life-cycle schedule.

Email System upgrade: \$226,865

Upgrades to the email system, completed in collaboration with New Brunswick Internal Services Agency (NBISA).

iTacit: \$110,000

Implementation costs associated with iTacit Talent Management solution.

Integration Engine consolidation: \$69,844

Work is being completed on consolidating eight integration engines into one provincial platform. Integration engines are IT tools used to ensure various systems in use throughout the health system can exchange information.



Privacy

FacilicorpNB deals, in some circumstances, with both personal information and personal health information. Maintaining the privacy of this information is a responsibility that is taken very seriously. As a result, we have developed, adopted and implemented the following policies:

- Corporate Privacy Policy
- Confidentiality Policy
- Privacy Breach Policy
- Privacy Impact Assessment Policy
- Confidential Information Sharing Policy

These policies are designed to ensure that we fully meet our obligations under the *Personal Health Information Privacy and Access Act* (New Brunswick) and the *Right to Information and Protection of Privacy Act* (New Brunswick).

4.0

MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended March 31, 2013

The following provides a summary of FacilicorpNB's operating results for the year ended March 31, 2013. This review should be read in conjunction with our financial statements and their accompanying notes.

FacilicorpNB's operational staff maintains the accounting and internal control systems required to provide reasonable assurance that our financial information is complete, reliable and accurate, and that our assets are adequately protected. FacilicorpNB's Board of Directors, through its Audit and Finance Committee, has an oversight role regarding the integrity of the reported information.

4.1 Overview of 2012-2013 Financial Results

As part of the Provincial Government's annual budget process the Company was advised in late March of 2012 that our base funding from the Province would be reduced by \$7,500,000 for the 2012-13 fiscal period. This represented a reduction of approximately 10% in our base funding. In order to meet this fiscal challenge all service areas were asked to carefully review expenditure reduction options with a goal of reducing costs in areas that would have the least impact on service delivery. A revised budget was approved by the Company's Board of Directors and the government in April of 2013.

It was recognized that meeting the budget targets was going to be a significant challenge and accordingly all service areas were asked to limit any discretionary spending throughout the year.

As a result of these continued efforts throughout the 2012-2013 fiscal period, the company generated a surplus available for investment of \$3,790,915. This surplus figure includes a one-time transfer from Horizon Health Network in the amount of \$900,000 to be used to purchase containers that will be required for transitioning to the usage of disposable operating room linens in Saint John and Fredericton.

During the year, investments were made in service enhancements and information technology upgrades totalling \$1,101,663.

The net surplus for the year was \$2,689,252.

More detail on budget variations is provided in the following commentary.

4.2 Revenue

Overall, the company's revenues for the year were \$89,816,698. While this amount is only \$14,876 less than budgeted there were a number of variations in individual revenue items.

The total funding received from the Department of Health was \$78,879,236, approximately \$641,500 greater than budget. The one-time transfer for containers in the amount of \$900,000 noted above is included in this amount. We had budgeted for additional funding in the amount of \$270,000 for costs associated with a requested policy change in how IT staff are compensated for on-call responsibilities. This policy change is still pending and as such this funding was not received.

Revenue from savings initiatives was \$3,826,764, which is \$1,384,000 less than budget. The shortfall largely relates to timing of when savings were achieved. Although our in-year savings did not meet expectations by March 31, 2013, the work performed generated annualized savings totaling in excess of \$4,600,000. This will be fully realized in the 2013-14 fiscal period.

Funding from nursing home clients for laundry services was \$1,593,650, approximately \$120,000 less than budget. This shortfall is as a result of decreased volumes being processed from some homes as a result of efforts being made to improve utilization of laundry in these facilities.

Rebates and recoveries revenue was \$5,140,942, which is \$711,000 greater than budget. The increase in revenue is largely attributable to funding provided by the Department of Social Development for an IT infrastructure upgrade project.

4.3 Expenses

Operating expenses for the year totalled \$86,025,783 which was \$3,040,339 less than budgeted.

