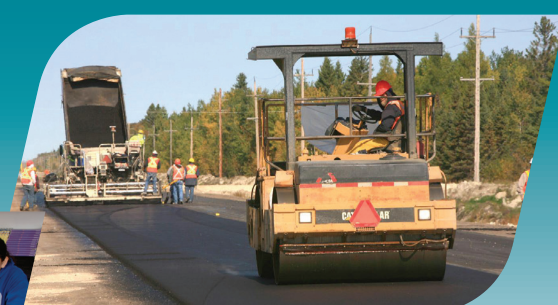
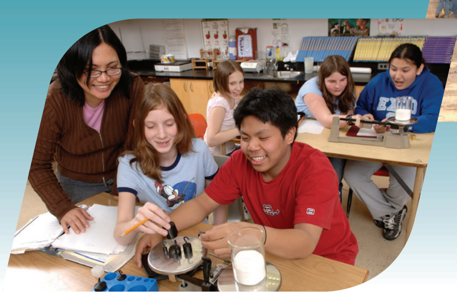
Public Accounts
2013/14

For The Year Ended March 31, 2014

VOLUME 4

the financial statements of funds, organizations, agencies and enterprises included in the government reporting entity





Focused on
what matters most
› to families.

Manitoba

PUBLIC ACCOUNTS 2013/14

For the Year Ended March 31, 2014

VOLUME 4

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Manitoba

VOLUME 4

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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with *The Financial Administration Act*, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts for the fiscal year ended March 31, 2014 consist of the following volumes:

Volume 1

- Volume 1 is published as part of the Government's Annual Report and contains:
  - The Economic Report
  - The Financial Statement Discussion and Analysis.
  - The audited Summary Financial Statements of the government focusing on the entire reporting entity.
  - Other audited and unaudited Financial Reports.

Volume 2

- Contains the audited Schedule of Public Sector Compensation Payments of $50,000 or more as paid through the Government Departments as well as those paid by Special Operating Agencies.
- Contains details of unaudited Consolidated Fund and Special Operating Agencies' payments in excess of $5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3

- Contains a reconciliation of core government results to Summary results.
- Contains the details of selected core government financial information.
- Contains the details of the core government Revenue and Expense.
- Contains information provided under Statutory Requirement.

These statements are all unaudited with the exception of the following:

- The Report of Amounts Paid or Payable to Members of the Assembly

Volume 4

- Contains a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

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SPECIAL FUNDS

THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	1,238,169	1,491,243
RECEIPTS:		
Royalties	394,693	334,119
Interest	13,552	5,899
	408,245	340,018
DISBURSEMENTS:		
Rehabilitation payments	184,154	593,091
Balance, end of year	1,462,260	1,238,169

THE BIODIESEL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	-	72,091
RECEIPTS:		
Miscellaneous	-	178,670
DISBURSEMENTS:		
Payments	-	250,761
Balance, end of year	-	-

THE COMMUNITY REVITALIZATION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	-	-
RECEIPTS	78,917	16,083
DISBURSEMENTS	-	16,083
Balance, end of year	78,917	-

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the four months ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of period	8,579,058	4,943,535
RECEIPTS:		
Transfer of Gasoline Tax Revenue	6,642,771	18,043,378
DISBURSEMENTS:		
Payments	15,221,829	14,407,855
Balance, end of period	-	8,579,058

NOTE: The Ethanol fund was established by The Biofuels Act on December 1, 2007. Pursuant to the Act, the purpose of the Ethanol Fund is to support the production of denatured ethanol in Manitoba.

THE FARM MACHINERY AND EQUIPMENT ACT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	539,514	534,809
RECEIPTS:		
Interest Revenue	4,793	4,705
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	544,307	539,514

FINANCIAL LITERACY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	87,048	56,500
RECEIPTS:		
Department of Family Services and Consumer Affairs	22,000	35,000
DISBURSEMENTS:		
Payments	27,704	4,452
Balance, end of year	81,344	87,048

NOTE: The Financial Literacy Fund was established on February 18, 2011 for the purpose of educating the public on matters related to financial literacy.

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	355,666	324,778
RECEIPTS:		
Premiums	53,217	32,588
DISBURSEMENTS:		
Claims	129,683	1,700
Balance, end of year	279,200	355,666

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	96,248	114,166
RECEIPTS:		
Department of Justice	85,000	85,000
DISBURSEMENTS:		
Claims	87,914	102,918
Balance, end of year	93,334	96,248

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	1,151,772	832,440
RECEIPTS:		
Contributions	-	-
Interest	2,373	9,332
Miscellaneous	310,688	310,000
	313,061	319,332
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	1,464,833	1,151,772

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	17,543,118	15,671,708
RECEIPTS:		
Transfer of Mining Tax Revenues	533,253	2,402,038
Interest received during the year	115,903	369,222
	649,156	2,771,259
DISBURSEMENTS:		
Manitoba Geological Survey's Far North Geomapping Initiative Inc.	-	-
Leaf Rapids Town Properties Inc.	-	130,000
Transfer to General Revenue Initiative	-	-
MEAP Payments	845,529	203,449
MPAP Payments	16,363	-
Leaf Rapids Housing Renewal	-	51,400
Lynn Lake Economic Development Office	-	-
Lynn Lake Airport Funding	18,000	-
Snow Lake Community Economic Development Office	-	40,000
Northern Mining Acadamy	-	-
Leaf Rapids Municipal Budget Shortfall	-	75,000
MGS - New Geoscience Initiative	240,000	250,000
TNB Economic Development Fund	-	150,000
	1,119,892	899,849
Balance, end of year	17,072,382	17,543,118

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	14,413,597	1,889,302
RECEIPTS:		
Royalties	-	12,513,293
Interest	11,308	11,001
	11,308	12,524,295
DISBURSEMENTS:		
Payments	864,008	-
Balance, end of year	13,560,897	14,413,597

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	5,846,227	5,310,758
RECEIPTS:		
Royalties	2,528,510	3,056,572
Interest	36,567	35,749
	2,565,077	3,092,321
DISBURSEMENTS:		
Rehabilitation payments	3,341,045	2,556,852
Balance, end of year	5,070,259	5,846,227

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	7,978	5,048
RECEIPTS:		
Repayment of bursaries	12,247	13,055
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	12,375	10,125
Balance, end of year	7,850	7,978

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	2,734,240	3,085,755
RECEIPTS:		
Surcharge on Provincial Fines	6,223,337	5,096,767
Interest	22,770	24,847
	6,246,107	5,121,614
DISBURSEMENTS:		
Operating expenses	5,868,025	5,473,129
Balance, end of year	3,112,322	2,734,240

WASTE REDUCTION AND RECYCLING SUPPORT (WRARS) FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014	2013
	$	$
Balance, beginning of year	9,377	351
RECEIPTS:		
Levy Revenues	9,607,070	10,017,048
DISBURSEMENTS:		
Municipal Rebates	7,565,435	7,883,662
Program and Operating Expenses	2,041,414	2,124,360
	9,606,849	10,008,022
Balance, end of year	9,598	9,377

WORKPLACE SAFETY AND HEALTH
PUBLIC EDUCATION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2014
(with comparative figures for the year ended March 31, 2013)

	2014 $	2013 $
Balance, beginning of year	7,642	8,184
RECEIPTS:		
Department of Labour and Immigration	8,000	3,500
DISBURSEMENTS:		
Payments	2,500	4,042
Balance, end of year	13,142	7,642

CROWN ORGANIZATIONS

July 3, 2014

Independent Auditor's Report

To the Board of Governors of Addictions Foundation of Manitoba

We have audited the accompanying financial statements of Addictions Foundation of Manitoba, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Addictions Foundation of Manitoba as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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T: +1 204 926 2400, F: +1 204 944 1020

Addictions Foundation of Manitoba

Statement of Financial Position

As at March 31, 2014

	2014 $	2013 $
Assets		
Current assets		
Cash	8,399,117	6,253,741
Accounts receivable	541,224	794,599
Prepaid insurance	111,300	81,531
Vacation pay recoverable from the Province of Manitoba (note 4)	667,567	667,567
	9,719,208	7,797,438
Capital assets (note 5)	10,644,965	10,787,323
Recoverable from Manitoba Health (note 12)	332,996	-
Recoverable from the Province of Manitoba		
Pre-retirement pay (note 7)	1,153,316	1,153,316
Long-term pension funding (note 8)	25,603,565	24,861,881
	47,454,050	44,599,958
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	1,737,873	1,305,341
Accrued vacation pay (note 4)	1,443,179	1,468,607
Current obligations under capital lease (note 6)	36,303	31,300
	3,217,355	2,805,248
Obligations under capital lease (note 6)	39,402	59,761
Credit facility (note 12)	332,996	-
Accrued pre-retirement pay (note 7)	2,293,196	2,190,711
Provision for employee pension benefits (note 8)	25,603,565	24,861,881
Deferred contributions (note 9)	7,920,882	7,981,157
	39,407,396	37,898,758
Net assets		
Invested in capital assets	3,078,301	3,138,141
Internally restricted (note 10)	150,000	150,000
Unrestricted	4,818,353	3,413,059
	8,046,654	6,701,200
	47,454,050	44,599,958

Commitments (note 11)

Approved by the Board of Directors

Dan McCarthill _______ Chair

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Statement of Operations

For the year ended March 31, 2014

	2014 $	2013 $
Revenue		
Government of the Province of Manitoba		
Operating	20,278,000	19,529,625
Contract funding		
1-800 Phone Line	80,004	70,004
Brief Intervention Training	-	278,122
Knowledge Exchange	217,499	251,897
Knowledge Exchange Symposium	-	91,369
Riverpoint Centre	30,000	56,000
Long-term pension – net (note 8)	14,811	116,428
Capital (projects)	123,143	12,606
Manitoba Lotteries Corporation	4,015,100	3,593,400
Healthy Living, Seniors and Consumer Affairs Grants		
Marymound Inc.	2,593,000	-
Main Street Project	187,800	-
Behavioral Health Foundation	10,000	-
Family Services and Labour Funding – Youth Residential Program	255,700	255,700
Term Credit Facility Funding	136,404	-
FASD Addictions Services Program	167,301	-
Drug Treatment Court Program	472,409	448,621
Drug Treatment Housing Program	243,332	200,319
Amortization of deferred capital contributions (note 9(b))	383,632	397,590
Other (Schedule A)	2,909,727	2,956,820
	32,117,862	28,258,501
Expenses		
Salaries	14,800,113	15,027,854
Wages	3,086,150	2,928,884
Amortization	692,458	701,374
Drug Treatment Court Program	448,409	424,122
Drug Treatment Housing Program	221,211	182,109
Employee benefits	1,717,185	1,892,515
Grants to external agencies		
Marymound Inc.	2,593,000	-
Main Street	187,800	-
Behavioral Health Foundation	10,000	-
Health and post-secondary education tax levy	379,360	371,204
Pension (note 8)	1,932,346	1,978,246
Fees	576,854	695,364
Food and household supplies	622,540	546,121
Materials, repairs and maintenance	1,110,341	503,280
Medical services and supplies	557,486	539,870
Rent, insurance and property taxes	458,300	462,159
Other (Schedule B)	1,378,855	1,284,797
	30,772,408	27,537,899
Surplus	1,345,454	720,602

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Statement of Changes in Net Assets

For the year ended March 31, 2014

				2014	2013
	Invested in capital assets $	Internally restricted $	Unrestricted $	Total $	Total $
Balance – Beginning of year	3,138,141	150,000	3,413,059	6,701,200	5,980,598
Surplus	(308,826)	-	1,654,280	1,345,454	720,602
Investment in capital assets	248,986	-	(248,986)	-	-
Balance – End of year	3,078,301	150,000	4,818,353	8,046,654	6,701,200

The accompanying notes are an integral part of these financial statements.

Addictions Foundation of Manitoba

Statement of Cash Flows

For the year ended March 31, 2014

	2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Surplus	1,345,454	720,602
Items not affecting cash		
Amortization	692,458	701,374
Amortization of deferred contributions	(383,632)	(397,590)
Loss on disposal of capital assets	6,158	-
	1,660,438	1,024,386
Net change in non-cash working capital items		
Accounts receivable	253,375	(227,397)
Prepaid insurance	(29,769)	15,614
Long-term pension funding commitment	(741,684)	(732,736)
Accounts payable and accrued liabilities	432,532	285,777
Accrued vacation pay	(25,428)	(44,988)
Provision for employee pension benefit	741,684	732,736
Net change in accrued pre-retirement pay	102,485	8,266
Net change in deferred contributions related to future expenses	22,241	311,975
	2,415,874	1,373,633
Investing activities		
Additions to capital assets	(537,469)	(358,187)
Financing activities		
Principal payments on capital lease obligations	(34,145)	(22,299)
Deferred contributions received related to capital assets	301,116	149,535
	266,971	127,236
Increase in cash	2,145,376	1,142,682
Cash - Beginning of year	6,253,741	5,111,059
Cash - End of year	8,399,117	6,253,741

The accompanying notes are an integral part of these financial statements.

1 Nature of the Foundation

The Foundation is incorporated under the *Addictions Foundation of Manitoba Act*. The Foundation is the provincial authority for providing prevention, education and treatment programs related to addictions to individuals and communities and for promoting the health and well-being of Manitobans. In this respect, the Foundation is dependent upon funding from the Government of the Province of Manitoba. The Foundation is a registered charity within the meaning of the *Income Tax Act*.

2 Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for government not-for-profit organizations ("GNFPO") in CICA Public Sector Accounting Handbook Section PS4200.

3 Significant accounting policies

Cash

Cash includes bank balances and term deposits with a maturity of three months or less.

Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at their fair value at the date of contribution. The amortization methods and annual rates applicable to the various classes of assets are as follows:

Buildings	5% declining balance
Computer equipment	30% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	Straight-line over the term of the lease

Assets under capital leases are amortized on a straight-line basis over the life of the asset.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as deferred contributions until the year in which the related expenses are incurred, at which time they are recognized as revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Recovery of wages, medical and treatment services is recognized as revenue upon completion of the related treatment. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Vacation pay

The Foundation records a liability with respect to vacation pay entitlements accrued and unused as at year end. This amount is based on current remuneration.

Pension costs

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Foundation to contribute to the fund 50 percent of the pension obligation upon commencement of an employee's retirement for employees hired prior to October 1, 2002. For employees hired on or after October 1, 2002, the Foundation is required to make an equivalent contribution of 6.6 percent based upon an employee's pensionable earnings up to the yearly maximum pensionable earnings ("YMPE") as based upon the Canada Pension Plan; and 8.5 percent on pensionable earnings in excess of the YMPE. These contributions are also recognized as operating expenses. In addition, a provision has been recorded in the accounts of the Foundation for the employer's share of current and past service pension obligations.

Financial instruments

Financial assets and liabilities are initially recorded at fair value and subsequently recorded at cost or amortized cost.

Amortization cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at cost or amortized cost are recognized in the Statement of Operations in the period the gain or loss occurs.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from those estimates.

4 Vacation pay recoverable from the Province of Manitoba

The Province of Manitoba funds a portion of the vacation pay benefits of the Foundation, limited to the amount estimated at March 31, 1995. Accordingly, the Foundation has recorded a receivable in the amount of $667,567 (2013 - $667,567) from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. The vacation pay recoverable has no specified terms of repayment.

The Foundation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba. At March 31, 2014, the liability for accrued vacation pay is $1,443,179 (2013 - $1,468,607).

5 Capital assets

			2014	2013
	Cost $	Accumulated amortization $	Net $	Net $
Land	713,106	-	713,106	713,106
Buildings	12,952,198	4,248,658	8,703,540	8,870,892
Computer equipment	1,996,455	1,481,934	514,520	596,774
Furniture and equipment	841,771	482,366	359,405	271,533
Leasehold improvements	642,125	342,551	299,574	319,695
Construction in progress	54,820	-	54,820	15,323
	17,200,475	6,555,509	10,644,965	10,787,323

6 Obligations under capital lease

	2014 $	2013 $
2014	-	35,196
2015	39,231	33,074
2016	26,596	20,144
2017	13,311	9,364
2018	1,107	-
Net minimum lease payments	80,245	97,778
Less: Amount representing interest	(4,540)	(6,717)
Present value of net minimum capital lease payments	75,705	91,061
Less: Current portion	(36,303)	(31,300)
	39,402	59,761

7 Province of Manitoba pre-retirement pay

The Foundation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility. At March 31, 2014, the obligation for pre-retirement pay is estimated to be approximately $2,293,196 (2013 - $2,190,711) for which the Foundation has recorded an accrued pre-retirement pay liability on the statement of financial position

The amount of funding which will be provided by the Province of Manitoba for pre-retirement pay was initially determined based on the pre-retirement pay liability as at April 1, 1998 and was recorded as a receivable from the Province of Manitoba. Since fiscal 1999, the Foundation has received funding on an annual basis from the Province of Manitoba, which includes funding for the change in the pre-retirement pay liability and retirement payments in the year, including an interest component on the pre-retirement pay receivable. The pre-retirement pay recoverable from the Province of Manitoba at March 31, 2014, aggregates $1,153,316 (2013 - $1,153,316) and has no specified terms of repayment.

8 Provision for employee pension benefits

The Foundation records the actuarial pension liability and the related pension expense including an interest component, in its financial statements. Based on the most recent actuarial valuation as of December 31, 2012, the Foundation has recorded an amount of $25,603,565 (2013 - $24,861,881) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2014. Total net pension expense of $1,932,346 (2013 - $1,978,246) has been recorded in the statements of operations.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense including the interest component. The Foundation has therefore recorded an amount recoverable from the Province of Manitoba of $25,603,565 (2013 - $24,861,881) equal to the estimated value of its actuarially determined liability in its financial statements. The Foundation has recorded the associated revenue or expense for the change in the liability in the period offset by the contributions made to the Fund in the amount of $726,874 (2013 - $616,308). The Province of Manitoba makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

Provision for employer's share of employees' pension plan:

	2014 $	2013 $
Balance - beginning of year	24,861,881	24,129,145
Change in trust account held by Province of Manitoba	(62,765)	(47,712)
Benefits accrued	1,099,225	1,147,451
Interest accrued (6.5%; 2013 - 6.5%)	1,743,580	1,670,684
Benefits paid	(2,055,518)	(1,997,042)
Amortization of actuarial loss (gain)	17,162	(40,645)
Balance - end of year	25,603,565	24,861,881

The actuarial valuations as at December 31, 2012 and 2011 were completed in December 2013 and 2012, respectively, and the resulting adjustment recorded in the year ended March 31, 2014 and 2012, respectively. This resulted in higher (2013 - lower) pension expense and a corresponding adjustment to long-term pension revenue, net in the statement of revenue and expenses in 2013 and 2012.

There is a net unamortized actuarial loss of $(1,145,810) (2013 - $(280,914)) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (14 years).

(4)

9 Deferred contributions

	2014 $	2013 $
Future expenses (a)	354,216	331,975
Capital assets (b)	7,566,666	7,649,182
	7,920,882	7,981,157

a) Future expenses

	2014 $	2013 $
Balance - beginning of year	331,975	20,000
Contributions received in the current year	322,341	608,900
Amount recognized as revenue in the current year	(300,100)	(296,925)
Balance - end of year	354,216	331,975

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount of grants, donations and other revenue received for the acquisition of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses. The changes in the deferred contributions related to capital assets are as follows:

	2014 $	2013 $
Balance - beginning of year	7,649,182	7,897,237
Add: Contributions received for capital purposes	301,116	149,535
Less: Amortization of deferred contributions	(383,632)	(397,590)
Balance - end of year	7,566,666	7,649,182

Unamortized capital contributions include amounts received from the Province of Manitoba for the purchase of capital assets, including amounts to repay the operating interim construction loan credit facility in prior years for the Thompson facility. The Foundation has executed a promissory note payable to the Government of Manitoba for the contribution relating to the Thompson Facility.

Manitoba Health has agreed to fund the principal and interest payments owing on the promissory note over the 20 year term of the debt, and accordingly the loan is presented as a deferred contribution by the Foundation. In the event that such payments are not made, the principal outstanding together with interest owing shall, at the Government of Manitoba's option, become due and payable on demand.

The balance of the promissory note described above for the Thompson facility is as follows:

	2014 $	2013 $
Thompson facility		
Opening balance	7,333,312	7,773,312
Less: Payments made by Manitoba Health	(440,000)	(440,000)
	6,893,312	7,333,312

10 Internally restricted net assets

Internally restricted net assets represent commitments for future expenditures on projects and capital expenditures. At the time the commitments are settled, expenditures are recorded in the statement of financial position or statement of revenue and expenses as appropriate and the restrictions are removed.

Internal restrictions in the amount of $150,000 (2013 - $150,000) have been imposed relating to the potential cancellation of Ontario Health referrals.

11 Commitments

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2014 and 2018. Certain leases contain renewal options at rates to be negotiated. Future minimum lease payments required under operating leases that have initial lease terms in excess of one year are as follows:

	$
2015	378,083
2016	217,442
2017	174,557
2018	141,543
2019	100,737

12 Credit facility

The Foundation executed a credit facility with a maximum term of 20 years bearing interest at prime less 0.90%. The debt was used to repair and complete necessary upgrades to the facilities. Manitoba Health has agreed to fund the project, and will be paying principal annually of $35,340. Total principal and interest payments for the year amounted to $7,660.

13 Financial instruments

The fair value of the pre-retirement pay recoverable, credit facility, capital leases and the long-term pension funding recoverable from the Province of Manitoba approximates the carrying value as the interest component (see notes 7 and 8) is comparable to current market rates.

The fair value of accounts receivable, vacation pay recoverable, accounts payable and accrued liabilities and accrued vacation pay approximates their carrying value due to the short-term nature of these instruments.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the Foundation's cash flows, financial position and expenses. This risk arises from differences in the timing and amount of cash flows related to the Foundation's liabilities. This risk is not significant to the Foundation as there is minimal debt held by the Foundation subject to floating interest rates.

Credit risk

Credit risk is the risk that a financial loss could arise from a counterparty not being able to meet its obligations. The Foundation's financial assets that are exposed to credit risk consist of accounts receivable. The Foundation performs regular assessments on the collectability of its accounts receivable. The risk is not significant to the Foundation as substantially all of the receivables are from the government.

Addictions Foundation of Manitoba

Other Revenue

For the year ended March 31, 2014 **Schedule A**

	2014 $	2013 $
Impaired Drivers' Program fees	1,065,030	1,124,340
School Support Program	673,876	693,337
Recovery of wages, medical and treatment services and travel expenses	863,848	897,232
Rosaire House Contract Funding	87,000	-
Training course fees	53,569	71,422
Donations	19,026	27,318
Interest	78,890	68,753
Property and parking rentals	31,810	38,085
Manitoba Government and General Employees' Union	15,024	19,489
Miscellaneous	21,654	16,844
	2,909,727	2,956,820

Other Expenses

For the year ended March 31, 2014 **Schedule B**

	2014 $	2013 $
Advertising and exhibits	38,997	31,419
Audit	24,060	20,077
Board of Governors' honorarium	9,140	10,547
Books, journals and audio-visual aids	99,090	69,952
Courier, postage and telephone	342,058	335,256
Interest (note 8)	6,625	3,575
Loss on disposal of capital assets	6,158	-
Miscellaneous	546	632
Printing, stationery and office supplies	208,334	180,372
Staff development	52,643	54,043
Training	24,775	43,458
Transportation of clients	33,495	33,097
Travel and automobile	252,988	273,765
Utilities	279,946	228,604
	1,378,855	1,284,797

The accompanying notes are an integral part of these financial statements.

Tel: 204 727 0671
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BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Directors of
Assiniboine Community College

We have audited the financial statements of **Assiniboine Community College**, which comprise the statements of financial position as at June 30, 2013, June 30, 2012, and July 1, 2011 and the statements of operations, statements of changes in net assets and statements of cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **Assiniboine Community College** as at June 30, 2013, June 30, 2012, and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian public sector accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Brandon, Manitoba
October 10, 2013

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013
(in thousand $)

	June 30, 2013	June 30, 2012	July 1, 2011
ASSETS			
CURRENT			
Cash and short term investments (note 3)	5,326	4,238	3,904
Accounts receivable (note 4)	2,044	2,020	2,016
Due from Province of Manitoba (note 5)	0	522	522
Inventories (note 6)	49	52	57
Prepaids	864	796	748
	8,283	7,628	7,247
NON-CURRENT			
Due from Province of Manitoba (note 5)	1,999	1,999	1,999
CAPITAL ASSETS (note 7)			
Land, buildings and equipment	11,858	11,358	11,003
Library holdings	661	661	661
	12,519	12,019	11,664
	22,801	21,646	20,910
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities (note 8)	5,339	4,228	3,987
Deferred revenue (note 9)	2,125	1,930	1,798
Current portion of long term debt (note 10)	115	109	104
	7,579	6,267	5,888
NON-CURRENT			
Long term debt (note 10)	355	470	579
Accrued Sick Leave (note 11)	513	502	503
Accrued severance liability (note 12)	2,569	2,658	2,502
	3,437	3,630	3,584
DEFERRED CONTRIBUTIONS			
Deferred contributions related to capital assets (note 13)	5,933	5,650	5,744
NET ASSETS			
Net assets invested in capital assets	6,116	5,790	5,237
Net assets internally restricted (note 14)	595	595	595
Unrestricted net assets	-859	-286	-138
	5,852	6,099	5,694
	22,801	21,646	20,911

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2013
(in thousand $)

	Budget (unaudited)	2013	2012
REVENUES			
Academic training fees	3,727	3,350	3,352
Grants	26,178	26,243	24,896
Market driven training	2,982	2,584	1,870
Continuing studies	1,293	1,430	1,461
Ancillary services	188	175	176
Apprenticeship training	2,731	2,517	2,510
Other revenue	531	591	626
Amortization of deferred contributions	1,425	1,425	1,436
	39,055	38,315	36,327
EXPENDITURES			
Academic	23,010	21,941	21,005
Administration	5,801	6,816	5,602
Program support	2,123	2,022	1,829
Plant	4,969	4,435	4,117
Management information services	1,485	1,352	1,504
Library	320	327	295
Ancillary services	20	19	2
Amortization of capital assets	1,529	1,650	1,568
	39,257	38,562	35,922
EXCESS OF EXPENDITURES OVER REVENUES	(202)	(247)	405

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013
(in thousand $)

	2013	2012
Cash from operating activities		
Excess of revenues over expenditures	(247)	405
Amortization of capital assets	1,650	1,568
Amortization of deferred capital contributions	(1,425)	(1,436)
Accrual for post employment benefits	11	(1)
Change in non-cash working capital items	1,541	379
Net cash generated through operating activities	**1,530**	**915**
Financing and investing activities		
Purchase of capital assets	(2,036)	(1,788)
Donated capital assets	(115)	(135)
Donated library holdings	-	-
Contributions received for capital purposes	1,709	1,342
Net cash used in financing and investing activities	**(442)**	**(581)**
Net increase (decrease) in cash and short term investments	**1,088**	**334**
Cash and short term investments, beginning of year	4,238	3,904
Cash and short term investments, end of year	**5,326**	**4,238**

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2013 TOTAL
Balance - beginning of year	5,790	595	(286)	6,099
Excess of revenue over expenditures			(247)	(247)
Transfer to internally restricted				
Investment in capital assets	326		(326)	
Balance - end of year	6,116	595	(859)	5,852

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2012 TOTAL
Balance - beginning of year	5,237	595	(138)	5,694
Excess of revenue over expenditures	-	-	405	405
Transfer to internally restricted	-	-	-	-
Investment in capital assets	553	-	(553)	-
Balance - end of year	5,790	595	(286)	6,099

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Assiniboine Community College operates under the authority of The Colleges Act, Chapter C150.1 of the Continuing Consolidation of the Statutes of Manitoba and is a registered charity under the Income Tax Act.

In accordance with the activities or objectives specified by donors and other sources outside the College and in keeping with their mandate to operate the College, the Board of Governors may approve transfers between funds to achieve the financial objectives of the College. Effective June 1998, the Assiniboine Community College Foundation was created to administer the collection and disbursement of endowment funds and undertake fundraising events.

Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded on an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recognized directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs related to the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the straight-line method at the following rates:

Buildings	2 %
Leasehold improvements	2 %
Computer systems	10 %
Computer equipment	20 %
Furniture and equipment	10 %
Vehicles	30 %

No amortization is taken in the year of acquisition. Contributed capital assets are recorded at the fair value at the date of contribution.

A base library was established at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant. The base stock is reviewed annually to determine if adjustments are required to the total library stock held.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. The College evaluates all leases at the inception of the lease agreement to determine if it should be classified as a capital or operating lease. Where a capital lease is identified, the amount of the payment made each year is capitalized and amortized using the straight-line method over the lesser of five years or the remaining lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Deferred Revenue

Revenue received in the current year, but not spent until the following fiscal year, is deferred and matched with the related expenditures.

Revenue Recognition

Government grants are recognized when the final amount to be received is readily determinable and revenue is earned.

Tuition and other training revenue is recognized when the final amount to be received is readily determinable. In the case of funding received for programs taking place over a period of time longer than 1 year, the revenues are recognized when the related expenditures are incurred.

The deferral method of accounting for contributions is used. Restricted contributions are deferred and matched with the related expenses when incurred.

Donations are reported when received. Donations of capital assets are reported at fair market value.

Employee Future Benefits

The college provides severance benefits based on length of service and final earnings, payable on retirement, death, or permanent layoff. Accounting standards require the recognition of a liability and an expense for such employee future benefits in the period in which the employee renders service in return for the benefits. The recognition date begins on the hiring date or the date when credited service begins, and runs until the date when full eligibility is attained. The cost of these future benefits earned by employees is determined by an actuary using the projected benefit method pro rated on service and management's best estimates for the discount rate for liabilities, the rate of salary escalation and the ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. There are no assets supporting the plan benefits.

Actuarial gains and losses are fully recognized in the year immediately following the year in which they arise.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. First Time Adoption

Effective July 1, 2012, the organization adopted the requirements of the new accounting framework, Canadian public sector accounting standards for not-for-profit organizations (PSAB for NPOs). These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 2125, First-time Adoption by Government Organizations have been applied. Section 2125 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended June 30, 2013, the comparative information presented in these financial statements for the year ended June 30, 2012 and the preparation of an opening statement of financial position at the date of transition of July 1, 2011.

The organization issued financial statements for the year ended June 30, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAB for NPOs resulted in adjustments to the previously reported assets, liabilities, equity, excess of revenue over expenses and cash flows of the organization. The charges to net assets at the date of transition of July 1, 2011 were as follows:

Opening net assets, Pre-changeover Accounting Standards	365
Recognition of sick pay liability	(503)
Opening net assets, PSAB for NPOs	(138)

A reconciliation of the excess of revenue over expenses reported in the organization's most recent previously issued financial statements to its excess of revenue over expenses under PSAB for NPOs for the same period is as follows:

Excess of revenue over expenses, Pre-changeover Accounting Standards	404
Change in sick pay liability	1
Excess of revenue over expenses, PSAB for NPOs	405

No exemptions were used at the date of transition to Canadian public sector accounting standards for not-for-profit organizations.

3. Cash and Short Term Investments

	2013	2012
Cash	**443**	133
Term deposits - Manitoba Finance	**4,883**	4,105
	5,326	4,238

Cash and cash equivalents includes bank accounts and term deposits with maturity dates three months or less.

4. Accounts Receivable

	2013	2012
Current		
Tuition and contract training	1,554	1,765
Goods and Services Tax rebate	61	62
Allowance for doubtful accounts	(83)	(10)
	1,532	1,817
Non-current		
Education and Training	-	203
Payroll advance	512	-
	2,044	2,020

The department of Education and Training guarantees a base amount of funds to the College each year to assist with the cost of providing apprenticeship programs in addition to providing funding for each student enrolled in the program. The receivable balance is non-interest bearing and is an ongoing balance that is not expected to be received during the year.

The payroll advance represents fund advanced to employees as a result of timing differences in payroll dates due a system conversion. The amounts are to be repaid to the College when employment ceases.

5. Due from Province of Manitoba

	2013	2012
Current		
Property taxes	-	331
Accommodation cost-recovery system	-	180
10% tuition rebate	-	11
	-	522
Non-current		
Severance pay	1,124	1,124
Vacation pay	875	875
	1,999	1,999
	1,999	2,521

The Province of Manitoba has guaranteed the receivable for severance and vacation pay in the amount of $1,999,250 (in actual $). The amount of this deferred funding was established in 1998 and was calculated as the severance and vacation pay owing at that time to employees for pre-1998 employee service. The amount of this receivable will not change as the liability for vacation and severance pay increases or decreases on an annual basis. The receivable is non-interest bearing and no payment terms have been established. To date, the College has paid out $1,706,528 in severance pay relating to pre-1998 employee service (in actual $). No payments have been received from the Province with respect to this receivable.

6. Inventories

	2013	2012
Books and supplies	49	52

Inventory expensed during the fiscal year was $1,739,165 (in actual $).

7. Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	4	-	4	-
Buildings	3,187	119	2,326	82
Computer systems	10,068	8,135	9,382	7,295
Furniture and equipment	16,675	12,418	16,097	11,694
Leasehold improvements	4,027	1,441	4,012	1,392
Laptop program	107	107	107	107
Vehicles	10	-	-	-
	34,078	22,220	31,928	20,570
Net book value		11,858		11,358

Library holdings, at estimated value	661	661

8. Accounts Payable and Accrued Liabilities

	2013	2012
Trade payables	1,243	1,425
Accrued wages and vacation pay	4,096	2,803
	5,339	4,228

9. Deferred Revenue

	2013	2012
Opening tuition and commitment fees	230	222
Opening contract training fees	714	525
Opening other deferrals/revenue	304	381
Opening provincial grant	682	670
Total opening deferred revenue	1,930	1,798
Tuition and commitment fees received	529	391
Contract training fees received	6,987	5,121
Other deferrals/revenue received	211	260
Provincial grant received	1,939	2,270
Total received	9,666	8,042
Tuition and commitment fees recognized	(443)	(383)
Contract training fees recognized	(6,957)	(4,932)
Other deferrals/revenue recognized	(211)	(337)
Provincial grant recognized	(1,860)	(2,258)
Total recognized	(9,471)	(7,910)
Ending tuition and commitment fees	316	230
Ending contract training fees	744	714
Other deferrals/revenue	304	304
Ending provincial grant	761	682
	2,125	1,930

10. Long-term Debt

	2013	2012
Loan payable to Province of Manitoba at the rate of 4.75%, due in 2017, repayable in monthly instalments of $11,193 principal and interest.	470	579
Less amounts due within one year included in current liabilities	115	109
	355	470

10. Long-term Debt (continued)

Principal repayments for the next five years and thereafter are as follows:

2014	115
2015	121
2016	119
	355

11. Accrued Sick Pay Obligation

Assiniboine Community College provides sick days to their employees. An actuarial valuation, using the accrued benefit method, to determine the value of accrued sick pay is carried out every three years. The most recent actuarial valuation was at June 30, 2013, with the next valuation to be at June 30, 2016.

The accrued benefit liability for accrued sick pay is reported in the college's Statement of Financial Position under Accrued Sick Pay Obligation.

Information about the college's accrued sick pay is as follows:

	2013	2012
Accrued sick pay obligation	**513**	502

The significant actuarial assumptions adopted in measuring the college's accrued sick pay obligation are as follows:

	2013	2012
Discount rate	**6.0**	7.0
Rate of compensation increase	**3.75**	3.25

12. Accrued Severance Liability

Assiniboine Community College provides certain severance benefits payable upon retirement. An actuarial valuation, using the accrued benefit method, to determine the value of severance pay is carried out every three years. The most recent actuarial valuation was at June 30, 2013, with the next valuation to be at June 30, 2016.

The accrued benefit liability for employee future benefits is reported in the college's Statement of Financial Position under Accrued Severance Liability.

Information about the college's employee future benefits is as follows:

	2013	2012
Accrued severance liability to date	**2,658**	2,668
Prior year adjustment	**(89)**	(10)
Accrued severance liability on statement of financial position	**2,569**	2,658
Interest cost	**186**	175
Current service cost	**207**	175
Current year severance expense	**393**	350
Accumulated benefits paid	**1,707**	1,479

The significant actuarial assumptions adopted in measuring the college's accrued severance liability and cost are as follows:

	2013	2012
Discount rate	**6.0**	7.0
Rate of compensation increase	**3.75**	3.25

13. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions received that were used to purchase the College's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

	2013	2012
Net book value, beginning of year	5,650	5,744
Add: Capital contributions during the year		
Contributions	1,708	1,342
Less: Current year amortization	(1,425)	(1,436)
Net book value, end of year	5,933	5,650

14. Net Assets Internally Restricted

	2012	2011
General Reserve, opening balance	595	595
Appropriations	-	-
Withdrawals	-	-
General Reserve, ending balance	595	595

15. COPSE Grants

	2013	2012
Grants Received	27,622	26,520
Add:		
Less:		
Deferred capital contributions	(1,114)	(1,114)
	26,508	25,406
Represented by:		
Base	26,243	24,896
Market Driven Training	265	265
Continuing Studies	-	245
	26,508	25,406

16. Pension Costs and Obligations

The College's employees are eligible for membership in the Civil Service Superannuation Plan operated by the Province of Manitoba. Although this is a defined benefit pension plan, any experience gains or losses determined by actuarial valuations are the responsibility of the Province of Manitoba. Accordingly, no disclosure has been made in the financial statements relating to the effects of participation in the pension plan by the College and its employees. Effective October 1, 2009, the College is responsible for paying their portion of the current pension costs on behalf of all employees enrolled in the Civil Service Superannuation Plan.

17. Related Party Transactions

During the year the College provided a grant of $7,850 (2012 - $7,850) to Assiniboine Community College Foundation Inc. (in actual $), a grant of $5,000 (2012 - $5,000) to Assiniboine Campus Radio Society Inc. (in actual $), and a grant of $35,500 (2012 - $18,500) to the students' association (in actual $). Transactions with the Assiniboine Community College Foundation Inc., Assiniboine Campus Radio Society Inc., and the Assiniboine Community College Student Association are measured at the exchange amount. The above entities are not controlled or significantly influenced by the College and are governed by their own Board of Directors. There were no intercompany payables or receivables outstanding at fiscal year-end.

18. Commitments

The College has entered into various leases for classroom space, office equipment and a maintenance agreement for the Colleague computer system. The following represents the future payments (in actual dollars):

2013/14	1,202,499
2014/15	1,112,037
2015/16	1,075,380
2016/17	1,057,776
2017/18	1,044,853

19. Economic Dependence

The College presently receives annual funding of approximately $26,242,696 ($24,895,656 in 2012) from the Province of Manitoba to finance operations and capital acquisitions (in actual $). The College is economically dependent on the Province of Manitoba for funding.

20. Cash Flows - Supplemental Information

The college paid interest on long term debt in the year of $25,147 (2012 - $30,202) (in actual $). In the year, the college received interest $81,304 (2012 - $71,652) (in actual $).

21. Financial Risk Management

There have been no substantive changes in the entity's exposure to financial instrument risks. The board monitors the financial statements including its financial instruments on a monthly basis to determine if there any increases or changes in its risk.

The principal financial instruments used by the entity, from which financial risk arises, are as follows: cash and short-term investments, receivables and payables, accrued liabilities and long-term debt.

Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The investments of the entity are held for trading instruments which are exposed to interest rate risk. The long term debt is also affected by interest rate risk.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The US bank account of the entity is exposed to foreign exchange risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The entity is not exposed to other price risk.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in having available sufficient funds to meet its commitments. It is the entity's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

Credit Risk

Credit risk arises principally from receivables. The entity's receivables relate primarily to tuition, sponsorships, refundable GST, and various other trade receivables. The credit risk is minimal.

22. Income Taxes

The College is exempt from income taxes.