Total spending in the IT&T Division was \$2,766,000 less than budgeted. Personnel costs were \$1,590,000 less than budget as a result of a decision to delay filling vacant staff positions and reduce utilization of contracted services. Spending on hardware components was \$3,000,000 less than budget due to efforts being made to delay replacement of some system components as a means of saving money and the adoption of a new capitalization policy which allowed the company to spread spending on major IT investments (in excess of \$100,000) over several years. These under-expenditures were offset by added costs of \$1,353,000 for an upgrade of licensing for database management software and a new workforce management system. Professional fees were also \$490,000 over budget as a result of higher utilization of third-party consultants needed to support system upgrades.

Supply Chain expenses were \$218,000 less than budgeted. The under-expenditure was as a result of staff vacancies and reduced expenditures on equipment and supplies.

Laundry expenses were \$490,000 greater than budgeted. The over-expenditure was as a result of higher personnel costs. As part of the transitioning of laundry operations from the Health Authorities, the hourly rate paid to casual employees was standardized across the province, which added to our costs. We also incurred higher overtime costs in the Moncton area as a result of equipment failures.

Clinical Engineering expenses were \$138,000 less than budgeted. This was as a result of lower personnel costs. A reorganization of functions during the year resulted in the elimination of a management position and there were also savings as a result of staff vacancies.

Group Purchasing and strategic sourcing expenses were \$260,000 less than budget. Personnel costs were under budget by approximately \$207,000 as a result of staff vacancies and reduced travel costs. Professional fees were under budget by \$48,000 due to an adjustment in accrued costs from the 2011-12 fiscal period.

Administration expenses were \$149,000 less than budgeted. Personnel costs were less than budgeted by \$103,500 as a result of elimination of a staff position and temporary vacancies. Office expenses were also under budget by \$44,000.

4.4 Investments

Total investments for the year were \$1,101,663 – which was \$330,000 less than budgeted. Actual costs associated with an on-going project to upgrade the health system's email software, being done in collaboration with NBISA, were less than anticipated.

4.5 Risks

Like any other organization, FacilicorpNB is susceptible to risks that, if unmitigated, could lead to significant financial and operational consequences. As part of a systematic approach to risk management, we have evaluated the key risks associated with the company's business. We have also considered and implemented appropriate mitigation strategies and systems to address these risks. The risks that are of highest concern for the company are described below.

Information Systems & Technology:

At the time of assuming responsibility for the provision of information systems and technology services, it was found that more than 30% of health care system devices were more than five years old, and at risk of operational failure. Timely refresh of all devices is a priority but full funding is not currently available to achieve this end. Detailed refresh plans have been developed and this area is a priority for investment as savings are generated.

Preventative Maintenance:

The addition of net new medical equipment within both Regional Health Authorities that will require service and support from our Clinical Engineering division. No new staffing has been added to meet increased service demands, and as a result some preventative maintenance work is being delayed. A detailed review of service requirements has been developed and work is now underway on implementing a plan to bring the preventive maintenance schedule up to date for high priority equipment. Discussions are also underway with the RHAs to look at ways to meet ongoing operational requirements.

4.6 Future Outlook

Given the Province's financial challenges, adherence to financial targets and continuous improvement will remain high priorities. In the upcoming year, we will be focused on delivering the financial results expected by the Provincial Government. Significant attention will be given to the consolidation of laundry operations in the province and to reducing overall administrative costs. Work plans have been updated to help ensure results are achieved. These plans will be closely monitored to track progress toward the achievement of targets.

The Company has developed a new strategic plan to guide our efforts over the coming three-year period commencing April 1, 2013. As part of this plan, there will be a continued emphasis on customer service, continuous improvement and accountability. The Balanced Scorecard methodology is being utilized to focus our actions and monitor progress towards the achievement of our corporate objectives. In addition, we will continue our commitment to building cooperative and collaborative relationships with the Regional Health Authorities.

Consolidated Financial Statements of

FacilicorpNB Ltd./Ltée

March 31, 2013



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Independent Auditor's Report

To the Shareholder of FacilicorpNB Ltd./Ltée

We have audited the accompanying consolidated financial statements of FacilicorpNB Ltd./Ltée, which comprise the consolidated statement of financial position as at March 31, 2013, the consolidated statements of financial activities, changes in net 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 Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 FacilicorpNB Ltd./Ltée as at March 31, 2013 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The amounts included in the consolidated financial statements, related to the wholly owned subsidiary, Contract Management Services Limited, for the year ended March 31, 2012, represented by offsetting assets and liabilities of \$1,122,253, and \$1,108,640 respectively, were audited by another auditor who expressed an unmodified opinion on those statements on February 21, 2013.