23. Consolidation

The activities of the Assiniboine Community College Foundation Inc. and the Assiniboine Campus-Radio Society Inc. have not been consolidated with the accounts of Assiniboine Community College. The above entities are not controlled or significantly influenced by the College and are governed by their own Board of Directors. The effect of these entities on the financial statements of the College, had these entities been consolidated, would be as follows (in actual dollars):

	Increase (Decrease)
Cash	100,104
Accounts receivable	38,833
Investments	2,359,579
Equipment	15,442
Accounts payable	7,269
Deferred contributions	1,081,733
Unrestricted net assets	13,726
Endowment funds	1,426,257
Invested in capital assets	15,442
Revenue	852,442
Expenditures	855,820

BDO

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BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Auditors' Comments on Supplementary Financial Information

To the Directors of Assiniboine Community College

We have audited the financial statements of Assiniboine Community College, which comprise the statements of financial position as at June 30, 2013, June 30, 2012, and July 1, 2011, and the statements of operations, statements of changes in net assets, and cash flow statements for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting polices and other explanatory information, and have issued our report thereon dated October 10, 2013 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting records and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Accountants

Brandon, Manitoba October 10, 2013

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2013
(in thousand $)

Schedule 1

	Budget	2013	2012
Academic Training Fees			
Day program tuition fees	3,727	3,350	3,352
Grants			
Provincial (note 15)	26,178	26,243	24,896
Market Driven / Contract Training (schedule 2)	2,982	2,584	1,870
Continuing Studies (schedule 3)	1,293	1,430	1,461
Ancillary Services (schedule 4)	188	175	176
Apprenticeship Training (schedule 5)	2,731	2,517	2,510
Sundry and Other Revenue			
Interest	50	81	72
Other	481	510	554
	531	591	626
Amortization of deferred capital contributions	1,425	1,425	1,436
Total Revenue	39,055	38,315	36,327

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013
(in thousand $)

Schedule 1
Continued

	Budget	2013	2012
Academic			
Salaries			
Instructional	13,647	13,171	12,248
Administrative	3,036	2,890	3,008
Program Support	216	228	289
Fringe Benefits	2,173	2,070	1,837
Operating	3,938	3,582	3,623
	23,010	21,941	21,005
Administration			
Salaries	2,888	3,299	3,093
Fringe Benefits	1,118	1,012	928
Operating	1,795	2,505	1,581
	5,801	6,816	5,602
Program Support			
Salaries	1,676	1,591	1,456
Fringe Benefits	237	218	186
Operating	210	213	187
	2,123	2,022	1,829
Plant			
Salaries	551	586	565
Fringe Benefits	86	85	77
Operating	4,332	3,764	3,475
	4,969	4,435	4,117
Management Information Services			
Salaries	837	838	891
Fringe Benefits	116	114	114
Operating	532	400	499
	1,485	1,352	1,504
Library			
Salaries	213	213	191
Fringe Benefits	32	30	26
Operating	75	84	78
	320	327	295
Ancillary Services (schedule 4)	20	19	2
Amortization of Capital Assets	1,529	1,650	1,568
Total Expenditures	39,257	38,562	35,922

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE
MARKET DRIVEN TRAINING
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2013
(in thousand $)

Schedule 2

	Budget	2013	2012
Revenue			
Tuition fee contracts	139	127	58
Contract training	1,682	1,224	849
Grants	1,161	1,136	900
Other revenue	0	97	63
Total Revenue	2,982	2,584	1,870
Expenditures			
Direct Expenditures			
Instructional salaries	1,486	1,196	658
Fringe benefits	176	130	71
Operating	443	440	345
	2,105	1,766	1,074
Indirect Expenditures			
Administrative salaries	244	175	199
Fringe benefits	34	23	23
Operating	30	57	26
	308	255	248
Total Expenditures	2,413	2,021	1,322
Excess of Revenue over Expenditures	569	563	548

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE Schedule 3
CONTINUING STUDIES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2013
(in thousand $)

	Budget	2013	2012
Revenue			
Brandon campus	517	468	460
Dauphin campus	122	60	52
Winnipeg campus	37	32	94
Regional centres	617	870	610
Grants	0	0	245
Total Revenue	1,293	1,430	1,461
Expenditures			
Direct Expenditures			
Instructional salaries	378	417	386
Fringe benefits	37	39	32
Operating	168	190	206
	583	646	624
Indirect Expenditures			
Administrative salaries	433	423	450
Fringe benefits	63	55	67
Operating	107	91	94
	603	569	611
Total Expenditures	1,186	1,215	1,235
Excess of Revenue over Expenditures	107	215	226

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE Schedule 4
ANCILLARY SERVICES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2013
(in thousand $)

	Budget	2013	2012
Revenue	188	175	176
Expenditures			
Operating	20	19	2
Excess of Revenue over Expenditures	168	156	174

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ASSINIBOINE COMMUNITY COLLEGE Schedule 5
APPRENTICESHIP
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2013
(in thousand $)

	Budget	2013	2012
Revenue			
Tuition Revenue	2,731	2,517	2,510
Expenditures			
Direct Expenditures			
Instructional salaries	2,075	1,878	1,917
Fringe benefits	289	248	230
Operating	602	537	494
Total Expenditures	2,966	2,663	2,641
Deficiency of revenue over expenditures	(235)	(146)	(131)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Assiniboine Community College
Schedule 6 - Schedule of Board Member Compensation

For the year ended June 30		2013
Christopher Nicholson	$	1,500
Harvey Armstrong		500
Henry Bart		1,800
J Crookshanks		2,800
Jana Schott		1,500
Janet Chaboyer		1,900
Laura Kempthorne		1,200
Martijn Van Luijn		2,300
Michael Cox		1,800
Randolph Brown		1,800
Raymond Berthelette		1,800
Robin Paulishyn		1,800
Vickie Hanwell-McLean		1,800
	$	22,500

(In actual dollars)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

BRANDON UNIVERSITY

Responsibility for Financial Statements

The Office of the Vice-President (Administration & Finance) of Brandon University is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Governors. The statements are examined by the Auditor General of Manitoba, whose opinion is included herein.

To fulfil its responsibility, the University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

William Schaffer	Scott J. B. Lamont, FCGA, MBA
Treasurer, Board of Governors	Vice-President (Administration & Finance)

June 21, 2014

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Lieutenant Governor-in-Council
To the Legislative Assembly of Manitoba
To the Board of Governors of Brandon University

We have audited the accompanying financial statements of Brandon University, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Brandon University as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original document signed by:
Norm Ricard

June 21, 2014
Winnipeg, Manitoba

Norm Ricard, CA
Auditor General (acting)

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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Brandon University

Statement of Financial Position
as at March 31, 2014

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,476,171	$ 5,213,581
Short-term investments	700,000	100,000
Accounts receivable (note 3)	2,589,465	1,871,014
Inventories (note 8)	581,169	550,761
Prepaid expenses	462,615	325,721
	6,809,420	8,061,077
Long-term Investments (note 4)	600,000	
Capital Assets and Collections (notes 2I and 9)	60,895,306	61,788,744
	$ 68,304,726	$ 69,849,821
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,756,141	$ 4,995,680
Unearned revenue	103,481	105,272
Deferred contributions (note 10)	2,807,650	2,808,789
Current portion of long-term debt (note 13)	71,281	65,745
	6,738,553	7,975,486
Long-Term Liabilities		
Unfunded post-employment benefits (note 12)	1,481,961	1,469,617
Unfunded pension liability (note 11)	25,098,000	26,405,000
Mortgages payable (note 13)	698,797	770,078
	27,278,758	28,644,695
Unamortized Deferred Capital Contributions (note 10)	48,795,107	47,783,932
Net Assets		
Unrestricted net assets		
Operating	2,335,401	3,340,853
Post-employment benefits and compensated absences	(1,542,857)	(1,544,058)
Pension liability	(25,098,000)	(26,405,000)
Vacation pay	(873,651)	(918,855)
	(25,179,107)	(25,527,060)
Internally restricted net assets (note 7)	1,008,951	1,039,037
Investment in capital assets and collections	9,662,464	9,933,731
	(14,507,692)	(14,554,292)
	$ 68,304,726	$ 69,849,821

Approved by the Brandon University
Board of Governors on June 21, 2014

Treasurer

Vice-President (Administration & Finance)

The accompanying notes are an integral part of these financial statements.

Brandon University

Statement of Changes in Net Assets
for the year ended March 31, 2014

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2014	Total 2013
Balance, beginning of year	$ (25,527,060)	$ 1,039,037	$ 9,933,731	$ (14,554,292)	$ (14,698,451)
Excess of revenue over expenses	40,350			40,350	143,709
Direct increases to net assets					
Donations of capital assets			6,250	6,250	450
Transfers					
Internally funded					
Capital asset additions	(789,252)		789,252		
Amortization	1,132,514		(1,132,514)		
Repayment of long-term debt	(65,745)		65,745		
Allocation to internally restricted net assets	(226,572)	226,572			
Internally restricted net asset purchases	256,658	(256,658)			
Balance, end of year	$ (25,179,107)	$ 1,008,951	$ 9,662,464	$ (14,507,692)	$ (14,554,292)

The accompanying notes are an integral part of these financial statements.

Brandon University

Statement of Operations

for the year ended March 31, 2014

	2014	2013
Revenues		
Tuition fees and other student fees	$ 8,799,780	$ 8,706,331
Grants		
Council on Post-Secondary Education	37,356,060	37,144,726
Province of Manitoba	506,237	814,296
Government of Canada	1,543,967	1,605,199
Sales of goods and services	6,316,068	6,305,363
Brandon University Foundation	2,029,441	2,103,887
Amortization of deferred capital contributions	2,261,793	1,926,188
Interest income	54,232	117,590
Miscellaneous	839,022	257,099
	59,706,600	58,980,679
Expenses		
Salaries - academic	22,335,407	21,707,148
Salaries - support	13,037,892	12,648,609
Benefits	7,584,281	9,373,739
Travel	1,619,681	1,606,064
Supplies and consumable expenses	7,140,945	6,161,145
Major renovations	325,330	300,253
Property taxes	134,573	124,665
Utilities	1,146,415	901,672
Cost of goods sold	1,602,123	1,668,796
Scholarships and bursaries	1,277,669	1,200,424
Interest on long-term debt	67,627	73,772
Amortization expense	3,394,307	3,066,086
Loss on disposal of capital assets		4,597
	59,666,250	58,836,970
Excess of revenue over expenses	$ 40,350	$ 143,709

The accompanying notes are an integral part of these financial statements.

Brandon University

Statement of Cash Flow

for the year ended March 31, 2014

	2014	2013
Cash Provided By (Used In) Operating Activities		
Net excess of revenues over expense before interest	$ 53,745	$ 99,891
Interest received	54,232	117,590
Interest paid	(67,627)	(73,772)
Excess of revenues over expense	40,350	143,709
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,261,793)	(1,926,188)
Amortization of capital assets	3,394,307	3,066,086
Loss on disposal of capital assets		(4,597)
Net change in non-cash operating working capital		
Accounts receivable	(718,451)	5,959,844
Accounts payable and accrued liabilities	(1,239,539)	914,742
Deferred contributions	(1,139)	(1,512,858)
Unfunded post-employment benefits and compensated absences	12,344	97,408
Unfunded pension liability	(1,307,000)	(627,000)
Other non-cash working capital	(169,092)	(83,086)
	(2,250,013)	6,028,060
Cash Provided By (Used In) Capital Activities		
Capital asset additions	(2,500,870)	(13,278,209)
Proceeds on disposal of capital assets		10,706
	(2,500,870)	(13,267,503)
Cash Provided By (Used In) Investing Activities		
Sale/(purchase) of short-term investments	(600,000)	1,706,164
Purchase of long-term investments	(600,000)	
	(1,200,000)	1,706,164
Cash Provided By (Used In) Financing Activities		
Long-term debt repayments	(65,745)	(101,217)
Capital contributions	3,279,218	9,287,016
	3,213,473	9,185,799
Increase/(Decrease) in cash and cash equivalents	(2,737,410)	3,652,520
Cash and cash equivalents, beginning of year	5,213,581	1,561,061
Cash and cash equivalents, end of year	$ 2,476,171	$ 5,213,581

The accompanying notes are an integral part of these financial statements.

1. Authority and Purpose

Brandon University operates under the authority of the Brandon University Act of the Province of Manitoba. Brandon University offers undergraduate programs in arts, science, education, music, and health studies; and offers graduate programs in education, music, health studies, environmental & life sciences and rural development. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

Brandon University's financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for government not-for-profit organizations (GNFPOs), including the 4200 series of standards as issued by the Public Sector Accounting Board.

B. Fund Accounting

The University uses fund accounting to segregate accounts to be used for specific purposes.

Restricted funds include the research and special project fund, special program fund, and capital fund. The purpose of the research and special project fund is to report the restricted revenues and expenses for these activities. The special program fund reports revenues and expenses for the education programs of PENT, CBE and BUNTEP. The capital fund reports revenues and expenses for major renovation projects and for the acquisition of capital assets.

Unrestricted funds include the general operating fund and Ancillary Services. The purpose of the general operating fund is to report revenues and expenses for operating, research and special projects, and capital activities funded from unrestricted revenues. The purpose of the Ancillary Services fund is to report the revenues and expenses of the residences, food services, bookstore and parking. Ancillary Service funds include a grant for payment of mortgages and sales of goods and services.

C. Revenue Recognition

Operating grants are recognized as revenue in the period received or receivable. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered or substantially rendered and collection is reasonably assured.

The University accounts for contributions using the deferral method. Externally restricted non-capital contributions are recorded as deferred contributions when received or receivable and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted contributions for the acquisition of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received or receivable, and, when expended, are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

D. Capital Grants

The University entered into promissory notes with the Provincial Government, for the the construction of capital assets and for deferred maintenance projects. These will be repaid from future funding provided by the Provincial Government through the Council on Post Secondary Education (COPSE) and are, in substance, capital grants. These grants, under the deferral method of accounting, are reflected as deferred capital contributions and unamortized deferred capital contributions in the statement of financial position. The interest expense and related funding from COPSE, over the terms of the promissory notes, to offset the principal payments and interest expense, are both excluded from the statement of operations.

E. Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, cash balances with Canadian banks and highly liquid temporary money market instruments convertible to cash within three months or less.

F. Short-Term Investments

Short-term investments are recorded at amortized cost and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University. These investments are acquired principally for the purpose of selling in the near term and are part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

G. Long-Term Investments

Long-term investments are fixed income financial instruments, with maturity dates that exceed one year, that are part of a portfolio of identified instruments that are managed together. They are recorded at amortized cost and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University.

H. Brandon University Foundation

Contributions from the Brandon University Foundation to the University are recorded as revenue in accordance with the University's revenue recognition accounting policy.

The accounts of the Brandon University Foundation do not form part of the financial statements of the University. The financial statements of the Foundation are audited on an annual basis.

I. Capital Assets and Collections

Capital assets purchased by the University are recorded at cost. Donated assets are recorded at the fair market value on the date received. On the disposition of a capital asset, both the cost and any accumulated amortization are removed from the accounts.

Capital assets are amortized on a straight line basis over the estimated useful lives of the assets. Amortization rates are as follows:

Buildings	50 years
Furniture & equipment	10 years
Library collections	10 years
Computer equipment	5 years
Vehicles	5 years

The capital assets include collections of works of art, gemstones and rare books which have been donated to the University. These collections are not amortized.

J. Inventories

Inventories are measured at the lower of cost and net realizable value using a valuation allowance.

K. Pension Plan

The University contributes to the Brandon University Retirement Plan which is a trustee-administered pension plan for University employees. The pension expense is determined actuarially using the projected unit credit actuarial cost method pro-rated on service and management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of active employees (EARSL), commencing in the year following the year the respective annual actuarial gains or losses arise.

The accounts of the Brandon University Retirement Plan are not consolidated in the financial statements of the University. The financial statements of the Plan are audited.

The University's pension liability is the net of pension obligations less Plan assets and adjusted for any unamortized actuarial gains or losses.

L. Other Post-Employment Benefits and Compensated Absences

The University provides severance and retiring allowance benefits based on length of service and final earnings, payable on retirement. Accounting standards require the recognition of a liability and an expense for such post-employment benefits in the period in which the employee renders service in return for the benefits. The recognition date for rendered service begins on the hiring date or the date when credited service begins, and runs until the date when full eligibility is attained. The cost of these post-employment benefits earned by employees is determined by an actuary using the projected benefit method pro-rated on service and management's best estimates for the discount rate, the rate of salary escalation and the retirement ages of employees. The discount rate used to determine the accrued benefit obligation was the same rate as used to value the University pension plan. There are no assets supporting the plan benefits. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life (EARSL), commencing in the year following the year the respective annual actuarial gains or losses arise.

The University provides for compensated absences to certain employee groups for sick leave benefits that accumulate but do not vest. The cost of this benefit is estimated using the discounted cash flows of the average of the cost of the excess sick leave taken over the annual entitlement earned, as a series of payments over the average remaining service life of employees (EARSL). The discount rate used was the same rate used to estimate the University pension liability.

Certain other employees are entitled to 180 days of sick leave that are non-vesting, non-accumulating and are event driven. The benefit expense and liability are recorded when the event occurs.

M. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, determination of useful lives of capital assets for amortization and of the liabilities for pension, severance and retiring allowances, and other compensated absences. Actual results could differ from these estimates.

N. Financial Instruments

The financial instruments of the University consist of cash and cash equivalents, short-term investments, long-term investments, accounts receivable, accounts payable and accrued liabilities and long-term debt.

In the Statement of Financial Position, cash and cash equivalents are measured at cost; short-term investments, long-term investments, accounts receivable, accounts payable and accrued liabilities and long-term debt at amortized cost, using the effective interest rate method.

3. Accounts Receivable

	2014	2013
Student receivables	$ 787,854	$ 743,370
Brandon University Foundation	712,516	463,058
Government of Canada	531,000	443,728
Province of Manitoba	372,199	128,636
Miscellaneous	212,896	119,222
Less: allowance for doubtful accounts	(27,000)	(27,000)
	$ 2,589,465	$ 1,871,014

4. Long-Term Investments

	2014	2013
Guaranteed investment certificates, interest bearing at 1.75% - 1.8%, maturing July 2, 2015	$ 600,000	

The fair value at March 31, 2014 is $600,000.

5. Financial Risk Management

Financial instruments are exposed to risk through the normal course of operations. These risks are managed through the University's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

i) Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of these three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk is the risk fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to this risk through its interest bearing investments. The University's short-term and long-term investments are guaranteed investment certificates. Interest rates range from 1.55% to 1.9%. $400,000 matures on July 2, 2014, $300,000 matures on October 23, 2014 and $600,000 matures on July 2, 2015.

Foreign currency risk is the risk the value of non-Canadian investments measured in Canadian dollars will fluctuate due to changes in foreign exchange rates. Brandon University has no investments held in foreign currencies.

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk.

ii) Liquidity Risk

Liquidity risk is the risk the University will encounter difficulty in having available sufficient funds to meet its commitments.

The cash flow of operating funds is prepared on a just in time basis. The short-term and long-term investments of the University are invested so maturity dates coincide with cash requirements. As well, the University has access to a short-term line of credit with CIBC which is designed to ensure sufficient funds are available as required.

iii) Credit Risk

Credit risk arises from the possibility a loss may occur from the failure of another party to perform according to the terms of a contract.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 was:

	Carrying Amount	
	2014	**2013**
Cash, cash equivalents and short-term investments	$ 3,176,171	$ 5,313,581
Long-term investments	600,000	
Accounts receivable	2,589,465	1,871,014
Totals	$ 6,365,636	$ 7,184,595

The short-term and long-term investments of the University are purchases made with excess cash intended to be for short periods of time and are held in high quality instruments with a guaranteed credit rating of R1 or backed by an extremely strong borrower.

The credit risk from accounts receivable is relatively low as the majority of receivables are from students and the balance from government agencies. Credit risk from student receivables is managed through registration cancellations and by maintaining standard collection procedures.

There have been no substantive changes in the University's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

6. Brandon University Foundation

The Brandon University Foundation operates under the authority of the Brandon University Foundation Act. The Foundation is dedicated to promoting the advancement of higher education at Brandon University and improving the quality of its facilities and activities by raising funds for future operation and capital expenditures, research and student awards.

Brandon University Foundation is not a controlled entity of Brandon University however, in the event of the dissolution of the Foundation, after the payment of all debts and liabilities, any remaining rights, property and assets of the Foundation shall be transferred or assigned to Brandon University as long as it is at that time a charitable, non-profit corporation.

The Foundation statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Brandon University Foundation has adopted Part III - Accounting Standards for Not-For-Profit Organizations following the deferral method of accounting for contributions. The investments of the Foundation are recorded at fair value. The financial position of the Foundation as at December 31 is summarized as follows:

Statement of Financial Position

	2013	2012
Assets	$ 54,184,483	$ 44,426,876
Liabilities	$ 1,334,407	$ 968,304
Deferred contributions	3,842,521	4,148,164
Net Assets		
Unrestricted and internally restricted net assets	14,121,935	6,621,769
Endowment funds	34,885,620	32,688,639
	49,007,555	39,310,408
Total Liabilities and Net Assets	$ 54,184,483	$ 44,426,876

Statement of Operations

	2013	2012
Revenue		
Realized income	$ 1,721,144	$ 6,812,337
Unrealized income	7,545,312	3,259,952
Net investment income	9,266,456	10,072,289
Donations	780,037	644,752
Other contributions	108,241	89,407
	10,154,734	10,806,448
Expense		
Grants to Brandon University	1,685,070	6,339,390
Scholarships and bursaries	943,702	1,150,879
Campaign expenses	246,277	288,917
Other expenses	25,346	35,333
	2,900,395	7,814,519
Net income for the year	$ 7,254,339	$ 2,991,929

The net result of the transactions from January 1, 2014 to March 31, 2014 was a gain of $2,741,599 (2013 - $ 3,215,899) which includes unrealized investment gains of $ 313,759 (2013 - $ 2,054,434).

The value of outstanding pledges to the Foundation as at March 31, 2014 is $ 956,156 (2013 - $ 721,518). These will be recorded as revenue in the Foundation when received.

7. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the University for the following specific purposes:

	2013 Opening Balance	Current Provision	Purchases	2014 Closing Balance
Ancillary Services	$ 614,673	$ 33,161	$ (60,737)	$ 587,097
Healthy Living Centre		22,576		22,576
IT Services maintenance agreement	(6,345)	6,345		
Kiln Replacement	14,000	5,000		19,000
Mail & Print Services	2,900	3,000		5,900
Telephone replacement	371,068	150,490	(171,568)	349,990
Vehicle replacement	42,741	6,000	(24,353)	24,388
	$ 1,039,037	$ 226,572	$ (256,658)	$ 1,008,951

8. Inventories

Inventories are measured at the lower of cost and net realizable value. The year end carrying values and the amounts recognized as expense during the year were as follows:

	2014 Cost of Sales	2013 Cost of Sales	2014 Carrying Values	2013 Carrying Values
Athletics	$ 11,148	$ 4,755	$ 26,296	$ 12,952
Bookstore	1,060,732	1,117,284	477,139	450,007
Food Services	541,391	551,512	45,166	48,669
Print Shop	40,703	39,208	32,568	39,133
	$ 1,653,974	$ 1,712,759	$ 581,169	$ 550,761

9. Capital Assets and Collections

	Cost	Accumulated Amortization	2014 Net Book Value	Cost	Accumulated Amortization	2013 Net Book Value
Land	$ 498,680	$	$ 498,680	$ 498,680	$	$ 498,680
Buildings	91,397,689	(40,906,424)	50,491,265	90,319,101	(39,151,986)	51,167,115
Furniture & equipment	22,911,065	(16,693,922)	6,217,143	21,964,417	(15,637,281)	6,327,136
Library collections	11,538,794	(9,059,448)	2,479,346	11,138,403	(8,545,212)	2,593,191
Collections	1,208,872		1,208,872	1,202,622		1,202,622
	$127,555,100	$(66,659,794)	$ 60,895,306	$125,123,223	$(63,334,479)	$ 61,788,744

Capital asset additions during the year included donations in kind in the amount of $ 6,250 (2013- $450).

Buildings include assets under construction of $ 57,782 (2013 - $ 24,372)

10. Deferred Contributions and Unamortized Deferred Capital Contributions

Deferred contributions and deferred capital contributions represent contributions received for special purposes and unspent funds for restricted purposes. Unamortized deferred capital contributions represent the funded portion of capital assets which will be recognized as revenue in future periods and matched against the applicable amortization charged in that period. Changes in the deferred contributions, deferred capital contributions and unamortized deferred capital contributions balances are as follows:

	2014 Deferred Contributions	2014 Unamortized Deferred Capital Contributions	2013 Deferred Contributions	2013 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 2,808,789	$ 47,783,932	$ 4,321,647	$ 40,423,554
Contributions received and receivable				
Tuition and miscellaneous	1,939,418		1,296,267	
COPSE	1,775,000		1,505,156	
Province of Manitoba	1,353,828		2,996,687	
Government of Canada	2,023,934		4,527,968	
City of Brandon			1,880,000	
Brandon University Foundation	1,669,392		1,916,643	
	8,761,572		14,122,721	
Transfers to revenue				
Tuition, grants and contributions	(5,489,743)		(6,349,013)	
Amortization of assets acquired from capital assets		(2,261,793)		(1,926,188)
Transferred to acquire capital assets	(3,272,968)	3,272,968	(9,286,566)	9,286,566
Balance, end of year	$ 2,807,650	$ 48,795,107	$ 2,808,789	$ 47,783,932
Balance consists of:				
Research	$ 2,197,235		$ 2,030,648	
Special programs	610,415		778,141	
Deferred contributions	$ 2,807,650		$ 2,808,789	

11. Pension Plan

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets according to the terms of an agreement with the trustees and as required by law. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada). Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees. The Plan receives its funds from the contributions of members, the required and special contributions of Brandon University and the income from investments.

An actuarial valuation of the plan, as required by The Pension Benefits Act of Manitoba, was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2013. The next actuarial valuation is required as at December 31, 2014 and will be completed in 2015.

The defined benefit obligation has been calculated pursuant to CPA Canada Handbook section PS3250, using the projected unit credit actuarial method, prorated on service, and assumptions developed using management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality.

The University uses a December 31 measurement date for reporting plan assets and obligations.

Plan assets are comprised of:

	(in thousands of dollars)	
	December 31 2013	**December 31 2012**
Accounts receivable and other	$ 510	$ 7
Cash and short-term investments	3,813	5,302
Bonds and debentures	47,007	37,328
Canadian equities	52,998	46,322
Foreign equities	40,102	34,433
Total Assets	$ 144,430	$ 123,392

The fair value of plan assets and the actuarial present value of benefits, as of December 31, were as follows:

	(in thousands of dollars)	
	December 31 2013	**December 31 2012**
Reconciliation of Plan Assets		
Fair value, beginning of year	$ 123,392	$ 109,540
Employer contributions	6,100	6,970
Employee contributions	2,095	2,003
Transfers from other plans	193	66
Benefit payments	(7,440)	(5,625)
Actual return on plan assets (net of expenses)	20,090	10,438
Fair value, end of year	$ 144,430	$ 123,392

	(in thousands of dollars) December 31 2013	December 31 2012
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 151,717	$ 149,249
Employer service cost	5,019	5,136
Interest cost	7,907	7,450
Benefit payments	(7,440)	(5,625)
Transfers from other plans	193	66
Actuarial gains	(5,444)	(4,559)
Actuarial present value of accrued pension benefits, end of year	$ 151,952	$ 151,717

	(in thousands of dollars) December 31 2013	December 31 2012
Reconciliation of Unamortized (Gains)/Losses		
Net unamortized lossess, beginning of year	$ 379	$ 10,970
Net actuarial gains	(19,031)	(9,436)
Amortization of actuarial loss	(39)	(1,155)
Net unamortized actuarial (gains)/ losses, end of year	$ (18,691)	$ 379

The accrued pension liability and the net pension plan expense, as at March 31, are as follows:

	(in thousands of dollars) March 31 2014	March 31 2013
Accrued Pension Liability		
Accrued pension liability, beginning of year	$ (26,405)	$ (27,032)
Employer contributions	5,674	6,804
Net pension plan expense	(4,367)	(6,177)
Pension liability, end of year	$ (25,098)	$ (26,405)

	(in thousands of dollars) March 31 2014	March 31 2013
Reconciliation of Deficit to Accrued Liability		
Deficit	$ (7,522)	$ (28,325)
Net unamortized actuarial (gains)/losses	(18,691)	379
Employer contribution after measurement date	1,115	1,541
Accrued pension liability, end of year	$ (25,098)	$ (26,405)

	(in thousands of dollars) March 31 2014	March 31 2013
Net Pension Plan Expense		
Current service cost, net of employee contributions	$ 2,924	$ 3,133
Interest accrued on benefits	7,907	7,450
Expected return on plan assets	(6,503)	(5,561)
Amortization of actuarial loss	39	1,155
Net benefit plan expense	$ 4,367	$ 6,177

Significant Long-term Actuarial Assumptions Used in Measurement of the Pension Expense

	2014	2013
Discount rate	5.25 %	5.00 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	UP1994 Table projected with Scale AA for ongoing future improvements in mortality, adjusted by a factor of 75% at each age	

Significant Long-term Actuarial Assumptions Used in Measurement of the End of Year Obligations

	2014	2013
Discount rate	5.75 %	5.25 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	RPP 2014 Public Sector with Mortality Table (CPM-RPP2014Publ) with full generational improvements in mortality using CPM improvement scale B (CPM-B)	UP1994 Table projected with Scale AA for ongoing future improvements in mortality, adjusted by a factor of 75% at each age

The unamortized net actuarial losses will be amortized over the expected average remaining service life (EARSL) which is 2014 - 9.6 years (2013 - 9.5 years).

Subsequent Event
On April 26, 2014 the Board of Governors of Brandon University approved a supplementary pension increase of 1.7% to be applied to pensions effective July 1, 2014. 1.2% of the increase was in accordance with article 7.3(b). .5% of the increase was discretionary in accordance with article 7.3(e) of the Brandon University Retirement Plan and was recommended by the Plan Trustees. The effect of the discretionary increase of $396,000 is not reflected in the accrued benefit obligation as at December 31, 2014 but will be recognized as an experience loss in 2014.

Solvency Deficiency Exemption
The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allowed the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) an employer in relation to a university plan may, by filing an election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions." On January 19, 2009 the University filed such an election.

Funding of Going-Concern Deficiencies
With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The funding deficit of $15,139,000 is required to be funded over a maximum of 15 years. The existing funding deficit will be funded over 13 years. Special payments totaling

$1,698,000 will be made in 2014 (2013 - $3,115,000). The next going-concern valuation will be performed as at December 31, 2014 and will be completed in 2015.

12. Other Post-employment Benefits and Compensated Absences

Other Post-employment Benefits

Brandon University provides certain severance and retiring allowance benefits payable upon retirement. An actuarial valuation, using the accrued benefit method, to determine the value of severance pay and retiring allowance benefits is carried out every three years. The most recent actuarial valuation was as at March 31, 2013 with the next valuation due at at March 31, 2016.

Information about the University's employee future benefits is as follows:

	2014	**2013**
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 1,244,000	$ 1,298,000
Employer service cost	53,000	53,000
Interest cost	65,000	65,000
Benefit payments	(107,000)	(106,000)
Actuarial (gains)/losses	(89,000)	(66,000)
Accrued benefit obligation, end of year	$ 1,166,000	$ 1,244,000

	2014	**2013**
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	$ 1,284,000	$ 1,269,000
Employer contributions	(107,000)	(106,000)
Benefit expense	113,000	121,000
Accrued benefit liability, end of year	$ 1,290,000	$ 1,284,000

	2014	**2013**
Benefit Plan Expense		
Employer service cost	$ 53,000	$ 53,000
Interest cost	65,000	65,000
Amortization of net actuarial loss	(5,000)	3,000
Total benefit plan expense	$ 113,000	$ 121,000

The significant actuarial assumptions adopted in measuring the University's accrued benefit liability and benefit costs are as follows:

	2014	**2013**
Discount rate (accrued benefit obligation)	5.75%	5.25%
Rate of compensation increase (weighted average)	4.30%	4.30%

The unamortized net actuarial gains of $124,000 (2013 - $40,000) will be amortized over the expected average remaining service life (EARSL) which is 9 years.

Compensated Absences

The University provides certain employee groups with a sick leave entitlement that accumulates but does not vest. These plans accumulate at a rate of 1/2 day for each pay period to a maximum of 12 days per year. Each plan has a total accumulation allowed. Accumulated sick days may be used in future years. Sick leave, when paid, is paid at the salary in effect at the time of usage. The sick leave benefit is a consideration of the expectation of future benefit utilization. The expected cost of the liability is estimated using the discounted cash flows of the average cost of the excess sick leave taken over the annual entitlement earned, as a series of payments, over EARSL which is 10 years.

	2014	2013
Accrued benefit liability	$ 191,961	$ 185,617
Net benefit cost	$ 6,345	$ 82,409
Discount rate	5.25%	5.25%

The University provides certain other employees with their maximum sick leave entitlement of 180 days upon start of employment. This sick leave neither vests nor accumulates. The expected cost of the liability is recognized in the period in which the event occurs and is based on the salary that will be paid for the sick leave.

	2014	2013
Accrued benefit liability and benefit cost	$ 60,896	$ 74,441

The accrued benefit liability for post-employment and other compensated benefits is reported in the University's Statement of Financial Position under accounts payable and accrued liabilities and long-term liabilities.

13. Long-term Liabilities

Mortgages Payable

The mortgage is a building mortgage. The building forms part of the security for the full amount of the moneys secured by the mortgage.

	2014	2013
McMaster Hall Canada Mortgage and Housing Corporation 8 1/4% mortgage, $66,686 combined principal and interest payable semi-annually April 1 and October 1 to 2021	$ 770,078	$ 835,823
Current portion of long-term debt	71,281	65,745
Mortgage payable	$ 698,797	$ 770,078
Interest expense	$ 67,627	$ 73,772

Principal payments in the next five years are as follows:

2015	$	71,281
2016	$	77,283
2017	$	83,780
2018	$	90,845
2019	$	98,495
Thereafter	$	348,394

14. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of the citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through fundraising campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. for a nominal consideration of $1 under a 99 year lease which expires 2064 A.D. The University is reimbursed for services supplied to the auditorium as required by the agreement.

15. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles- Douglas Student Union Centre Inc. for the nominal consideration of $1 per year under a 50 year lease which expires 2035 A.D. The University supplies certain services to the Centre as required by the lease.

16. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $ 6,158 for the year ended March 31, 2014 (2013 - $0).

The Brandon University signed an agreement with Penn-Co Construction Canada (2003) Ltd. on July 20, 2011 for the construction of the Healthy Living Centre which involves the construction of a new facility and renovations of the existing facility. The project was substantially complete on November 20, 2013. The project is funded by the Building Canada Fund - Major Infrastructure Component with a federal and provincial share, a municipal contribution from the City of Brandon and through fundraising of the Brandon University Foundation. The total contract is $18,170,567 with a balance of work still to finish of $115,525.

17. Related Party Transactions

The University is related in terms of common control to all Province of Manitoba created departments, agencies and crown corporations. The University may enter into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

18. Comparative Figures

Comparative figures for the year ended March 31, 2013 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2014.

Brandon University

Additional Financial Information
for the year ended March 31, 2014

The foregoing consolidated financial statements and accompanying notes to the financial statements have been audited by the Auditor General for Manitoba and are the subject of the audit report dated June 21, 2014.

The following schedules 1 through 7 have been prepared to provide additional information and are not covered in the Auditor's report. The information in schedule 6 is used for the program costing calculations.