Chartered Accountants
June 25, 2013

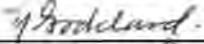
FacilicorpNB Ltd./Ltée

Consolidated statement of financial position
as at March 31, 2013

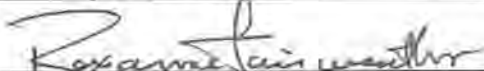
	<u>2013</u>	<u>2012</u> Restated (Note 2)
Financial assets		
Cash and cash equivalents	\$ 4,774,120	\$ 8,194,473
Accounts receivable and advances (Note 5)	14,771,523	7,731,403
Total financial assets	19,545,643	15,925,876
Liabilities		
Accounts payable and accrued liabilities (Note 7)	16,201,343	12,334,901
Deferred capital contributions (Note 8)	-	337,835
Employee future benefits (Note 9)	3,079,888	2,804,052
Other liabilities (Note 10)	1,247,353	858,465
Total liabilities	20,528,584	16,335,253
Net debt	(982,941)	(409,377)
Non-financial assets		
Capital assets (Note 6)	6,731,260	3,222,442
Inventory of supplies	201,353	169,906
Prepaid expenses	2,800,299	3,077,748
Total non-financial assets	9,732,912	6,470,096
Accumulated surplus (Note 11)	\$ 8,749,971	\$ 6,060,719

Commitments (Note 22)

APPROVED BY THE BOARD



Director



Director

FacilicorpNB Ltd./Ltée

Consolidated statement of financial activities for the year ended March 31, 2013

	Budget (unaudited)	2013	2012 Restated (Note 2)
Revenue			
Department of Health (Note 12)	\$ 78,237,755	\$ 78,879,236	\$ 60,394,318
Savings initiatives	5,211,000	3,826,764	7,287,493
Laundry	1,713,865	1,593,650	6,983,280
Rebates and recoveries	4,430,000	5,140,942	1,441,123
Amortization of deferred capital contributions	238,954	337,835	71,123
Investment income	-	38,271	46,753
Total revenues	89,831,574	89,816,698	76,224,090
Expenses			
Information technology and telecommunications (Note 13)	49,156,287	46,390,676	38,774,896
Supply chain (Note 14)	11,409,492	11,191,828	11,033,619
Laundry (Note 15)	15,112,897	15,602,579	6,443,085
Clinical engineering (Note 16)	8,461,600	8,323,966	8,514,075
Group purchasing and strategic sourcing (Note 17)	1,222,538	962,708	1,852,093
Administration (Note 18)	3,703,308	3,554,026	3,289,769
Total service cost	89,066,122	86,025,783	69,907,537
Surplus available for investment	765,452	3,790,915	6,316,553
Investments (Note 19)			
Information technology	1,431,678	1,101,663	2,345,303
Annual surplus (deficit)	(666,226)	2,689,252	3,971,250
Accumulated surplus, beginning of year	6,060,719	6,060,719	2,089,469
Accumulated surplus, end of year	\$ 5,394,493	\$ 8,749,971	\$ 6,060,719

FacilicorpNB Ltd./Ltée

Consolidated statement of changes in net debt
for the year ended March 31, 2013

	Budget (unaudited)	2013	2012 Restated (Note 2)
Net debt, beginning of year	\$ (409,377)	\$ (409,377)	\$ (3,847,462)
Changes in year			
Annual surplus (deficit)	(666,226)	2,689,252	3,971,250
Acquisition of capital assets	-	(4,551,915)	(581,727)
Proceeds of disposal of tangible capital assets	-	-	22,000
Gain on disposal of tangible capital assets	-	-	(4,842)
Redemption of common shares	-	-	(20,000)
Inventory of supplies	-	(31,447)	(2,295)
Amortization	-	1,043,097	456,854
Net change in prepaid expenses	-	277,449	(403,155)
(Increase) decrease in net debt	(666,226)	(573,564)	3,438,085
Net debt, end of year	\$ (1,075,603)	\$ (982,941)	\$ (409,377)