Schedule 1
(unaudited)

Brandon University

Detailed Schedule of Operations - Unrestricted for the Year Ended March 31, 2014

	General Operating	Ancillary Services	Total 2014	Total 2013
REVENUES				
Tuition and other student fees	$ 7,804,880	$	$ 7,804,880	$ 7,752,780
Grants - Council on Post-Secondary Education	35,886,029	133,372	36,019,401	34,949,900
Sales of goods and services		4,260,178	4,260,178	4,590,732
Brandon University Foundation	1,458,496		1,458,496	1,358,549
Amortization of deferred capital contributions	2,261,793		2,261,793	1,926,188
External cost recoveries	2,055,890		2,055,890	1,714,631
Interest income	54,232		54,232	117,590
Miscellaneous	153,846		153,846	148,421
	49,675,166	4,393,550	54,068,716	52,558,791
EXPENSES				
Salaries - academic	20,697,734		20,697,734	19,493,034
Salaries - support	10,621,837	1,333,509	11,955,346	11,259,809
Benefits	7,009,043	193,115	7,202,158	8,901,631
Travel	1,227,868	6,114	1,233,982	1,220,639
Supplies and consumable expenses	4,316,884	905,064	5,221,948	4,362,097
Major renovations	71,941	22,543	94,484	137,860
Property taxes	134,573		134,573	124,665
Utilities	869,463	276,952	1,146,415	901,672
Cost of goods sold		1,602,123	1,602,123	1,668,796
Scholarships and bursaries	1,219,622	58,047	1,277,669	1,200,424
Interest on long-term liabilities		67,627	67,627	73,772
Amortization	3,394,307		3,394,307	3,066,086
Loss on disposal of capital assets				4,597
	49,563,272	4,465,094	54,028,366	52,415,082
Excess/(deficiency) of revenue over expenses	$ 111,894	$ (71,544)	$ 40,350	$ 143,709

Schedule 2
(unaudited)

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2014

	Research & Special Projects	Special Programs	Restricted Capital	Total 2014	Total 2013	Deferred Contributions 2014	Deferred Contributions 2013	Transfer To Statement of Operations 2014	Transfer To Statement of Operations 2013
Revenues									
Tuition fees	$	$ 918,912	$	$ 918,912	$ 746,073	$ 75,988	$ 207,478	$ 994,900	$ 953,551
Grants									
COPSE	1,382,000		393,000	1,775,000	1,505,156	(438,341)	689,670	1,336,659	2,194,826
Province of Manitoba	789,417		564,411	1,353,828	2,996,687	(847,591)	(2,586,618)	506,237	410,069
Government of Canada	1,492,934		531,000	2,023,934	4,527,968	(479,967)	(2,922,769)	1,543,967	1,605,199
City of Brandon					1,880,000		(1,880,000)		
Brandon University Foundation	570,945		1,098,447	1,669,392	1,916,643	(1,098,447)	(1,171,305)	570,945	745,338
Miscellaneous	621,452		399,054	1,020,506	550,194	(335,330)	(37,289)	685,176	512,905
	4,856,748	918,912	2,985,912	8,761,572	14,122,721	(3,123,688)	(7,700,833)	5,637,884	6,421,888
Expenses									
Salaries - academic	925,801	711,872		1,637,673	2,214,114			1,637,673	2,214,114
Salaries - support	1,031,114	51,432		1,082,546	1,388,800			1,082,546	1,388,800
Benefits	287,447	94,676		382,123	472,108			382,123	472,108
Travel	337,292	48,407		385,699	385,425			385,699	385,425
Supplies and other expenses	1,743,021	175,976		1,918,997	1,799,048			1,918,997	1,799,048
Major renovations			230,846	230,846	162,393			230,846	162,393
	4,324,675	1,082,363	230,846	5,637,884	6,421,888			5,637,884	6,421,888
Excess/(deficiency) of revenue over expenses	$ 532,073	$ (163,451)	$ 2,755,066	$ 3,123,688	$ 7,700,833	$ (3,123,688)	$ (7,700,833)	$ -	$ -

Schedule 3
(unaudited)

Brandon University

Deferred Contributions and Unamortized Deferred Capital Contributions for the Year Ended March 31, 2014

	Research & Special Projects	Special Programs	Restricted Capital	Total 2014	Total 2013	Unamortized Deferred Capital Contributions 2014	Unamortized Deferred Capital Contributions 2013
Contributions received							
Tuition and related fees	$	$ 918,912	$	$ 918,912	$ 746,073	$	$
Grants	3,664,351		1,488,411	5,152,762	10,909,811		
Brandon University Foundation	570,945		1,098,447	1,669,392	1,916,643		
Miscellaneous	621,452		399,054	1,020,506	550,194		
Expenses	(4,324,675)	(1,082,363)	(230,846)	(5,637,884)	(6,421,888)		
Transfers from/to:							
Unrestricted accounts	148,141			148,141	72,875		
Capital aquisitions	(513,627)	(4,275)	(2,755,066)	(3,272,968)	(9,286,566)	3,272,968	9,286,566
Amortization of deferred capital contributions						(2,261,793)	(1,926,188)
	166,587	(167,726)		(1,139)	(1,512,858)	1,011,175	7,360,378
Deferred balance, beginning of year	2,030,648	778,141		2,808,789	4,321,647	47,783,932	40,423,554
Deferred balance, end of year	$ 2,197,235	$ 610,415	$ -	$ 2,807,650	$ 2,808,789	$ 48,795,107	$ 47,783,932

Schedule 4
(unaudited)

Brandon University

Schedule of Investment in Capital Assets and Collections
for the Year Ended March 31, 2014

	Total 2014	Total 2013
Balance, beginning of year	$ 9,933,731	$ 10,222,138
Internally funded capital asset additions		
General operating funds		
Land and buildings	1,844	3,659
Furniture and equipment	350,060	314,049
Library acquisitions	400,392	427,706
Ancillary services		
Furniture and equipment	36,956	9,907
	789,252	755,321
Non-amortizable capital asset donations	6,250	450
Disposals (net book value) - internally funded capital assets		(5,497)
Amortization of internally funded capital assets	(1,132,514)	(1,139,898)
Repayment of long-term debt	65,745	101,217
Balance, end of year	$ 9,662,464	$ 9,933,731

Schedule 5
(unaudited)

Brandon University

Schedule of Operating Revenues
for the Year Ended March 31, 2014

	Total 2014	Total 2013
Grants		
Council on Post Secondary Education		
Operating	$ 35,556,029	$ 34,444,911
Renovations and equipment	330,000	330,000
	35,886,029	34,774,911
Tuition		
Campus Manitoba	17,548	21,043
Faculty of Arts	2,039,351	1,987,630
Faculty of Education	915,731	1,020,985
Faculty of Science	2,059,856	2,103,921
School of Health Studies	1,423,629	1,352,374
School of Music	379,041	435,936
Visa Premium	362,330	322,938
	7,197,486	7,244,827
Music Conservatory	341,079	335,631
Other student fees	266,315	172,322
Brandon University Foundation	466,304	474,058
Interest income	54,232	117,590
Miscellaneous	41,425	80,074
Total Operating Revenues	$ 44,252,870	$ 43,199,413

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2014

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2014	Total March 31, 2013
Faculty of Arts								
Office of the Dean	$ 653,314	$ 195,427	$ 115,013	$ 47,386	$ 53,232	$ 2,110	$ 1,062,262	$ 964,673
Drama	127,498		21,956	623	125		150,202	147,686
Economics	304,527		50,596	5,356	1,335		361,814	347,068
English	637,289	800	105,269	11,250	3,863	600	757,871	716,063
History	435,093		77,145	8,085	4,105		524,428	534,543
Languages	288,836		49,436	941	1,669		340,882	379,992
Gender & Women's Studies	25,871		5,024	193	1,068		32,156	554
Philosophy	308,424		52,751	6,463	1,598		369,236	339,438
Political Science	324,228	291	55,303	5,758	535		386,115	343,331
Religion	300,149		51,782	2,904	711		355,546	326,987
Sociology	453,631		79,050	8,286	2,007		542,974	465,118
Native Studies	522,840		91,706	10,427	10,283		635,256	348,495
Business Administration	356,392		61,518	7,229	2,768		427,907	472,013
Fine Arts	348,947	14,095	64,527	10,982	28,628	16,120	451,059	468,302
Anthropology	238,362		42,823	3,047	3,753	680	287,305	336,596
Rural Development	377,935		61,027	5,895	2,481		447,338	427,346
Archeology Field School		7,639	641	3,674	7,992	22,170	(2,224)	3,559
	5,703,336	218,252	985,567	138,499	126,153	41,680	7,130,127	6,621,764
Faculty of Science								
Office of the Dean	162,938	186,703	70,356	31,930	64,946	140	516,733	471,695
Applied Disaster & Emergency Studies	269,330	1,085	49,383	6,122	15,211		341,131	330,353
Biology	1,114,232	32,278	189,038	17,116	45,635	10,197	1,388,102	1,397,387
Chemistry	531,628	12,834	107,753	6,775	43,651	21,380	681,261	628,545
Environmental Science	96,422		16,635	1,517	1,817		116,391	120,341
Geography	575,633	8,642	99,727	11,388	21,327	740	715,977	678,774
Geology	513,363	6,924	87,979	19,709	40,741	18,445	650,271	613,158
Mathematics/Comp. Sci.	1,054,299	26,233	175,482	14,119	14,161	40	1,284,254	1,307,811
Environmental & Life Sciences	1,328	2,115	499	8,734	6,832		19,508	
Physics/Astronomy	551,874	3,094	95,333	7,114	21,352	1,275	677,492	655,943
Psychology	785,918	11,477	135,606	10,395	18,957	430	961,923	909,243
	5,656,965	291,385	1,027,791	134,919	294,630	52,647	7,353,043	7,113,250
Faculty of Health Studies								
Office of the Dean	154,723	60,696	36,035	47,070	34,564	191	332,897	347,573
Psychiatric Nursing	2,373,045	100,564	441,639	11,673	167,295	1,867	3,092,349	2,748,718
Bachelor of Nursing	1,220,797	93,505	238,061	5,303	22,432	613	1,579,485	1,525,865
Indigenous Health & Human Services	45,983		11,207		1,028		58,218	225,278
Masters Psychiatric Nursing	19,058		1,648	796	2,061	1,900	21,663	16,372
	3,813,606	254,765	728,590	64,842	227,380	4,571	5,084,612	4,863,806

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2014

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2014	Total March 31, 2013
Faculty of Education								
Office of the Dean	320,756	143,008	80,632	48,374	30,148	13,222	609,696	528,069
Field Experience	196,402	38,722	29,677	14,093	8,483	3,110	284,267	291,702
Teacher Education	1,560,873		224,068		13,417	14,884	1,783,474	1,878,978
Physical Education	526,748		95,242	14,269	14,371	17,440	633,190	612,488
Graduate Studies	95,271		18,918	366	3,309	12,990	104,874	114,770
	2,700,050	181,730	448,537	77,102	69,728	61,646	3,415,501	3,426,007
School of Music	2,268,475	188,213	393,444	139,309	206,623	102,507	3,093,557	2,860,184
Campus Manitoba	17,279		2,055				19,334	28,248
Music Conservatory	329,489	31,991	6,635	144	13,708	1,699	380,268	352,062
Total Academic	20,489,200	1,166,336	3,592,619	554,815	938,222	264,750	26,476,442	25,265,321
Library Services		1,136,899	221,137	14,651	545,534	110,876	1,807,345	1,628,433
Student Services								
Student Services		962,271	181,346	49,974	52,892	6,000	1,240,483	1,202,444
Registrar		510,537	98,329	4,093	24,620	2,294	635,285	652,647
Office of International Activities		133,138	23,309	10,646	10,552	1,000	176,645	144,752
English for Academic Purposes		150,381	10,821	3,183	10,074	180,847	(6,388)	(59,532)
Recruitment & Retention		246,846	44,687	19,149	62,793		373,475	302,982
Indigenous People's Centre		129,143	21,080	13,423	27,877		191,523	37,605
		2,132,316	379,572	100,468	188,808	190,141	2,611,023	2,280,898
Administration								
Board of Governors				5,703	121,708		127,411	20,685
President		410,395	63,746	18,760	125,750	4,097	614,554	680,420
Vice-President (Administration & Finance)		256,990	41,596	13,481	7,014		319,081	306,518
Vice-President (Academic & Provost)		305,695	73,005	39,198	137,672	7,320	548,250	615,793
		973,080	178,347	77,142	392,144	11,417	1,609,296	1,623,416
General Support								
Chancellor				750	2,674		3,424	12,139
Convocation		2,500	9	4,718	33,297	132	40,392	51,635
Information Technology Services		896,270	178,978	5,871	503,741	445,912	1,138,948	852,531
Institutional Advancement		352,670	64,566	16,609	175,266	7,388	601,723	621,984
Financial & Registration Services		680,222	149,456	8,083	13,665	79,804	771,622	715,763
Human Resources		530,132	173,196	6,457	149,644		859,429	778,269
Institutional membership fees					41,300		41,300	37,731
Print/Mail Services		63,869	14,956		(31,788)		47,037	40,889
Professional fees					156,829		156,829	104,304
		2,525,663	581,161	42,488	1,044,628	533,236	3,660,704	3,215,245

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2014

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2014	Total March 31, 2013
Athletic Programs								
Athletics		470,733	72,660	388,410	257,141	289,601	899,343	938,572
Campus Recreation		105,660	11,908		7,670	15,778	109,460	103,369
Healthy Living Centre		356,673	42,962	97	143,968	434,385	109,315	54,021
		933,066	127,530	388,507	408,779	739,764	1,118,118	1,095,962
Miscellaneous Initiatives								
Bran-U-Day Care subsidy					4,911		4,911	4,773
Research development					66,122		66,122	32,913
Other	91,429	46,543	9,567		109,983		257,522	(52,067)
Pension liability payments			2,760,787				2,760,787	3,639,125
Junior Kindergarten		43,285	9,558		742	37,041	16,544	16,479
Rural Development	94,473	75,403	27,373	3,091	6,396	4,632	202,104	199,188
International Student Scholarships					65,256		65,256	54,265
University scholarships					209,482		209,482	214,145
	185,902	165,231	2,807,285	3,091	462,892	41,673	3,582,728	4,108,821
Physical Plant								
Plant maintenance		897,270	200,269	23,276	182,519	78,712	1,224,622	1,247,664
Buildings & grounds		655,050	217,007		115,286		987,343	927,818
Insurance					259,449		259,449	252,684
Security					72,205		72,205	70,550
Service contracts					69,019		69,019	62,153
Property taxes					133,220		133,220	128,068
Utilities					869,463	85,321	784,142	510,241
		1,552,320	417,276	23,276	1,701,161	164,033	3,530,000	3,199,178
Total Operating Expenses	$ 20,675,102	$ 10,584,911	$ 8,304,927	$ 1,204,438	$ 5,682,168	$ 2,055,890	$ 44,395,656	$ 42,417,274

Schedule 7
(unaudited)

Brandon University

Detailed Schedule of Ancillary Services for the year ended March 31, 2014

	Bookstore	Food Services	Parking	Residence	Total 2014	Total 2013
Revenues						
Room and board fees	$	$ 966,569	$	$ 1,034,100	$ 2,000,669	$ 2,195,584
Conventions		79,996		56,687	136,683	135,821
Cash sales and vending machines		156,826			156,826	165,547
Internal functions		93,210			93,210	78,003
Other	105,584	37,890	220,355	137,992	501,821	536,447
Book sales	1,370,969				1,370,969	1,479,330
Total Revenues	1,476,553	1,334,491	220,355	1,228,779	4,260,178	4,590,732
Expenses						
Salaries	256,566	553,686		523,257	1,333,509	1,290,100
Staff benefits	49,864	107,283		35,968	193,115	213,980
Cost of goods sold	1,060,732	541,391			1,602,123	1,668,796
Supplies and other expenses	48,485	145,420	74,856	393,142	661,903	660,716
Scholarships				58,047	58,047	76,218
Rent	48,589				48,589	46,436
Utilities		64,095	8,263	204,594	276,952	309,131
Total Expenses	1,464,236	1,411,875	83,119	1,215,008	4,174,238	4,265,377
Net Gain/(Loss) before specific provisions, capital acquisitions and transfers	12,317	(77,384)	137,236	13,771	85,940	325,355
Appropriated specific provision	2,149	49,631		(24,204)	27,576	(48,583)
Transfers to operating				(217,071)	(217,071)	(486,706)
Capital purchases	(2,149)	(34,807)		(7,260)	(44,216)	(9,907)
Students' Union share of Bookstore profit	(6,158)				(6,158)	
Net Gain/(Loss)	$ 6,159	$ (62,560)	$ 137,236	$ (234,764)	$ (153,929)	$ (219,841)

INDEPENDENT AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the accompanying financial statements of CancerCare Manitoba, which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CancerCare Manitoba as at March 31, 2014, its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 19, 2014

Winnipeg, Canada

CANCERCARE MANITOBA

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2014 Total	2013 Total
Assets					
Current assets:					
Cash	$ 3,553,071	$ –	$ 15,010	$ 3,568,081	$ 5,502,463
Restricted cash (note 3)	2,082,473	–	–	2,082,473	2,061,761
Short-term investments (schedule 1)	9,919,071	–	781,231	10,700,302	2,206,715
Due from Manitoba Health (note 4)	1,780,150	–	–	1,780,150	6,314,667
Accounts receivable (note 5)	3,180,206	–	4,716,266	7,896,472	9,379,986
Inter-fund accounts	(3,027,527)	1,985,958	1,041,569	–	–
Prepaid expenses	617,588	–	–	617,588	579,303
Vacation entitlements receivable (note 14)	1,730,141	–	–	1,730,141	1,730,141
	19,835,173	1,985,958	6,554,076	28,375,207	27,775,036
Restricted cash (note 3)	5,898,730	–	–	5,898,730	3,673,087
Retirement entitlement obligation receivable (note 6)	1,419,400	–	–	1,419,400	1,419,400
Investments (schedule 2)	8,229,885	–	3,263,003	11,492,888	9,983,921
Capital assets (note 7)	–	55,435,339	1,575,073	57,010,412	60,866,393
	$ 35,383,188	$ 57,421,297	$ 11,392,152	$ 104,196,637	$ 103,717,837
Liabilities, Deferred Contributions and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 14)	$ 14,978,531	$ –	$ 13,416	$ 14,991,947	$ 14,926,168
Due to Manitoba Health (note 4)	6,859,140	–	–	6,859,140	1,175,204
Deferred contributions - expenses of future periods [note 8(a)]	2,434,479	–	–	2,434,479	2,618,408
	24,272,150	–	13,416	24,285,566	18,719,780
Deferred contributions - capital assets [note 8(b)]	–	57,260,848	979,314	58,240,162	63,421,525
Employee future benefits (notes 6 and 14)	7,770,000	–	–	7,770,000	7,332,590
	32,042,150	57,260,848	992,730	90,295,728	89,473,895
Fund balances:					
Invested in capital assets (note 9)	–	160,449	595,759	756,208	538,340
Externally restricted (note 10)	–	–	9,007,001	9,007,001	9,013,173
Internally restricted	2,082,473	–	845,465	2,927,938	3,002,161
Unrestricted	1,289,512	–	–	1,289,512	1,759,746
	3,371,985	160,449	10,448,225	13,980,659	14,313,420
Accumulated remeasurement gains (losses)	(30,947)	–	(48,803)	(79,750)	(69,478)
	3,341,038	160,449	10,399,422	13,900,909	14,243,942
Commitment (note 11)					
Contingencies (note 12)					
	$ 35,383,188	$ 57,421,297	$ 11,392,152	$ 104,196,637	$ 103,717,837

See accompanying notes to financial statements.

Approved by the Members:

_______ Member

_______ Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2014 Total	2013 Total
Revenue:					
Manitoba Health (note 13)	$ 125,542,268	$ –	$ 408,149	$ 125,950,417	$ 117,699,742
Other recoveries	1,815,509		–	1,815,509	1,452,740
Grants (note 15)	–	–	13,498,472	13,498,472	13,631,785
Amortization of deferred contributions (note 8)	197,930	5,514,533	257,330	5,969,793	5,656,678
	127,555,707	5,514,533	14,163,951	147,234,191	138,440,945
Expenses:					
Compensation	50,663,386	–	8,330,614	58,994,000	57,360,628
Medical remuneration	14,616,184	–	–	14,616,184	14,738,518
Building occupancy	2,846,310	–	–	2,846,310	1,899,057
Amortization of capital assets	–	5,514,533	431,360	5,945,893	5,820,955
General administration	3,175,857	–	–	3,175,857	3,385,825
Equipment rentals and maintenance	1,221,034	–	94,778	1,315,812	1,533,730
Supplies and other departmental expenses	4,422,533	–	5,233,447	9,655,980	9,558,967
Drugs:					
Provincial oncology drug program	41,997,059	–	–	41,997,059	35,808,240
Neupogen	4,012,495	–	–	4,012,495	3,541,610
Other	1,056,193	–	–	1,056,193	1,085,378
Referred-out services	4,307,320	–	116,024	4,423,344	4,178,466
	128,318,371	5,514,533	14,206,223	148,039,127	138,911,374
Deficiency of revenue over expenses before the undernoted	(762,664)	–	(42,272)	(804,936)	(470,429)
Investment income	348,983	–	192,670	541,653	549,514
Excess (deficiency) of revenue over expenses	(413,681)	–	150,398	(263,283)	79,085
Fund balances, beginning of year	3,785,666	160,449	10,297,827	14,243,942	14,234,335
Fund balances, end of year	$ 3,371,985	$ 160,449	$ 10,448,225	$ 13,980,659	$ 14,313,420

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2014 Total	2013 Total
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	$ (413,681)	$ –	$ 150,398	$ (263,283)	$ 79,085
Amortization of capital assets	–	5,514,533	431,360	5,945,893	5,820,955
Amortization of deferred contributions related to capital assets	–	(5,514,533)	(257,330)	(5,771,863)	(5,656,678)
Amortization of deferred contributions related to expenses of future periods	(197,930)	–	–	(197,930)	–
Unrealized loss on investments	30,947	–	48,803	79,750	69,478
Change in non-cash operating working capital (note 16)	9,838,116	–	1,891,345	11,729,461	4,098,802
Increase in employee future benefits	437,410	–	–	437,410	377,032
	9,694,862	–	2,264,576	11,959,438	4,788,674
Capital activities:					
Additions to capital assets	–	(1,698,014)	(391,898)	(2,089,912)	(1,560,605)
Deferred contributions related to capital assets	–	590,500	–	590,500	1,351,758
	–	(1,107,514)	(391,898)	(1,499,412)	(208,847)
Investing activities:					
Inter-fund accounts	588,203	1,107,514	(1,695,717)	–	–
Purchase of investments	(11,264,519)	–	(1,081,592)	(12,346,111)	(3,900,559)
Proceeds on disposal of investments	1,258,785	–	947,930	2,206,715	6,137,791
Change in investment classification	8,678,975	–	(208,046)	8,470,929	(2,952,991)
	(738,556)	1,107,514	(2,037,419)	(1,668,467)	(715,759)
Financing activities:					
Increase in restricted cash	(2,246,355)	–	–	(2,246,355)	(56,923)
Deferred contributions related to expenses of future periods	14,001	–	–	14,001	280,820
	(2,232,354)	–	–	(2,232,354)	223,897
Increase in cash and short-term investments	6,723,952	–	(164,747)	6,559,205	4,087,965
Cash and short-term investments, beginning of year	6,748,190	–	960,988	7,709,178	3,621,213
Cash and short-term investments, end of year	$13,472,142	$ –	$ 796,241	$ 14,268,383	$ 7,709,178
Cash and short-term investments are comprised of:					
Cash	3,553,071	$ –	$ 15,010	$ 3,568,081	$ 5,502,463
Short-term investments	9,919,071	–	781,231	10,700,302	2,206,715
	$13,472,142	$ –	$ 796,241	$ 14,268,383	$ 7,709,178

For the year ended March 31, 2014, capital assets contributed with a fair value of nil (2013 - $1,236,644) have been excluded from capital activities.

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Remeasurement Gains and Losses

Year ended March 31, 2014, with comparative information for 2013

		2014		2013
Accumulated remeasurement gains (losses), beginning of the year:	$	(69,478)	$	(19,616)
Unrealized gains (losses) attributable to:				
Investments		(79,750)		(69,478)
Realized gains (losses), reclassified to the statement of operations:				
Investments		(69,478)		(19,616)
Net remeasurement losses for the year	$	(10,272)	$	(49,862)
Accumulated remeasurement gains (losses), end of the year	$	(79,750)	$	(69,478)

See accompanying notes to financial statements.

1. Purpose of the organization:

CancerCare Manitoba (the organization) is an agency established under the *CancerCare Manitoba Act*. The organization maintains and co-ordinates a province-wide program for cancer prevention, diagnosis, treatment, education and research.

The organization is a registered charity under the *Income Tax Act* and, accordingly, is exempt from income taxes provided certain requirements of the *Income Tax Act* are met.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the PS 4200 standards for government not-for-profit organizations.

(a) Fund accounting:

The organization follows the deferral method of accounting for contributions.

The General Fund accounts for the organization's revenues and expenses related to program delivery and administrative activities. The organization has internally restricted $2,082,473 for future expansion.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's building expansion, renovations and equipment acquisitions.

The Clinical, Basic Research and Special Projects Fund reports grants received for specific clinical and basic research projects, as well as other revenue and expenses related thereto, undertaken by the organization. Externally restricted funds are held for research projects, education purposes and other specific purposes. Internally restricted funds represent funds that the organization has designated for specific purposes based on contractual grant agreements.

2. **Significant accounting policies (continued):**

(b) Revenue recognition:

Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the appropriate fund when received if the amount to be received can be estimated and collection is reasonably assured.

Restricted and unrestricted investment income is recognized as revenue of the appropriate fund in the year in which the income was earned. Investment income includes interest income and realized gains (losses) on investments.

Grant revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

2. **Significant accounting policies (continued):**

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The organization's investments are classified as level 2. There were no transfers between level 1 and level 2 for the years ended March 31, 2014 and 2013, and there were no transfers in or out of level 3.

(d) Capital assets:

Purchased capital assets are recorded at cost. Incremental interest incurred during the construction of capital assets is included in cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization is recorded on a straight-line basis over the assets' estimated useful lives, which for equipment is 3 to 20 years. Amortization of the building is recorded on a straight-line basis over 40 years.

(e) Contributed services:

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. Significant accounting policies (continued):

(f) Employee future benefits:

Retirement entitlement obligations are accrued as earned based on an actuarial estimation and vacation entitlement benefits are accrued as employees earn the benefits. Due to the nature of the benefits, the retirement entitlement obligation receivable and payable are classified as long-term whereas the vacation entitlements receivable and payable are classified as current.

The organization provides accumulating sick leave benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. Significant assumptions include discount rate and salary scale. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service as is recorded as employee future benefits in the statement of financial position.

(g) Deferred contributions:

Debt owing to the external lenders is reflected as deferred contributions in the statement of financial position. The related revenue earned from Manitoba Health, to offset the interest expense and the related interest expense, are both excluded from the statement of operations and changes in fund balances.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.

3. Restricted cash:

As at March 31, 2014, the organization has restricted cash of $2,082,473 (2013 - $2,061,761) for future expansion and $5,898,730 (2013 - $3,673,087) for future payment of retirement entitlement obligations.

4. Manitoba Health funding:

(a) In-globe funding:

In-globe funding is funding approved by Manitoba Health for the organization's operations unless otherwise specified as out-of-globe funding. All costs must be absorbed from within the global funding provided.

The portion of an operating surplus that exceeds 2 percent of the in-globe funding is recorded in the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines what portion of the surplus may be retained by the organization, or repaid to Manitoba Health.

Under Manitoba Health policy, the organization is responsible for in-globe deficits, unless otherwise approved by Manitoba Health.

(b) Out-of-globe funding:

Out-of-globe funding is funding approved by Manitoba Health for specific programs such as medical remuneration, Provincial Oncology Drug Program approved drug costs, and capital and interest costs.

Any operating surplus related to out-of-globe funding arrangements is recorded in the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines what portion of the approved surplus may be retained by the organization or repaid to Manitoba Health.

4. Manitoba Health funding (continued):

Conversely, any operating deficit related to out-of-globe funding arrangements is recorded in the statement of financial position as a receivable from Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines their final funding approvals which indicate the portion of the deficit that will be paid to the organization. Any unapproved costs not paid by Manitoba Health are absorbed by the organization.

At March 31, 2014, the organization had a balance of $6,859,140 (2013 - $1,175,204) payable to Manitoba Health, representing repayment of out-of-globe medical remuneration ($4,778,873), provincial oncology drug program funding ($2,000,866) and capital interest ($79,401) and a balance of $1,780,150 (2013 - $6,314,667) receivable from Manitoba Health as follows:

	2014	2013
Provincial oncology drug program	$ –	$ 4,410,312
Neupogen drug program	1,054,235	867,982
Employee salary and benefits	195,920	352,671
Manitoba breast prostheses program	80,125	76,966
Emergency repairs	122,810	205,388
Safety and Security Projects	39,488	233,156
Other	259,208	168,192
Approved capital funding	28,364	–
	$ 1,780,150	$ 6,314,667

5. Accounts receivable:

	General Fund	Clinical Basic Research and Special Projects Fund	2014 Total	2013 Total
CancerCare Manitoba Foundation Inc. (note 15)	$ –	$ 3,477,492	$ 3,477,492	$5,304,638
Province of Manitoba	–	315	315	2,440
Government of Canada	–	13,817	13,817	16,421
Winnipeg Regional Health Authority	–	297,612	297,612	392,973
University of Manitoba	–	52,870	52,870	95,996
University Medical Group	2,899,371	–	2,899,371	2,579,115
Other	280,835	874,160	1,154,995	988,403
	$ 3,180,206	$ 4,716,266	$ 7,896,472	$9,379,986

6. Retirement entitlement obligation receivable:

The organization has a contractual commitment to pay out to employees four days per year of service upon retirement. At March 31, 2014, based on an actuarial estimate, the retirement entitlement obligations are estimated to be $6,439,000 (2013 - $5,941,790) for which the organization has recorded retirement entitlement obligations on the statement of financial position (note 14).

The amount of funding which will be provided by Manitoba Health for these retirement entitlement benefits was initially determined based on the retirement entitlement obligations at March 31, 2004, and was recorded as retirement entitlement obligation receivable from Manitoba Health. Since fiscal 2004, the organization receives in-globe funding on an annual basis from Manitoba Health, which includes funding for the change in retirement entitlement obligations and retirement entitlement payments in the year, including an interest component on the retirement entitlement obligation receivable. The retirement entitlement obligation receivable from Manitoba Health aggregates $1,419,400 (2013 - $1,419,400) and has no specific terms of repayment.

7. Capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Capital Fund:				
Building	$ 62,654,026	$ 19,745,251	$ 42,908,775	$ 44,391,421
Equipment	44,566,504	32,039,940	12,526,564	14,860,437
	107,220,530	51,785,191	55,435,339	59,251,858
Clinical, Basic Research and Special Projects Fund:				
Equipment	2,828,885	1,253,812	1,575,073	1,614,535
	$ 110,049,415	$ 53,039,003	$ 57,010,412	$ 60,866,393

8. **Deferred contributions:**

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent contributions for specific projects and other purposes.

	2014	2013
Balance, beginning of year	$ 2,618,408	$ 2,546,438
Add amount received related to future periods	14,001	280,820
Less amounts transferred to deferred - contributions capital assets	–	(208,850)
Less amounts amortized to revenue	(197,930)	–
Balance, end of year	$ 2,434,479	$ 2,618,408

(b) Capital assets:

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

	2014	2013
Capital Fund:		
Balance, beginning of year	$ 62,184,881	$ 66,280,951
Additional contributions received	590,500	1,351,758
Add amounts transferred from deferred contributions - expenses of future periods	–	208,850
Less amounts amortized to revenue	(5,514,533)	(5,656,678)
Balance, end of year	$ 57,260,848	$ 62,184,881

	2014	2013
Clinical, Basic Research and Special Projects Fund:		
Balance, beginning of year	$ 1,236,644	$ –
Additional contributions received	–	1,236,644
Less amounts amortized to revenue	(257,330)	–
Balance, end of year	$ 979,314	$ 1,236,644

8. Deferred contributions (continued):

The balance of unamortized capital contributions related to capital assets consists of the following:

	2014	2013
Unamortized capital asset contributions used to purchase capital assets	$ 56,640,970	$ 61,822,333
Unspent contributions	1,599,192	1,599,192
	$ 58,240,162	$ 63,421,525

Unamortized capital contributions of $58,240,162 (2013 - $63,421,525) include contributions received from Manitoba Health for the purchase of capital assets in the form of demand loans payable to the Bank of Montreal. The balances of the demand loans are as follows:

	2014	2013
Bearing interest at prime:		
Less 0.50%, repayment terms to be established	$ 1,504,996	$ 920,446

The organization has established arrangements for a bridge facility of non-revolving demand loans to a maximum of $25,000,000 (2013 - $25,000,000) to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at prime rate less 0.50 percent, repayment terms are established for each individual demand loan and the facility is secured by letters of authorization and comfort from Manitoba Health. The organization has utilized $1,504,996 of this facility as of March 31, 2014 (2013 - $920,446).

8. Deferred contributions (continued):

Unamortized capital contributions of $58,240,162 (2013 - $63,421,525) also include contributions received from the Province of Manitoba to pay down third party borrowings that were utilized for the purchase of capital assets. The organization has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province of Manitoba, and the payment of these liabilities is funded by Manitoba Health. The balances of the promissory notes are as follows:

	2014	2013
6.25% maturing March 31, 2020, repayable in monthly installments of $76,754, plus interest	$ 5,526,315	$ 6,447,368
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly installments of $50,439, plus interest	4,791,666	5,396,929
4.80% maturing November 30, 2016, repayable in monthly installments of $50,000, plus interest	1,600,000	2,200,000
3.95% maturing November 30, 2025, repayable in monthly installments of $77,778, plus interest	10,888,889	11,822,222
3.35% maturing February 28, 2028, repayable in monthly installments of $38,889, plus interest	6,494,445	6,961,111
	$ 29,301,315	$ 32,827,630

9. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2014	2013
Capital assets	$ 57,010,412	$ 60,866,393
Amounts financed by:		
Unamortized deferred contributions	(58,240,162)	(63,421,525)
Inter-fund accounts	1,985,958	3,093,472
	$ 756,208	$ 538,340

9. Invested in capital assets (continued):

(b) Change in invested in capital assets fund balance is calculated as follows:

	2014	2013
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 5,771,863	$ 5,656,678
Amortization of capital assets	(5,945,893)	(5,820,955)
	(174,030)	(164,277)
Invested in capital assets:		
Purchase of capital assets	2,089,912	2,797,249
Amounts funded by:		
Deferred contributions	(590,500)	(2,588,402)
Inter-fund balances	(1,107,514)	164,667
Amount transferred from deferred contributions - expenses of future periods	–	(208,850)
Accounts payable and accrued liabilities	–	7,234
	391,898	171,898
	$ 217,868	$ 7,621

10. Externally restricted fund balances:

The major category of externally imposed restrictions on fund balances is as follows:

	2014	2013
Restricted for research projects, education purposes and other specific purposes	$ 9,007,001	$ 9,013,173

11. Commitment:

The organization has a commitment for software and hardware support for purchased linear accelerators of US$514,465 at March 31, 2014 (2013 - US$1,046,588).

12. Contingencies - HIROC:

On July 1, 1987, a group of health care organizations (subscribers) formed Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is registered as a reciprocal under provincial insurance acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2014.

13. Economic dependence:

The organization received approximately 86 percent (2013 - 85 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

14. Employee future benefits:

	2014	2013
Retirement entitlement obligations	$ 6,439,000	$ 5,941,790
Accumulated sick leave entitlement	1,331,000	1,390,800
	$ 7,770,000	$ 7,332,590

(a) Retirement entitlement obligations:

The organization has a contractual commitment to pay out to employees four days per year of service upon retirement if the employee complies with one of the following conditions:

(i) have ten years service and have reached age 55; or

(ii) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee; or

14. Employee future benefits (continued):

(iii) retire at or after age 65; or

(iv) terminate employment at any time due to permanent disability.

Information about the organization's retirement entitlement obligations is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	$ 5,941,790	$ 5,509,358
Current benefit cost	499,000	471,559
Interest	199,000	194,000
Benefits paid	(193,000)	(224,272)
	6,446,790	5,950,645
Amortized actuarial gain	(7,790)	(8,855)
Balance, end of year	$ 6,439,000	$ 5,941,790

The organization undertook an actuarial valuation of the retirement entitlement obligations as at March 31, 2014. The significant actuarial assumptions adopted in measuring the organization's retirement entitlement obligations include mortality, disability and withdrawal rates, a discount rate of 3.35 percent (2013 - 3.35 percent) and a rate of salary increase of 3.0 percent plus age-related merit/promotion scale (2013 - rate of salary increase of 3.0 percent plus age-related merit/promotion scale).

(b) Accumulated sick leave entitlement:

The organization undertook an actuarial valuation of the accumulated sick leave entitlement as at March 31, 2014. The significant assumptions adopted in measuring the organization's accumulated sick leave entitlement include a discount rate of 3.35 percent (2013 - 3.35 percent) and a rate of salary increase of 3.0 percent (2013 - 3.0 percent).

14. Employee future benefits (continued):

(c) Employee entitlements:

The cost of the organization's vacation, overtime and statutory holiday entitlements is accrued when the benefits are earned by the employees and is reported in accounts payable and accrued liabilities on the statement of financial position. Manitoba Health provides funding for these employee benefits payable on an annual basis and this amount is reported as vacation entitlements receivable on the statement of financial position. The amount of funding which will be provided by Manitoba Health for these employee benefits was initially determined based on the employee benefit obligations at March 31, 2004.

(d) Pension plans:

Most of the employees of the organization are members of the Healthcare Employees Pension Plan - Manitoba (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the Plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook, Public Sector Accounting Standards, Section 3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5 percent of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members or through a reduction of benefits. The most recent actuarial valuation of the Plan as at December 31, 2012, reported that the Plan had a deficiency of actuarial value of net assets over actuarial present value of accrued pension obligations as well as a solvency deficiency. Based on the solvency exemption granted to the Plan, the Plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency will be funded by special payments out of current contributions. Any contribution deficiencies in the Plan would be addressed through pension benefit reductions or contribution rate increases from the participating members.

14. Employee future benefits (continued):

Actual contributions to the Plan made during the year by the organization on behalf of its employees amounted to $3,783,864 (2013 - $3,611,974) and are included in the statement of operations and changes in fund balances. Employer contribution rates increased on April 1, 2013 to 7.9 percent (2013 - 7.8 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 9.5 percent (2013 - 9.4 percent) on earnings in excess of the YMPE. On April 1, 2014, with the inclusion of contributions toward the Cost of Living Adjustment Plan, employer contributions increased to 8.7 percent of pensionable earnings up to the YMPE and 10.3% on earnings in excess of YMPE.

15. CancerCare Manitoba Foundation Inc.:

The organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2014, net resources of CCMF Inc. amounted to $44,597,231 (2013 - $37,914,841), of which $17,788,220 (2013 - $15,187,214) are restricted contributions. CCMF Inc.'s purpose is to support the organization in its provision of a program of diagnosis of, treatment of, and research in respect of cancer. CCMF Inc. will solicit, receive, maintain and accumulate funds for distribution on a periodic basis to the organization, to support principally research activities that are supplementary to those funded by Manitoba Health. During the year, CCMF Inc. contributed funds in the amount of $5,566,561 (2013 - $5,803,817) to the organization which are recorded in grant revenue in the statement of operations and changes in fund balances. Unpaid grants from fiscal 2014 and prior years amount to $3,477,492 at March 31, 2014 (2013 - $5,304,638).

16. Change in non-cash operating working capital:

The change in non-cash operating working capital consists of the following:

	2014	2013
General Fund		
Due from Manitoba Health	$ 4,534,517	$ (1,685,911)
Accounts receivable	(509,089)	258,260
Prepaid expenses	(38,285)	169,197
Accounts payable and accrued liabilities	167,037	2,398,404
Due to Manitoba Health	5,683,936	557,580
	9,838,116	1,697,530
Capital Fund		
Accounts payable and accrued liabilities	–	(7,234)
Clinical, Basic Research and Special Projects Fund		
Accounts receivable	1,992,603	2,349,452
Accounts payable and accrued liabilities	(101,258)	59,054
	1,891,345	2,408,506
	$ 11,729,461	$ 4,098,802

17. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The organization is exposed to credit risk with respect to its accounts receivable and investments.

The organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the organization at March 31, 2014 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2014 is nil (2013 - $24,014).

There have been no significant changes to the credit risk exposure from 2013.

17. Financial risks (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization manages its liquidity risk by monitoring its operating requirements. The organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2013.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates will affect the organization's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the organization to cash flow interest rate risk. The organization is exposed to this risk through its demand loans and one of its promissory notes.

As at March 31, 2014, had prevailing interest rates increased or decreased by 1 percent, assuming a parallel shift in the yield curve, with all other variables held constant, there would be no material impact on the market value of bonds.

The organization mitigates interest rate risk on the majority of its promissory notes through fixed rates on the promissory notes. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the majority of the promissory notes.

The organization's investments, including bonds and deposit notes, are disclosed in schedules 1 and 2.

There has been no change to the interest rate risk exposure from 2013.

18. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

CANCERCARE MANITOBA

Short-Term Investments

March 31, 2014, with comparative information for 2013

March 31, 2014

Description	Interest rate %	Maturity date MM-DD-YYYY		Net cost		Fair value
General Fund:						
Redeemable short-term GIC:						
Corporate	1.40%	03-30-2015	$	8,000,000	$	8,000,000
Bonds:						
Provincial	2.75% to 4.80%	12-01-2014 to 12-03-2014		1,043,699		1,011,958
Deposit Notes:						
Provincial	3.25%	09-08-2014		415,961		403,844
Corporate	3.43%	07-16-2014		506,000		503,269
				921,961		907,113
Total short-term investments - General Fund			$	9,965,660	$	9,919,071
Special Projects Fund:						
Bonds:						
Municipal	4.90%	12-02-2014	$	218,067	$	204,982
Corporate	4.853% to 5.20%	10-03-2014 to 12-01-2014		306,956		295,924
				525,023		500,906
Deposit Notes:						
Corporate	3.10%	03-02-2015		127,072		127,985
Medium Term Notes:						
Corporate	3.97%	11-03-2014		157,295		152,340
Total short-term investments - Special Projects Fund			$	809,390	$	781,231

March 31, 2013

Description	Interest rate %	Maturity date MM-DD-YYYY		Net cost		Fair value
General Fund:						
Bonds:						
Corporate	2.70 to 4.00%	05-24-2013 to 12-15-2013	$	1,307,268	$	1,258,785
Total short-term investments - General Fund			$	1,307,268	$	1,258,785
Special Projects Fund:						
Bonds:						
Provincial	5.05%	12-03-2013	$	335,989	$	328,387
Municipal	3.0%	11-06-2013		214,635		211,756
Corporate	5.0 to 5.15%	06-06-2013 to 02-18-2014		264,612		254,974
				815,236		795,117
Deposit Notes:						
Corporate	4.56%	10-30-2013		159,237		152,813
Total short-term investments - Special Projects Fund			$	974,473	$	947,930

CANCERCARE MANITOBA

Schedule of Investments

Year ended March 31, 2014, with comparative information for 2013

March 31, 2014

Par value	Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Fair value
General Fund:					
Bonds:					
$ 4,370,000	Provincial	1.60 to 3.15%	09-08-2015 to 03-01-2019	$ 4,367,843	$ 4,428,985
974,000	Municipal	2.75 to 4.60%	10-28-2015 to 06-01-2017	1,043,074	1,030,122
890,000	Corporate	2.68 to 4.55%	12-08-2016 to 06-11-2017	948,742	937,621
6,234,000				6,359,659	6,396,728
Deposit Notes:					
1,800,000	Corporate	2.24 to 2.948%	08-02-2016 to 12-11-2017	1,832,712	1,833,157
$ 8,034,000	Total investments - General Fund			$ 8,192,371	$ 8,229,885
Special Projects Fund:					
Bonds:					
$ 840,000	Provincial	1.85 to 4.30%	12-03-2015 to 09-05-2018	$ 865,651	$ 858,040
511,000	Municipal	2.45 to 4.55%	11-14-2016 to 12-01-2019	532,229	530,449
1,205,000	Corporate	2.42 to 5.48%	06-26-2015 to 05-27-2019	1,249,786	1,252,003
2,556,000				2,647,666	2,640,492
Deposit Notes:					
600,000	Corporate	2.281 to 5.18%	05-26-2015 to 06-08-2017	632,506	622,511
$ 3,156,000	Total investments - Special Projects Fund			$ 3,280,172	$ 3,263,003

CANCERCARE MANITOBA

Schedule of Investments (continued)

Year ended March 31, 2014, with comparative information for 2013

March 31, 2013

Par value	Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Fair value
General Fund:					
Bonds:					
$ 2,722,000	Provincial	2.75 to 4.80%	09-08-2014 to 09-08-2015	$ 2,773,763	$ 2,833,293
774,000	Municipal	2.75 to 4.60%	06-29-2016 to 06-01-2017	828,134	829,371
490,000	Corporate	4.55%	06-11-2017	536,942	535,585
3,986,000				4,138,839	4,198,249
Deposit Notes:					
400,000	Provincial	3.25%	09-08-2014 to	415,961	411,760
2,300,000	Corporate	2.24 to 3.43%	07-16-2014 to 12-11-2017	2,338,712	2,355,011
2,700,000				2,754,673	2,766,771
$ 6,686,000	Total investments - General Fund			$ 6,893,512	$ 6,965,020
Special Projects Fund:					
Bonds:					
$ 700,000	Provincial	1.90 to 4.30%	12-03-2015 to 09-08-2017	$ 727,009	$ 725,463
545,000	Municipal	2.50 to 4.90%	12-02-2014 to 12-01-2016	578,188	573,198
905,000	Corporate	3.36 to 5.48%	10-03-2014 to 02-15-2016	946,301	963,387
2,150,000				2,251,498	2,262,048
Deposit Notes:					
576,000	Corporate	2.281 to 5.18%	03-02-2015 to 10-17-2016	599,183	601,110
Medium Term Notes:					
150,000	Corporate	3.97%	11-03-2014	157,295	155,743
$ 2,876,000	Total investments - Special Projects Fund			$ 3,007,976	$ 3,018,901

LISE DELEURME
COMPTABLE AGRÉÉE INC.
CHARTERED ACCOUNTANT INC.

INDEPENDENT AUDITOR'S REPORT

To the Members of **Le Centre Culturel Franco-Manitobain**:

We have audited the accompanying financial statements of **Le Centre Culturel Franco-Manitobain**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Le Centre Culturel Franco-Manitobain** as at March 31, 2014 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter
We draw attention to the fact that the financial statements of **Le Centre Culturel Franco-Manitobain** for the year ended March 31, 2013 were audited by predecessor auditors who expressed an unmodified opinion on those statements in their report dated July 3, 2013.

Lise Deleurme
Chartered Accountant Inc.

Notre-Dame-de-Lourdes, Manitoba
June 25, 2014

Lise Deleurme Chartered Accountant Inc.

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LE CENTRE CULTUREL FRANCO-MANITOBAIN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

		2014		2013
ASSETS				
CURRENT				
Cash and bank	$	**117,834**	$	74,308
Grants receivable		**127,596**		93,127
Accounts receivable		**70,101**		81,582
Accounts receivable Province du Manitoba (Note)		**25,891**		25,891
Prepaid expenses		**21,271**		24,380
GST receivable		**7,403**		8,854
Inventory		**10,230**		6,885
		380,326		315,027
LONG TERM				
Capital assets (Note 4)		**85,896**		109,139
	$	**466,222**	$	424,166
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	**222,092**	$	263,948
Deferred revenue (Note 6)		**50,165**		15,235
Rental and damage deposits		**32,823**		33,405
		305,080		312,588
LONG TERM LIABILITIES				
Deferred contributions related to capital assets (Note 7)		**46,980**		58,804
		352,060		371,392
COMMITMENTS (Note 8)				
FUND BALANCES				
Unrestricted Funds				
Operations		**4,254**		85,920
Cultural programs		**4,604**		(93,481)
Invested in Capital Assets (Note 9)		**38,916**		50,335
Internally Restricted Fund		**66,388**		10,000
		114,162		52,774
	$	**466,222**	$	424,166

Approved on behalf of the Board of Directors:

_______________ Director

_______________ Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2014

	Operations	Cultural Programs	Invested in Capital Assets	Internally Restricted	2014 Total	2013 Total
REVENUES						
Grants						
Province of Manitoba	$ 461,700	$ 70,850	$ 24,500	$ -	$ 557,050	$ 583,909
Government of Canada	70,498	140,284	-	-	210,782	218,000
Other	-	61,675	-	-	61,675	30,950
Amortization of deferred contributions	-	-	11,824	-	11,824	14,916
Hall rental sales	204,208	-	-	-	204,208	184,642
Admission fees	-	107,628	-	-	107,628	98,708
Rent (Note 1)	106,742	-	-	-	106,742	103,618
Technical services	73,566	-	-	-	73,566	87,911
Food and beverage sales	26,837	39,509	-	-	66,346	66,766
Sponsorships and donations	850	13,170	-	-	14,020	11,620
Janitorial services	9,074	-	-	-	9,074	13,334
Other	12	4,140	-	-	4,152	12,645
Interest income	3,653	-	-	-	3,653	4,579
Stamp and photocopy sales	2,499	-	-	-	2,499	5,793
Administration fees	1,156	593	-	-	1,749	3,046
340 Provencher Project	-	-	-	-	-	94,400
	960,795	437,849	36,324	-	1,434,968	1,534,837
EXPENSES (See schedule)	986,073	339,764	47,743	-	1,373,580	1,525,311
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	$ (25,278)	$ 98,085	$ (11,419)	$ -	$ 61,388	$ 9,526
FUND BALANCES, befinning of year	85,920	(93,481)	50,335	10,000	52,774	43,248
INTERFUND TRANSFER	(56,388)	-	-	56,388	-	-
FUND BALANCES, end of year	$ 4,254	$ 4,604	$ 38,916	$ 66,388	$ 114,162	$ 52,774

The accompanying notes are an integral part of these financial statements.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

		2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess of revenues over expenses for the year	$	61,388	$	9,526
Items not affecting cash				
Amortization of capital assets		23,243		24,197
Amortization of deferred contributions related to capital assets		(11,824)		(14,916)
Other		-		1,073
Net change in non-cash working capital items				
Grants receivable		(34,469)		(27,300)
Accounts receivable		11,481		20,638
GST receivable		1,451		(6,386)
Inventory		(3,345)		4,780
Prepaid expenses		3,109		(3,099)
Accounts payable and accrued liabilities		(41,856)		42,885
Deferred revenue		34,930		6,361
Rental and damage deposits		(582)		12,425
		43,526		70,184
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of capital assets		-		(41,938)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred contributions related to capital assets		-		12,500
INCREASE IN CASH AND BANK FOR THE YEAR		43,526		40,746
CASH AND BANK, beginning of year		74,308		33,562
CASH AND BANK, end of year	$	117,834	$	74,308

Represented by

Cash and bank	$	117,834	$	74,308

The accompanying notes are an integral part of these financial statements.

1. NATURE OF THE ORGANIZATION

LE CENTRE CULTUREL FRANCO-MANITOBAIN ("the corporation") was incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The corporation's objectives are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities in the French language and to make French-Canadian culture known to all residents of the province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

(a) Basis of Financial Statement Presentation

The corporation follows the deferral method accounting for contributions.

The financial resources of the corporation are allocated to four funds corresponding to the corporation's activities and objectives as follows:

(i) Unrestricted Funds

Operations - Includes transactions related to the maintenance of facilities and the general operations of the corporation.

Cultural Programs - Includes transactions related to the delivery of cultural programs as outlined in the objectives of the corporation.

(ii) Restricted Funds

Invested in capital assets - Involves internal restrictions and is used for recording capital asset additions, major repairs related to the building's operations, amortization of deferred contributions related to capital assets and amortization of capital assets. At year end, an interfund transfer is recorded from the Operations fund to the Invested in capital assets fund representing the corporation's net investment in capital assets.

Future site development fund - This fund is an internally restricted fund established to cover costs of future development of the corporation's premises.

(b) Revenue Recognition

Grants received for specific projects are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. The remaining balance of grants received is accounted for as deferred revenue in the statement of financial position.

Hall rental sales, food and beverage sales, technical services, and sponsorships and donations are recognized as revenue when the services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue Recognition (continued)

Admission fees are recognized as revenue when the event has occurred if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses, if applicable. All other financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank indebtedness.

(e) Inventory

Inventory is valued at the lower of cost, using the first-in-first-out method, and net realizable value.

(f) Capital Assets

Acquired capital assets are stated at their acquisition cost less accumulated amortization and are amortized using the diminishing balance method at the following annual rates:

Technical equipment	20%
Computer equipment	30%
Kitchen equipment	20%
Cash registers	20%
Furniture and fixtures	20%
Security system	20%
Maintenance equipment	20%
Telephone systems	20%
Electronic signs	20%

(g) Use of Building

The use of the building is accounted for as described in Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. VACATION PAY RECEIVABLE

The amount recorded as a receivable from the Province of Manitoba for vacation pay expenses was initially based on the estimated value of the corresponding liability as at March 31, 1995. Subsequent to March 31, 1995, the Province of Manitoba has included in its ongoing annual funding to the corporation an amount equal to the current year's expense for vacation pay entitlements.

4. CAPITAL ASSETS

	2014 Cost	2014 Accumulated amortization	2013 Cost	2013 Accumulated amortization
Technical equipment	$ 201,563	$ 170,898	$ 201,563	$ 163,233
Computer equipment	136,124	130,796	136,124	128,513
Kitchen equipment	15,541	13,544	15,541	13,044
Cash registers	8,999	6,502	8,999	5,878
Furniture and fixtures	37,200	22,417	37,200	18,721
Security system	30,420	26,435	30,420	25,439
Maintenance equipment	28,683	25,450	28,683	24,642
Telephone equipment	6,552	1,966	6,552	-
Electric sign	29,409	10,587	29,409	5,882
	$ 494,491	$ 408,595	$ 494,491	$ 385,352
Net book value		$ 85,896		109,139

5. BANK INDEBTEDNESS

The corporation has a line of credit with Caisse Groupe Financier Ltée for a maximum of $100,000 bearing interest at prime (3.25% at March 31, 2014). The line of credit is secured by a general security agreement. At March 31, 2014, the line of credit has a balance of $Nil ($Nil at March 31, 2013).

6. DEFERRED REVENUE

Deferred revenue represents unspent resources received during the year related to matching expenses of subsequent periods.

	2014	2013
Balance, beginning of year	$ 15,235	$ 8,874
Grants and other amounts received/receivable during the year		
Province of Manitoba	565,200	554,650
Province of Manitoba - Capital	24,500	42,669
Gouvernment of Canada	215,782	218,000
Other sources of funding	62,425	117,750
Other revenues	595,167	605,712
Less amounts recognized as revenue during the year		
Cultural programs	(437,849)	(515,034)
Operations Fund	(960,795)	(974,717)
Capital Fund	(24,500)	(30,169)
Transfer to capital assets (Note 7)	-	(12,500)
Balance, end of year	$ 55,165	$ 15,235

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized portion of grants received with which capital assets have been purchased.

Changes in deferred contributions related to capital assets are as follows :

	2014	2013
Balance, beginning of year	$ 58,804	$ 60,147
Amount amortized to revenue	(11,824)	(14,916)
Transfer from deferred revenue	-	12,500
Other	-	1,073
Balance, end of year	$ 46,980	$ 58,804

8. COMMITMENTS

The corporation has a joint line of credit with Le Cercle Molière with a maximum of $400,000 bearing interest at prime plus 0.5% (3.5% at March 31, 2014). The line of credit was to provide temporary financing in the preliminary stages of Le Cercle Molière's theatre construction. The theatre's construction has been completed; however, the joint line of credit remains in place. At March 31, 2014, the line of credit was unutilized.

9. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows :

	2014	2013
Capital assets	$ 85,896	$ 109,139
Less deferred contributions	(46,980)	(58,804)
	$ 38,916	$ 50,335

10. USE OF BUILDING

The building used by the corporation is owned by the Province of Manitoba and is made available to the corporation rent-free. The corporation is responsible for all operating and maintenance costs including third party liability insurance.

The corporation charges rent to all tenants, groups and organizations that make use of the building. This rental revenue is retained by the corporation and recorded as revenue in the Operations fund, thereby reducing the corporation's reliance on funding from the Province.

The corporation pays certain expenses related to utility and maintenance costs for the Centre du Patrimoine and for Le Cercle Molière. The corporation recovers the utility and maintenance costs from La Société historique de Saint-Boniface and from Le Cercle Molière.

11. FINANCIAL RISK MANAGEMENT

General Objectives, Policies, and Processes
The Board of Directors has overall responsibility for the determination of the corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the corporation's Executive Director. The Board of Directors receives monthly reports from the corporation's Executive Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The corporation is exposed to different types of risk in the normal course of its operations, including credit risk and market risk.

There have been no significant changes from the previous year in the exposure to risk or policies or procedures used to manage financial instrument risks.

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of accounts receivable.
The corporation's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2014	2013
Grants receivable	$ 127,596	$ 93,127
Accounts receivable	70,101	81,582
Accounts receivable - Province of Manitoba	25,891	25,891
GST receivable	7,403	8,854
	$ 230,991	$ 209,454

Accounts receivable: The corporation is not exposed to significant credit risk as receivables are spread among a large client base and geographic region and payment in full is typically collected when it is due. The corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Grants receivable and accounts receivable - Province of Manitoba: The corporation is not exposed to significant credit risk as these receivables are from the Provincial and Federal Government.

11. FINANCIAL RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign exchange risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The corporation is not exposed to significant interest rate risk. Cash is held in short-term or variable rate products and bank indebtedness is also at variable rates.

The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal.

Liquidity Risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they fall due. The corporation has a planning and budgeting process in place to help determine the funds required to support the corporation's normal operating requirements on an ongoing basis. The corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

12. ECONOMIC DEPENDENCE

The corporation is economically dependent on grants from the Province of Manitoba and Government of Canada.

13. COMPARATIVE AMOUNTS

The comparative figures were audited by another firm of Chartered Accountants. Some of the comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

LE CENTRE CULTUREL FRANCO-MANITOBAIN
SCHEDULE OF EXPENSES
For the year ended March 31, 2014

	Operations	Cultural Programs	Invested in Capital Assets	Internally Restricted	2014 Total	2013 Total
EXPENSES						
Salaries	$ 554,899	$ 136,646	$ -	$ -	$ 691,545	$ 642,804
Employment and other contracts	97,653	111,901	-	-	209,554	249,870
Repairs and maintenance	84,613	1,142	24,500	-	110,255	187,348
Utilities	71,848	-	-	-	71,848	78,404
Food and beverage	19,689	24,384	-	-	44,073	45,917
Travel	1,655	41,638	-	-	43,293	33,613
Hall rental	37,687	2,208	-	-	39,895	46,450
Supplies	27,448	3,427	-	-	30,875	19,768
Professional and consulting fees	29,443	395	-	-	29,838	4,934
Amortization of capital assets	-	-	23,243	-	23,243	24,197
Insurance	20,686	962	-	-	21,648	20,300
Computer and technology	16,840	-	-	-	16,840	19,943
Advertising and promotion	3,015	7,447	-	-	10,462	14,444
Telephone and internet	7,704	1,134	-	-	8,838	14,973
Fees and dues	3,520	2,484	-	-	6,004	7,470
Bank charges and interest	5,640	75	-	-	5,715	7,201
Other	1,391	3,845	-	-	5,236	3,558
Materials	1,064	1,695	-	-	2,759	6,433
Meetings	1,278	381	-	-	1,659	1,414
340 Provencher Project	-	-	-	-	-	96,270
	$ 986,073	$ 339,764	$ 47,743	$ -	$ 1,373,580	$ 1,525,311

BDO

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BDO Canada LLP/s.r.l.
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Independent Auditor's Report

To the Directors of COMMUNITIES ECONOMIC DEVELOPMENT FUND

We have audited the accompanying financial statements of **COMMUNITIES ECONOMIC DEVELOPMENT FUND**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion
As discussed in Note 6 to the financial statements, the accrued pension liability recorded in the financial statements by management has been calculated by an actuary based on the solvency method rather than the going concern method. This constitutes a departure from Canadian public sector accounting standards. This is a result of a decision taken by management in prior years. Based on the going concern method of calculating the accrued pension liability, the accrued pension liability and due from the Province of Manitoba should be decreased by $779,331 at March 31, 2014 and $612,636 at March 31, 2013, and the pension expense and subsidy due from the Province of Manitoba should be decreased by $156,568 for the year ended March 31, 2014 and $167,887 for the year ended March 31, 2013.

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **COMMUNITIES ECONOMIC DEVELOPMENT FUND** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 10, 2014

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Financial Position

March 31		2014	2013
Assets			
Current Assets			
Cash and bank		$ 203,529	$ 119,212
Trust deposits - Province of Manitoba		1,946,993	519,746
Due from the Province of Manitoba (Note 2)		2,945,044	3,694,188
Accounts receivable		68,868	71,970
Property held for resale		4,425	4,425
Prepaid expenses		5,287	3,034
		5,174,146	4,412,575
Loans receivable (Note 3)		23,939,385	22,987,053
Capital assets (Note 4)		943,281	965,209
		$ 30,056,812	$ 28,364,837
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		$ 504,286	$ 1,454,271
Deferred contributions (Note 5)		189,046	199,672
Interest payable to the Province of Manitoba		259,250	296,467
		952,582	1,950,410
Accrued pension liability (Note 6)		2,794,331	2,627,636
Advances by the Province of Manitoba (Note 7)		26,309,899	23,786,791
		30,056,812	28,364,837
Commitments (Note 8)			
Net assets		-	-
		$ 30,056,812	$ 28,364,837

Approved on behalf of the Board of Directors:

Lorraine Wawchuk Director

Robert Bell Director

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Operations and Changes in Net Assets

For the year ended March 31	2014	2013
Revenue		
Loan interest		
Business program	**$ 792,324**	$ 732,324
Fisheries program	**734,379**	742,093
Investment income	**46,222**	30,017
	1,572,925	1,504,434
Cost of Funds		
Interest paid to the Province of Manitoba		
Business program	**413,850**	364,743
Fisheries program	**297,948**	322,364
Life insurance	**115,791**	115,719
Trust line of credit	**-**	45,000
	827,589	847,826
Gross margin	**745,336**	656,608
Operating expenditures (see schedule)	**1,731,992**	1,757,500
	(986,656)	(1,100,892)
Other Revenue		
Administration fees	**157,338**	176,821
Deficiency of revenue over expenditures before provision for doubtful loans	**(829,318)**	(924,071)
Provision for Doubtful Loans		
Regular operations	**640,132**	545,380
Deficiency of revenue over expenditures before subsidy due from the Province of Manitoba	**(1,469,450)**	(1,469,451)
Subsidy due from the Province of Manitoba	**1,469,450**	1,469,451
Excess of revenue over expenditures for the year	**-**	-
Net assets, beginning of year	**-**	-
Net assets, end of year	**$ -**	$ -

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	$ -	$ -
Adjustments for non-cash items		
Amortization of capital assets	26,607	26,888
Provision for doubtful loans	640,132	545,380
	666,739	572,268
Net changes in work capital balances		
Accounts receivable	3,102	32,881
Prepaid expenses	(2,253)	370
Accounts payable and accrued liabilities	(949,985)	370,418
Deferred contributions	(10,626)	-
Interest payable to the Province of Manitoba	(37,217)	(92,530)
Accrued pension liability	166,695	171,595
	(163,545)	1,055,002
Cash Flows from Financing Activities		
Net increase in amounts due from the Province of Manitoba	749,144	(507,037)
Net increase in advance by the Province of Manitoba	2,523,108	1,406,969
	3,272,252	899,932
Cash Flows from Capital Activities		
Acquisition of capital assets	(4,679)	(6,650)
Cash Flows from Investing Activities		
Change in loans receivable, net of repayments	(1,592,464)	(3,565,025)
Net increase (decrease) in cash and cash equivalents	1,511,564	(1,616,741)
Cash and cash equivalents, beginning of year	638,958	2,255,699
Cash and cash equivalents, end of year	$ 2,150,522	$ 638,958
Represented by		
Cash and bank	$ 203,529	$ 119,212
Trust deposits - Province of Manitoba	1,946,993	519,746
	$ 2,150,522	$ 638,958

The accompanying notes are an integral part of these financial statements.

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Communities Economic Development Fund (the "Fund") was established in 1971 (Ch. C155) as a Crown Corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July 1991, the objects of the Fund are to encourage the economic development of northern Manitoba, Aboriginal people in the province outside of the City of Winnipeg, and the fishing industry in Manitoba. The Business and Fisheries Loans Programs are administered under the C.E.D.F. Act.

(b) Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

(c) Management's Responsibility for the Financial Statements

The financial statements of the Fund are the responsibility of management.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

(e) Revenue Recognition

The Fund follows the deferral method of accounting for contributions. Interest on loans is recorded as revenue on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest revenue ceases when the carrying amount of the loan including accrued interest exceeds the estimated realizable amount of the underlying security.

Investment revenue is recorded on an accrual basis.

Other revenue including administration fees is recorded when the related service or activity is provided.

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

(f) Allowance for Doubtful Loans

Business Loans Program - The loans are reviewed quarterly to assess potential impairment or loss of value. Impaired loans are defined as those which are greater than two payments in arrears and for which the value of realizable security is less than the value of the loan outstanding. In these cases, a specific allowance is accrued equal to the value of the potential security shortfall or impairment. In all other cases, including loans that are both current and for which there is excess security value, a non-specific allowance equal to 5% of the outstanding loan balance is recorded.

Fisheries Loans Program - The allowance for doubtful loans on fisheries loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value ("NPV") formula used for calculating the allowance for doubtful loans is recognized by the Canadian Institute of Chartered Accountants, however, it does not account for closure of a fishery or regulated reduction of production. In the event of the closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful loans.

The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Loans considered uncollectible are written-off. Recoveries on loans previously written-off are taken into revenue.

(g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(h) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated on a straight-line basis as follows:

Building	2%
Office furniture and equipment	10 to 30%
Parking lot	50%

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

(i) Employment and Post-Employment Benefits

The Fund provides pension, retirement allowance and sick leave benefits to its employees.

Employees of the Fund are provided pension benefits by The Civil Service Superannuation Fund (the "CSSF"). The cost of the pension benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are determined using projected benefit payments and reflect management's best estimates of future payouts. Adjustments to the allowance are recognized in income immediately.

Employees of the Fund are entitled to sick pay benefits that accumulate however do not vest. The cost of the anticipated future sick pay benefits that will be required by the employee is charged to expenses as services are rendered. The cost is determined using present value techniques.

(j) Use of Estimates and Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian public sector accounting standards which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Significant estimates are involved in the valuation of loans receivable and the accrued pension liability. Actual results may differ from those estimates.

2. Due from the Province of Manitoba

Annually, the Province of Manitoba provides a grant for the Fund's anticipated subsidy requirements for the year. The amount of $2,945,044 ($3,694,188 in 2013) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2014	2013
Department of Aboriginal and Northern Affairs		
Subsidy, refundable	**$ (85,952)**	$ (55,090)
Order in Council pending	**171,263**	1,056,240
Pension, unfunded	**2,768,754**	2,605,316
Pension, funded	**25,579**	22,322
Severance accrual, unfunded	**65,400**	65,400
	$ 2,945,044	$ 3,694,188

3. Loans Receivable

Loans receivable by program are as follows:

	2014	2013
Business Loans Program		
Interest rates applied range from 4.75% to 9.875%		
Principal	**$ 15,283,499**	$ 13,316,707
Accrued interest	**1,381,798**	1,213,922
	16,665,297	14,530,629
Allowance for doubtful loans	**2,760,481**	1,982,069
Total Business Loans Program	**13,904,816**	12,548,560
Fisheries Loans Program		
Interest rates applied range from 4.25% to 6.25%		
Principal	**12,157,685**	12,735,122
Accrued interest	**1,008,831**	1,225,848
	13,166,516	13,960,970
Allowance for doubtful loans	**3,131,947**	3,509,676
Allowance for insurance	**-**	12,801
Total Fisheries Loans Program	**10,034,569**	10,438,493
Total Business and Fisheries Loans Programs	**$ 23,939,385**	$ 22,987,053

3. Loans Receivable (continued)

Gross amount of loans together with the allowance for doubtful loans are as follows:

	2014		2013	
	Gross Loan Balances	**Total Allowance**	Gross Loan Balances	Total Allowance
Business Loans Program				
Impaired	**$ 3,571,437**	**$ 2,105,788**	$ 4,731,109	$ 1,492,093
Performing	**13,093,860**	**654,693**	9,799,520	489,976
	$ 16,665,297	**$ 2,760,481**	$ 14,530,629	$ 1,982,069
Fisheries Loans Program				
Impaired	**$ 3,131,947**	**$ 3,131,947**	$ 3,509,676	$ 3,509,676
Performing	**10,034,569**	**-**	10,451,294	-
	$ 13,166,516	**$ 3,131,947**	$ 13,960,970	$ 3,509,676

The change in the allowance for doubtful loans are as follows:

			2014	2013
	Specific	**Non-specific**	**Total**	Total
Business Loans Program				
Balance, beginning of year	**$ 1,492,093**	**$ 489,976**	**$ 1,982,069**	$ 2,330,888
Provision for the year	**613,695**	**164,717**	**778,412**	357,880
	2,105,788	**654,693**	**2,760,481**	2,688,768
Loans written-off	**-**	**-**	**-**	(706,699)
Balance, end of year	**$ 2,105,788**	**$ 654,693**	**$ 2,760,481**	$ 1,982,069

	2014	2013
Fisheries Loans Program		
Balance, beginning of year	**$ 3,509,676**	$ 3,625,182
(Recovery) provision for the year	**(138,280)**	187,500
	3,371,396	3,812,682
Loans written-off	**(239,449)**	(303,006)
Balance, end of year	**$ 3,131,947**	$ 3,509,676

3. Loans Receivable (continued)

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2014 by $Nil ($3,091 in 2013).

	2014	2013
Loan Loss Provision		
Per accounts	**$ 3,131,947**	$ 3,509,676
Per net present value calculation	**(3,131,947)**	(3,506,585)
	$ -	$ 3,091

4. Capital Assets

	2014			2013		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**$ 92,482**	**$ -**	**$ 92,482**	$ 92,482	$ -	$ 92,482
Building	**931,236**	**97,780**	**833,456**	931,236	79,155	852,081
Office furniture and equipment	**167,341**	**149,998**	**17,343**	162,662	142,016	20,646
Parking lot	**73,000**	**73,000**	**-**	73,000	73,000	-
Total	**$ 1,264,059**	**$ 320,778**	**$ 943,281**	$ 1,259,380	$ 294,171	$ 965,209

5. Deferred Contributions

The Government of Manitoba has contributed $200,000 to the Fund in prior years to cost share on an equal basis with the Fund to establish the Non-Timber Forest Products Program. Transactions for the year and deferred contributions at year end are as follows:

	2014	2013
Balance, beginning of year	**$ 199,672**	$ 199,672
Recognized during the year	**10,626**	-
Balance, end of year	**$ 189,046**	$ 199,672

6. Employment and Post-Employment Benefits Payable

Pension Benefits

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to, and are pensionable under, The Civil Service Superannuation Fund. In accordance with the provisions of The Civil Service Superannuation Act, the Fund is a "non-matching employer" and contributes 50% of the pension payments made to retired employees. The current pension expense consists of the Fund's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined actuarially every year. The most recent actuarial valuation available is as at December 31, 2012.

The significant actuarial assumptions adopted in measuring the Fund's pension liability are as follows:

	2014	2013
Benefit costs for the year ended March 31		
Discount rate	**6.00%**	6.00%
Rate of compensation increase	**3.75%**	3.75%

In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year, the Fund has recorded a provision to fund current service obligations.

Pre-Retirement Benefits

Employees may be eligible for a pre-retirement benefit provided specific criteria are met. The pre-retirement liability is estimated to be $50,700 at March 31, 2014 ($87,700 in 2013) and is included in accounts payable and accrued liabilities.

Sick Leave Benefits

Employees of the Fund are entitled to sick leave benefits during their employment. Sick leave benefits, which accumulate but do not vest, are estimated to be a liability as at March 31, 2014 of $9,600 ($16,500 in 2013). The amount is not considered to be significant by management, and as such has not been recorded as a liability in the financial statements of the Fund.

7. Advances by the Province of Manitoba

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to The Loan Act, 2013. The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

7. **Advances by the Province of Manitoba** (continued)

Advances by the Province of Manitoba by program are as follows:

	2014	2013
Business Loans Program		
Advances, beginning of year	**$ 16,899,265**	$ 14,691,195
Loan advances	**7,559,000**	6,475,000
Loan advance repayments	**(5,632,089)**	(4,266,930)
Advances, end of year	**18,826,176**	16,899,265
Unfunded allowance, beginning of year	**2,689,923**	2,957,701
Provision for doubtful loans	**778,412**	357,880
Loans written-off as approved by Order in Council	**(1,075,893)**	(625,658)
Unfunded allowance for doubtful loans, end of year	**2,392,442**	2,689,923
Net advances balance, end of year	**$ 16,433,734**	$ 14,209,342

	2014	2013
Fisheries Loans Program		
Advances, beginning of year	**$ 12,523,053**	$ 13,397,275
Loan advances	**4,275,000**	2,625,000
Loan repayments	**(4,138,260)**	(3,499,222)
Advances, end of year	**12,659,793**	12,523,053
Unfunded allowance for doubtful loans, beginning of year	**3,858,039**	3,686,981
(Recovery)/Provision for doubtful loans	**(138,280)**	187,500
Loans written-off as approved by Order in Council	**(48,533)**	(16,442)
Unfunded allowance for doubtful loans, end of year	**3,671,226**	3,858,039
Net advances balance, end of year	**$ 8,988,567**	$ 8,665,014

Net advances due by the Province of Manitoba are as follows:

	2014	2013
Business Loans Program	**$ 16,433,734**	$ 14,209,342
Fisheries Loans Program	**8,988,567**	8,665,014
Building mortgage	**887,598**	912,435
	$ 26,309,899	$ 23,786,791

7. Advances by the Province of Manitoba (continued)

The Fund obtains capital, through its Loan Act, for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. The Fund has an authorized line of credit of $2,000,000 from the Province of Manitoba bearing interest equivalent to prime less three quarters with effective rate applied of 2.25% at year end. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund also has the option to draw funds on floating rates set periodically at the Royal Bank prime rate minus 0.75%. At year end, the advances bore rates ranging from 1.75% to 5.25% with a weighted cost of capital of 2.20%.

Principal payments due in each of the next five fiscal years on advances by the Province of Manitoba that exclude unfunded allowances for doubtful loans are as follows:

2015	$ 8,232,409
2016	7,412,067
2017	8,069,259
2018	5,472,711
2019	1,444,714

8. Commitments

Total undisbursed balances of approved loans are $3,474,306 at March 31, 2014 ($351,457 at March 31, 2013).

9. Loan Act Authority

Amounts authorized for advances under The Loan Act, 2013 are as follows:

	2014
The Loan Act, 2013	$ 15,179,900
Authority used	11,834,000
Unused Loan Act capital available	$ 3,345,900

10. Economic Dependence

The ongoing operations of the Fund depend on obtaining adequate financing and funding from the Province of Manitoba.

11. Financial Instrument Risk Management and Exposures

There have been no substantive changes in the Fund's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods.

The Board has overall responsibility for the determination of the Fund's risk management objectives and policies and has identified significant exposure to credit risk.

Credit Risk

Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds.

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Fund takes into consideration the individual's and business' ability to pay, and value of collateral available to secure the loan. The Fund's maximum exposure to credit risk, without taking into account any collateral or other credit enhancements is $24,008,253 ($23,059,023 in 2013) which consists of loans and accounts receivable.

Interest Rate Risk

Interest rate risk is the impact that changes in market interest rates will have on the operations of the Fund. The Fund holds $25,886,378 ($23,506,799 in 2013) in interest bearing deposits and loans receivable at March 31, 2014. The Fund has mitigated this risk by adjusting interest rates for fish loans on a quarterly basis and interest rates for business loans on a monthly basis based on its weighted average cost of capital.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they become due, and arises from the Fund's management of working capital and collections of loans receivable. The Fund's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Schedule of Operating Expenditures

For the year ended March 31	2014	2013
Amortization of capital assets	**$ 26,607**	$ 26,888
Collection costs	**46,763**	45,380
Communications	**35,318**	37,071
Credit reports	**2,368**	3,317
Directors' fees and expenses	**81,241**	53,512
Government vehicles	**31,420**	32,382
Insurance	**8,142**	6,689
Legal costs	**7,298**	10,326
MAFRI	**90,846**	93,007
Mortgage interest	**47,386**	48,472
Office supplies and expenses	**54,289**	40,479
Pension	**229,940**	221,698
Professional fees	**46,951**	50,838
Rent and utilities	**28,694**	29,392
Repairs and maintenance	**23,675**	13,819
Salaries and benefits	**911,090**	991,397
Sundry	**18,593**	17,837
Travel	**41,371**	34,996
	$ 1,731,992	$ 1,757,500

Manitoba
Housing and Community Development

The Co-operative Loans and Loans Guarantee Board
400-352 Donald Street
Winnipeg, MB R3B 2H8

September 23, 2014

The Co-operative Loans and Loans Guarantee Board

Responsibility for Financial Reporting

The accompanying Schedule of Loans and Loan Guarantee Transactions and other financial information in the Annual Report for the year ended March 31, 2014 are the responsibility of management and have been approved by the Board. This Schedule was prepared by management in accordance with the accounting policies set out in Note 2 to the Schedule. Any financial information contained elsewhere in the Annual Report conforms to the Schedule.

As management is responsible for the integrity of the Schedule, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Office of the Auditor General is to perform an independent examination of the Schedule of Loans and Loan Guarantee Transactions of the Board in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Jeff Parr
Chairperson

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Co-operative Loans and Loans Guarantee Board

We have audited the accompanying schedule of loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Schedule
Management is responsible for the preparation and fair presentation of this schedule in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of the schedule is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the schedule 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 schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

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 schedule presents fairly, in all material respects, the loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
September 23, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-7169
www.oag.mb.ca

The Co-operative Loans and Loans Guarantee Board

Schedule of Loans and Loan Guarantee Transactions

Year ended March 31, 2014

Loans (note 3)	March 31, 2013	Additions	Repayment	March 31, 2014
Neechi Foods Co-op Ltd.	$ 640,000	$ 500,000	$ -	$ 1,140,000
	$ 640,000	$ 500,000	$ -	$ 1,140,000

Loan Guarantees (note 4)	March 31, 2013	Additions	Cancellations	March 31, 2014
Organic Producers Association of Manitoba Co-op Inc.	$ 40,000	$ -	$ (40,000)	$ -
	$ 40,000	$ -	$ (40,000)	$ -

On behalf of the Board:

Director

Director

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule

Year ended March 31, 2014

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1. General

The Co-operative Associations Loans and Loans Guarantee Act established the Co-operative Loans and Loans Guarantee Board (CLLGB) with the primary objective of ensuring that cooperative organizations have access to basic financial services. The CLLGB is empowered to make loans or guarantee loans to cooperative organizations in Manitoba. Manitoba Housing and Community Development administer the activities of the CLLGB. The Department pays all administrative and general operating costs of the CLLGB. The CLLGB may charge a fee for its loans and loan guarantees. The Department records all revenue received.

2. Significant Accounting Policies

a) Basis of presentation

This financial information is prepared in accordance with Canadian public accounting standards including PS 4200 series for government not-for-profit organizations.

b) Loans are stated as the total amount of principal outstanding.

c) Loan guarantees are stated at the maximum amount guaranteed.

d) In the event of a default on a loan or a loan guarantee, the Province of Manitoba is responsible for the associated costs in settling the defaulted amount(s).

3. Loans

Neechi Foods Co-op Ltd.

On August 20, 2012, the CLLGB authorized and approved a loan up to $1,140,000 to Neechi Foods Co-op Ltd. The loan was approved by Order in Council up to $1,140,000 to the CLLGB and subsequently on November 21, 2012, the initial loan payment of $640,000 was issued. Repayment of the loan is due two years after the first advance. During 2013-14 CLLGB issued the remaining $500,000 loan payment to Neechi Foods Co-op Ltd and subsequently, Neechi Foods Co-op Ltd paid $20,527 in interest payments against the loan. As of March 31, 2014, the balance of the loan was $1,140,000, and the interest accrued on the loan was $6,257. Interest is calculated at the Province of Manitoba's floating rate. As of March 31, 2014, the floating rate was 2.25%.

4. Loan guarantees

Organic Producers Association of Manitoba Co-op Inc.

On October 31, 2012, the CLLGB approved an eight month loan guarantee not to exceed $40,000. The Vanguard Credit Union accepted the loan guarantee and signed an agreement with the Organic Producers Association of Manitoba Co-op Inc dated November 23, 2012. The loan guarantee period was from November 1, 2012 to June 30, 2013. The line of credit is subsequently closed due to the terms of the agreement and the loan guarantee ceased June 30, 2013.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule

Year ended March 31, 2014

5. Loan Act Authority

The Government of the Province of Manitoba has authorized the following amounts to be expended for funding loans and loan guarantees:

		2014
The Loan Act, 2012	$	5,000,000
Outstanding:		
Loans - advanced in fiscal 2012/13		(640,000)
Loans - advanced in fiscal 2013/14		(500,000)
		(1,140,000)
Guarantees		-
	$	3,860,000

6. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid The Co-operative Loans and Loans Guarantee Board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period from April 1, 2013 to March 31, 2014, The Co-operative Loans and Loans Guarantee Board paid board members an aggregate of $242 (2013 - $242). This amount is included in note 7. No individuals received compensation of $50,000 or more.

7. Contributed services

The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff services for 2014 is estimated at $21,909 (2013 - $9,864) with another $9,459 (2013 - $4,607) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Members of the Cooperative Promotion Board

We have audited the accompanying financial statements of the Cooperative Promotion Board, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cooperative Promotion Board as at March 31, 2014, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
September 11, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

The Cooperative Promotion Board

Statement of Financial Position

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Assets						
Current assets:						
Cash (note 3)	$ 103,163	$ 34,350	$ 137,513	$ 88,908	$ 33,199	$ 122,107
Accounts receivable	1,118	197	1,315	1,259	199	1,458
Prepaid expenses	508	-	508	393	-	393
Current investments (note 4)	64,400	41,724	106,124	114,400	-	114,400
	169,189	76,271	245,460	204,960	33,398	238,358
Investments (note 4)	64,400	571	64,971	64,400	42,287	106,687
	$ 233,589	$ 76,842	$ 310,431	$ 269,360	$ 75,685	$ 345,045
Deferred Revenue and Fund Balances						
Deferred revenue (note 5)	$ 27,300	$ -	$ 27,300	$ 43,300	$ -	$ 43,300
Fund balances:						
Contributed capital (note 8)	128,800	-	128,800	128,800	-	128,800
General account	77,489	-	77,489	97,260	-	97,260
Commercial Fishing account	-	76,842	76,842	-	75,685	75,685
	206,289	76,842	283,131	226,060	75,685	301,745
Commitments (note 11)						
	$ 233,589	$ 76,842	$ 310,431	$ 269,360	$ 75,685	$ 345,045

See accompanying notes to financial statements

On behalf of the Board

Director

Director

The Cooperative Promotion Board

Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Revenue:						
Interest	$ 4,248	$ 1,149	**$ 5,397**	$ 4,427	$ 964	**$ 5,391**
Dividend	-	8	**8**	-	8	**8**
Contributed services (note 7)	20,121	-	**20,121**	19,596	-	**19,596**
Grants from the Province of Manitoba (note 5)	16,000	-	**16,000**	-	-	**-**
Total revenue	40,369	1,157	**41,526**	24,023	972	**24,995**
Expenses:						
Grants (schedule 1)	19,949	-	**19,949**	35,924	-	**35,924**
Administrative services (note 7)	14,376	-	**14,376**	13,780	-	**13,780**
Annual report	1,281	-	**1,281**	1,200	-	**1,200**
Board members' meals and travel	780	-	**780**	981	-	**981**
Board members' remuneration	1,506	-	**1,506**	1,382	-	**1,382**
Liability insurance	738	-	**738**	723	-	**723**
Membership fees	927	-	**927**	900	-	**900**
Miscellaneous	231	-	**231**	145	-	**145**
Professional services	4,352	-	**4,352**	3,710	-	**3,710**
Promotional campaign	16,000	-	**16,000**	-	-	**-**
Seminars and workshops	-	-	**-**	831	-	**831**
	60,140	-	**60,140**	59,576	-	**59,576**
Excess (deficiency) of revenue over expenses	$ (19,771)	$ 1,157	**$ (18,614)**	$ (35,553)	$ 972	**$ (34,581)**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Fund balances, beginning of year						
Contributed capital	$ 128,800	$ -	**$ 128,800**	$ 128,800	$ -	**$ 128,800**
General account	97,260	-	**97,260**	132,813	-	**132,813**
Commercial Fishing account	-	75,685	**75,685**	-	74,713	**74,713**
	226,060	75,685	**301,745**	261,613	74,713	**336,326**
Excess (deficiency) of revenue over expenses	(19,771)	1,157	**(18,614)**	(35,553)	972	**(34,581)**
Fund balances, end of year	$ 206,289	$ 76,842	**$ 283,131**	$ 226,060	$ 75,685	**$ 301,745**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Excess (deficiency) of revenue over expenses	$ (19,771)	$ 1,157	**$ (18,614)**	$ (35,553)	$ 972	**$ (34,581)**
Operating activities:						
Changes in the following:						
Accounts receivable	141	2	**143**	1,138	(199)	**939**
Prepaid expenses	(115)	-	**(115)**	(20)	-	**(20)**
Net increase/(decrease) in deferred revenue	(16,000)	-	**(16,000)**	43,300	-	**43,300**
	(35,745)	1,159	**(34,586)**	8,865	773	**9,638**
Financing activities:						
Purchase of investments	(64,400)	-	**(64,400)**	(178,800)	(41,724)	**(220,524)**
Proceeds from matured investments	114,400	-	**114,400**	218,800	-	**218,800**
Dividends	-	(8)	**(8)**	-	(8)	**(8)**
	50,000	(8)	**49,992**	40,000	(41,732)	**(1,732)**
Net increase/(decrease) in cash	14,255	1,151	**15,406**	48,865	(40,959)	**7,906**
Cash, beginning of year	88,908	33,199	**122,107**	40,043	74,158	**114,201**
Cash, end of year	$ 103,163	$ 34,350	**$ 137,513**	$ 88,908	$ 33,199	**$ 122,107**
Supplementary cash flow information:						
Interest received	$ 4,389	$ 1,151	**$ 5,540**	$ 5,565	$ 765	**$ 6,330**

See accompanying notes to financial statements

The Cooperative Promotion Board

Notes to Financial Statements

Year ended March 31, 2014

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1. General

The Cooperative Promotion Board (CPB) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The CPB is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when The Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the CPB.