FacilicorpNB Ltd./Ltée

Consolidated statement of cash flows for the year ended March 31, 2013

	<u>2013</u>	<u>2012</u> Restated (Note 2)
Operating activities		
Annual surplus	\$ 2,689,252	\$ 3,971,250
Non cash items:		
Amortization of tangible capital assets	1,043,097	456,854
Gain on disposal of tangible capital assets	-	(4,842)
Amortization of deferred capital contributions	(337,835)	(71,123)
Employee future benefits	275,836	164,392
Change in non-cash working capital balances related to operations:		
Accounts receivable and advances	(7,040,120)	4,410,313
Inventory of supplies	(31,447)	(2,295)
Prepaid expenses	277,449	(403,155)
Accounts payable and accrued liabilities	3,866,442	(6,439,034)
Other liabilities	388,888	(71,693)
	<u>1,131,562</u>	<u>2,010,667</u>
Capital transactions		
Acquisition of capital assets	(4,551,915)	(581,727)
Proceeds on disposal of tangible capital assets	-	22,000
	<u>(4,551,915)</u>	<u>(559,727)</u>
Financing activity		
Repayment of loan payable	-	(176,877)
(Decrease) increase in cash and cash and cash equivalents during the year	(3,420,353)	1,274,063
Cash and cash equivalents, beginning of year	8,194,473	6,920,410
Cash and cash equivalents, end of year	\$ 4,774,120	\$ 8,194,473

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

1. Description of business

FacilicorpNB Ltd./Ltée (the "Corporation" or "FacilicorpNB") was incorporated and commenced operations in April 2008. The sole shareholder of the Corporation is the Province of New Brunswick (the "Province"). A sole shareholder declaration governs the operations of the Corporation. The business purpose of the Corporation is to establish service efficiencies to reduce the cost of non-clinical services related to the delivery of healthcare in the Province and to reinvest the realized savings in the implementation of leading edge enabling technologies to enhance service efficiencies. The business of the Corporation is limited to providing non-clinical services to Regional Health Authorities (the "RHAs") and their agencies, the Department of Health and its agencies and provincially funded long-term care facilities (the "Healthcare Service Providers") with respect to systems that support the direct delivery of healthcare services within the Province and to assuming the ownership of the associated physical resources and responsibility for the associated human resources of the Healthcare Service Providers necessary to provide these services. Funding for the Corporation is provided by the New Brunswick Department of Health.

In May 2011, FacilicorpNB was assigned responsibility by the Province of New Brunswick for coordinating the effort required to adopt a single group purchasing organization (GPO), to secure substantial savings on numerous products, including medical and pharmaceutical supplies. Effective January 31, 2012, FacilicorpNB became the sole shareholder of Contract Management Services Limited, which is a New Brunswick based GPO designed to achieve discounted pricing by leveraging collective buying power and standardizing product use. CMSL financial statements are consolidated with FacilicorpNB.

Effective April 1, 2012, the remaining New Brunswick hospital laundries not managed by FacilicorpNB were transitioned to the Corporation.

2. Restatement

The comparative amounts for the year ended March 31, 2012 have been restated to reflect the following items:

- On January 31, 2012, FacilicorpNB became the sole shareholder of Contract Management Services Limited (CMSL). In the prior year this subsidiary was not consolidated and as a result, the prior year financial statements had a qualified audit opinion. In the current year, CMSL has been consolidated and the prior year financial statements have been restated to reflect the full consolidation of CMSL.
- Public sector accounting standards requires the recognition of a liability for sick-pay benefits that accumulate but do not vest. FacilicorpNB had not previously recognized this liability due to a lack of historical payroll information. The Corporation has since accumulated the appropriate historical data to provide an estimate for the liability and, as such, the prior year financial statements have been restated to reflect the effects of this liability.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

2. Restatement (continued)

The following table summarizes the impact of these restatement adjustments on the Corporation's previously reported financial statements for 2012:

	March 31, 2012	Required	March 31, 2012
	As previously	adjustment	As restated
	reported		As restated
	\$	\$	\$
Statement of financial position			
Cash and cash equivalents	7,464,505	729,968	8,194,473
Accounts receivable and advances	7,339,118	392,285	7,731,403
Accounts payable and accrued liabilities	11,226,261	1,108,640	12,334,901
Employee future benefits	373,552	2,430,500	2,804,052
Accumulated surplus	8,477,606	(2,416,887)	6,060,719
Statement of financial activities			
Rebates and recoveries	615,104	826,019	1,441,123
Information technology and telecommunications	38,718,168	56,728	38,774,896
Supply chain	10,982,123	51,496	11,033,619
Laundry	6,376,200	66,885	6,443,085
Clinical engineering	8,486,214	27,861	8,514,075
Group purchasing and strategic sourcing	1,026,074	826,019	1,852,093
Administration	3,284,739	5,030	3,289,769
Annual surplus	4,179,250	(208,000)	3,971,250
Accumulated surplus, beginning of year	4,298,356	(2,208,887)	2,089,469
Accumulated surplus, end of year	8,477,606	(2,416,887)	6,060,719
Statement of changes in net debt			
Net debt, beginning of year	(1,618,882)	(2,228,580)	(3,847,462)
Annual surplus (deficit)	4,179,250	(208,000)	3,971,250
Proceeds on disposal of tangible capital assets	-	22,000	22,000
Gain on disposal of tangible capital assets	-	(4,842)	(4,842)
Redemption of common shares	-	(20,000)	(20,000)
Amortization	445,980	10,874	456,854
Net change in prepaid expenses	(414,816)	11,661	(403,155)
Increase in net debt	3,626,392	(188,307)	3,438,085

Adjustments were required to the prior year's cash flow statement; however, the adjustments were not significant in nature.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

3. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal period that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal period that the events giving rise to the expenses are incurred, resources are consumed and measurable. Through the accrual basis of accounting, expenses include non-cash items such as the amortization of tangible capital assets.

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Corporation and its wholly owned subsidiary Contract Management Services Limited. All inter-departmental and inter-entity accounts and transactions between these entities are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid temporary money market instruments with original maturity dates of three months or less. Bank borrowings require the approval of the Province, and are considered to be financing activities.

Inventory

Inventory is stated at the lower of cost, determined on a first in, first out basis and net realizable value.

Prepaid expenses

Expenditures determined to have future benefit are recorded as prepaid expenses at the end of the fiscal period and subsequently recorded as an expense in the future period or periods to which the benefit applies. Prepaid expenses consist primarily of information technology licenses and maintenance and support contracts.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their characteristics, the purpose for which the financial instruments were acquired or issued, and the how they are evaluated or managed.

Equity securities and derivatives quoted in an active market are required to be subsequently measured at fair value with changes recognized in the statement of remeasurement gains and losses. Currently, FacilicorpNB does not hold any equity securities or derivative positions traded an active market.

All other financial assets and financial liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and other liabilities are subsequently measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Capital assets

Capital assets are recorded at cost, which includes the costs directly related to the acquisition, design, construction, development, betterment or improvement of capital assets. Betterments or improvements, that increase or prolong the service life or capacity of the capital assets, are capitalized.

Equipment purchased or constructed, other than for first time equipping of facilities, are capitalized if the cost exceeds \$100,000 and the estimated useful life exceeds one year.

Repairs and maintenance costs are recognized as an expense when incurred.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as follows:

Leasehold improvements	Life of lease – straight-line method
Building	20 years – straight line method
Paving	25 years – straight line method
Computer equipment	5 years – straight line method
Laundry equipment	15 years – straight line method

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

3. Significant accounting policies (continued)

Funding and revenues

Funding is provided by the Province in accordance with budget arrangements established by the Department of Health. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of financial activities as the stipulation liabilities are settled. Grants approved but not received at the end of an accounting period are accrued. Operating grants are recorded as revenue in the period to which they relate.

Revenues from savings initiatives are generated from the negotiation and agreement of province wide contracts that reduce the costs of goods and services provided to the RHAs. Savings initiatives revenues are recorded as revenue in the period to which they relate. Savings revenues calculations are subject to approval by the RHAs and the Department of Health.

Revenue from laundry operations is recognized when persuasive evidence of an arrangement exists, delivery of the laundry has occurred, the price is fixed or determinable and collection is reasonably assured.

Employee future benefits

Pension plan

Employees of the Corporation are members of the Province of New Brunswick Public Service Superannuation Plan. This multi-employer, defined benefit plan provides pension benefits and other post retirement benefits upon retirement and is the responsibility of the Province. Contributions made by the Corporation during the year totaled \$2,364,118 (2012 - \$2,164,592).

Sick pay

Employees of the Corporation are entitled to sick pay benefits which accumulate but do not vest. In accordance with public sector accounting standards for post-employment benefits and compensated absences, FacilicorpNB recognizes the liability in the period in which the employee renders service.

Retirement allowance

Employees with continuous service of five or more years are entitled to receive a lump-sum payment equal to one week of pay for each full year of employment to a maximum of 25 weeks of pay upon retirement or as specified by collective agreements. Funding of these retirement allowances is the responsibility of the Province. Accordingly, no liability for these allowances has been recorded in these financial statements, with the exception of the amounts noted in the following paragraph.

Prior to the amalgamation date of December 31, 2009, Fundy Linen Service Inc. (Fundy Linen) employee retirement allowances were funded by Fundy Linen. The total estimated retirement allowance payable at December 31, 2009 has been recognized as a liability. Future funding of these benefits post amalgamation is the responsibility of the Province.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

3. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the 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. Actual results could differ from those estimates. Areas of significant estimate include the useful lives of capital assets and the obligation for retirement allowances.

4. Changes in accounting policies

FacilicorpNB adopted the following new accounting policies as of April 1, 2012:

PS 3410 Government Transfers

This new standard includes the requirement for the recognition, measurement, presentation and disclosure of transfers to and from governments and government organizations, and is effective for years beginning on or after April 1, 2012 for Other Government Organizations. The transitional provisions of the standard allow for prospective or retrospective treatment of the standard. The Corporation chose to apply the standard prospectively. This accounting change had an impact on the Corporation's consolidated financial statements as disclosed in Note 8.

PS 3450 Financial Instruments

This new standard includes requirements for the recognition, measurement, presentation and disclosure of all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). The standard is effective for years beginning on or after April 1, 2012 for Other Government Organizations. The transitional provisions of the standard require for prospective application. This accounting change had no significant impact on the Corporation's consolidated financial statements.

5. Accounts receivable and advances

	<u>2013</u>	<u>2012</u>
Department of Health	\$ 8,932,061	\$ 6,596,858
Accounts receivable	4,596,203	933,692
HST receivable	1,223,462	178,407
Advances to employees	19,797	22,446
	\$ 14,771,523	\$ 7,731,403

Funding for the Corporation's services is provided by the Province. The amount due from the Department of Health consists principally of outstanding budget transfers less funds advanced to the Corporation during the year.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2013

6. Capital assets

	Cost	Accumulated amortization	Net book value	
			2013	2012
Land	\$ 66,540	\$ -	\$ 66,540	\$ 66,540
Paving	76,863	49,643	27,220	29,186
Building	3,527,311	3,062,007	465,304	507,743
Equipment	15,178,187	9,285,959	5,892,228	2,264,347
Leasehold improvements	620,713	340,745	279,968	354,626
	\$ 19,469,614	\$ 12,738,354	\$ 6,731,260	\$ 3,222,442

7. Accounts payable and accrued liabilities

	2013	2012
Accounts payable	\$ 6,524,848	\$ 2,804,767
Accrued vacation	3,130,011	2,673,554
Accrued payroll	2,724,470	2,423,288
Accrued liabilities	3,014,202	2,576,878
Due to RHAs	807,812	1,856,414
	\$ 16,201,343	\$ 12,334,901

8. Deferred capital contributions

	2013	2012
Balance, beginning of year	\$ 337,835	\$ 408,958
Amortization for the year	(337,835)	(71,123)
Balance, end of year	\$ -	\$ 337,835

Capital assets financed by the Province were previously recorded as deferred capital contributions, however due to the adoption of PS 3410 Government Transfers, these amounts have been fully recognized in the Statement of financial activities in the current year. FacilicorpNB chose to apply the standard prospectively in accordance with the transitional provisions of the standard.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements

year ended March 31, 2013

9. Employee future benefits

Employee future benefits at FacilicorpNB consist of a retirement allowance for certain laundry and linen employees and a sick pay obligation:

	<u>2013</u>	<u>2012</u>
Sick pay obligation	\$ 2,685,500	\$ 2,430,500
Retiring allowance	394,388	373,552
Total future benefits obligations	\$ 3,079,888	\$ 2,804,052

Sick pay

FacilicorpNB employees accumulate sick leave at varying amounts per month based on the employee group. Unused hours can be carried forward for future paid leave and employees can accumulate up to a maximum of 1,800 hours. An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