General Account

The General Account funds controlled by the CPB consist of surplus funds of the original Canadian Wheat Board, apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the CPB when The Cooperative Promotion Trust Act came into force, and assets acquired by the CPB.

The objectives of the CPB with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba.

2. Significant accounting policies

a) Basis of presentation

These financial statements are prepared in accordance with Canadian public accounting standards including PS 4200 series for government not-for-profit organizations.

b) Fund accounting

The CPB follows the deferral method of accounting for contributions and maintains a General Account and a Commercial Fishing Account.

c) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate account in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate account when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificates (GICs) are recorded on an accrual basis.

2. Significant accounting policies continued

d) Contributed services

Housing and Community Development provides administrative services to the CPB at no cost. The value of these contributed administrative services is recorded as revenue and expenses.

e) Financial instruments

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The CPB records its financial assets at cost, which includes cash, accounts receivable and investments. The CPB also records its financial liabilities at cost, of which there are none at March 31, 2014.

Gains and losses on financial instruments measured at fair value are recorded in the fund balances as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gains or loss occurs.

The CPB did not incur any remeasurement gains or losses during the year (2013 - nil).

f) Use of estimates

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Cash

General account

The cash balance for the General Account includes $102,232 (2013 - $37,550) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 1.40% effective March 31, 2014. Interest is paid monthly.

Commercial Fishing account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.75% effective March 31, 2014. Interest is paid monthly.

The Cooperative Promotion Board

Notes to Financial Statements

Year ended March 31, 2014

4. Investments

The guaranteed investment certificates (GICs) are all held at Assiniboine Credit Union (ACU) and are compounded daily with interest paid annually.

Current investments

	2014	2013
General Account		
1.95% GIC - term January 11, 2013 to January 10, 2014	$ -	$ 64,400
1.95% GIC - term January 11, 2013 to January 10, 2014	-	50,000
2.15% GIC - term January 11, 2013 to January 10, 2015	64,400	-
	64,400	114,400
Commercial Fishing Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	41,724	-
	$ 106,124	$ 114,400

Long-term investments

	2014	2013
General Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	$ -	$ 64,400
2.50% GIC - term January 10, 2014 to January 9, 2017	64,400	-
	64,400	64,400
Commercial Fishing Account		
ACU - surplus shares	571	563
2.15% GIC - term January 11, 2013 to January 10, 2015	-	41,724
	571	42,287
	$ 64,971	$ 106,687

5. Deferred revenue

On March 26, 2013, the CPB received $43,300 from the Department of Housing and Community Development as grant assistance for a promotional campaign to support and enhance the profile of housing cooperatives. As of March 31, 2014, the CPB has incurred costs of $16,000 associated with this initiative, and plan on completing the campaign in 2014/15.

6. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the CPB subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance as of March 31, 2014 was $76,842 (2013 - $75,685).

7. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2014 is estimated at $14,376 (2013 - $13,780) with another $5,745 (2013 - $5,816) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

8. Contributed capital

Section 4(6) of The Act requires that the CPB maintain a minimum realizable value of $129,000 for securities held, essentially the amount of the Contributed Capital. The CPB complied with the externally restricted capital requirements during the year.

9. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period of April 1, 2013 to March 31, 2014, the Cooperative Promotion Board paid board members an aggregate of $1,506 and held three board meetings. No individuals received compensation of $50,000 or more.

10. Financial instruments and financial risk management

The CPB has exposure to the following risks from its use of financial instruments: credit risk; interest rate risk; liquidity risk; and foreign currency risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The financial instruments that potentially subject the CPB to credit risk consist principally of cash, accounts receivable and investments.

The CPB's maximum possible exposure to credit is as follows:

	2014	2013
Cash (note 3)	$ 137,513	$ 122,107
Accounts receivable	1,315	1,458
Investments (note 4)	171,095	221,087
	$ 309,923	$ 344,652

As at March 31, 2014, $1,315 (2013 - $1,458) of accounts receivable were not past due or impaired.

Cash

The CPB is not exposed to significant credit risk as cash is held with a reputable financial institution.

Account receivable

The CPB is not exposed to significant credit risk as these amounts are accrued interest on the GICs held with a reputable financial institution and typically collected when due. No allowance for doubtful accounts is required.

Investments

The CPB is not exposed to significant credit risk as its investments are held by a reputable financial institution.

10. Financial instruments and financial risk management continued

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to cash and investments.

Cash

The interest rate risk on cash is considered to be low due to their short-term nature.

Investments

The CPB's investments held with a reputable financial institution are normally held to maturity so changes in interest rates do not affect the value of the investments.

c) Liquidity risk

Liquidity risk relates to the CPB's ability to access sufficient funds to meet its financial commitments.

The CPB manages liquidity risk by maintaining adequate cash balances and by reviewing cash flows to ensure adequate funding will be received to meet the obligations when they become due. Accounts payable and accrued liabilities are typically paid when due.

d) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The CPB is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

11. Commitments

As of March 31, 2014, the CPB has approved grants in the amount of $6,000, for which the grant applicants had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account. CPB has an additional outstanding commitment in the amount of $16,000, for the promotional campaign, this commitment is expected to be completed during 2014/15.

12. Related party transactions

The CPB is related in terms of common ownership to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The CPB enters into transactions with these entities in the normal course of operations and they are measured at the exchange amount agreed to by the related parties.

13. Comparative figures

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

The Cooperative Promotion Board

Schedule of Grants

Year ended March 31, 2014, with comparative figures for 2013 **Schedule 1**

	2014	2013
General Account		
Albert Street Autonomous Zone	$ 3,500	$ -
Canadian CED Network	2,500	3,000
Canadian Worker Co-op Federation	1,809	-
Centre for the Study of Cooperatives	-	5,000
Compo-Stages Manitoba Services Co-op	2,850	-
Co-op Housing Development Group Inc.	-	2,000
Co-op Management Student, University of Winnipeg	-	1,000
CoopZone Developers' Network Co-operative	2,000	-
Cooperative d'energie De Salaberry	-	3,000
Cooperative d'energie St. Claude	-	3,000
Cooperative Housing Federation of Canada	-	5,800
Economic Development Council for Manitoba Bilingual Municipalities	3,500	-
Manitoba Cooperative Association Inc.	1,000	1,000
Mondragon Worker Co-op	1,510	-
Organic Planet Worker Co-op	-	499
Par IT	280	1,920
Peg City Car Co-op	-	3,500
Roseisle Community Grocery Co-op	-	594
Rural Roots Food Cooperative	1,000	-
Seniors for Seniors Co-op	-	2,086
South Osborne Community Cooperative	-	1,500
Urban Eatin' Gardeners Worker Co-op	-	2,025
Total of Grants	$ 19,949	$ 35,924

Management's Report

Management's Responsibility for the Council on Post-Secondary Education's Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, Office of the Auditor General of Manitoba, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Council on Post-Secondary Education and meet when required.

On behalf of Council on Post-Secondary Education

Ray Karasevich Secretary	Carlos Matias, CGA Chief Financial Officer

June 6, 2014

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Council on Post-Secondary Education

We have audited the accompanying financial statements of the Council on Post-Secondary Education, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council on Post-Secondary Education as at March 31, 2014 and the results of its operations, the changes in its net financial assets, and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

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Repeal of The Council on Post-Secondary Education Act

Without modifying our opinion, we draw attention to Note 11 to the financial statements, which describes that the Provincial Government introduced legislation to repeal The Council on Post-Secondary Education Act.

Office of the Auditor General

Office of the Auditor General
June 6, 2014
Winnipeg, Manitoba

Council on Post-Secondary Education

Statement of Financial Position
As at March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	$ 254,293	$ 210,721
Accounts receivable, Province of Manitoba	621,266	7,659,766
Loan Receivable, Province of Manitoba (Note 3)	1,476,561	1,381,354
Total Financial Assets	2,352,120	9,251,841
LIABILITIES		
Accounts payable and accrued liabilities	113,783	105,032
Grants Payable	521,266	7,499,766
Provision for employees' severance benefits (Note 6)	145,135	131,030
Provision for employer's share of employees' pension benefits (Note 7)	1,372,420	1,277,213
Total Liabilities	2,152,604	9,013,041
NET FINANCIAL ASSETS	199,516	238,800
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	46,356	37,358
Total Non-Financial Assets	46,356	37,358
ACCUMULATED SURPLUS	$ 245,872	$ 276,158

Contractual Obligations (Note 8)

Dr. Curtis Nordman, Chair

Bonnie Proven, Vice-Chair

The accompanying notes and supplementary schedule are an integral part of these financial statements

Council on Post-Secondary Education

Statement of Operations
For the year ended March 31, 2014

	Budget	2014	2013
REVENUE			
Province of Manitoba grants:			
Department of Education and Advanced Learning	$ 649,679,000	$ 634,653,532	$ 615,067,152
Other	-	1,417,221	783,565
Interest	-	1,608	2,650
Total Revenue	649,679,000	636,072,361	615,853,367
EXPENSES			
Operating grants	571,175,000	558,379,889	543,009,359
Support programs	1,457,000	1,663,258	1,264,488
College Expansion Initiative grants	47,063,000	45,269,000	42,502,000
Post-Secondary Strategic Initiatives	400,000	400,000	100,000
Equipment and Renovations grants	6,246,000	6,246,000	6,246,000
Capital grants	5,325,000	5,323,027	5,322,221
ACCESS grants	10,533,000	10,490,800	10,190,728
Inter-Provincial Training Agreements	5,917,000	5,842,971	5,708,444
Administrative and Other, Schedule 1	1,563,000	2,487,702	1,552,749
Total Expenses	649,679,000	636,102,647	615,895,989
ANNUAL DEFICIT	-	(30,286)	(42,622)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	276,158	276,158	318,780
ACCUMULATED SURPLUS AT END OF YEAR	$ 276,158	$ 245,872	$ 276,158

The accompanying notes and supplementary schedule are an integral part of these financial statements

Council on Post-Secondary Education

Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	Budget	2014	2013
Annual Deficit	$ -	$ (30,286)	$ (42,622)
Tangible Capital Assets			
Acquisition of tangible capital assets	-	(16,701)	(2,319)
Amortization of tangible capital assets	7,000	7,703	6,690
Decrease (increase) in Tangible Capital Assets	7,000	(8,998)	4,371
Decrease in net financial assets	(7,000)	(39,284)	(38,251)
Net financial assets at beginning of year	238,800	238,800	277,051
Net financial assets at end of year	$ 231,800	$ 199,516	$ 238,800

The accompanying notes and supplementary schedule are an integral part of these financial statements

Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used in)		
Operating Activities		
Net deficit for the year	$ (30,286)	$ (42,622)
Changes in non-cash items:		
Amortization	7,703	6,690
Accounts Receivable	7,038,500	(4,259,183)
Accounts Payable	8,751	(5,903)
Grants Payable	(6,978,500)	4,130,814
Cash provided by (used in) operating activities	46,168	(170,204)
Capital Activities		
Acquisition of tangible capital assets	(16,701)	(2,319)
Cash used in capital activities	(16,701)	(2,319)
Financing Activities		
Loan Receivable - Province of Manitoba	(95,207)	(73,336)
Provision for Employees' Severance Benefits	14,105	11,874
Provision for Employer's Share of Employees' Pension Benefits	95,207	73,336
Cash provided by financing activities	14,105	11,874
Increase (decrease) in cash and cash equivalents	43,572	(160,649)
Cash and cash equivalents, beginning of year	210,721	371,370
Cash and cash equivalents, end of year	$ 254,293	$ 210,721

Supplementary cash flow information:
Interest Received $ 1,608 $ 2,650

The accompanying notes and supplementary schedule are an integral part of these financial statements

Schedule 1 - Administrative and Other Expenses
for the year ended March 31, 2014

	2014	2013
Amortization	$ 7,703	$ 6,690
Automobile and travelling	31,341	30,799
Computer operating & lease costs	72,997	60,371
Course and membership fees	14,460	12,565
Labour Market - Bridge Programs	713,599	-
Meetings - Council	1,620	1,076
Miscellaneous grants	2,300	9,702
Office rental	127,592	125,216
Postage and telephone	16,784	17,706
Printing and stationery supplies	19,463	11,492
Professional fees	42,290	30,131
Remuneration of Council members	33,994	37,975
Salaries and employee benefits	1,351,481	1,155,666
Subscriptions and books	2,420	1,591
Sundry	49,658	51,769
Total administrative and other expenses	$ 2,487,702	$ 1,552,749

Notes to Financial Statements
for the year ended March 31, 2014

1. Nature of Operations

The Council on Post-Secondary Education (COPSE) was established by an Act of the Legislature passed in 1997 and is composed of 11 members appointed by the Lieutenant-Governor-in-Council.

The Universities Grants Commission Act was repealed effective April 28, 1997 by the Council on Post-Secondary Education Act.

The Council on Post-Secondary Education Act provided that the University Grants Fund be continued as the Post-Secondary Grants Fund. All assets and liabilities of the Universities Grants Commission were transferred to the Council on Post-Secondary Education.

Primarily, the Council on Post-Secondary Education provides funding to Manitoba's universities and community colleges for approved programs and capital projects from funds received from the Province of Manitoba.

On April 11, 2006, Treasury Board authorized the reorganization of the Council on Post-Secondary Education Secretariat. This included the integration of the College Expansion Initiative into the Council on Post-Secondary Education Secretariat.

2. Significant Accounting Policies

A. Basis of Accounting

The Council on Post-Secondary Education's annual financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.

B. Financial Instruments

Financial Instruments consist of cash and cash equivalents, accounts receivable, loan receivable, accounts payable and accrued liabilities and grants payable. The loan receivable is measured at amortized cost using the effective interest rate method; all other financial assets and financial liabilities are measured at cost. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

C. Revenue Recognition

Revenue is recognized as funds are drawn from Province of Manitoba appropriations.

D. Grant Expense

Operating, support program, college expansion initiative, access, and strategic initiatives grants reflect payments/payables to Manitoba universities and community colleges for their annual operations. These grants are funded on the basis of scheduled payments to meet the operating requirements of the universities and community colleges. Operating grants are also provided to private religious colleges and to the Winnipeg Technical College.

Major capital grants based on shared cost agreements are funded on a reimbursement basis. The university must first incur eligible costs as defined in the terms of the agreement, which the Council then reimburses.

Major capital grants to universities that are discretionary grants are funded when the university has met the eligibility criteria and fulfilled the conditions set out by the Council.

Equipment and renovation grants are provided to Manitoba universities and community colleges based on the cash flow requirements of those institutions.

E. Vacation and Severance Benefits

Employees of the Council are entitled to vacation and severance benefits in accordance with the terms of the collective agreement. The liability for vacation is recorded based on the Council's best estimates. The liability for severance benefits is based on an actuarial valuation using the accrued benefit cost method and management's best estimates of salary escalation, retirement ages of employees and employee mortality. Actuarial gains or losses are amortized over the expected average remaining service life of employees (EARSL). EARSL is estimated at 15 years.

F. Employer's Share of Employees' Pension Benefits

Employees of the Council are pensionable under the Civil Service Superannuation Act. The Council accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation using the accrued benefit cost method and management's best estimates of salary escalation, retirement ages of employees and employee mortality. Actuarial gains or losses are amortized over the expected average remaining service life of employees (EARSL). EARSL is estimated at 15 years.

G. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization is provided on a straight-line basis over the assets' estimated useful lives, in accordance with the Province of Manitoba guidelines, as follows:

Furniture	10 years
Leasehold Improvements	10 years
Office Equipment	10 years
Computer Equipment	4 years
Computer Software	4 years

H. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

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

3. Loan Receivable – Province of Manitoba

The loan receivable from the Province of Manitoba represents the following recoverable amounts.

	2014	2013
Severance Pay	$ 104,141	$ 104,141
Pension	1,372,420	1,277,213
	$ 1,476,561	$ 1,381,354

The amount recorded as a receivable from the Province for funding of the severance pay liability was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result, the change in the severance pay liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

The Province has accepted responsibility for providing the funding for the Council's pension liability and related expense which includes an interest component. The Council has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability of $1,372,420 (2013 - $1,277,213) and has recorded revenue for the year ended March 31, 2014 equal to its pension expense of $153,929 (2013 - $132,334). The Province will make payments on the receivable when it is determined that the cash is required to discharge the related pension obligations.

4. Risk Management

Interest Rate and Foreign Currency Risk

The Council's exposure to interest rate risk is considered low because of the short-term nature of its cash equivalents and accounts receivable. The majority of the balance of the loan receivable is not subject to interest rate risk because it is derived from the provision for employer's share of employees' pension benefits.

The Council is not exposed to foreign currency risk as it has no foreign currency denominated financial instruments.

Credit Risk

Credit risk is the risk of potential loss to the Council if a counterparty to a financial instrument fails to discharge an obligation. The Council's credit risk is primarily attributable to its cash, cash equivalents, accounts receivable and loan receivable. The credit risk on cash and cash equivalents is considered low as the counterparty is a high credit quality institution. The credit risk on accounts receivable and the loan receivable is considered low because the counterparty is the Province of Manitoba.

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at March 31 was:

	Carrying Amount	
	2014	**2013**
Financial Assets		
Cash and cash equivalents	$254,293	$210,721
Loans and Receivables:		
Accounts Receivable	621,266	7,659,766
Loan Receivable – Province of Manitoba	1,476,561	1,381,354
	$2,352,120	$9,251,841

5. Tangible Capital Assets

	2014		
	Cost	Accumulated Amortization	Net Book Value
Furniture	$ 69,467	$ 56,367	$ 13,100
Leasehold Improvements	43,784	15,357	28,427
Office Equipment	13,522	11,364	2,158
Computer Equipment	31,117	29,646	1,471
Computer Software	1,600	400	1,200
	$ 159,490	$ 113,134	$ 46,356

	2013		
	Cost	Accumulated Amortization	Net Book Value
Furniture	$ 64,482	$ 54,577	$ 9,905
Leasehold Improvements	33,580	11,490	22,090
Office Equipment	12,810	11,042	1,768
Computer Equipment	31,117	28,222	2,895
Computer Software	800	100	700
	$ 142,789	$ 105,431	$ 37,358

6. Provision for Employees' Severance Benefits

	2014	2013
Severance Obligations, at beginning of year	$ 106,223	$ 92,441
Benefits accrued	9,110	7,774
Interest accrued on obligations	6,904	6,008
Severance Obligations, at end of year	$ 122,237	$ 106,223
Unamortized actuarial gains	22,898	24,807
Severance Liability	$ 145,135	$ 131,030

Severance Benefit Expense	2014	2013
Current service costs	$ 9,110	$ 7,774
Interest costs	6,904	6,008
Amortization of actuarial gains	(1,909)	(1,908)
Total	$ 14,105	$ 11,874

An actuarial valuation of the severance obligations as at March 31, 2011 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used in that valuation were a rate of return of 6.0% inflation rate of 2.0% and salary rate increases of 2.75%. The liability has been extrapolated to March 31, 2014 using a formula provided by the actuary.

7. Provision for Employer's Share of Employees' Pension Benefits

	2014	2013
Pension Obligations, at beginning of year	$ 1,243,422	$ 1,221,722
Actuarial losses (gains)	27,365	(53,959)
Benefits accrued	70,445	58,015
Interest accrued on obligations	83,982	76,641
Benefits paid	(58,722)	(58,997)
Pension Obligations, at end of year	$ 1,366,492	$ 1,243,422
Unamortized net actuarial gains	5,928	33,791
Pension Liability	$ 1,372,420	$ 1,277,213

Pension Benefit Expense

	2014	2013
Current service costs, net of employee contributions	$ 70,445	$ 58,015
Interest costs	83,982	76,641
Amortization of net actuarial (gains)	(498)	(2,322)
Pension Benefit Expense	$ 153,929	$ 132,334

An actuarial valuation of the pension obligations as at December 31, 2012 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used in that valuation (and the December 31, 2011 actuarial valuation) were a discount rate of 6.0%, inflation rate of 2.0%, salary rate increases of 3.75% and post retirement indexing at 2/3 of the inflation rate. The liability has been extrapolated to March 31, 2014 using a formula provided by the actuary.

8. Contractual Obligations

The Council on Post-Secondary Education has approved funding of $4,182,057 (2013 - $5,553,565) for various new programs and system restructuring which will be provided over fiscal years 2014/15 to 2017/18.

9. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council on Post-Secondary Education is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Council on Post-Secondary

Education enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

10. Budget Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Council.

11. Subsequent Events

In April 2014, the Provincial Government introduced legislation to repeal The Council on Post-Secondary Education Act. Under the proposed legislation, the Council is dissolved but the Council's secretariat and its assets and liabilities (at carrying value) are transferred to the Department of Education and Advanced Learning.

Grant Expenses (unaudited)
For the year ended March 31, 2014

	2014	2013
Universities Grants		
1. Operating		
University of Manitoba	$ 325,226,965	$ 315,872,065
University of Winnipeg	57,151,500	55,669,500
Brandon University	35,676,029	34,444,911
University College of the North	26,778,300	25,460,300
Université de Saint-Boniface	14,446,900	14,084,900
Canadian Mennonite University	4,093,000	3,993,000
Providence University College	1,242,100	1,242,100
Booth University College	368,600	368,600
Steinbach Bible College	230,000	230,000
	465,213,394	451,365,376
First Claims		
University of Manitoba	236,066	244,650
University of Winnipeg	-	20,000
Brandon University	133,372	174,989
	369,438	439,639
Support Programs		
Campus Manitoba	1,087,000	787,000
Visually Impaired	344,258	357,488
Student Aid Tuition Rebate	112,000	
Churchill Northern Studies Centre	120,000	120,000
	1,663,258	1,264,488
Total Operating Grants - Universities		
University of Manitoba	325,463,031	316,116,715
University of Winnipeg	57,151,500	55,689,500
Brandon University	35,809,401	34,619,900
University College of the North	26,778,300	25,460,300
Université de Saint-Boniface	14,446,900	14,084,900
Canadian Mennonite University	4,093,000	3,993,000
Providence University College	1,242,100	1,242,100
Booth University College	368,600	368,600
Steinbach Bible College	230,000	230,000
Support Programs	1,663,258	1,264,488
	$ 467,246,090	$ 453,069,503

Grant Expenses (unaudited)
For the year ended March 31, 2014

	2014	2013
2. Capital		
(a) Equipment & Renovations		
University of Manitoba	$ 3,020,000	$ 3,020,000
University of Winnipeg	550,000	550,000
Brandon University	330,000	330,000
University College of the North	429,000	429,000
Université de Saint-Boniface	100,000	100,000
	4,429,000	4,429,000
(b) Major Capital Projects		
University of Manitoba	4,297,000	4,325,000
University of Winnipeg	633,027	610,000
Brandon University	393,000	387,221
University College of the North	-	-
Canadian Mennonite University	-	-
Université de Saint-Boniface	-	-
	5,323,027	5,322,221
Total Capital Grants		
University of Manitoba	7,317,000	7,345,000
University of Winnipeg	1,183,027	1,160,000
Brandon University	723,000	717,221
University College of the North	429,000	429,000
Université de Saint-Boniface	100,000	100,000
	9,752,027	9,751,221
3. Strategic Initiatives - Universities		
University of Manitoba	50,000	100,000
University of Winnipeg	100,000	-
Brandon University	175,000	-
University College of the North	75,000	-
	400,000	100,000
4. ACCESS Grants		
University of Manitoba	4,485,000	4,375,600
University of Winnipeg	1,552,100	1,514,200
Brandon University	-	330,935
University College of the North	3,371,300	2,913,993
	9,408,400	9,134,728
Total Universities Grants	$ 486,806,517	$ 472,055,452

Grant Expenses (unaudited)
For the year ended March 31, 2014

	2014	2013
Colleges Grants		
1. Operating		
Assiniboine Community College	$ 20,422,057	$ 19,975,400
Red River College	69,777,000	68,888,944
École technique et professionnelle	2,598,000	2,340,000
	92,797,057	91,204,344
2. Capital		
(a) Equipment & Renovations		
Assiniboine Community College	598,000	598,000
Red River College	1,219,000	1,219,000
	1,817,000	1,817,000
Total Capital Grants		
Assiniboine Community College	598,000	598,000
Red River College	1,219,000	1,219,000
	1,817,000	1,817,000
3. College Expansion Initiative		
Assiniboine Community College	8,278,000	7,207,000
University College of the North	4,532,600	4,443,600
Red River College	31,254,700	29,661,700
École technique et professionnelle	1,203,700	1,179,700
Tech Voc Initiative	-	10,000
	45,269,000	42,502,000
4. Strategic Initiatives		
Red River College	-	-
	-	-
5. ACCESS Grants		
Red River College	1,082,400	1,056,000
	1,082,400	1,056,000
Total College Grants	$ 140,965,457	$ 136,579,344

THE COUNCIL ON POST-SECONDARY EDUCATION

Grant Expenses (unaudited)
For the year ended March 31, 2014

	2014	2013
Access Program Grants		
University of Manitoba		
University of Manitoba ACCESS Program		
- North & South	$ 356,600	$ 347,900
Special Pre-Medical Studies Program	560,100	546,400
Professional Health Program	148,500	144,800
Northern Bachelor of Social Work Program	1,074,400	1,048,200
Winnipeg Education Centre - Social Work Program	1,253,700	1,223,100
Engineering ACCESS Program	510,600	498,200
Nursing	581,100	567,000
	4,485,000	4,375,600
University of Winnipeg		
Integrated Student Support Services	223,300	217,800
Winnipeg Education Centre	737,000	719,100
Aboriginal Teacher Education program	591,800	577,300
	1,552,100	1,514,200
Brandon University		
Brandon University Northern Teacher Education Program	-	330,935
	-	330,935
University College of the North		
ACCESS Education	2,244,000	1,814,193
ACCESS The Pas	418,500	408,400
ACCESS Nursing Preparation Year	708,800	691,400
	3,371,300	2,913,993
Total Universities ACCESS Programs	9,408,400	9,134,728
Red River College		
Community College ACCESS Program		
- North & South	484,700	472,800
Southern Nursing Program	597,700	583,200
	1,082,400	1,056,000
Total ACCESS Programs	$ 10,490,800	$ 10,190,728

Inter-Provincial Training Agreements (unaudited)
For the year ended March 31, 2014

	2014	2013
University of Saskatchewan		
Veterinary Medicine	$ 5,521,800	$ 5,413,500
University of Waterloo		
Optometry	153,059	126,832
Southern Alberta Institute of Technology		
Nuclear Medicine	168,112	168,112
Total Inter-Provincial Training Agreements	$ 5,842,971	$ 5,708,444

Management's Responsibility for Financial Reporting

The accompanying financial statements and note disclosures are the responsibility of management of Crown Corporations Council and have been prepared in accordance with Canadian public sector accounting standards. The financial statements have been reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors on May 1, 2014.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and other data available as at the date of approval by the Board of Directors.

Management maintains internal controls to properly safeguard the assets of Crown Corporations Council and to ensure that transactions and events are accurately recorded and properly approved on a timely basis in order to provide financial information that is free from material misstatement and in accordance with the underlying legislation and regulations applicable to Crown Corporations Council.

The financial statements have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Crown Corporations Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of
Crown Corporations Council

C.R. (Chuck) Sanderson
President and Chief Executive Officer

Sheilagh Antoniuk
Director, Corporate Operations and
Senior Corporate Analyst

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crown Corporations Council

Report on the Financial Statements

We have audited the accompanying financial statements of Crown Corporations Council, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crown Corporations Council as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

May 1, 2014
Winnipeg, Canada

Magnus Chartered Accountants LLP

CROWN CORPORATIONS COUNCIL
A MANITOBA CROWN CORPORATION
PROVINCE OF MANITOBA

Statement of Financial Position
(in thousands)
December 31, 2013

	2013 Actual	2012 Actual
Financial assets		
Cash and cash equivalents	$ 839	$ 642
Accounts receivable (Note 4)	84	215
	923	857
Liabilities		
Accounts payable and accrued liabilities	102	123
Levies received in advance	187	151
Due to Crown corporations (Note 5)	417	350
Employee future benefits (Note 6)	162	155
	868	779
Net financial assets	55	78
Non-financial assets		
Tangible capital assets (Note 7)	15	18
	15	18
Accumulated surplus (Note 8)	$ 70	$ 96

Designated assets (Note 9)

Commitments (Note 10)

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

______________________________ Council Chair

______________________________ Council Member

Statement of Operations
(in thousands)
Year ended December 31, 2013

		2013 Budget		2013 Actual		2012 Actual
Revenue:						
Recoveries from Crown corporations through levies (Note 11)	$	989	$	740	$	1,075
Board Performance Training:						
Province of Manitoba		80		80		80
Recoveries from participants		30		11		8
Interest income		4		4		4
		1,103		835		1,167
Expenses:						
Amortization of tangible capital assets		14		12		13
Board remuneration and expenses		84		81		84
Board Performance Training expenses		110		113		84
Equipment, computer and maintenance		4		12		3
Industry conferences		5		3		1
Insurance and miscellaneous		7		2		2
Loss on disposal of tangible capital assets		-		-		1
Office supplies and printing		12		11		10
Professional development		8		4		5
Professional fees		168		42		292
Rent		97		91		91
Salaries and benefits		590		482		575
Telephone, internet and communications		9		7		8
Travel and automobile		4		1		1
		1,112		861		1,170
Operating (deficit) for the year		(9)		(26)		(3)
Accumulated surplus, beginning of year		-		96		99
Accumulated surplus, end of year	$	(9)	$	70	$	96

See accompanying notes to financial statements.

CROWN CORPORATIONS COUNCIL
A MANITOBA CROWN CORPORATION
PROVINCE OF MANITOBA

Statement of Change in Net Financial Assets
(in thousands)
Year ended December 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Operating (deficit) for the year	$ (9)	$ (26)	$ (3)
Tangible capital assets:			
Acquisition of tangible capital assets	(5)	(9)	(5)
Amortization of tangible capital assets	14	12	13
Net acquisition of tangible capital assets	9	3	8
(Decrease) increase in net (debt) financial assets	-	(23)	5
Net financial assets, beginning of year	-	78	73
Net financial assets, end of year	$ -	$ 55	$ 78

See accompanying notes to financial statements.

Statement of Cash Flow
(in thousands)
Year ended December 31, 2013

	2013 Actual	2012 Actual
Cash provided by (applied to):		
Operating activities:		
Operating (deficit) for the year	$ (26)	$ (3)
Adjustment for:		
Amortization of tangible capital assets	12	13
Loss on disposal of tangible capital assets	-	1
	(14)	11
Changes in the following:		
Accounts receivable	131	(130)
Accounts payable and accrued liabilities	(21)	(22)
Levies received in advance	36	(26)
Due to Crown corporations	67	118
Employee future benefits	7	7
Cash provided by (applied to) operating activities	206	(42)
Capital activities:		
Acquisition of tangible capital assets	(9)	(5)
Cash (applied to) capital activities	(9)	(5)
Change in cash and cash equivalents	197	(47)
Cash and cash equivalents, beginning of year	642	689
Cash and cash equivalents, end of year	$ 839	$ 642

See accompanying notes to financial statements.

1. Nature of organization

Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 pursuant to *The Crown Corporations Public Review and Accountability Act*. The role of the Council is to facilitate the development of clear mandates, effective performance measures and consistent practices where appropriate for the Crown corporations under its purview. Pursuant to the underlying legislation and applicable regulations, the Council recovers its general operating expenses and direct costs from the Crown corporations under its purview therefore essentially operates on a cost recovery basis.

Commencing in 2010, the Council has also been responsible for providing Board Performance Training for Manitoba Agencies, Boards and Commissions. Revenues and expenses relating to Board Performance Training are tracked separately by the Council and are excluded from the cost recoveries from the Crown corporations under its purview.

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards using the significant accounting policies described in Note 3. Canadian public sector accounting standards are generally accepted accounting principles for other government organizations as recommended by the Public Sector Accounting Board.

3. Significant accounting policies

(a) Revenue

<u>Recoveries from Crown corporations through levies</u>

In accordance with Regulation 84/90 "Levies on Corporations Regulation" pursuant to *The Crown Corporations Public Review and Accountability Act*, the Council's general operating expenses are recovered from the Crown corporations under its purview through the assessment of levies, and any direct costs incurred on behalf of particular Crown corporations are recovered directly from the respective Crown corporations. These amounts are recognized at the time the general operating expenses and direct costs are incurred.

<u>Board Performance Training</u>

Board Performance Training for Manitoba Agencies, Boards and Commissions is funded by Government contributions for these services and program related recoveries. The Council receives annual funding from the Province of Manitoba for the provision of Board Performance Training to Manitoba Agencies, Boards and Commissions that is recognized on an accrual basis. Recoveries from participants are recognized when the related services are provided.

<u>Interest income</u>

Interest income is recognized on an accrual basis.

(b) Expenses

All expenses incurred are recognized on an accrual basis when the related goods or services are received.

3. Significant accounting policies (continued)

(c) Financial assets

Cash and cash equivalents
Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

Accounts receivable
Accounts receivable are recorded at the lower of cost and net realizable value.

(d) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(e) Non-financial assets

Non-financial assets do not normally provide resources to discharge existing liabilities of the Council. These assets are normally employed to provide future services.

Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price and other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Office furniture and equipment	5 years straight line
Computer equipment	3 years straight line

(f) Financial instruments - measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Council records its financial assets at cost, which include cash and cash equivalents and accounts receivable. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities, levies received in advance, and amounts due to Crown corporations.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, any cumulative remeasurement gains and losses are reclassified to the statement of operations.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results could differ from these estimates.

(in thousands)

4. Accounts receivable

		2013		2012
Trade accounts receivable	$	84	$	214
Other receivables		-		1
	$	84	$	215

Included in trade accounts receivable at year end is $nil (2012 - $128) relating to the recovery of direct costs incurred on behalf of particular Crown corporations during the year (see Note 11).

5. Due to Crown corporations

Amounts due to the Crown corporations under its purview are non-interest bearing with no specific repayment terms and represent a retroactive adjustment to levies based on the Council's actual expenses.

6. Employee future benefits

		2013		2012
Enhanced pension benefits	$	93	$	93
Severance benefits		69		62
	$	162	$	155

Certain qualifying employees of the Council are eligible for pension benefits and severance benefits in accordance with the provisions of *The Civil Service Superannuation Act* ("*CSSA*") administered by the Civil Service Superannuation Board through the Civil Service Superannuation Fund (the "Fund").

Pension benefits

Employees of the Council are provided regular pension benefits as a result of the participation of its eligible employees in the *CSSA*. Under paragraph 6 of the *CSSA*, the Council is described as a matching employer for regular pension benefits and therefore the Council's contributions towards regular pension benefits is limited to matching the employees' contributions. The amount paid for regular pension benefits for 2013 was $22 (2012 - $20). Under the *CSSA*, the Council has no further liability for regular pension benefits.

In addition to regular pension benefits, a former employee of the Council is entitled to enhanced pension benefits in excess of the maximum amount provided by the *CSSA*. The enhanced pension benefits are provided under a final pay plan which is indexed. The amount of the enhanced pension benefit obligation is based on actuarial calculations using the accrued benefit method. The periodic actuarial valuation of this obligation may determine that adjustments are needed to the accrued obligation when actual experience is different from expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses are recognized in income immediately as there is no remaining service life of the employee.

(in thousands)

6. Employee future benefits (continued)

The most recent actuarial valuation for the enhanced pension obligation was completed as at December 31, 2012. The actuarial report provides a formula to update the obligation on an annual basis. In accordance with the formula, the Council's actuarially determined obligation for accounting purposes as at December 31, 2013 is $93 (2012 - $93).

Enhanced Pension Benefits

	2013	2012
Enhanced pension obligation, beginning of year	$ 93	$ 89
Actuarial gains/losses	-	4
Current service cost	-	-
Interest cost	6	6
Benefits paid	(6)	(6)
Enhanced pension obligation, end of year	$ 93	$ 93

Significant long-term actuarial assumptions used in the December 31, 2012 valuation, and in the determination of the December 31, 2013 enhanced pension benefit obligation are as follows:

Discount rate	6.00% (2012 - 6.00%)
Rate of compensation increase	3.75% (2012 - 3.75%)
Indexing	1.33% (2012 - 1.33%)
Annual employee contributions interest credit	4.00% (2012 - 4.00%)
Annual rate of increase in CPP earnings maximum	2.75% (2012 - 2.75%)
Rate of CRA maximum pension increase	$2,697 (2012 - $2,647)

Severance benefits

Employees of the Council are also provided severance benefits as a result of the participation of its eligible employees in the *CSSA*. Severance benefits include benefits payable to eligible employees resulting from retirement, death or other termination in accordance with the *CSSA*. Severance benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the accrued benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees are expected to retire.

The amount of the severance benefit obligation is based on actuarial calculations. The periodic actuarial valuations of these obligations may determine that adjustments are needed to the accrued obligation when actual experience is different from expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses are amortized over the 10 year expected average remaining service life of the related employee group if material.

(in thousands)

6. Employee future benefits (continued)

The most recent actuarial valuation for the severance benefit obligation was completed as at December 31, 2012. The actuarial report provides a formula to update the obligation on an annual basis. In accordance with the formula, the Council's actuarially determined severance obligation for accounting purposes as at December 31, 2013 is $69 (2012 - $62).

Severance Benefits

	2013	2012
Severance benefit obligation, beginning of year	$ 62	$ 59
Actuarial gains/losses	-	6
Current service cost	3	5
Interest cost	4	4
Benefits paid	-	(12)
Severance benefit obligation, end of year	$ 69	$ 62
Unamortized actuarial gains/losses	-	-
Severance benefit obligation, end of year	$ 69	$ 62

Significant long-term actuarial assumptions used in the December 31, 2012 valuation and in the determination of the December 31, 2013 severance obligation are as follows:

Discount rate	6.00% (2012 - 6.00%)
Rate of compensation increase	2.75% (2012 - 2.75%)

Sick pay benefits

The Council provides sick leave benefits for employees that accumulate but do not vest. No amounts for sick pay benefits are included in these financial statements as the amounts are not significant to warrant an accrual in the financial statements.

7. Tangible capital assets

	2013				2012
	Opening Balance	Additions	Disposals	Closing Balance	Total
Cost					
Office furniture and equipment	$ 67	$ -	$ (3)	$ 64	$ 67
Computer equipment	37	9	(9)	37	37
Total cost	$ 104	$ 9	$ (12)	$ 101	$ 104
Accumulated amortization					
Office furniture and equipment	$ (55)	$ (4)	$ 3	$ (56)	$ (55)
Computer equipment	(31)	(8)	9	(30)	(31)
Total accumulated amortization	$ (86)	$ (12)	$ 12	$ (86)	$ (86)
Net book value	$ 18	$ (3)	$ -	$ 15	$ 18

8. Accumulated surplus

The Council has allocated a portion of its accumulated surplus for amounts internally restricted for Board Performance Training. As at year end, the total accumulated surplus from revenues and expenses directly relating to Board Performance Training is $55 (2012 - $78).

9. Designated assets

The Council has allocated $147 (2012 - $145) of its cash and cash equivalents as designated assets for employee future benefit obligations. This amount is held in a short term interest bearing trust account with the Province of Manitoba to ensure adequate cash is maintained to discharge employee benefit obligations as they arise. Any unused amounts are re-invested at each maturity date.

10. Commitments

The Council is committed under a premises lease expiring on April 30, 2016 to annual basic rental payments of approximately $47 and annual common area and operating costs of approximately $38 for a total annual commitment of approximately $85.

The Council has entered into a contract with Novaturi Group Inc. for consulting services related to Board Performance Training for the period from November 18, 2013 to December 31, 2014 with total payments under this contract for fiscal 2014 amounting to $62.

11. Recoveries from Crown corporations through levies

During the year, the Council incurred $nil (2012 - $256) of direct costs recovered directly from Crown corporations. Direct costs were incurred during the prior year relating to the merger of Manitoba Lotteries Corporation and the Manitoba Liquor Control Commission which were recovered directly from these Crown corporations in addition to the recovery of general operating expenses in the prior year.

12. Financial risk management - overview

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2012 - $nil).

Financial risk management

The Council has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of cash and cash equivalents and accounts receivable.

(in thousands)

12. Financial risk management - overview (continued)

The maximum exposure of the Council to credit risk at December 31 is:

	2013	2012
Cash and cash equivalents	$ 839	$ 642
Accounts receivable	84	215
	$ 923	$ 857

Cash and cash equivalents - the Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

Accounts receivable - the Council is not exposed to significant credit risk as any balances are due from the Crown corporations under its purview, the Province of Manitoba and other Provincial Agencies, Boards and Commissions. The Council manages this credit risk through close monitoring of any overdue amounts.

If necessary, the Council establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts as at December 31, 2013 was $nil (2012 - $nil).

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents. The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

INDEPENDENT AUDITORS' REPORT

To the Member of
Diagnostic Services of Manitoba Inc.

We have audited the accompanying financial statements of **Diagnostic Services of Manitoba Inc.,** which comprise the statement of financial position as at March 31, 2014 and the statements of operations, net assets and cash flows for the year then end, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Diagnostic Services of Manitoba Inc.** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg Canada,
June 13, 2014.

Ernst & Young LLP

Chartered Accountants

Diagnostic Services of Manitoba Inc.
Incorporated under the laws of Manitoba

STATEMENT OF FINANCIAL POSITION

[Expressed in thousands of dollars]

As at March 31

	2014 $	2013 $
ASSETS		
Current		
Cash and cash equivalents	**8,719**	6,512
Accounts receivable *[note 3]*	**14,534**	15,077
Prepaid expenses	**2,619**	944
Vacation pay recoverable from		
Manitoba Health	**619**	619
Regional Health Authorities of Manitoba	**903**	903
Total current assets	**27,394**	24,055
Capital assets, net *[note 4]*	**55,276**	50,506
Pre-retirement leave benefits recoverable *[note 5]*	**13,176**	13,348
Future sick leave benefits recoverable	**2,362**	2,187
	98,208	90,096
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness *[note 6]*	**1,464**	2,070
Accounts payable and accrued liabilities *[note 7]*	**14,806**	11,989
Current portion of obligations under capital lease *[note 8]*	**375**	509
Accrued vacation pay	**9,164**	8,416
Total current liabilities	**25,809**	22,984
Accrued pre-retirement leave benefits *[note 12[b]]*	**14,228**	13,804
Future sick benefits payable	**2,767**	2,436
Obligations under capital lease *[note 8]*	**257**	545
Deferred contributions *[note 9]*	**55,119**	50,298
Total liabilities	**98,180**	90,067
Commitments *[note 10]*		
Net assets	**28**	29
	98,208	90,096

See accompanying notes

On behalf of the Board:

Marie Perchotte, Board Chair — Glenn McLennan, Treasurer

Diagnostic Services of Manitoba Inc.

STATEMENT OF OPERATIONS

[Expressed in thousands of dollars]

Year ended March 31

	2014 $	2013 $
REVENUE		
Manitoba Health operating income	**29,147**	26,833
Recoveries from Regional Health Authorities	**114,802**	112,257
Revenue from non-resident out-patient services	**86**	131
Interest income	**15**	17
Other recoveries	**138**	26
Recognition of deferred contributions *[note 9]*		
Capital - amortization	**7,626**	7,962
Expenses	**279**	282
Westman Lab deficit recoverable from Manitoba Health *[note 3]*	**—**	493
	152,093	148,001
EXPENSES		
Direct operating *[note 11]*	**144,262**	139,964
Amortization of capital assets	**7,832**	8,056
	152,094	148,020
Excess of expenses over revenue for the year	**(1)**	(19)

See accompanying notes

EY

A member firm of Ernst & Young Global Limited

Diagnostic Services of Manitoba Inc.

STATEMENT OF NET ASSETS

[Expressed in thousands of dollars]

Year ended March 31

	2014			
	Internally restricted for capital assets	**Unrestricted**	**Total**	**2013 Total**
	$	**$**	**$**	**$**
	[note 13]			
Net assets, beginning of year	**735**	**(706)**	**29**	48
Excess of revenue over expenses (expenses over revenue) for the year	**(206)**	**205**	**(1)**	(19)
Net assets, end of year	**529**	**(501)**	**28**	29

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF CASH FLOWS

[Expressed in thousands of dollars]

Year ended March 31

	2014 $	2013 $
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	**(1)**	(19)
Add (deduct) items not involving cash		
Amortization of capital assets	**7,832**	8,056
Amortization of deferred contributions related to capital assets	**(7,626)**	(7,974)
Recognition of deferred contributions related to expenses	**(279)**	(281)
	(74)	(218)
Net change in non-cash working capital balances related to operations	**(2,062)**	(2,333)
Deferred contributions received - future expenses	**430**	1,613
Cash used in operating activities	**(1,706)**	(938)
CAPITAL ACTIVITIES		
Increase in accounts payable related to capital assets	**4,575**	3,808
Acquisition of capital assets	**(12,715)**	(14,475)
Disposal of capital assets	**1,164**	—
Cash used in capital activities	**(6,976)**	(10,667)
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	**11,917**	11,936
Increase (decrease) in bank indebtedness	**(606)**	2,070
Increase (decrease) in obligations under capital lease, net of repayments	**(422)**	2
Cash provided by financing activities	**10,889**	14,008
Net increase in cash and cash equivalents during the year	**2,207**	2,403
Cash and cash equivalents, beginning of year	**6,512**	4,109
Cash and cash equivalents, end of year	**8,719**	6,512

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

1. NATURE OF BUSINESS

Diagnostic Services of Manitoba Inc. ["DSM"] is a not-for-profit organization incorporated under the laws of Manitoba on December 20, 2002. The Minister of Health is the sole member of the corporation. DSM was created with the intention of providing laboratory services throughout the Province of Manitoba, and imaging services within the rural environment.

Effective April 1, 2005, agreements were signed with 11 regional health authorities of Manitoba ["RHAs"] and seven non-devolved facilities ["Facilities"]. This agreement addressed the transfer of non-union staff, management, scientists, and physicians to DSM.

Effective April 1, 2006, DSM entered into an agreement with the Winnipeg Regional Health Authority ["WRHA"] and Facilities to commence the transition of all unionized staff, existing laboratory assets and contracts of the Facilities to DSM. The agreement also outlined the services to be provided by DSM and that related costs are to be recovered from the RHAs and the Facilities.

Effective November 1, 2007, DSM entered into an agreement with 10 RHAs to transfer all unionized staff, existing assets and contracts of the laboratory facilities in the rural regions. Similar to the Winnipeg transition agreements, the services to be provided by DSM will be recovered from the RHAs. The staff transfers from Assiniboine and Churchill in April 2009 completed Stage IV transition.

Effective April 1, 2009, DSM entered into an agreement with Westman Regional Laboratory Services Inc. ["WRL"] and Brandon Regional Health Authority to assign the responsibilities to DSM with respect to the management and operation of laboratory services for the City of Brandon. As part of this transaction, DSM assumed net assets of $(7) from WRL's operations. Capital assets with a net book value of $484 and other net assets of $1,275 were acquired, as well as bank indebtedness of $1,766 assumed. Specialized equipment funding for WRL new capital purchases was provided directly to DSM starting in 2008 by way of approved loan facilities through Manitoba Health.

In November 2009, the dissolution of the WRL board was executed followed by a formal dissolution of the WRL entity. It now operates under the name of Westman Lab as a division of DSM. The ongoing redevelopment of Westman Lab is expected to meet the growing demand for testing outside of Winnipeg using modern facilities and methodologies.

DSM is a not-for-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with the Public Sector Handbook, which sets out generally accepted accounting principles ["GAAP"] for government not-for-profit organizations in Canada. DSM has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to PS 4270. The significant accounting policies are described hereafter.

[a] Basis for accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenue as they become available and are measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Certain expenses related to diagnostic operations are incurred and paid directly by the RHAs. Since the legal obligation for these expenses lies with the RHAs, the expenses are not reflected in the financial statements for DSM.

[b] Revenue recognition

DSM follows the deferral method of accounting for contributions. Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions until that time. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with maturities [at time of purchase] of less than 90 days.

[d] Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis using an annual rate of:

Computer hardware/intangibles	10% - 20%
Furniture and equipment	10% - 15%
Equipment under capital lease	10% - 20%

System software-in-progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to the appropriate category of capital asset. No amortization is taken on system software-in-progress.

[e] Sick leave benefits

The cost of non-vesting sick leave benefits are determined by management by using their best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

[f] Pre-retirement leave benefits

The costs of pre-retirement leave benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimate of the length of service, salary increases, and ages at which employees will retire.

[g] Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods presented. Actual results could differ from these estimates. The amounts estimated include amortization of capital assets, employee future benefits payable and sick leave benefits.

[h] Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value [ii] cost or amortized cost. DSM determines the classification of its financial interest at initial recognition.

[Expressed in thousands of dollars]

Financial instruments including accounts receivable, vacation pay recoverable, pre-retirement leave benefits recoverable, future sick leave benefits recoverable, accounts payable and accrued liabilities, obligations under capital lease, accrued vacation pay, accrued pre-retirement leave benefits payable, and future sick benefits payable, are initially recorded at their fair value and are subsequently measured at amortized cost, net any provisions for impairment.

3. ACCOUNTS RECEIVABLE

	2014 $	2013 $
Due from Manitoba Health	2,678	1,305
Due from RHAs	10,863	13,064
Other	993	708
	14,534	15,077

In the previous year the amount due from Manitoba Health included the deficit of $493 related to Westman Lab's operations for fiscal 2013. In the current year and moving forward Westman Lab's operations are no longer deficit funded, therefore, there are no related receivable amounts for the current year.

There are no significant amounts that are past due or impaired.

4. CAPITAL ASSETS

	2014		
	Cost $	Accumulated amortization $	Net book value $
Computer hardware/intangibles	6,052	4,615	1,437
Furniture and equipment	77,229	33,827	43,402
System software-in-progress	9,243	—	9,243
Equipment under capital lease	2,975	1,781	1,194
	95,499	40,223	55,276

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

	2013 *[restated]*		
	Cost **$**	**Accumulated amortization** **$**	**Net book value** **$**
Computer hardware/intangibles	5,821	4,233	1,588
Furniture and equipment	67,480	27,820	39,660
System software-in-progress	7,751	—	7,751
Equipment under capital lease	2,896	1,389	1,507
	83,948	33,442	50,506

System software-in-progress is not amortized until such time as it becomes available for use.

A seven-year contract was signed by DSM commencing January 2010 with Roche Diagnostics for the installation and supply of chemistry analyzers and related reagents and consumables to the Winnipeg and Brandon laboratory sites. The analyzers received as a part of the agreement were initially valued at $13,715 and included in furniture and equipment with a corresponding amount recorded in deferred contributions. During renegotiations of the contract it was ascertained that the initial valuation was overstated by $7,129, due to the receipt of an updated, more accurate estimated valuation. The balance has been adjusted in the current and previous year to decrease the furniture and equipment and deferred contribution balances.

Subsequent to year-end, the contract was extended to a ten-year term.

5. PRE-RETIREMENT LEAVE BENEFITS RECOVERABLE

	2014 **$**	**2013** **$**
Pre-retirement leave benefits recoverable from		
Manitoba Health	**735**	735
RHAs	**12,441**	12,613
	13,176	13,348

Pre-retirement leave benefits recoverable from Manitoba Health represent the amount guaranteed by the Province of Manitoba.

[Expressed in thousands of dollars]

The amount recorded as a receivable for pre-retirement leave costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement leave costs as at March 31, 2004. Subsequent to March 31, 2004, the Province of Manitoba [through Manitoba Health] has included in its ongoing annual funding to DSM an amount equivalent to the change in the pre-retirement leave liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province of Manitoba when it is determined that the funding is required to discharge the related pre-retirement leave liabilities.

Pre-retirement leave benefits recoverable from the RHAs will be repaid as benefits are provided and represent their proportionate share of the actuarial determined liabilities *[note 12[b]]*.

The pre-retirement leave benefits recoverable represent a financial instrument and have been classified as loans and receivables, and are valued at amortized cost using the effective interest rate method. The carrying value of the pre-retirement leave benefits recoverable approximates their fair value, because the annual interest accretion is funded.

6. CREDIT FACILITY

DSM has a $7,000 [2013 - $7,000] credit facility which was not utilized at year-end. Interest is payable at bank prime less 0.90%.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2014 $	2013 $
Trade accounts payable	7,771	5,111
Due to RHAs	7,035	6,878
	14,806	11,989

8. OBLIGATIONS UNDER CAPITAL LEASE

The acquisition of electron microscopes was financed through a lease agreement. The lease has an implicit rate of interest of 6.23% and a lease repayable in fixed blended monthly amounts of approximately $12. The obligations will be fully paid in May 2014.

In December 2008, DSM entered into a lease contract for the acquisition and installation of a toxicology screening system at the Health Sciences Centre. The original lease had an implicit rate of interest of 7.9% and was repayable in fixed blended monthly payments of $8. In May 2013, the renegotiated contract lease added a service contract to the agreement adding $72 principal, dropped the monthly payments to $7 and extended the expiry date to April 2015. The revised implicit interest rate is 16.4%.

Two other leases were entered into with NexCap Finance Corporation ["NexCap"] for the acquisition of a mass spectrometer and office furniture. These leases have an implicit rate of 4.525% repayable in fixed blended monthly payments of $9. The lease expires January 2016.

In August 2011, DSM entered into an agreement with NexCap for the lease of chemistry analyzer equipment with a value of $86. The lease has an implicit rate of 3.9% repayable in fixed blended monthly payments of $2. The lease expires in July 2016.

In May 2012, DSM entered into two new leases for solvent recyclers with a value of $67. These leases have an implicit rate in the range of 7.044% - 7.086% repayable in fixed blended monthly payments of $1.5. The leases expire in May 2016.

In December 2012, DSM entered into a lease for a liquid cromatograph tandem mass spectrometer with a value of $347. The lease has an implicit rate of 4.652% repayable in fixed monthly payments of $12. The lease expires in January 2016.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

The following is a schedule of future minimum lease payments under capital lease, together with the balance of the obligations:

	$
2015	393
2016	263
2017	9
	665
Less interest	(33)
	632
Less current portion	(375)
	257

9. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2014 $	2013 $
Deferred contributions		
Future expenses	**2,410**	2,259
Capital	**52,709**	48,039
	55,119	50,298

[a] Deferred contributions, future expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for DSM's externally restricted operating expenses. The deferred contributions for these expenses are recognized as revenue in the statement of operations at the time the related operating expenses are incurred.

[Expressed in thousands of dollars]

Deferred contributions, future expenses consist of the following:

	2014 $	2013 $
Balance, beginning of year	**2,259**	927
Deferred contributions received	**430**	1,613
Amounts amortized to revenue	**(279)**	(281)
Balance, end of year	**2,410**	2,259

[b] Deferred contributions, capital

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

	2014 $	2013 $
Balance, beginning of year	**48,418**	44,456
Deferred contributions received	**11,917**	11,936
Amounts amortized to revenue	**(7,626)**	(7,974)
Balance, end of year	**52,709**	48,418

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

10. COMMITMENTS

[a] Lease payments

Future aggregate minimum lease payments under the terms of the operating lease agreements for office facilities are as follows:

	$
2015	
2016	178
2017	200
2018	200
2019	200
Thereafter	200
	100
	1,078

The lease with the landlord was amended to include additional space acquired by DSM in April 2013, increasing the annual lease payment by $51. The lease expires September 2019.

[b] Radiology Information System and Picture Archiving and Communication System ["RIS/PACS"]

In the year ended March 31, 2011, Manitoba Health approved an additional $8,700 to continue with the next phase of the project implementation. As at March 31, 2014, $5,872 [2013 - $5,230] of the amount has been incurred. DSM will continue its role as funds custodian for the project.

[c] Provincial Laboratory Information System ["PLIS"]

In the current year, Manitoba Health approved $24,700 for this project implementation. As of March 31, 2014, $2,186 of the amount has been incurred.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

11. DIRECT OPERATING EXPENSES

Direct operating expenses consist of the following:

	2014 $	2013 $
Salaries and benefits	**130,681**	123,218
Communications	**26**	6
Equipment	**6,081**	5,246
External consulting	**156**	220
Grants	**47**	20
Insurance	**154**	145
Interest	**84**	74
Laboratory and diagnostic supplies	**3,947**	3,896
Legal and audit	**109**	78
Meetings	**26**	34
Miscellaneous	**171**	133
Printer, paper and office supplies	**755**	787
Recruitment	**179**	171
Rent and utilities	**650**	4,882
Staff training and development	**559**	460
Telephone	**116**	114
Travel	**521**	480
	144,262	139,964

12. EMPLOYEE FUTURE BENEFITS

[a] Multi-employer pension plan

Substantially all full-time and part-time employees of DSM are members of the Healthcare Employees Pension Plan ["HEPP"] or the Civil Service Superannuation Plan ["CSSP"]. DSM's liability is limited to the contributions required during the year under the respective agreements.

HEPP is a multi-employer, defined benefit pension plan. HEPP is accounted for as a defined contribution plan since DSM has insufficient information to apply defined benefit plan accounting. Employer contributions made to the Plan during the year by DSM and expensed amounted to $6,056 [2013 - $5,615]. The most recent actuarial valuation of the Plan was as of December 31, 2012 which disclosed net assets available for benefits of $4,563,819 with pension obligations of $4,871,146, resulting in a deficit of $307,327.

[Expressed in thousands of dollars]

DSM is considered a "non-matching employer" in the CSSP under the Civil Service Superannuation Act. Employers with this status are not required to make contributions towards the pension benefits.

[b] Accrued pre-retirement leave benefits

DSM has a commitment to provide pre-retirement leave benefits for employees who meet certain eligibility criteria. If eligibility criteria are met, pre-retirement leave of four days per year of service is earned and paid out in a lump sum at retirement or at any time due to permanent disability. The earned amounts, at the option of the employee, may also be taken as a continuation of salary, bridging the leave date to their retirement date.

DSM measures its accrued obligation for the pre-retirement leave benefits as at March 31 of each year. The most recent actuarial valuation report was at March 31, 2014.

During the current year, the pre-retirement leave obligation incurred amounted to $1,465 [2013 - $1,398] and has been recorded as an expense of the year. An offsetting recovery of $1,415 [2013 - $1,275] with respect to transferred employees has also been recorded.

Information about DSM's pre-retirement leave benefits is as follows:

	2014 $	2013 $
Accrued benefit obligation	**13,416**	14,884
Unamortized net actuarial gain (loss)	**812**	(1,080)
Accrued benefit liability	**14,228**	13,804

Change in benefit obligation is as follows:

	2014 $	2013 $
Accrued benefit liability, beginning of year	**13,804**	13,943
Current expense	**1,465**	1,398
Benefit payments	**(1,041)**	(1,537)
Accrued benefit liability, end of year	**14,228**	13,804

[Expressed in thousands of dollars]

The breakdown of the expense related to DSM's pre-retirement leave benefits is as follows:

	2014 $	2013 $
Current year service cost	**1,028**	1,174
Interest cost	**308**	115
Amortization of actuarial loss	**129**	109
Total expense	**1,465**	1,398

	2014 $	2013 $
:covery of pre-retirement leave with respect to transferred employees	**1,415**	1,275

The significant actuarial assumptions adopted in measuring DSM's pre-retirement leave benefit obligation are as follows:

	2014 %	2013 %
Discount rate	**3.35**	2.10
Rate of base compensation increase	**3.00**	3.50
‹pected average remaining service life for amortization of actuarial gains/losses	**9.20**	8.50

[c] Non-vested sick-leave payouts

DSM does not provide sick-leave payouts on retirement. There were no cash payments made to employees in the current year upon retirement [2013 - nil]. The benefit costs and liabilities related to this plan are included in the financial statements. An offsetting recovery of $2,362 [2013 - $2,187] with respect to transferred employees has also been recorded.

All employees are credited 1.3 days per month for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

[Expressed in thousands of dollars]

DSM measures its accrued benefit obligation for accounting purposes as at March 31, of each year.

Information about DSM's non-vesting sick leave benefits to current employees as at March 31 is as follows:

	2014 $	2013 $
Accrued benefit obligation	2,767	2,436
Accrued offsetting recovery	2,362	2,187

The actuarial valuation is based on assumptions about future events. The economic assumptions used in these valuations are DSM's best estimates of expected rates of:

	2014	2013
Wages and salary escalation	3.00%	3.50%
Interest [discount rate on accrued benefit obligations]	3.35%	2.10%

The breakdown of the expense related to DSM's non-vested sick leave is as follows:

	2014 $	2013 $
Current year benefit cost	331	278
Recovery of current year expense	175	257

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2014

13. INTERNALLY RESTRICTED FOR CAPITAL ASSETS

Change in net assets internally restricted for capital assets is calculated as follows:

	2014 $	2013 $
[a] Deficit		
Amortization of capital assets	**(7,832)**	(8,056)
Amounts funded by deferred capital contributions, amortized to revenue	**7,626**	7,974
	(206)	(82)
[b] Purchase of capital assets		
Acquisitions	**12,715**	14,475
Amounts funded by		
Accounts payable	**(376)**	(4,543)
Deferred contributions	**(11,917)**	(9,930)
Capital lease obligations	**(422)**	(2)
	—	—
Change in net assets	**(206)**	(82)

14. RELATED PARTY TRANSACTIONS

DSM had transactions and balances with the following related parties during the year:

Entity	Relationship
Manitoba Health	Controlling entity
RHAs	Entities under common control

[Expressed in thousands of dollars]

Related party transactions are recorded at the exchange amount and are in the normal course of operations. In addition to those disclosed elsewhere in these financial statements, DSM had the following transactions with the RHAs:

	2014 $	2013 $
Salaries and benefits	**109,492**	102,219
Equipment	**5,105**	4,334
External consulting	**56**	3
Insurance	**117**	111
Laboratory and diagnostic supplies	**6**	(5)
Legal and audit	**14**	8
Meetings	**44**	28
Printer, paper and office supplies	**51**	59
Purchased services	**85**	117
Rent	**13**	4,305
Staff training and development	**212**	337
Telephone	**2**	1
Travel	**219**	157
	115,416	111,674

15. ECONOMIC DEPENDENCE

During the year, DSM received all of its revenue from Manitoba Health directly or indirectly through the RHAs and is economically dependent on Manitoba Health for continued operations.

16. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

Financial risks

The Company is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of DSM's exposure to these risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. DSM's main credit risk relates to its trade accounts receivable. DSM manages and controls this risk by only dealing with recognized, credit worthy third parties.

Interest rate risk

DSM is subject to interest rate risk with respect to its operating line of credit since the interest rate fluctuates with charges in the prime rate.

Liquidity risk

Liquidity risk is the risk that DSM will encounter difficulty in meeting obligations associated with financial liabilities. DSM is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, obligations under capital lease, contributions to the pension plan and operating lease commitments. To manage liquidity risk, DSM keeps sufficient resources readily available to meet its obligations.

17. COMPARATIVE INFORMATION

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

In addition, refer to note 4 for restatement of the prior year capital assets and the related deferred contribution balance.

Financial Statements

Economic Innovation and Technology Council

March 31, 2014

Management Responsibility

The accompanying financial statements are the responsibility of the management of the Economic Innovation and Technology Council and have been prepared in accordance with Canadian public sector accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to September 30, 2014.

Management maintains internal controls to properly safeguard the Council's assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the Auditor General is to express an independent opinion on whether the financial statements of the Council are fairly presented in accordance with Canadian public sector accounting principles. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Original signed by:

David Olafson
Controller

Winnipeg, Manitoba
September 30, 2014

Contents

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the accompanying financial statements of the Economic Innovation and Technology Council, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, change in net financial assets and cash flows and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Economic Innovation and Technology Council as at March 31, 2014, and the results of its operations, changes in net financial assets and its cash flows in accordance with Canadian public sector accounting standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 6 to the financial statements which describes the amalgamation of the Council with the Manitoba Development Corporation subsequent to year end.

Office of the Auditor General

Office of the Auditor General
September 30, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

Economic Innovation and Technology Council
Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash and cash equivalents	**$ 788,141**	$ 884,936
Liabilities		
Accounts payable and accruals	**12,252**	33,972
Unearned revenue (Note 4)	**755,529**	832,097
	767,781	866,069
Net financial assets	**20,360**	18,867
Non-financial assets	**-**	-
Accumulated surplus	**$ 20,360**	$ 18,867

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Operations and Accumulated Surplus

Year Ended March 31	2014 Budget	2014 Actual	2013 Actual
Revenue			
Funding	$ 625,800	$ 76,568	$ 375,675
Interest and other	-	7,217	8,199
	625,800	83,785	383,874
Expenses			
Audit and legal	7,000	5,724	5,808
Project costs	625,800	76,568	375,675
	632,800	82,292	381,483
Annual surplus	(7,000)	1,493	2,391
Accumulated surplus, beginning of year	18,867	18,867	16,476
Accumulated surplus, end of year	$ 11,867	$ 20,360	$ 18,867

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Change in Net Financial Assets

Year Ended March 31	2014 Budget	2014 Actual	2013 Actual
Annual surplus	$ (7,000)	$ 1,493	$ 2,391
Other non-financial assets			
Decrease in prepaid expense	-	-	1,069
Net acquisition of other non-financial assets	-	-	1,069
Increase in net financial assets	(7,000)	1,493	3,460
Net financial assets, beginning of year	18,867	18,867	15,407
Net financial assets, end of year	$ 11,867	$ 20,360	$ 18,867

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Cash Flows

Year Ended March 31	**2014**	2013
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus	**$ 1,493**	$ 2,391
Change in		
Accounts receivable	**-**	2,493
Accounts payable and accruals	**(21,720)**	2,565
Unearned revenue	**(76,568)**	(149,938)
Prepaid expenses	**-**	1,069
Cash used by operating activities	**(96,795)**	(141,420)
Decrease in cash	**(96,795)**	(141,420)
Cash and cash equivalents, beginning of year	**884,936**	1,026,356
Cash and cash equivalents, end of year	**$ 788,141**	$ 884,936

Supplementary cash flow information:

Interest received	**$ 7,217**	$ 8,199

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Notes to the Financial Statements

March 31, 2014

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

Revenue

Revenue is recognized as program expenditures are incurred. Funds received for projects where program expenditures will be incurred in future periods are deferred. Interest revenue is recognized when earned.

Expenses

All expenses incurred for goods and services are recorded on an accrual basis.

Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the Minister of Finance and short-term deposits with original maturities of three months or less.

Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

2. Significant accounting policies (continued)

Non-financial assets

Non-financial assets do not normally provide resources to discharge liabilities of the Council. These assets are normally employed to provide future services.

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Financial instruments and financial risk management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Council records its financial assets at cost, which include cash and cash equivalents. The Council also records its financial liabilities at cost, which include accounts payable and accruals and unearned revenue.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. The Council did not incur any re-measurement gains and losses during the year ended March 31, 2014 (2013 - $nil).

Financial risk management – overview

The Council has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consists principally of cash and cash equivalents.

3. Financial instruments and financial risk management (continued)

The maximum exposure of the Council to credit risk at March 31 is:

	2014	2013
Cash and cash equivalents	**$ 788,141**	$ 884,936

Cash and cash equivalents: The Council is not exposed to significant credit risk as the cash and cash equivalents are primarily held by the Minister of Finance.

Liquidity risk
Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due.

The Council manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's income or the fair values of its financial instruments. The significant market risks the Council is exposed to are interest rate risk and foreign currency risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. Unearned revenue

	2014	2013
BFO funding (geothermal program)	$ 225,700	$ 291,200
BFO funding (lower income residential efficiency program)	107,201	107,201
Balance of Green Manitoba Efficiency Fund (GMEF)	381,872	388,344
Manitoba Hydro funding (shallow unconventional shale gas project)	31,051	35,647
	745,824	822,393
Other unearned project receipts	9,705	9,705
Unearned project receipts	$ 755,529	$ 832,097

5. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business and the transactions are measured at the exchange amount.

6. Subsequent event

On April 1, 2014, the Manitoba Development Corporation Act, as part of the Province of Manitoba Bill 39 - The Government Efficiency Act, amalgamated the Economic Innovation and Technology Council with the Manitoba Development Corporation and the Manitoba Trade and Investment Corporation. The amalgamated entity will continue operations as the Manitoba Development Corporation.

7. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the management of the Council.

Independent Auditors' Report

To the Members of First Nations of Northern Manitoba Child and Family Services Authority:

We have audited the accompanying financial statements of First Nations of Northern Manitoba Child and Family Services Authority which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2014 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

August 23, 2014

MNP LLP
Chartered Accountants

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2014

	2014	2013
Assets		
Current		
Cash	1,846,552	2,283,420
Marketable securities *(Note 4)*	689,886	689,886
Accounts receivable *(Note 5)*	888,357	902,355
Prepaid expenses and deposits	373,316	346,034
	3,798,111	4,221,695
Capital assets *(Note 6)*	60,909	86,182
Working capital receivable from agencies *(Note 7)*	3,038,724	2,897,724
	6,897,744	7,205,601
Liabilities		
Current		
Accounts payable and accruals *(Note 8)*	2,957,867	3,531,293
Working capital payable to Province of Manitoba *(Note 9)*	3,038,724	2,897,724
	5,996,591	6,429,017
Net Assets		
Unrestricted	38,484	187,242
Internally restricted *(Note 10)*	665,280	366,680
Externally restricted *(Note 11)*	136,480	136,480
Invested in capital assets	60,909	86,182
	901,153	776,584
	6,897,744	7,205,601

Approved on behalf of the Board

Board Chair (Duke Beardy)
Director

Sydney Garrioch
Director

Maria Moore - Sec. Trev.
Director

The accompanying notes are an integral part of these financial statements

MNP LLP

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Operations
For the year ended March 31, 2014

	2014	*2013*
Revenue		
Province of Manitoba	**23,725,259**	24,121,285
Aboriginal Affairs and Northern Development Canada	**250,000**	1,000,000
Other	**38,961**	974
Interest	**7,589**	7,137
	24,021,809	25,129,396
Expenses		
Amortization	**43,359**	77,112
Annual general meeting	**11,191**	16,458
Audit	**4,980**	16,590
Bad debts	**205,883**	138,780
Bank and service fees	**3,266**	2,591
Board and committee meetings	**15,232**	33,764
Board honorariums	**46,461**	38,352
Donations	**1,000**	15,036
IT support	**37,944**	40,642
Insurance	**23,888**	23,378
Janitorial	**8,510**	9,103
Meetings and conferences	**12,278**	97,223
Membership fees	**805**	2,960
Miscellaneous	**23,676**	4,195
Office supplies	**35,600**	54,546
Payments to agencies	**20,601,791**	21,087,846
Payroll processing	**6,641**	9,587
Postage	**3,292**	3,673
Printing and stationary	**4,093**	6,075
Professional development	**3,636**	12,186
Professional fees	**124,714**	223,974
Property tax	**22,599**	-
Recruitment costs	**3,663**	4,746
Rent	**182,435**	164,995
Repairs and maintenance	**158**	1,194
Salaries and benefits	**1,885,278**	2,046,457
Special projects	**232,550**	912,021
Telephone	**35,173**	37,731
Training and education	**100,368**	47,166
Travel	**216,776**	226,186
Website development	**-**	5,500
	23,897,240	25,360,067
Excess (deficiency) of revenue over expenses	**124,569**	(230,671)

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Changes in Net Assets
For the year ended March 31, 2014

	Unrestricted	*Internally restricted*	*Externally restricted*	*Invested in capital assets*	*2014*	*2013*
Net assets, beginning of year	187,242	366,680	136,480	86,182	**776,584**	1,007,255
Excess (deficiency) of revenue over expenses	124,569	-	-	-	**124,569**	(230,671)
Amortization of capital assets	43,359	-	-	(43,359)	-	-
Purchases of capital assets	(18,086)	-	-	18,086	-	-
Internal restrictions	(298,600)	298,600	-	-	-	-
Net assets, end of year	**38,484**	**665,280**	**136,480**	**60,909**	**901,153**	776,584

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	124,569	(230,671)
Amortization	43,359	77,112
	167,928	(153,559)
Changes in working capital accounts		
Accounts receivable	13,998	6,926,044
Prepaid expenses and deposits	(27,282)	(338,610)
Accounts payable and accruals	(573,426)	(4,504,597)
	(418,782)	1,929,278
Financing		
Working capital payable to Province of Manitoba	141,000	449,600
Investing		
Working capital receivable from agencies	(141,000)	(449,600)
Purchase of capital assets	(18,086)	(25,153)
	(159,086)	(474,753)
Increase (decrease) in cash resources	(436,868)	1,904,125
Cash resources, beginning of year	2,973,306	1,069,181
Cash resources, end of year	2,536,438	2,973,306
Cash resources are composed of:		
Cash	1,846,552	2,283,420
Marketable securities	689,886	689,886
	2,536,438	2,973,306

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The First Nations of Northern Manitoba Child and Family Services Authority ("the Authority") has been incorporated under the Child and Family Services Authority Act, which was proclaimed by the Province of Manitoba on November 24, 2003.

The mandate of the Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First Nations, people who identify with those northern First Nations and others as determined in accordance with protocols established in the regulations which form part of the Child and Family Services Authority Act. The Authority is exempt from income taxes under Section 149(1)(1) of the Income Tax Act.

On June 10, 2002 legislation to create the First Nations of Northern Manitoba Child and Family Services Authority was introduced in the Legislative Assembly. Royal Assent was received on August 9, 2002. The Child and Family Services Act came into force upon proclamation on November 30, 2003. All assets and liabilities of 4601149 Manitoba Association Inc. as of November 30, 2003 were transferred to the First Nations of Northern Manitoba Child and Family Services Authority on December 1, 2003.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Financial instruments

The Authority recognizes its financial instruments when the Authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Authority subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Cash and cash equivalents

Cash and cash equivalents include cash and marketable securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

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

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at the following rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	3 years
Computer software	5 years
Office equipment	5 years
Furniture and equipment	5 years
Leasehold improvements	5 years

In the year of acquisition, amortization is taken at one half of the above rates.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Authority performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the statement of operations for the year.

3. Financial instruments

The Authority, as part of its operations, carries a number of financial instruments. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

4. Marketable securities

	2014	*2013*
Royal Bank of Canada Money Market Fund	**689,886**	689,886

5. Accounts receivable

	2014	2013
GST receivable	54,663	65,010
Province of Manitoba	916,473	884,262
Other	97,252	231,894
	1,068,388	1,181,166
Allowance for doubtful accounts	(180,031)	(278,811)
	888,357	902,355

6. Capital assets

	Cost	Accumulated amortization	2014 Net book value
Computer equipment	290,715	253,344	37,371
Computer software	28,412	28,412	-
Office equipment	61,043	61,043	-
Furniture and equipment	161,675	141,053	20,622
Leasehold improvements	9,720	6,804	2,916
	551,565	490,656	60,909

	Cost	Accumulated amortization	2013 Net book value
Computer equipment	276,939	211,999	64,940
Computer software	28,412	28,342	70
Office equipment	61,043	61,043	-
Furniture and equipment	157,365	141,053	16,312
Leasehold improvements	9,720	4,860	4,860
	533,479	447,297	86,182

7. Working capital receivable from agencies

The working capital receivable from agencies represents amounts advanced to agencies to provide required cash flow for operations to support the administration of payments related to the maintenance of children in care. The amounts are non-interest bearing and are due on demand at the end of each annual contribution agreement with each agency until such time that a new contribution agreement with each agency has been entered into.

8. Accounts payable and accruals

	2014	2013
Accounts payable	83,630	64,750
Accruals	219,511	181,081
Accounts payable to agencies	2,654,726	3,285,462
	2,957,867	3,531,293

9. Working capital payable to Province of Manitoba

The working capital payable to the Province of Manitoba represents amounts advanced to the Authority in order for the Authority to provide cash flow advances to the various agencies which deliver the services administered by the Authority. The amounts are non-interest bearing and are due on demand at the end of each annual contribution agreement with the Province of Manitoba until such time that a new contribution agreement with the Province of Manitoba has been entered into.

10. Internally restricted net assets

	2014	*2013*
Capital assets	**50,000**	50,000
Unfunded positions	**100,000**	100,000
Repatriation	**20,000**	20,000
Information technology	**408,240**	196,680
Aging out initiative	**62,040**	-
Educational outcomes	**25,000**	-
	665,280	366,680

11. Externally restricted net assets

Externally restricted net assets represents the unspent portion of Transition Grant Funding received from the Province of Manitoba. The grant is to be used for the Aboriginal Justice Inquiry - Child Welfare Initiative one-time transition activities connected to the establishment of the Authority and to assist Family Service Agencies in extending their operations.

	2014	*2013*
Authority development	**136,480**	136,480

12. Economic dependence

The Authority's primary source of revenue is from the Province of Manitoba. The funding can be cancelled if the Authority does not observe certain established guidelines. The Authority's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within the provincial government guidelines. As at the date of these financial statements the Authority believes that it is in compliance with the guidelines.

13. Commitments

The Authority has entered into operating lease agreements for office space and equipment. These agreements result in commitments over the next 5 years as follows:

2015	162,292
2016	144,293
2017	9,200
2018	4,000
2019	4,000

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Independent Auditor's Report

To the Administrator
FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

We have audited the accompanying financial statements of the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that as at March 31, 2014, the entity's current liabilities exceeded its current assets by $2,565,448. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 27, 2014

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Statement of Financial Position

March 31		2014		2013
Assets				
Current Assets				
Cash and cash equivalents	$	504,109	$	3,059,716
Accounts receivable (Note 3)		2,002,433		3,172,984
Prepaid expenses and deposits		63,581		57,814
		2,570,123		6,290,514
Capital assets (Note 4)		2,417,092		2,973,444
Due from agencies (Note 5)		5,537,990		5,537,990
	$	10,525,205	$	14,801,948
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable and accrued liabilities (Note 6)	$	4,511,234	$	5,831,678
Due to Province of Manitoba (Note 5)		300,000		-
Deferred revenue (Note 7)		324,337		1,867,320
		5,135,571		7,698,998
Due to Province of Manitoba (Note 5)		5,537,990		5,537,990
		10,673,561		13,236,988
Commitments (Note 10)				
Net Assets				
Operating Fund		(2,679,043)		(1,522,079)
Capital Fund		2,417,092		2,973,444
Repatriation Fund		113,595		113,595
		(148,356)		1,564,960
	$	10,525,205	$	14,801,948

Approved by:

______________________ Administrator

______________________ CEO

The accompanying notes are an integral part of these financial statements.

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets
Operating Fund

For the year ended March 31	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Province of Manitoba			
Department of Family Services & Labour (Note 8)	$ 52,266,900	$ 53,115,531	$ 53,496,831
Aboriginal Affairs and Northern Development Canada (AANDC)			
Regional Advisory Committee Meetings	30,000	30,000	30,000
Urban Aboriginal Strategy	-	-	100,000
Other	-	12,347	51,070
Agency IT	-	104,280	-
	52,296,900	53,262,158	53,677,901
Expenses			
Personnel			
Recruitment	-	48,143	18,026
Salaries and benefits	2,732,179	2,738,681	2,413,295
Training and education	24,000	33,366	23,473
Travel	50,000	34,477	37,814
	2,806,179	2,854,667	2,492,608
Office Operations			
Interest and bank charges	4,000	6,404	6,040
Supplies	45,000	42,286	46,002
Telephone	24,000	31,453	25,657
	73,000	80,143	77,699
Office and Building			
Insurance	35,000	33,718	33,003
Rent	258,000	257,356	256,428
Repairs & maintenance	63,000	17,228	16,867
	356,000	308,302	306,298
Other Authority			
Agency governance support	-	-	32,580
Agency strategy and communication meetings	25,000	37,076	24,290
Annual meeting	10,000	12,124	13,458
Board meeting and training expense	25,000	22,601	32,482
Community relations	8,000	11,609	6,801
Differential response initiatives	129,271	155,181	60,966
Information technology support	934,110	1,161,119	785,353
Joint training team	265,049	343,187	606,017
Office of the standing committee	184,687	146,712	192,656
Professional fees	100,000	212,382	133,681
AANDC - Regional meeting	30,000	20,334	30,000
AANDC - Eyes for Me	-	4,067	101,932
Non-recoverable expenses	-	25,616	744,804
Emergency foster home standby fees	22,600	25,575	22,660
	1,733,717	2,177,583	2,787,680
Agency Support			
Agency central support	12,414,400	11,704,448	11,608,445
Agency differential response initiatives	500,000	541,263	530,000
Agency family care	240,000	241,200	238,950
Agency core	6,285,463	6,607,169	6,468,522
Agency protection	21,207,396	24,527,457	23,180,199
Agency prevention	3,252,179	3,415,071	3,342,003
Agency designated intake	75,000	76,086	74,499
Vacancy Management	-	(1,506,880)	-
CFSIS Data Entry Clerk	540,000	540,000	-
	44,514,438	46,145,814	45,442,618
Other Program Support			
Golden Eagle program support	1,000,000	1,097,036	1,065,329
Ji-zhaabwiing program support	1,450,000	1,276,453	1,244,987
800 Adele - building and operations	500,000	504,753	473,601
	2,950,000	2,878,242	2,783,917
Total expenses	52,433,334	54,444,751	53,890,820
Deficiency of revenue over expenses	$ (136,434)	(1,182,593)	(212,919)
Fund balance, beginning of year		(1,522,079)	(17,062)
		(2,704,672)	(229,981)
Interfund Transfers			
Transfer to Capital Fund for asset additions		25,629	(1,292,098)
Fund balance, end of year		$ (2,679,043)	$ (1,522,079)

The accompanying notes are an integral part of these financial statements.