Significant economic and demographic assumptions used in the actuarial valuation are:

Discount rate :	3.39%
Salary growth rate :	3% per annum
Expected average remaining service life:	11 years

	<u>2013</u>	<u>2012</u>
Accrued sick pay obligation	\$ 2,870,000	\$ 2,598,000
Unamortized actuarial (loss) gain	(184,500)	(167,500)
Total accrued benefit obligation for sick pay	\$ 2,685,500	\$ 2,430,500

The total expenses related to the accrued obligation for other compensated balances include the following components:

	<u>2013</u>	<u>2012</u>
Current period benefit costs	\$ 409,000	\$ 368,000
Amortization of actuarial loss	14,000	-
Interest expense	94,000	103,000
Total expenses related to the obligation	\$ 517,000	\$ 471,000

10. Other liabilities

	<u>2013</u>	<u>2012</u>
Deferred savings initiative revenue	\$ 600,000	\$ 600,000
Deferred project revenue	595,076	192,247
Future rent benefit	52,277	66,218
Total	\$ 1,247,353	\$ 858,465

The future rent benefit is amortized over the life of the rental agreement. The benefit recognized during the year was \$13,941 (2012 - \$13,940).

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

11. Accumulated surplus

The terms of the sole shareholder declaration require the Corporation, if requested by the Minister of Finance of the Province of New Brunswick, to return the surplus or any portion of the surplus or retained earnings or any portion of retained earnings.

12. Budget figures

The annual budget is approved by the Board of Directors and the Department of Health. During the year the Province approved budget adjustments for the transfer of laundry services, project funding and in year operational changes.

The total funding budget consists of the following:

Initial operations budget	\$ 56,448,471
Budget transfer for laundry operations	13,815,965
In year adjustments	8,614,800
Department of Health funding	\$ 78,879,236

13. Information technology and telecommunications

	Budget (Unaudited)	Actual	
		2013	2012 (Restated - Note 2)
Expenses			
Personnel	\$ 22,636,661	\$ 21,044,332	\$ 20,026,800
Operations and administration			
Equipment and supplies	18,386,468	15,337,042	12,794,675
Software, licenses and data charges	5,673,409	7,026,592	4,413,387
Professional fees	1,070,377	1,560,146	597,466
Amortization	683,023	675,525	71,864
Telecom expense	400,200	409,040	550,846
Office expense	245,726	301,158	312,906
Delivery	56,823	31,107	-
Occupancy costs	3,600	5,734	6,952
Total operations and administration	26,519,626	25,346,344	18,748,096
Total information technology and telecommunications	\$ 49,156,287	\$ 46,390,676	\$ 38,774,896

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2013

14. Supply chain

	Budget	2013	Actual
	(Unaudited)		2012 (Restated - Note 2)
Expenses			
Personnel	\$ 10,837,821	\$ 10,766,143	\$ 10,563,074
Operations and administration			
Delivery costs	213,393	180,021	-
Equipment and supplies	167,585	81,202	204,371
Telecom expense	84,225	78,287	75,040
Office expense	85,882	69,729	79,232
Occupancy costs	20,406	16,446	111,902
Total operations and administration	571,491	425,685	470,545
Total supply chain	\$ 11,409,312	\$ 11,191,828	\$ 11,033,619

15. Laundry

	Budget	2013	Actual
	(Unaudited)		2012 (Restated - Note 2)
Expenses			
Personnel	\$ 10,114,924	\$ 10,551,526	\$ 3,813,004
Operations and administration			
Equipment and supplies	3,196,400	3,271,955	1,256,337
Utilities	665,503	601,362	617,228
Delivery	506,858	562,538	167,706
Amortization	270,655	292,914	299,458
Occupancy costs	270,564	222,003	218,521
Office expense	41,921	43,898	31,701
Telecom expense	28,072	33,406	23,082
Software, licenses and data charges	18,000	20,550	4,498
Interest on long-term debt	-	-	6,050
Professional fees	-	2,427	5,500
Total operations and administration	4,997,973	5,051,053	2,630,081
Total laundry	\$ 15,112,897	\$ 15,602,579	\$ 6,443,085