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets
Capital Fund

For the year ended March 31	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada (AANDC) (Schedule 1)	$ -	$ 250,000	$ 250,000
Expenses			
Amortization	-	780,723	841,566
Excess (deficiency) of revenue over expenses	$ -	(530,723)	(591,566)
Fund balance, beginning of year		2,973,444	2,272,912
Interfund transfers		(25,629)	1,292,098
Fund balance, end of year		$ 2,417,092	$ 2,973,444

The accompanying notes are an integral part of these financial statements.

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets
Repatriation Fund

For the year ended March 31	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue	$ -	$ -	$ -
Expenses			
Salaries and benefits	-	-	77,189
Travel	-	-	80
	-	-	77,269
Excess (deficiency) of revenue over expenses	$ -	-	(77,269)
Fund balance, beginning of year		113,595	190,864
Fund balance, end of year		$ 113,595	$ 113,595

The accompanying notes are an integral part of these financial statements.

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash Flows from Operating Activities		
Deficiency of revenue over expenses	$ (1,713,316)	$ (881,754)
Adjustments for Items not involving cash		
Amortization of capital assets	780,723	841,566
	(932,593)	(40,188)
Changes in non-cash working capital balances		
Accounts receivable	1,170,551	14,607,323
Prepaid expenses and deposits	(5,767)	17,610
Accounts payable and accrued liabilities	(1,320,444)	(9,642,408)
Deferred revenue	(1,542,983)	(779,463)
	(2,631,236)	4,162,874
Cash Flows from Capital Activities		
Purchase of capital assets	(224,371)	(1,542,098)
Cash Flows from Financing Activities		
Working capital advance	300,000	-
Net increase (decrease) in cash during the year	(2,555,607)	2,620,776
Cash and cash equivalents, beginning of year	3,059,716	438,940
Cash and cash equivalents, end of year	$ 504,109	$ 3,059,716

The accompanying notes are an integral part of these financial statements.

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The First Nations of Southern Manitoba Child and Family Services Authority (the "Authority") was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 excerpt section 20; the Act came into force by proclamation on November 24, 2003.

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Southern First Nations people who are members of the Southern First Nations and other persons who are identified with those Southern First Nations. In partnership with the Province of Manitoba, the Authority is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of First Nations and Metis people in Manitoba.

The Authority is a non-profit organization and as such is exempt from income taxes under The Income Tax Act (the "Act"). In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(b) Management's Responsibility for the Financial Statements

The financial statements of the Authority are the responsibility of management.

(c) Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

(d) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The Operating Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Authority.

The Capital Fund is used to account for all capital assets of the Authority and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

1. **Nature of Organization and Summary of Significant Accounting Policies (continued)**

(d) Fund Accounting (continued)

The Repatriation Fund is an internally restricted fund used to account for monies for specific purposes.

Interfund balances are non-interest bearing, and have no terms of repayment or security.

(e) Revenue Recognition

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

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

(g) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining balance and straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	30% declining balance basis
Furniture and fixtures	20% declining balance basis

Leasehold improvements are amortized over the term of the lease.

(h) Use of Estimates and Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian public sector accounting standards which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period.

Certain accounts receivable amounts contain measurement uncertainty as they relate to funding based upon the latest communication with the Province of Manitoba.

1. **Nature of Organization and Summary of Significant Accounting Policies (continued)**

   (i) Financial Instruments

   Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. **Going Concern and Economic Dependence**

These financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

As at March 31, 2014, the Authority has a working capital deficit in the amount of $2,565,448 and an operating cash flow deficiency of $2,631,236. The continuation of the Authority is dependent upon the continuing availability of operating and long-term financing, achieving and maintaining a profitable level of operations, and being able to meet future debt servicing requirements. Should the Authority be unable to continue as a going concern it may be unable to realize the carrying value of its assets and meet its liabilities as they become due.

Management is working with the Province of Manitoba to address the issues of increasing its revenue, controlling costs, and obtaining working capital and financing. As the outcome of management's actions is dependent upon future events, there is significant doubt that management will be able to satisfactorily resolve these issues.

These financial statements do not reflect the adjustments and changes in presentation that would be necessary should the Authority be unable to continue as a going concern.

The Authority's primary source of income is the grant funding received from the Province of Manitoba. The Authority's ability to continue viable operations is dependent upon maintaining its ability to obtain funding. As at the date of these financial statements, the Authority believes that the grant funding from the Province of Manitoba will continue.

3. Accounts Receivable

	2014	2013
Aboriginal and Northern Affairs Department	$ 280,000	$ 10,000
Due from agencies	317,096	592,914
Due from Province of Manitoba		
Ji-zhaabwiing - office start-up and operating cost recoveries	-	1,295,820
Golden Eagle funding	146,426	134,091
IT support cost recoveries	26,400	376,786
Ji-zhaabwiing funding	271,396	265,105
Other from government	247,455	554,929
GST receivable	123,836	253,338
Other	6,802	9,099
Receiver General for Canada	-	-
800 Adele - renovation cost reimbursements	583,022	1,166,044
	2,002,433	4,658,126
Allowance for doubtful accounts	-	(1,485,142)
	$ 2,002,433	$ 3,172,984

4. Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 4,111,847	$ 2,682,784	$ 1,429,063	$ 3,903,562	$ 2,114,962	$ 1,788,600
Furniture and fixtures	422,689	251,089	171,600	406,603	210,200	196,403
Leasehold improvements	1,221,272	404,843	816,429	1,221,272	232,831	988,441
	$ 5,755,808	$ 3,338,716	$ 2,417,092	$ 5,531,437	$ 2,557,993	$ 2,973,444

5. Due from Agencies and Due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of $5,537,990 ($5,537,990 in 2013), which in turn was advanced by the Authority to the Agencies. The advances are repayable by the Authority if the Authority's operations cease. The amounts due from the Agencies have no fixed terms of repayment and are non-interest bearing.

	2014	2013
Animikii-Ozoson Child and Family Services	$ 1,204,000	$ 1,204,000
Child and Family All Nations Coordinated Response Network	538,400	538,400
Dakota Ojibway Child and Family Services	689,610	689,610
Intertribal Child and Family Services	121,030	121,030
Peguis Child and Family Services	221,820	221,820
Sandy Bay Child and Family Services	158,700	158,700
Southeast Child and Family Services	1,368,830	1,368,830
West Region Child and Family Services	1,235,600	1,235,600
	$ 5,537,990	$ 5,537,990

The Province of Manitoba has also provided the Authority an additional working capital advance of $300,000 as at March 31, 2014 to assist the Authority to meeting cash flow requirements. This advance is repayable by June 30, 2014.

6. Accounts Payable and Accrued Liabilities

	2014	2013
Due to agencies	$ 2,531,643	$ 4,245,152
Due to Province of Manitoba	1,607,588	-
Trade payables	138,265	1,361,798
Accrued expenses	231,754	221,797
Social fund	1,984	2,931
	$ 4,511,234	$ 5,831,678

7. Deferred Revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenditures are expected to be incurred.

	2014	2013
Balance, beginning of year	$ 1,867,320	$ 2,646,783
Funds Received		
Province of Manitoba	172,934	385,138
Other	-	17,778
Less amounts transferred to accounts payable	(1,607,588)	-
Less amounts recognized as revenue in the year	(108,329)	(1,182,379)
Balance, end of year	324,337	1,867,320
Less current portion	324,337	1,867,320
Deferred revenue relating to future years	$ -	$ -

Specific programming revenue of $1,607,588 which was previously deferred, has been transferred to accounts payable owed to the Province of Manitoba as these programs will not be continued.

8. Revenue from Province of Manitoba

Revenue as per Province of Manitoba confirmation	$ 51,995,304
Add:	
Deferred revenue amounts recognized as revenue in the year	108,329
Funding claims subsequent to confirmation	451,623
CSA withheld from operating grants	1,537,884
	2,097,836
Deduct:	
Working capital advances	300,000
Funding of prior year accounts receivable	504,176
Revenue deferred during the year	172,934
Other	499
	977,609
Revenue from Province of Manitoba	$ 53,115,531

9. Commitments

The Authority has entered into various lease agreements for premises for its operations and to support other agencies and programs expiring between January 2015 and January 2029.

The minimum annual lease payments for the next five years are as follows:

2015	$ 1,122,296
2016	874,397
2017	556,278
2018	490,208
2019	416,250

10. Employment Benefits

Pension Benefits

The Authority has a defined contribution pension plan for its employees. Employees contribute at least 4% of their salaries and the Authority contributes 5%. The Authority's total pension contribution for 2014 was $207,670 ($192,200 in 2013).

Sick Leave Benefits

Employees of the Authority are entitled to sick leave benefits during their employment. Sick leave benefits, which accumulate but do not vest, are not considered to be significant by management. As such, management has not recorded a liability for these benefits in the financial statements of the Authority.

11. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

12. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $2,002,433 ($3,172,985 at March 31, 2013).

The Authority is not exposed to significant credit risk as the majority of the receivables are from the the Province of Manitoba and agencies.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk as its cash and investments are held in short-term or variable rate products.

The Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting financial obligations as they become due, and arises from the Authority's management of working capital. The Authority's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Fair Value

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

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Auditor's Comments on Supplementary Financial Information

To the Administrator
FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

We have audited the financial statements of the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets and the statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated October 27, 2014 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. Schedules 1 to 4 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Restriction on Distribution and Use

The supplementary information for Schedule 1 through Schedule 4 is prepared to assist the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY** to meet the requirements of the Minister of Aboriginal Affairs and Northern Development (the "Minister"). As a result, the supplementary information is not presented in accordance with Canadian generally accepted accounting principles and may not be suitable for another purpose. Our report is intended solely for the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY** and the Minister and should not be distributed to or used by parties other than the **FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY** or the Minister.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 27, 2014

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Schedule 1 - Statement of AANDC Funding and Expenditures - Capacity Development

For the year ended March 31	2014	2014	2013
	Budget (Unaudited)	Actual	Actual
Revenue			
AANDC - capacity development	$ 250,000	$ 250,000	$ 250,000
Expenses Included in Capital Assets			
Virtualization project	250,000	208,285	477,872
Records management	-	45,907	148,769
	250,000	254,192	626,641
Excess (deficiency) of revenues over expenses	$ -	$ (4,192)	$ (376,641)

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Schedule 2 - Statement of AANDC Funding and Expenditures - Regional Advisory Committee Meetings

For the year ended March 31	2014	2014	2013
	Budget (Unaudited)	Actual	Actual
Revenue			
AANDC - Regional Advisory Committee Meetings	$ 30,000	$ 30,000	$ 30,000
Expenses			
Agency travel, accommodations, & meals	22,000	12,896	20,542
Facility	5,000	7,438	5,458
Coordination and administration fee	3,000	-	4,000
	30,000	20,334	30,000
Excess of revenue over expenses	$ -	$ 9,666	$ -

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Schedule 3 - Statement of AANDC Funding and Expenditures - Urban Aboriginal Strategy

For the year ended March 31	2014	2014	2013
	Budget (Unaudited)	Actual	Actual
Revenue			
AANDC - Urban Aboriginal Strategy	$ -	$ -	$ 100,000
Expenses			
Salaries and benefits	-	-	55,603
Program costs	-	-	17,627
Administration allocation	-	-	12,150
Cultural Room rent allocation	-	-	7,200
Honourariums	-	-	4,050
Program supplies	-	-	3,341
Recruitment	-	-	1,453
Travel	-	-	508
	-	-	101,932
Excess (deficiency) of revenues over expenses	$ -	$ -	(1,932)

FIRST NATIONS OF SOUTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY
Schedule 4 - Statement of Revenues and Expenditures - Ji-zhaabwiing

For the year ended March 31	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Province of Manitoba	$ -	$ 1,825,624	$ 1,722,130
Expenses			
Agency grants	-	1,276,453	1,244,987
Office rent and parking	-	466,134	419,656
Salaries and benefits	-	110,882	116,966
Building maintenance	-	34,515	27,210
Utilities	-	24,104	24,503
Telephone and fax	-	6,920	7,087
Office supplies	-	4,665	6,915
Travel	-	747	322
Other	-	172	119
	-	1,924,592	1,847,765
Excess (deficiency) of revenues over expenses	$ -	$ (98,968)	(125,635)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and all the information in the annual report are the responsibility of the Funeral Board of Manitoba and have been prepared in accordance with Canadian Public Sector Accounting Standards. In the Board's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Board's best judgment regarding all necessary estimates and all other data available to July 18, 2014.

As the Board is responsible for the integrity of the financial statements, the Board has established systems of internal control to provide assurance that assets are properly accounted for and safeguarded from loss and that revenues are complete.

The responsibility of the Office of the Auditor General of Manitoba is to express an independent, professional opinion on whether the financial statements of the Board are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management
Funeral Board of Manitoba

Ljuba Keenan, CMA for
Susan Boulter, Chairperson

July 18, 2014

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Funeral Board of Manitoba

We have audited the accompanying financial statements of the Funeral Board of Manitoba (the Board), which comprise the statement of financial position as at December 31, 2013, and the statements of operations, change 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 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.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to note 11 in the financial statements which indicates the Funeral Board of Manitoba has incurred annual losses in the last several years and has an accumulated deficit. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

Office of the Auditor General

Office of the Auditor General
July 18, 2014
Winnipeg, Manitoba

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash (note 4)	$ 83,908	$ 65,844
Total Financial Assets	83,908	65,844
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	79,408	37,562
Deferred revenue	90,250	84,950
Total Liabilities	169,658	122,512
NET DEBT	(85,750)	(56,668)
NON-FINANCIAL ASSETS		
Supplies Inventory	2,231	-
	2,231	-
ACCUMULATED (DEFICIT)	$ (83,519)	$ (56,668)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of The Funeral Board of Manitoba

Susan Boulter
Chairperson

Board Member

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget	2013 Actual	2012 Actual
REVENUE			
Funeral Home Licences	$ 42,000	$ 44,000	$ 45,000
Funeral Director and Embalmer Licences	54,000	51,450	52,050
Interest and Miscellaneous Income	-	8,454	3,174
Total Revenue	96,000	103,904	100,224
EXPENSES			
Administration Charges (note 7)	24,000	24,000	24,000
Audit	3,500	3,776	3,400
Board Meetings	3,600	2,009	3,642
Communications	8,400	7,359	17,976
Conferences	3,300	1,234	3,312
Honoraria - Board Members	5,450	3,488	5,014
Legal Fees	10,000	17,702	9,697
Miscellaneous	2,000	525	2,166
Office Supplies, Printing and Postage	1,500	2,856	1,207
Salaries and Benefits	60,760	61,356	60,294
Travel	3,000	6,450	3,579
Total Expenses	125,510	130,755	134,287
Surplus (Deficit)	(29,510)	(26,851)	(34,063)
Accumulated (Deficit), beginning of period	(56,668)	(56,668)	(22,605)
Accumulated (Deficit), end of period	$ (86,178)	$ (83,519)	$ (56,668)

The accompanying notes are an integral part of these financial statements.

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Surplus (Deficit)	$ (29,510)	$ (26,851)	$ (34,063)
OTHER NON-FINANCIAL ASSETS			
Acquisitions of Supplies Inventory	-	(2,348)	-
Consumption of Supplies Inventory	-	117	-
Decrease/ (Increase) Supplies Inventory	-	(2,231)	-
DECREASE (INCREASE) IN NET DEBT	(29,510)	(29,082)	(34,063)
NET DEBT, beginning of period	(56,668)	(56,668)	(22,605)
NET DEBT, end of period	$ (86,178)	$ (85,750)	$ (56,668)

The accompanying notes are an integral part of these financial statements.

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Cash flow provided by (applied to):		
Operating		
Surplus (Deficit), for the period	$ (26,851)	$ (34,063)
Change in:		
Supplies inventory	(2,231)	-
Accrued interest receivable	-	45
Accounts payable and accrued liabilities	41,846	19,679
Deferred revenues	5,300	(2,850)
	18,064	(17,189)
Investing		
Purchases of Guaranteed Investment Certificates	-	(45,617)
Maturities of Guaranteed Investment Certificates	-	61,067
	-	15,450
Net (Decrease) Increase in Cash	18,064	(1,739)
Cash, beginning of period	65,844	67,583
Cash, end of period	$ 83,908	$ 65,844
Supplementary information:		
Interest received, cash basis	$ -	$ 378

The accompanying notes are an integral part of these financial statements.

1.) Nature of Operations

The Funeral Directors and Embalmers Act established The Funeral Board of Manitoba (the Board) to licence and regulate Embalmers and Funeral Directors and to prescribe the courses of training and instruction for articling students.

2.) Significant Accounting Policies:

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

b. Cash

Cash includes cash on hand and bank balances.

c. Revenues

The Board recognizes revenue for Funeral Home Licences and Funeral Director and Embalmers Licenses on an accrual basis. Any license fees which are received prior to December 31 and are applicable to the subsequent fiscal year are recorded as deferred revenue.

d. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

e. Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

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

3.) Adoption of Public Sector Accounting Standards

As of January 1, 2013, the Board adopted PS 1201 *Financial Statement Presentation*, PS 3450 *Financial Instruments* and PS 2601 Foreign Currency Translation. These standards were required to be applied retroactively. The adoption of these new PSA standards resulted in no adjustments to previously reported amounts.

4.) Financial instruments and Financial Risk Management

<u>Measurement</u>

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost. The Board records its financial assets at cost, which include cash.
The Board also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

Gain and losses on financial instruments measured at fair value are recorded in accumulated deficit as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Board did not incur any re-measurement gains and losses during the year (2012 - $ nil).

4.) Financial instruments and Financial Risk Management (continued)

Financial Risk Management - overviews

The Board has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of cash.

The maximum exposure of the Board to credit risk at the year end is:

	2013	2012
Cash	$ 83,908	$ 65,844
	$ 83,908	$ 65,844

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Board's income or the fair value of its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash.

The interest rate risk on funds on cash is considered to be low because of their short-term nature.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

5.) The Public Sector Compensation Disclosure Act

In accordance with Section 2 of The Public Sector Compensation Disclosure Act, the following summarizes compensation paid:

Employee paid $ 50,000 or more	2013	2012
J. Delaney - Investigator	$ 56,550	$ 56,550
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	$ 4,033	$ 4,469

6.) Related Party Transactions

The Board is related in terms of common control to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange rate amount agreed to by the related parties.

7.) Administrative Charges - Vital Statistics Agency

Effective January 1,2010 administrative charges are paid to Vital Statistics Agency to recover a portion of its payroll costs used on the Funeral Board of Manitoba's operations. In prior years these charges were not paid to Vital Statistics Agency.

8.) Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities consist of the following :

	2013	2012
General	$ 24,979	$ 8,523
Administrative Charges	48,000	24,000
Salaries and Benefits	5,270	4,094
CRA Deductions Payable	1,159	945
	$ 79,408	$ 37,562

9.) Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the annual budget approved by the Board.

10.) Comparative Figures

Certain 2012 figures have been restated to conform to the 2013 financial statement presentation.

11.) Going Concern

The accompanying financial statements have been prepared on the going concern assumption that the Board will be able to realize its assets and discharge its liabilities in the normal course of business. The Board has incurred annual losses in the last several years and as of December 31, 2013 has an accumulated deficit. The Board continues to review their financial position and the long term viability of the Board and are reviewing all options. There are sufficient funds available to continue operations for the near term. See note 12.

12.) Subsequent Event

The Board has been approved to receive funding of $180,000 effective April 1, 2014 to March 31, 2015. The Board is required to prepare a financially sustainable plan to sustain its own costs without any funding support from the Vital Statistics Agency after March 31, 2015.

The General Child and Family Services Authority

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of the General Child and Family Services Authority and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at June 17, 2014.

Management maintains internal controls to properly safeguard the assets of the General Child and Family Services Authority and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of the General Child and Family Services Authority have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of the General Child and Family Services Authority are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of the
General Child and Family Services Authority

Jay Rodgers
Chief Executive Officer

Janice Rees
Chief Financial Officer

Doreen Draffin
Board Chair

Jay Rodgers
Chief Executive Officer

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
General Child and Family Services Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the General Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

June 17, 2014
Winnipeg, Canada

Magnus Chartered Accountants LLP

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2014

	Operating Fund	Agency Fund	Total 2014	Total 2013
Assets				
Current assets:				
Cash and cash equivalents	$ 53,851	$ -	$ 53,851	$ 112,148
Accounts receivable (Note 4)	32,569	-	32,569	92,232
Advances receivable (Note 5)	-	116,600	116,600	116,600
Portfolio investments	1,621,995	-	1,621,995	1,936,255
Prepaid expenses	56,408	-	56,408	25,876
Interfund balances	(510,315)	510,315	-	-
	1,254,508	626,915	1,881,423	2,283,111
Capital assets (Note 6)	159,620	-	159,620	39,053
	$ 1,414,128	$ 626,915	$ 2,041,043	$ 2,322,164
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities	$ 292,155	$ -	$ 292,155	$ 411,192
Working capital advances (Note 5)	-	116,600	116,600	116,600
Deferred contributions (Note 7)	235,562	510,315	745,877	907,961
	527,717	626,915	1,154,632	1,435,753
Fund balances:				
Internally restricted (Note 8)	692,280	-	692,280	822,535
Unrestricted	194,131	-	194,131	63,876
	886,411	-	886,411	886,411
Commitments (Note 11)				
	$ 1,414,128	$ 626,915	$ 2,041,043	$ 2,322,164

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

______________________________ Director

______________________________ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Operations

Year ended March 31, 2014

	Operating Fund	Agency Fund	Total 2014	Total 2013
Revenue:				
Province of Manitoba:				
Operating grant	$ 2,666,993	$ -	$ 2,666,993	$ 2,715,336
Grant relating to capital assets	-	-	-	4,036
Agency grants (Note 9)	-	11,462,942	11,462,942	11,693,227
David Thomas Foundation	44,576	-	44,576	-
Other grants	111,983	-	111,983	228,492
Interest income	33,925	-	33,925	42,352
Other income and recoveries	29,503	-	29,503	47,767
	2,886,980	11,462,942	14,349,922	14,731,210
Expenses:				
Agency allocations (Note 9)	-	11,462,942	11,462,942	11,693,227
Amortization	37,431	-	37,431	33,605
Board expenses and meetings	20,973	-	20,973	19,769
Differential Response	14,066		14,066	85,759
Insurance	7,044	-	7,044	6,484
Interest and bank charges	838	-	838	665
Other grant expenses (Note 10)	401,705	-	401,705	298,549
Office and supplies	52,568	-	52,568	91,915
Miscellaneous expenses	59,544	-	59,544	37,734
Mileage and parking	32,384	-	32,384	28,590
Professional services	58,386	-	58,386	88,043
Rent	119,505	-	119,505	104,971
Telephone	25,499	-	25,499	23,861
Training and development (Schedule 1)	212,044	-	212,044	206,484
Travel	25,809	-	25,809	21,587
Utilities	1,419	-	1,419	1,066
Wages and benefits	1,817,765	-	1,817,765	1,988,901
	2,886,980	11,462,942	14,349,922	14,731,210
Excess of revenue over expenses	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2014

	Operating Fund	Agency Fund	Total 2014	Total 2013
Balance, beginning of year	$ 886,411	$ -	$ 886,411	$ 886,411
Excess of revenue over expenses	-	-	-	-
Balance, end of year	$ 886,411	$ -	$ 886,411	$ 886,411

See accompanying notes to financial statements.

Statement of Cash Flow

Year ended March 31, 2014

	2014	2013
Cash provided by (applied to)		
Operating activities:		
Excess of revenue over expenses	$ -	$ -
Adjustments for:		
Amortization	37,431	33,605
Recognition of deferred contributions	(397,453)	(490,187)
Amortization of deferred contributions relating to capital assets	-	(4,036)
	(360,022)	(460,618)
Changes in the following:		
Accounts receivable	59,663	(13,460)
Prepaid expenses	(30,532)	(20,720)
Accounts payable and accrued liabilities	(119,040)	224,871
Cash (applied to) operating activities	(449,931)	(269,927)
Investing activities:		
Net changes in portfolio investments	314,260	307,047
Cash provided by investing activities	314,260	307,047
Financing activities:		
Deferred contributions received	235,371	106,200
Cash provided by financing activities	235,371	106,200
Capital activities:		
Purchases of capital assets	(158,747)	(13,043)
Proceeds on disposal of capital assets	750	-
Cash (applied to) capital activities	(157,997)	(13,043)
Change in cash and cash equivalents	(58,297)	130,277
Cash and cash equivalents, beginning of year	112,148	(18,129)
Cash and cash equivalents, end of year	$ 53,851	$ 112,148

See accompanying notes to financial statements.

1. Nature of organization

The General Child and Family Services Authority (the "Authority") was established on November 24, 2003 pursuant to *The Child and Family Services Authorities Act*. The Authority is a Government not-for-profit organization responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, and Winnipeg Rural and Northern Child and Family Services (Winnipeg Regional Office and Interlake, Eastman, Parkland and Northern Regions).

The Authority is a not-for-profit organization and is exempt from income taxes under *The Income Tax Act* (Canada).

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector standards for government not-for-profit organizations using the following significant accounting policies:

(a) Fund accounting

The Authority records its activities in the following funds:

(i) Operating Fund

The operating fund accounts for the activities relating to the principal activity of the Authority as described in Note 1 to these financial statements.

(ii) Agency Fund

The Province of Manitoba provides the Authority with grant payments for the private mandated child and family services agencies under its jurisdiction. As set out in Section 19 of *The Child and Family Services Authorities Act*, the Authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the Authority (excluding child maintenance), while government offices receive funding directly from the government based on the approval of allocations by the Authority. All contributions to this fund are externally restricted for this purpose.

(b) Revenue recognition

The Authority follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the applicable fund when received or receivable.

Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

(c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

3. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term investments and deposits with original maturities of three months or less.

(e) Portfolio investments

Portfolio investments include term deposits with original maturities greater than three months. These investments are recorded at cost.

(f) Capital assets

Capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

	Rate	Method
Computer software	3 years	Straight line
Furniture and fixtures	5 years	Straight line
Leasehold improvements	5 years	Straight line

(g) Financial instruments - measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Authority records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and advances receivable. The Authority also records its financial liabilities at cost, which include accounts payable and accrued liabilities and working capital advances.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurment gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2014	2013
Contributions receivable	$ 15,550	$ 66,883
Interest receivable	17,019	25,349
	$ 32,569	$ 92,232

5. Working capital advances and advances receivable

Working capital advances are provided to the Authority's agencies through the Province of Manitoba. The Province has approved the advances based on two twelfths of the annual expenditures an agency invoices Family Services and Housing for child maintenance. The advances are non-interest bearing and are repayable at the time the agency is no longer providing services on behalf of the department. Total working capital advances to agencies at March 31, 2014 are $116,600 (2013 - $116,600).

6. Capital assets

	Cost	Accumulated amortization	Net book value 2014	Net book value 2013
Computer software	$ 49,150	$ 37,525	$ 11,625	$ 9,276
Furniture and fixtures	100,129	66,048	34,081	15,478
Leasehold improvements	252,528	138,614	113,914	14,299
	$ 401,807	$ 242,187	$ 159,620	$ 39,053

7. Deferred contributions

Deferred contributions are externally restricted for specific purposes as determined by the funders and will be recognized as revenue in the appropriate fund in the period the specific expenditures are incurred. Changes in deferred contributions during the year are as follows:

(i) Deferred contributions - Operating Fund

Deferred contributions in the Operating Fund relate to various grants from various sources as follows:

	2014	2013
Province of Manitoba - Operating:		
Balance, beginning of year	$ 337,805	$ 601,325
Add: contributions received	2,434,195	2,451,818
Less: amounts recognized as revenue	2,666,993	2,715,338
Balance, end of year	105,007	337,805
Province of Manitoba - Differential Response:		
Balance, beginning of year	58,102	203,569
Add: contributions received	57,333	23,600
Less: amounts recognized as revenue	31,266	169,067
Balance, end of year	84,169	58,102
Office of the Standing Committee:		
Balance, beginning of year	56,314	31,314
Add: contributions received	-	25,000
Less: amounts recognized as revenue	31,314	-
Balance, end of year	25,000	56,314
David Thomas Foundation:		
Balance, beginning of year	-	-
Add: contributions received	65,962	-
Less: amounts recognized as revenue	44,576	-
Balance, end of year	21,386	-
Total Operating Fund	$ 235,562	$ 452,221

7. Deferred contributions (continued)

(ii) Deferred contributions relating to capital assets

	2014	2013
Balance, beginning of year	$ -	$ 4,036
Add: contributions received	-	-
Less: amounts recognized as revenue	-	4,036
Balance, end of year	$ -	$ -

(iii) Deferred contributions - Agency Fund

	2014	2013
Balance, beginning of year	$ 455,740	$ 455,740
Add contributions:		
Province of Manitoba	11,517,517	11,693,227
Less: amounts recognized as revenue	11,462,942	11,693,227
Balance, end of year	$ 510,315	$ 455,740

8. Internally restricted fund balance

The internally restricted fund balance represents amounts that have been internally designated for specific purposes as approved by the Board of Directors of the Authority. Changes in the internally restricted fund balance are as follows:

	2014	2013
Balance, beginning of year	$ 822,535	$ 575,289
Program development	428,864	663,829
Utilized during the year	(559,119)	(416,583)
Balance, end of year	$ 692,280	$ 822,535

The internally restricted fund balance at March 31, 2014 is intended to support the following Board approved initiatives:

- Time limited staffing positions to support training, quality assurance, and permanency positions;
- Pilot project to provide support for youth transitioning from care including the Building Futures Initiative, post secondary education support fund; and youth related initiatives;
- Funds to support Authority agencies and regions including staff engagement activities; the ongoing implementation of critical incident stress management teams; implementation of the French Languages Service Plan; membership support in Practice and Research Together (PART), a national clearing house for child welfare resources and publications linking research to child welfare practices; and PRIDE, a foster parent training initiative; and
- Funds to support the New Canadian Awareness Education Initiative.

9. Agency grants

During the year ended March 31, 2014, the Authority received funding from the Province of Manitoba in the amount of $11,462,942 (2013 - $11,693,227) to be allocated to the agencies under its jurisdiction. Agency grants were allocated as follows:

	Child and Family Services Division			
Agency	Child Protection Branch	Differential Response	Total 2014	Total 2013
Child and Family Services of Central Manitoba	$ 3,807,890	$ 367,650	$ 4,175,540	$ 4,214,165
Child and Family Services of Western Manitoba	6,855,050	-	6,855,050	7,025,217
Jewish Child and Family Service	432,352	-	432,352	441,400
Churchill Regional Health Authority	-	-	-	12,445
Total	$11,095,292	$ 367,650	$11,462,942	$11,693,227

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the Authority.

10. Other grant expenses

Other grant expenses for the year include the following:

	2014	2013
Children's Aid Foundation - CIBC Miracle Fund	$ 6,892	$ 10,339
Children's Aid Foundation - Scotia Capital Stay in School Fund	42,697	7,452
New Canadian Awareness Education Initiative	48,195	91,358
Post Secondary Education and Support	35,599	20,549
SOS - Brandon Friendship Centre	57,400	57,600
Vision Catchers	13,468	19,967
Wings of Power	25,000	35,000
Youth Initiatives including Building Futures	172,455	56,285
	$ 401,706	$ 298,550

11. Lease commitments

The Authority has entered into a lease agreement to lease space on the third and sixth floors at 180 King Street. The agreement pertaining to the space on the third floor is for a ten year term expiring on November 30, 2022. The agreement pertaining to the space on the sixth floor is for a five year term expiring on November 30, 2017 with a five year renewal option. Occupancy charges for the year ending March 31, 2015 are estimated to be $119,150 (2014 actual - $119,505).

12. Financial instruments and financial risk management

The Authority does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2013 - $nil).

Financial risk management - overview

The Authority has exposure to the following risks resulting from its financial instruments: credit risk, liquidity risk, market risk, interest rate risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of cash and cash equivalents, accounts receivable, portfolio investments and advance receivable.

The maximum exposure of the Authority to credit risk at March 31 is:

	2014	2013
Cash and cash equivalents	$ 53,851	$ 112,148
Accounts receivable	32,569	92,232
Portfolio investments	1,621,995	1,936,255
Advances receivable	116,600	116,600
	$ 1,825,015	$ 2,257,235

Cash and cash equivalents and portfolio investments: The Authority is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are held by a reputable financial institution.

Accounts receivable and advances receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advances receivable are primarily with the Province of Manitoba resulting in minimal credit exposure.

The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current economic conditions and historical funding and payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The balance in the allowance for doubtful accounts at March 31, 2014 is $nil (2013 - $nil).

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they come due.

The Authority manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

12. Financial instruments and financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Authority's income or the fair values of its financial instruments. The significant market risk the Authority is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

13. Comparative information

Certain of the comparative amounts from the year ended March 31, 2013 have been reclassified to conform to the financial statement presentation adopted in the current year.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Supplementary Schedule of Training Revenue and Expenses — Schedule 1

Year ended March 31, 2014

		2014		2013
Revenue:				
Operating grant allocation	$	352,397	$	352,397
Direct expenses:				
General Authority training events		160,557		175,435
Conferences		37,446		20,200
Training supplies		14,041		10,849
		212,044		206,484
Allocated expenses*:				
Training space		28,240		9,118
Salary and benefits		87,789		85,349
		116,029		94,467
Excess of revenue over expenses		24,324		51,446

* Allocated expenses are included in total expenses on the statement of operations with the portions above allocated to training for internal monitoring purposes. Training space represents rent charges relating to space dedicated for training. Salary and benefits are allocated based on .5 Leading Practice Specialist - Term and .8 Administrative Support - Term.

HELEN BETTY OSBORNE MEMORIAL FOUNDATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

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Independent Auditor's Report

To the Members of the **INSURANCE COUNCIL OF MANITOBA**

We have audited the accompanying financial statements of the **INSURANCE COUNCIL OF MANITOBA**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
May 8, 2014

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31		2014		2013
Assets				
Current Assets				
Cash and cash equivalents (Note 3)	$	193,551	$	109,494
Interest receivable		26,839		20,645
Prepaid expenses		3,855		9,065
		224,245		139,204
Portfolio investments (Note 4)		1,000,747		975,926
Capital assets (Note 5)		524,275		615,953
	$	1,749,267	$	1,731,083
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	21,275	$	25,477
Deferred revenue (Note 6)		170,028		167,140
		191,303		192,617
Commitments (Note 7)				
Net Assets				
Information Technology Reserve		200,000		200,000
Unrestricted net assets		1,340,327		1,292,271
		1,540,327		1,492,271
Accumulated remeasurement gains		17,637		46,195
		1,557,964		1,538,466
	$	1,749,267	$	1,731,083

Approved on behalf of the Council:

__________________ Member

__________________ Member

The accompanying notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	2014	2013
Revenue		
Examinations	$ 62,162	$ 57,130
Interest income	33,909	36,217
Licences (Note 8)	1,001,528	924,440
Other	48,422	49,682
Realized gain on sale of portfolio investments	29,151	-
	1,175,172	1,067,469
Expenses		
Advertising, dues and subscriptions	24,341	33,374
Amortization	154,723	91,036
Bank charges and interest	21,059	1,101
Computer consulting fees	51,186	57,307
Conferences	-	8,411
Council	34,750	34,025
Equipment leases	4,509	4,760
Insurance	3,812	3,633
Meetings and travel	35,972	37,638
Office and equipment rental	23,082	24,503
Postage and courier	18,552	15,808
Professional fees	99,134	59,333
Recruiting and human resource	5,105	577
Rent	86,244	86,936
Salaries and benefits	555,953	578,743
Telephone and Internet	8,307	9,100
Training	387	1,119
	1,127,116	1,047,404
Excess of revenue over expenses for the year	48,056	20,065
Net assets, beginning of year	1,292,271	1,319,061
Adoption of Section 3450 - Financial Instruments	-	(46,855)
Net assets, end of year	$ 1,340,327	$ 1,292,271

The accompanying notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA
Statement of Remeasurement Gains and Losses

For the year ended March 31		2014		2013
Accumulated remeasurement gains, beginning of year	$	46,195	$	-
Adoption of Section 3450 - Financial Instruments		-		46,855
Unrealized gain (loss) attributable to portfolio investments		593		(660)
Amounts reclassified to the statement of operations attributable to disposition of portfolio investments		(29,151)		-
Net remeasurement gains (losses) during the year		(28,558)		46,195
Accumulated remeasurement gains, end of year	$	17,637	$	46,195

The accompanying notes are an integral part of these financial statements.

INSURANCE COUNCIL OF MANITOBA
Statement of Cash Flows

For the year ended March 31		2014		2013
Cash Flows from Operating Activities				
Excess of revenue over expenses for the year	$	19,498	$	20,065
Adjustments for				
Amortization		154,723		91,036
Unrealized loss on portfolio investments		(593)		-
		173,628		111,101
Changes in non-cash working capital balances				
Interest receivable		(6,194)		1,097
Prepaid expenses		5,210		(323)
Accounts payable and accrued liabilities		(4,202)		(11,534)
Deferred revenue		2,888		18,579
		171,330		118,920
Cash Flows from Investing Activities				
Purchase of capital assets		(63,045)		(368,117)
Proceeds on sale of investments		304,540		168,729
Purchase of investments		(328,768)		(202,075)
		(87,273)		(401,463)
Increase (decrease) in cash and cash equivalents for the year		84,057		(282,543)
Cash and cash equivalents, beginning of year		109,494		392,037
Cash and cash equivalents, end of year	$	193,551	$	109,494

The accompanying notes are an integral part of these financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents and adjusters in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act.*

Management's Responsibility for the Financial Statements

The financial statements of the Council are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for non-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.

Capital Assets

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

Computer hardware	30% diminishing balance basis
Computer software	30% diminishing balance basis
Furniture and fixtures	20% diminishing balance basis
Leasehold improvements	5 year straight-line basis
Licence database	5 year straight-line basis
Website	30% diminishing balance basis

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

For the year ended March 31, 2014

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

Licence fees are recognized as income over the term of the licence period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Employee Benefits

The Council contributes 5.1% of employee salaries to a self administered RRSP on behalf of the employees up to the first $35,400 of earnings. The Council matches employee contributions to a maximum of 7% on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSPs for the year ended March 31, 2014 were $24,853 ($26,392 in 2013).

3. Cash and Cash Equivalents

	2014	2013
Cash and bank	$ 52,063	$ 71,494
Bank of Montreal Money Market Fund	141,488	38,000
	$ 193,551	$ 109,494

The fair value of the cash and cash equivalents approximates the carrying value.