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2013

16. Clinical engineering

	Budget	2013	Actual
	(Unaudited)		2012 (Restated - Note 2)
Expenses			
Personnel	\$ 8,143,654	\$ 7,945,581	\$ 8,150,541
Operations and administration			
Equipment and supplies	165,700	191,013	211,764
Office expense	84,546	76,491	61,435
Telecom expense	56,100	74,373	82,516
Professional fees	400	30,764	131
Occupancy costs	200	4,173	6,982
Software, licenses and data charges	1,000	1,571	706
Total operations and administration	\$ 317,946	\$ 378,385	\$ 363,534
Total clinical engineering	\$ 8,461,600	\$ 8,323,966	\$ 8,514,075

17. Group purchasing and strategic sourcing

	Budget	2013	Actual
	(Unaudited)		2012 (Restated - Note 2)
Expenses			
Personnel	\$ 1,086,254	\$ 879,324	\$ 1,229,297
Operations and administration			
Occupancy costs	75,920	83,450	83,120
Professional fees (recovery)	27,000	(20,980)	463,327
Telecom expense	21,264	12,421	16,760
Office expense	8,600	2,712	48,055
Equipment and supplies	3,500	5,781	660
Amortization	-	-	10,874
Total operations and administration	136,284	83,384	622,796
Total group purchasing and strategic sourcing	\$ 1,222,538	\$ 962,708	\$ 1,852,093

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2013

18. Administration

	Budget	2013	Actual
	(Unaudited)		2012 (Restated - Note 2)
Expenses			
Personnel	\$ 2,971,244	\$ 2,867,798	\$ 2,551,695
Operations and administration			
Professional fees	250,950	253,059	265,358
Occupancy costs	201,896	198,954	217,132
Office expense	139,115	94,732	82,882
Amortization	77,500	74,658	74,658
Telecom expense	33,578	46,894	58,115
Equipment and supplies	16,287	13,941	17,706
Software, licenses and data charges	12,738	3,990	22,223
Total operations and administration	732,064	686,228	738,074
Total administration	\$ 3,703,308	\$ 3,554,026	\$ 3,289,769

19. Investments

In accordance with the Corporation's sole shareholder declaration, any surplus or retained earnings of the Corporation shall be retained to first fund the implementation of operational efficiencies for the Corporation and then to fund the development or enhancement of information systems supporting clinical and non-clinical services or enable operational efficiencies within the health care system.

Proposed investments are presented to the Corporation's Board of Directors as part of the annual budget process.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

20. Financial risk management

The Corporation's activities are exposed to a variety of financial risks, which include credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Credit exposure is limited as the majority of counterparties are related parties within the Government of New Brunswick or chartered banks with high credit ratings monitored by national credit rating agencies. The Corporation is exposed to credit risk through its cash and cash equivalents, and accounts receivable. The maximum exposure to credit risk of the Corporation at March 31, 2013 is the carrying value of these assets. All accounts receivable are current, with the exception of an insignificant amount, which is over 60 days.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions. The amounts of contractual undiscounted cash flows associated with accounts payable, accrued liabilities, and other liabilities are all due within one year.

21. Related parties

Province of New Brunswick

During the year the Province provided the Corporation funding of \$81,414,159 (2012 - \$66,023,906).

Horizon Health Network

During the year the Corporation recorded sales of \$227,339 (2012 - \$6,248,506) to Horizon Health Network for laundry services.

Vitalité Health Network

During the year the Corporation recorded sales of \$79,200 (2012 - 0) to Vitalité Health Network for laundry services.

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements year ended March 31, 2013

22. Commitments

The Corporation has commitments under operating leases related to technology, office space and vehicles. Minimum lease payments due are as follows:

<u>Year ending</u>	<u>Technology</u>	<u>Office space</u>	<u>Vehicles</u>	<u>Total</u>
March 31,				
2014	\$ 9,840,700	\$ 249,800	\$ 114,700	\$ 10,205,200
2015	2,312,200	251,600	63,500	2,627,300
2016	1,631,400	251,600	18,800	1,901,800
2017	64,700	207,600	7,000	279,300
2018	-	75,600	-	75,600
Thereafter	-	18,900	-	18,900
	<u>\$ 13,849,000</u>	<u>\$ 1,055,100</u>	<u>\$ 204,000</u>	<u>\$ 15,108,100</u>



FacilicorpNB
Annual Report
2012-2013

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