For the year ended March 31, 2014

4. Long-term Investments

	Cost	2014 Fair Value	2013 Fair Value
Equitable Trust GIC, 3.41%, due August 7, 2014	$ 73,692	$ 81,973	$ 81,653
Home Trust GIC, 3.35%, due October 22, 2014	77,818	86,317	86,011
Manulife Bank of CDA GIC, 3.65%, due June 22, 2015	69,943	69,943	69,943
HSBC Bank of CDA GIC, 3.70%, due June 22, 2015	100,000	100,000	100,000
Equitable Bank GIC, 2.20%, due October 7, 2015	19,355	19,355	-
Mont Trust GIC, 2.95%, due June 23, 2016	100,000	100,000	100,000
Maple Trust GIC, 2.95%, due June 23, 2016	38,916	38,916	38,916
Bank of Montreal GIC, 2.37%, due October 7, 2016	19,000	19,000	-
Royal Bank of Canada GIC, 2.45%, due November 17, 2016	33,272	34,117	34,092
AGF Trust Company GIC, 2.52%, due June 26, 2017	36,649	36,662	36,720
Advisor's Advantage Trust GIC, 2.40%, due July 10, 2017	34,051	34,051	34,051
Manulife Bank of CDA GIC, 2.60%, due July 10, 2017	30,000	30,000	30,000
Royal Bank of CDA GIC, 2.40%, due July 10, 2017	60,000	60,000	60,000
Canadian Western GIC, 2.40%, due November 27, 2017	41,159	41,159	-
Bank of Montreal Mortgage GIC, 2.60%, due July 4, 2018	199,683	199,683	-
Laurentien Bank GIC, 2.55%, due March 28, 2019	49,572	49,571	-
Province of Manitoba Portfolio Allocation Notes, Series 1	-	-	34,958
NTL BK of CDA GIC, 4.83%, matured June 24, 2013	-	-	91,135
Advisor's Advantage Trust GIC, 4.80%, matured June 24, 2013	-	-	24,319
Home Trust GIC, 3.00%, matured July 2, 2013	-	-	23,566
Canadian Western GIC, 2.95%, matured July 2, 2013	-	-	43,571
Montreal Tr Co of CDA GIC, 1.20%, matured November 21, 2013	-	-	40,671
TD Mortgage Corp GIC, 3.65%, redeemed	-	-	46,320
	$ 983,110	$ 1,000,747	$ 975,926

The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

For the year ended March 31, 2014

5. Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 184,605	$ 153,575	$ 31,030	$ 173,816	$ 143,466	$ 30,350
Computer software	111,787	105,925	5,862	111,787	103,077	8,710
Furniture and fixtures	129,592	88,130	41,462	124,867	78,256	46,611
Leaseholds improvements	25,000	20,000	5,000	25,000	15,000	10,000
Licence database	249,700	174,790	74,910	249,700	124,850	124,850
Website	27,353	23,445	3,908	27,353	21,770	5,583
Licence database #2	37,239	14,895	22,344	37,239	7,448	29,791
Online renewal system	290,225	48,371	241,854	290,225	-	290,225
Online renewal system: CE enhancements	117,365	19,460	97,905	69,833	-	69,833
	$ 1,172,866	$ 648,591	$ 524,275	$ 1,109,820	$ 493,867	$ 615,953

6. Deferred Revenue

Deferred revenue represents payments received for licenses and fees that cover more than the current fiscal year. The deferred portion will be recognized as revenue in the year to which it pertains to.

Licenses are recognized as revenue on a straight-line basis over the term of the license. Examination fees are recognized at the time the related exam is held.

7. Commitments

The Council leases equipment and office premises under the provisions of operating leases. These commitments are as follows:

2015	$ 34,237
2016	3,763
2017	2,526
2018	210
2019	NIL

8. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba ("OSIM") levy fees on members. The Council acts as agent and remits 44% of licence and other fees and 15% of examination fees to the OSIM. These amounts are not included in the financial statements. In 2014, this amount is $825,627 ($780,848 in 2013).

9. Financial Risk Management

The Council is exposed to different types of risk in the normal course of operations, including credit risk, market risk, interest rate risk and liquidity risk. The Council's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Council's activities. The Council limits its exposure to credit risk and market risk by maintaining a diversified portfolio and by investing in high quality investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Council is exposed to credit risk from its interest receivable from various investments they hold. The risk is mitigated by investing in safe and secure investments, such as Guaranteed Investment Certificates and Provincial bonds.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Council limits its exposure to market risk by placing its cash and bank and investments in low risk investment vehicles. Risk and volatility of investment returns are mitigated through the diversification of investment vehicles.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk through its investments. The Council limits its exposure to interest rate risk by investing in only fixed rate guaranteed investment certificates and bonds.

Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its obligations as they fall due. The Council has a planning and budgeting process in place to help determine the funds required to support the Council's normal operating requirements on an ongoing basis. The Council ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

LEAF RAPIDS TOWN PROPERTIES LTD. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

responsibility for financial reporting

The accompanying financial statements of Legal Aid Manitoba are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements for the year ended March 31, 2014.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Auditor General is to express an independent professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Gil Clifford
Executive Director
Legal Aid Manitoba

August 26, 2014

auditor's report

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba

We have audited the accompanying financial statements of Legal Aid Manitoba, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
August 26, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

LEGAL AID MANITOBA

Statement of Financial Position
As at March 31

	2014	2013
ASSETS		
Current Assets		
Cash	$ 3,017,150	$ 1,589,910
Client accounts receivable (Note 3)	258,838	168,586
Receivable from the Province of Manitoba	5,115,000	5,341,692
Receivable from the Government of Canada	-	167,450
Other receivables (Note 4)	334,433	472,454
Prepaid expenses	244,124	227,859
	8,969,545	**7,967,951**
Capital Assets (Note 5)	325,865	441,882
Long-term receivable - charges on land (Note 6)	742,633	782,837
Long-term receivable - severance - Province of Manitoba (Note 7)	716,166	716,166
Long-term receivable - pension - Province of Manitoba (Note 14)	22,017,688	20,587,677
	$ 32,771,897	**$ 30,496,513**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5,183,560	$ 5,412,708
Accrued vacation pay	1,344,588	1,290,514
Deferred revenue from clients	616,814	454,540
	7,144,962	**7,157,762**
Severance liability (Note 8)	2,388,693	2,174,427
Provision for employee pension benefits (Note 14)	22,017,688	20,587,677
	24,406,381	**22,762,104**
Net Assets		
Invested in Capital Assets	325,865	441,882
Restricted Net Assets (Note 15)	78,559	78,559
Unrestricted Net Assets	816,130	56,206
	1,220,554	**576,647**
	$ 32,771,897	**$ 30,496,513**

Approved by the Council

Chairperson

Council Member

LEGAL AID MANITOBA

Statement of Operations
for the year ended March 31

	2014	2013
Revenue		
Province of Manitoba (Note 9)	$ 30,305.241	$ 29,914,138
Manitoba Law Foundation (Note 10)	1,273,629	1,194,398
Contributions from clients	923,768	890,943
Recoveries from third parties	958,524	527,652
Government of Canada	25,000	(3,228)
Judgment costs and settlements	127,430	158,893
Interest income	8,849	197
Other	8,692	39,747
	33,631,133	**32,722,740**
Expense		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	10,807,024	12,263,131
Duty counsel services	463,324	603,458
Transcripts	48,250	53,823
	11,318,598	**12,920,412**
Community Law Centres, Schedule 1	13,024,953	12,675,640
Public Interest Law Centre, Schedule 1	1,733,025	1,289,510
University Law Centre, Schedule 1	124,632	124,330
General and Administrative, Schedule 1	6,786,018	6,563,183
	32,987,226	**33,573,075**
Excess (deficiency) of revenue over expense	**$ 643,907**	**$ (850,335)**

LEGAL AID MANITOBA

Statement of Changes in Net Assets
for the year ended March 31

	2014				2013
	Invested in Captial Assets	**Restricted Net Assets (Note 15)**	**Unrestricted Net Assets**	**Total**	**Total**
Balance, Beginning of Year	$ 441,882	$ 78,559	$ 56,206	$ 576,647	$ 1,426,982
Excess (deficiency) of revenue over expense	(95,464)	-	739,371	643,907	(850,335)
Capital Asset Additions	73,758	-	(73,758)	-	-
Capital Asset Disposals	(94,311)	-	94,311	-	-
BALANCE, END OF YEAR	**$ 325,865**	**$ 78,559**	**$ 816,130**	**$ 1,220,554**	**$ 576,647**

LEGAL AID MANITOBA

Statement of Cash Flow
for the year ended March 31

	2014	2013
Cash Flow Provided by (Used In) Operating Activities:		
Excess (deficiency) of revenue over expense	$ 643,907	$ (850,335)
Add items not affecting cash		
Amortization	95,464	99,633
Loss on disposal of capital assets	94,311	-
Changes in working capital:		
Client accounts receivable	(90,252)	27,473
Province of Manitoba receivable	226,692	(385,692)
Government of Manitoba receivable	167,450	4,446
Other receivables	138,021	(149,010)
Prepaid expenses	(16,265)	70,809
Accounts payable and accrued vacation pay	(175,074)	1,086,232
Deferred revenue	162,274	58,665
Charges on land	40,204	(18,165)
Long-term funding commitments - pension	(1,430,011)	(1,217,589)
Severance liability	214,266	155,395
Provision for employee pension benefits	1,430,011	1,217,589
	1,500,998	**99,451**
Cash Flow Provided by (Used In) Capital Activities:		
Purchase of capital assets	(73,758)	(127,229)
	(73,758)	**(127,229)**
Net Increase (Decrease) in Cash for the Year	1,427,240	(27,778)
Cash - Beginning of Year	1,589,910	1,617,688
Cash - End of Year	**$ 3,017,150**	**$ 1,589,910**

Supplemental Cash Flow Information	**2014**	**2013**
Interest Received	**$ 8,849**	**$ 197**

LEGAL AID MANITOBA
Schedule of Expenses
for the year ended March 31

SCHEDULE 1

	Community Law Centres		Public Interest Law Centre		University Law Centre		General and Administrative		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Advertising	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,807	$ 23,911	$ 21,807	$ 23,911
Amortization	41,871	48,440	2,412	2,299	2,186	1,886	48,365	47,008	95,464	99,633
Bad debts	-	-	-	-	-	-	239,674	248,660	239,674	248,660
Bank charges	-	-	-	-	-	-	2,075	2,146	2,075	2,146
Collection costs	-	-	-	-	-	-	14,230	13,142	14,230	13,142
Computer costs	21,835	12,514	972	137	159	34	20,493	44,610	43,459	57,295
Council expenses	-	-	-	-	-	-	103,123	208,029	103,123	208,029
Duty counsel	196,100	202,914	3,899	4,032	-	-	904	1,841	200,903	208,787
Equipment maintenance	81,600	96,151	3,280	9,366	612	2,738	32,160	57,615	117,652	165,870
File disbursements	287,114	310,647	641,893	270,930	3,551	2,221	24,621	33,292	957,179	617,090
Library	79,391	62,066	9,627	9,007	133	158	1,707	2,284	90,858	73,515
Meetings	4,238	6,815	907	2,472	1,813	1,628	8,752	14,669	15,710	25,584
Office expenses	187,158	221,845	13,936	11,898	5,019	6,834	129,856	138,731	335,969	379,308
Office relocation	6,767	31,597	480	525	-	-	-	2,497	7,247	34,619
Pension costs (Note 14)	-	-	-	-	-	-	2,376,552	2,054,004	2,376,552	2,054,004
Premise costs	998,498	1,020,956	56,044	58,904	92	134	303,131	305,294	1,357,765	1,385,288
Professional fees	204,886	195,622	19,423	17,967	775	747	133,732	135,079	358,816	349,415
Salaries, benefits and levy	10,577,137	10,133,949	948,543	867,977	98,547	92,091	2,965,636	2,890,940	14,589,863	13,984,957
Severance benefits	-	-	-	-	-	-	269,947	235,958	269,947	235,958
Staff development	45,547	44,397	7,966	10,140	-	-	7,156	7,988	60,669	62,525
Staff recruitment	21,812	8,839	214	96	34	99	262	2,627	22,322	11,661
Telephone	109,302	108,871	10,419	8,294	2,696	2,723	67,366	70,283	189,783	190,171
Transcripts	14,517	22,153	-	-	-	1,442	-	-	14,517	23,595
Travel	147,180	147,864	13,010	15,466	8,385	11,595	14,469	22,575	183,044	197,500
TOTAL	**$ 13,024,953**	**$ 12,675,640**	**$ 1,733,025**	**$ 1,289,510**	**$ 124,632**	**$ 124,330**	**$ 6,786,018**	**$ 6,563,183**	**$ 21,668,628**	**$ 20,652,663**

Notes to Financial Statements
for the year ended March 31, 2014

1. Nature of the Corporation

Legal Aid Manitoba (the Corporation) was established by an Act of the Legislative Assembly of Manitoba.

The purpose of the Corporation, as set out in the Act, is to service the public interest by:

a) Providing quality legal advice and representation to eligible low-income individuals;
b) Administering the delivery of legal aid in a cost-effective and efficient manner; and
c) Providing advice to the Minister on legal aid generally and on the specific legal needs of low-income individuals.

The Corporation is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements are prepared in accordance with the Canadian standards for government not-for-profit organizations ("GNFPO") including Public Sector Accounting Handbook 4200 series as issued by the Canadian Public Sector Accounting Standards Board.

b) Financial Instruments

Financial assets and liabilities are initially recorded at fair value and subsequently recorded at cost or amortized cost.

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. The Corporation did not incur any re-measurement gains and losses during the year ended March 31, 2014 (2013 – $nil).

Gains and losses on financial instruments subsequently measured at cost or amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs.

Notes to Financial Statements
for the year ended March 31, 2014

The Corporation's financial instruments include cash, client accounts receivable, receivable from the Province of Manitoba, other receivables, long-term receivables, and accounts payable.

c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include the allowance for doubtful accounts, accrual for private bar fees and the severance liability and provision for employee pension benefits. Actual results could differ from these estimates.

d) Revenue Recognition

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

e) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Corporation based on the clients' ability to pay.

i) Agreements to Pay – Partial

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the Legal Aid Certificate. The revenue and receivable are recognized when the service is provided.

ii) Agreements to Pay – Full

Under terms of Agreements to Pay - Full, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case. The maximum administration fee is $250. The revenue and receivable are recognized based on the date of the lawyer's billing which coincide with when the service is provided.

iii) Charges on Land

Charges on land are registered under section 17 of the *Corporations Act* in a land titles office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing which coincide with when the service is provided. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

f) Allowance for Doubtful Accounts

The allowances for doubtful accounts are determined annually based on a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of an account, specific allowances are established for individual accounts. In addition to the allowances identified on an individual account basis, the Corporation establishes a further allowance representing management's best estimate of additional probable losses in the remaining accounts receivable.

g) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

- Furniture and office equipment – 10 years
- Computer hardware & software – 4 years
- Leasehold improvements – over the term of the lease

Work in progress assets are not amortized until the asset is available to be put into service.

h) Pension Plan

Employees of the Corporation are pensionable under the *Civil Service Superannuation Act*. The Civil Service Superannuation Plan is a defined benefit pension plan. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment is amortized over the expected remaining service life (EARSL) of the employee group which is currently 15 years (2013 – 15 years). Amortization commences the year following the year when the actuarial gain or loss arises.

i) Severance Liability

The Corporation records the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

3. Client Accounts Receivable

	2014	2013
Agreements to Pay – Partial	$ 51,655	$ 66,240
Agreements to Pay – Full	442,805	464,805
	494,460	**531,045**
Less: Allowance for Doubtful Accounts	235,622	362,459
Client accounts receivable	**$ 258,838**	**$ 168,586**

4. Other Receivables

	2014	2013
Court costs	$ 273,886	$ 287,616
Child and Family Services agencies	61,762	44,487
Employment and Income Assistance	153,809	181,803
Employee advances, GST recoverable, and miscellaneous	113,302	239,012
	602,759	**752,918**
Less: Allowance for Doubtful Accounts	268,326	280,464
Other receivables	**$ 334,433**	**$ 472,454**

Notes to Financial Statements
for the year ended March 31, 2014

5. Capital Assets

	2014		2013	
	Cost	**Accumulated Amortization**	**Cost**	**Accumulated Amortization**
Furniture and office equipment	$ 318,731	$ 216,469	$ 308,836	$ 191,031
Computer hardware & software	324,385	266,036	300,352	214,510
Leasehold improvements	198,923	33,669	267,680	29,445
	$ 842,039	$ 516,174	$ 876,868	$ 434,986
Net book value		**$ 325,865**		**$ 441,882**

6. Charges on Land

	2014	2013
Charges on land	$ 1,587,154	$ 1,539,085
Less: Allowance for Doubtful Accounts	844,521	756,248
Charges on land	**$ 742,633**	**$ 782,837**

7. Long-term Receivable - Severance Benefits

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result, the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

8. Severance Liability

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2014 by Ellement & Ellement Consulting Actuaries. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2014 was $2,388,693 (2013 - $2,174,427). The report provides a formula to update the liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of 9 years of service and that the employee is retiring from the Corporation.

	2014	2013
Balance at beginning of year	$ 2,258,837	$ 1,930,906
Benefits accrued	117,444	116,753
Interest accrued on benefits	149,761	128,018
Benefits paid	(55,681)	(80,563)
Actuarial (gain) loss	(8,713)	163,723
Balance at end of year	2,461,648	2,258,837
Unamortized actuarial gains (losses)	(72,955)	(84,410)
	$ 2,388,693	**$ 2,174,427**

The Corporation's severance costs consist of the following:

	2014	2013
Benefits accrued	$ 117,444	$ 116,753
Interest accrued on benefits	149,761	128,018
Amortization of actuarial losses (gains)	2,742	(8,813)
	$ 269,947	**$ 235,958**

Notes to Financial Statements
for the year ended March 31, 2014

Significant long-term actuarial assumptions used in the March 31, 2014 valuation, and in the determination of the March 31, 2014 present value of the accrued severance benefit obligation were:

	2014	2013
Annual rate of return		
Inflation component	2.00%	2.00%
Real rate of return	4.00%	4.00%
	6.00%	**6.00%**
Assumed salary increase rates		
Annual productivity increase	0.75%	0.75%
Annual general salary increase	2.00%	2.00%
Service, merit & promotion (SMP) – average	1.00%	1.00%
	3.75%	**3.75%**

9. Revenue from the Province of Manitoba

	2014	2013
Grant	$ 15,014,767	$ 15,410,589
Salaries and other payments	12,984,329	12,353,802
Health and post-secondary education tax levy	276,993	262,958
Employer portion of employee benefits	1,949,402	1,774,289
Other government agencies	79,750	112,500
	$ 30,305,241	**$ 29,914,138**

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

Notes to Financial Statements
for the year ended March 31, 2014

10. Revenue from the Manitoba Law Foundation

		2014		2013
Statutory grant	$	1,007,629	$	928,398
Public Interest Law Centre		180,000		180,000
University Law Centre		86,000		86,000
	$	**1,273,629**	**$**	**1,194,398**

A statutory grant, pursuant to subsection 90(1) of the *Legal Profession Act*, is received annually from the Manitoba Law Foundation. The Corporation's share under the Act is 50% of the total interest on lawyers' trust accounts as received by the Foundation or a minimum of $1,007,629, whichever is greater. In the event that interest received by the Foundation in the preceding year, after deduction of the Foundation's operational expenses, is not sufficient to pay the statutory minimum of $1,007,629 to the Corporation, the Act provides for pro-rata sharing of the net interest.

Other grants from the Manitoba Law Foundation are received pursuant to subsection 90(4) of the *Legal Profession Act*. These grants are restricted for the Public Interest Law Centre and the University Law Centre. At March 31, 2014, all funds received through these grants have been spent in the current year.

11. Commitments

a) Lease

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2015	$	935,979
2016		1,165,875
2017		1,106,776
2018		1,114,686
2019		1,122,183
Thereafter		6,393,164
	$	**11,838,663**

Notes to Financial Statements
for the year ended March 31, 2014

b) Private Bar

Estimated total commitments for future billings on outstanding Legal Aid Certificates amount to $2,587,000 as at March 31, 2014 (2013 - $1,866,000).

12. Related Parties Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

13. Private Bar Fees and Disbursements

	2014			2013
	Fees	**Disbursements**	**Total**	**Total**
Legal aid certificates	$ 10,120,423	$ 686,601	$ 10,807,024	$ 12,263,131
Duty counsel services	463,324	0	463,324	603,458
Transcripts	0	48,250	48,250	53,823
	$ 10,583,747	**$ 734,851**	**$ 11,318,598**	**$ 12,920,412**

14. Provision for Employee Pension Benefits

Pension costs consist of benefits accrued, interest accrued on benefits and experience (gain) loss. This liability is determined by an actuarial valuation annually with the balances for the intervening periods being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2013 by Ellement & Ellement Consulting Actuaries. The actuary has projected the pension obligation to March 31, 2014.

Notes to Financial Statements
for the year ended March 31, 2014

	2014	2013
Balance at beginning of year	$ 22,017,185	$ 19,097,212
Benefits accrued	853,343	831,051
Interest accrued on benefits	1,428,121	1,241,145
Benefits paid	(945,541)	(836,414)
Actuarial (gain) loss	(634,410)	1,684,192
Balance at end of year	22,718,698	22,017,185
Unamortized actuarial gains (losses)	(701,010)	(1,429,508)
	$ 22,017,688	**$ 20,587,677**

The Corporation's pension costs consist of the following:

	2014	2013
Benefits accrued	$ 853,343	$ 831,051
Interest accrued on benefits	1,428,121	1,241,145
Amortization of actuarial (gains) losses	94,088	(18,192)
	$ 2,375,552	**$ 2,054,004**

The key actuarial assumptions were a rate of return of 6.00% (2013 – 6.00%), 2.00% inflation (2013 – 2.00%), salary rate increases of 3.75% (2013 – 3.75%) and post retirement indexing 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2014.

The Province of Manitoba has accepted responsibility for funding of the Corporation's pension liability and related expense which includes an interest component. The Corporation has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability $22,017,688 (2013 – $20,587,677), and has recorded revenue for 2013/14 equal to its increase in the unfunded pension liability during the year of $1,430,011 (2013 – $1,217,580). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

Notes to Financial Statements
for the year ended March 31, 2014

15. Restricted Net Assets - Wrongful Conviction Cases

During the fiscal year ended March 31, 2006 the Province of Manitoba approved a reallocation of $130,000 from the Corporation's unrestricted net assets. This funding was provided for section 696 applications under the Criminal Code for wrongful conviction appeals. In the current fiscal year, the Corporation did not incur any expenses (2013 - nil) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is $78,559.

16. Public Sector Compensation Disclosure

For the purposes of the *Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from the Corporation is disclosed in a separate statement.

17. Financial Risk Management

The Corporation has potential exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Interest rate risk; and
- Foreign currency risk

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Corporation's Management Council has overall responsibility for the establishment and oversight of the Corporation's objectives, policies and procedures for measuring, monitoring and managing these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Corporation to credit risk consist principally of cash and accounts receivable.

The maximum exposure of the Corporation to credit risk at March 31, 2014 is:

Notes to Financial Statements
for the year ended March 31, 2014

Cash	$ 3,017,150
Client accounts receivable	258,838
Receivable from the Province of Manitoba	5,115,000
Receivable from the Government of Canada	0
Other receivables	334,433
Long-term receivables:	
• Charges on land	742,633
• Severance - Province of Manitoba	716,166
• Pension - Province of Manitoba	22,017,688
	$ 32,201,908

Cash: The Corporation is not exposed to significant credit risk as the cash is held by a large financial banking institution.

Client accounts receivable includes clients that contribute toward the cost of their case under the Agreements to Pay – Partial and Agreements to Pay – Full payment programs based on a contract. The Corporation manages its credit risk on these accounts receivables which are primarily small amounts held by a large client base. It is typically expected that clients will settle their account based on their payment program. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

Receivable from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

Receivable from the Government of Canada: The Corporation is not exposed to significant credit risk as the receivable is from the federal government.

Other receivables include court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is exposed to significant credit risk related to court costs and therefore, an allowance of 95% is set up to recognize the likelihood of collection. In the case of receivables from Child and Family Services agencies and Employment and Income Assistance, they are funded through the Province of Manitoba. Miscellaneous includes employee advances, GST and other recoverable costs. Employee advances are usually paid within one month, GST is received quarterly and other recoverable costs are usually paid within 90 days of receipt of an order to pay by the courts or other authority.

Notes to Financial Statements
for the year ended March 31, 2014

Long-term receivable – charges on land: The Corporation manages its credit risk on these accounts receivables which primarily consists of small amounts held by a large client base for which payment is secured by a lien on property. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is calculated on a specific identification basis and a general provision based on historical experience.

Long-term receivables – severance and pension – Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivables are with the provincial government.

The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, client analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2014	2013
Balance, beginning of the year	$ 1,289,505	$ 1,203,836
Provision for bad debts	239,674	248,660
Amounts written off	(290,377)	(162,991)
Balance, end of the year	**$ 1,238,802**	**$ 1,289,505**

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances. The Corporation prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified funding requirements are requested, reviewed and approved by the Minister of Finance to ensure adequate funding will be received to meet the obligations. The Corporation continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the fair values of its financial instruments. The significant market risks the Corporation is exposed to are: interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and accounts payable.

The interest rate risk is considered to be low on cash because of its short-term nature and low on accounts payable because they are typically paid when due.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

Manitoba Agricultural Services Corporation

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Manitoba Agricultural Services Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available information.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included here. The Auditor General has access to MASC's Board of Directors, with or without management present, to discuss the results of their audit and the quality of MASC's financial reporting.

Original signed by

Neil Hamilton
PRESIDENT & CHIEF EXECUTIVE OFFICER

Original signed by

Jim Lewis
VICE PRESIDENT, FINANCE & ADMINISTRATION

August 5, 2014

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

We have audited the accompanying financial statements of the Manitoba Agricultural Services Corporation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Agricultural Services Corporation as at March 31, 2014, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by

Office of the Auditor General
Winnipeg, Manitoba
August 5, 2014

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	NOTE	MARCH 31, 2014	MARCH 31, 2013
FINANCIAL ASSETS			
Cash		$ 4,951	$ 3,477
Accounts receivable	7	4,914	3,670
Receivables from the Province of Manitoba	8	15,123	42,484
Receivables from the Government of Canada	9	12,115	7,270
Investments	10	310,822	192,162
Loans receivable	11	410,488	353,646
Total Financial Assets		$ 758,413	$ 602,709
LIABILITIES			
Accounts payable and accrued liabilities	12	$ 23,867	$ 23,737
Claims payable	13	19,602	46,680
Loans from the Province of Manitoba	14	438,108	387,071
Provisions for losses on guaranteed loans	15	15,100	16,176
Future employee benefits	16	8,957	8,865
Total Liabilities		$ 505,634	$ 482,529
Net Financial Assets		$ 252,779	$ 120,180
NON-FINANCIAL ASSETS			
Inventories held for use	2	$ 350	$ 451
Prepaid expenses	2	128	139
Tangible capital assets	18	152	168
Total Non-Financial Assets		$ 630	$ 758
Accumulated surplus		$ 253,409	$ 120,938
Loan guarantees and contingencies	15		
Commitments	17		

The accompanying notes and schedules are an integral part of these financial statements.

Approved by the Board:

Original signed by

John S. Plohman
CHAIR, BOARD OF DIRECTORS

Original signed by

Harry Sotas
CHAIR, BOARD AUDIT AND FINANCE COMMITTEE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	BUDGET	2014 ACTUAL	2013 ACTUAL
REVENUE			
Premiums from insured producers	$ 141,319	$ 147,292	$ 132,962
Interest from loans	18,538	20,296	19,049
Contribution from the Province of Manitoba	111,485	100,569	100,902
Contribution from the Government of Canada	110,580	116,190	103,811
Investment income	2,630	2,894	2,730
Other income	156	553	35
	384,708	387,794	359,489
EXPENSE			
Lending Programs	21,867	17,475	26,536
AgriInsurance Program	286,370	180,572	250,036
Hail Insurance Program	30,486	30,038	25,473
Wildlife Damage Compensation Program	3,543	3,697	3,381
Farmland School Tax Rebate Program	34,272	32,583	39,399
Western Livestock Price Insurance Program	1,200	751	-
Other Programs	48	(9,793)	(5,903)
	377,786	255,323	338,922
Income for the year	$ 6,922	132,471	20,567
Accumulated surplus, beginning of year		120,938	100,371
Accumulated surplus, end of year		$ 253,409	$ 120,938

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	2014 ACTUAL	2013 ACTUAL
Income for the year	$ 132,471	$ 20,567
Tangible capital assets		
Acquisition of tangible capital assets	(46)	(37)
Amortization of tangible capital assets	58	67
Disposal of tangible capital assets	4	-
	16	30
Other non-financial assets		
Disposal of inventory held for use	101	29
Decrease (increase) in prepaid expenses	11	(14)
	112	15
Increase in net financial assets	132,599	20,612
Net financial assets, beginning of year	120,180	99,568
Net financial assets, end of year	$ 252,779	$ 120,180

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	2014	2013
Cash provided by (used for):		
Operating		
Income for the year	$ 132,471	$ 20,567
Amortization of tangible capital assets	58	67
	132,529	20,634
Changes in:		
Receivables	21,273	61,428
Loans receivable	(7,060)	2,889
Accounts payable and accrued liabilities	130	(12,129)
Claims payable	(27,078)	(77,970)
Provisions for losses on guaranteed loans	(1,076)	347
Future employee benefits	92	90
Prepaid expenses	11	(14)
Inventories held for use	101	29
Cash provided by (used for) operating activities	118,922	(4,696)
Capital		
Acquisition of tangible capital assets	(46)	(37)
Disposal of tangible capital assets	4	-
Cash used for capital activities	(42)	(37)
Investing		
Investments redeemed (purchased)	(25,083)	43,623
Loans disbursed	(136,347)	(143,063)
Loan principal received	86,565	104,775
Cash provided by (used for) investing activities	(74,865)	5,335
Financing		
Debt repayments to the Province of Manitoba	(80,963)	(78,038)
Loans from the Province of Manitoba	132,000	120,000
Cash provided by financing activities	51,037	41,962
Net increase in cash and cash equivalents	95,052	42,564
Cash and cash equivalents, beginning of year	116,417	73,853
Cash and cash equivalents, end of year	$ 211,469	$ 116,417
Cash and cash equivalents are comprised of the following:		
Investments	$ 310,822	$ 192,162
Investments with terms greater than 90 days	(104,304)	(79,222)
Investments with terms of 90 days or less	206,518	112,940
Cash	4,951	3,477
	$ 211,469	$ 116,417
Supplemental Cash Flow Information		
Interest paid	$ 15,583	$ 15,324
Interest received	$ 23,060	$ 21,961

The accompanying notes and schedules are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2014 | TABULAR AMOUNTS IN THOUSANDS OF DOLLARS

1. NATURE OF ORGANIZATION

The Manitoba Agricultural Credit Corporation (MACC) was established under *The Agricultural Credit Corporation Act.* The Manitoba Crop Insurance Corporation (MCIC) was established under *The Crop Insurance Act*. As a result of the proclamation of *The Manitoba Agricultural Services Corporation Act,* C.C.S.M. c.A25 on September 1, 2005, MACC and MCIC were amalgamated to form a provincial Crown corporation called the Manitoba Agricultural Services Corporation (MASC) and the legislation establishing the former corporations was repealed.

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agriculture producers, loan guarantees, AgriInsurance and Hail Insurance. MASC also delivers the Wildlife Damage Compensation Program, Farmland School Tax Rebate Program and other programs and services.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

MASC's financial statements are presented in accordance with Canadian Public Sector Accounting (PSA) standards.

(A) Investments
Funds in excess of operational needs are invested with the Province of Manitoba, in accordance with Section 52(1) of *The Manitoba Agricultural Services Corporation Act*. Investments are carried at cost or amortized cost. Investments are normally held to maturity, but if early redemption is required and results in a gain or loss, the gain or loss is realized on disposal.

(B) Loans Receivable
Loans receivable are recorded at cost or amortized cost less any amount for provisions for credit losses.

Provisions for impaired loans are made when collection is in doubt. Interest is accrued on loans receivable until the date of write-off. The provision represents management's best estimate of probable losses. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for loss on loans identified on an individual loan basis, MASC establishes a general provision representing management's best estimate of additional probable losses based on other factors including the composition and credit quality of the portfolio and changes in economic and business conditions. Actual loan accounts that have been written off are charged to the appropriate provision once the available security has been realized and all other collection efforts have been exhausted.

(C) Claims Payable
Claims payable is comprised of claims approved but not yet disbursed and a provision for claims in process. The provision represents management's best estimate of probable claims against the programs and is determined through a review of each program. For most programs, the provision is established by reviewing outstanding claims and either providing individual claim estimates or establishing an average loss and multiplying this amount by the number of claims outstanding.

(D) Loans from the Province of Manitoba
Loans from the Province of Manitoba are carried at cost.

(E) Provision for Losses on Guaranteed Loans
The provision for losses on loan guarantees is determined annually through a review of each guarantee program. The provision represents management's best estimate of probable claims against the loan guarantees. Such provision is intended to cover MASC's share of principal, accrued and unpaid interest and any additional amounts that are recoverable by the financial institution that issued the loan.

Current year provisions for guaranteed loan losses are charged as expenses to the provision for guaranteed loan losses. Loan guarantee claims that have been paid are charged to the appropriate provision.

(F) Future Employee Benefits
The employees of MASC belong to The Civil Service Superannuation Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually.

Pension costs included in these statements are comprised of: the cost of employer contributions for the current year of service of employees, employer costs for past service costs relating to a portion of current and retired employees, plan amendments and accrued benefits. Experience gains and losses are amortized over the Expected Average Remaining Service Lifetime beginning in the year of the actuarial valuation.

MASC employees are entitled to vacation and severance pay in accordance with the terms of the collective agreements and corporate policy. The severance pay liability is recorded based on an actuarial valuation and vacation pay is recorded based on management's best estimate. Experience gains and losses are amortized over the Expected Average Remaining Service Lifetime beginning in the year of the actuarial valuation.

Note 16 provides additional information on future employee benefits.

(G) Inventories Held for Use

Real estate that was acquired for the purpose of providing long-term leases to producers through the Land Lease Option Program is recorded at cost. Occasionally, real estate is acquired through foreclosure and voluntary transfer of title in the settlement of loans and is recorded at the appraised value of the real estate at acquisition date.

(H) Prepaid Expenses

Prepaid expenses are payments for goods or services, which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(I) Tangible Capital Assets

MASC's tangible capital assets are recorded at historical cost and amortized on a straight-line basis over their estimated useful life, as follows:

Leasehold improvements	remaining term of lease
Furniture and equipment	10 years
Computer hardware and software	4 years
Major software development	8 years

(J) Revenue Recognition

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

Transfers (revenues from non-exchange transactions) are recognized as revenue when: the transfer is authorized, all eligible criteria are met, and a reasonable estimate of the amount can be made.

(K) Premiums and Government Contributions

MASC recognizes as revenue all premiums earned on insurance policies in force during the year.

The Canada-Manitoba AgriInsurance Agreement, which is consolidated in Annex B of Growing Forward 2: A Federal Provincial Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy, provides for the cost sharing of AgriInsurance premiums. For most AgriInsurance Programs, premiums are paid 40% by insured producers, 36% by the Government of Canada and 24% by the Province of Manitoba. The exceptions are: the Excess Moisture Insurance (EMI) Reduced Deductible Option, which is paid entirely by participating producers; and the highest EMI High Dollar Value option, which is paid 67% by insured producers, 20% by the Government of Canada and 13% by the Province of Manitoba.

(L) Administrative Expenses

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The Canada-Manitoba AgriInsurance Agreement referred to in Section (K) of this note, stipulates that associated administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60%) and the Province of Manitoba (40%).

(M) Financial Instruments

MASC's financial instruments include: cash, receivables, investments, loans receivable, accounts payable and accrued liabilities, claims payable, loans from the Province of Manitoba and provisions for losses on guaranteed loans.

All financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

(N) Measurement Uncertainty

The preparation of financial statements that conform to Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, all at the date of the financial statements; as well as the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include: provisions for losses on accounts receivable, loans receivables, loan guarantees, liabilities for claims and program payments, future employee benefits and accrued administration liabilities.

3. FINANCIAL STRUCTURE

(A) Funding

The Board of Directors approved MASC's 2013/14 budget in April 2013. Provincial funding for the approved budget of $111,525,000 was authorized by Manitoba's Legislative Assembly. Other Programs, with the exception of the Inspection Services component, do not have budgeted amounts. The table below provides the budgeted amounts that were approved by the Province of Manitoba and the Government of Canada and a reconciliation to the amounts that are shown in MASC's Statement of Operations:

	Province of Manitoba	Government of Canada
Funding approved by governments	$ 111,525	$ 110,551
Non-cash items*	(40)	29
Funding approved by governments	$ 111,485	$ 110,580

* Includes items such as amortization and unfunded pension expense.

(B) AgriInsurance and Hail Insurance Fund Balance Restrictions

The AgriInsurance and Hail Insurance funds are restricted as set out in Sections 58 and 61 of *The Manitoba Agricultural Services Corporation Act*. The only items to be paid out of these funds are: indemnities payable under the contracts of insurance; premiums or other amounts payable for reinsurance; interest on any money borrowed for the purpose of the funds; and expenses relating to the administration of the funds (for Hail Insurance only).

4. WILDLIFE DAMAGE COMPENSATION PROGRAM

MASC administers the Wildlife Damage Compensation Program, which pays producers for damage to agricultural crops and related products caused by migratory waterfowl or wildlife (big game animals), as well as for the injury or death of domestic livestock caused by natural predators. The program compensates for 90% of production loss with the top-up level (80% to 90%) of protection funded entirely by the Province of Manitoba. Administrative expenses and program payments up to the 80% level of protection are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

5. FARMLAND SCHOOL TAX REBATE PROGRAM

In April 2005, MASC became responsible for administering the Farmland School Tax Rebate Program. The purpose of the program is to assist Manitoba farmland owners by providing a rebate on the school tax paid on farmland. The rebate of 80% remained unchanged from the 2012 tax year to the 2013 tax year. However, a number of the eligibility criteria changed starting in the 2013 tax year. The 2013 rebates are subject to a $5,000 maximum, which includes all parties that are related persons of the applicant. The definition of related persons for this program includes the spouse or common-law partner and any corporation controlled by the applicant, whether it is jointly or solely owned. Eligible individuals and corporations who apply must be Manitoba residents. The deadline for applications for the 2011, 2012 and 2013 tax rebates was shortened to March 31, 2014.

Recorded rebate payments of $31,791,000 are comprised of $31,700,000 for the 2013 tax rebates, and an increase of $91,000 for rebates relating to prior years. Included in the 2013 tax rebates is a provision of $4,898,000 for rebates that have been applied for and are in process of payment as of March 31, 2014. A provision of $1,899,000 remains for pre-2013 rebates which are in process for payment. The Province of Manitoba pays the full cost of the Farmland School Tax Rebate Program.

6. OTHER PROGRAMS

(A) Inspection Services

In support of Manitoba's agricultural sector, MASC provides inspection services at a reasonable cost. These services include: production loss assessments for windmill construction and maintenance, certificates of local production for vendors at the St. Norbert Farmers Market, third-party loss appraisals for private sector property insurers, and on-farm livestock inspections for the Manitoba Livestock Cash Advance Program. Such services totalled $29,000 in 2014 (2013 - $37,000).

(B) **Flood 2011 - Building and Recovery Action Plan**
In May 2011, MASC was given the responsibility of administering the following flood assistance programs announced under the Flood 2011 - Building and Recovery Action Plan. All funding for these programs was provided to MASC by the Province of Manitoba.

a) **Lake Manitoba Financial Assistance Program**

Part A - Lake Manitoba Pasture Flooding Assistance Component: This program assisted Manitoba livestock producers in managing their feed requirements resulting from the loss of pasture in the designated Lake Manitoba Flood Zone.

Part B - Lake Manitoba Agricultural Infrastructure, Transportation and Crop/Forage Loss Component: This program assisted agricultural producers with flood mitigation measures, lost crop production, damage to agricultural infrastructure and extra costs for feeding and transporting livestock in the Lake Manitoba Flood Zone.

Part C - Lake Manitoba Business, Principal and Non-Principal Residence Component: This program compensated residents and businesses for the cost of uninsurable property damage and flood protection measures taken as a direct result of the elevated water levels in the Lake Manitoba Flood Zone.

Part D - Lake Manitoba Flood Protection for Principal Residences, Non-Principal Residences and Business Structures: This program provided financial assistance for flood protection measures undertaken individually or cooperatively for the purpose of protecting principal residences, non-principal residences and business structures in the Lake Manitoba Flood Zone.

b) **Hoop and Holler Compensation Program**
This program provided compensation to families, businesses and agricultural producers in the area of the controlled release of water from the Assiniboine River near the Hoop and Holler Bend on Highway 331, and the overflow of water diverted from the Assiniboine River into the Portage Diversion. Compensation covered the majority of the cost of property damage, income loss and flood protection measures.

c) **2011 Dauphin River Flood Assistance Program**
This program provided compensation to commercial fishers in the Dauphin River area for 2011 income losses resulting from the inability to access their fishery and fish processing facilities.

d) **2011 Lake Dauphin Emergency Flood Protection Program**
This program provided financial assistance for emergency structural flood protection measures to protect principal residences and non-principal residences in the Lake Dauphin flood zone.

e) **Shoal Lakes Agricultural Flooding Assistance Program**
This program provided financial support to agricultural producers affected by chronic flooding in the Shoal Lakes complex in the Interlake area of Manitoba. This program consisted of: assistance for lost income due to flooded hay and pasture land in 2010 and 2011, transportation assistance for movement of feed and/or animals, a voluntary buy-out option for producers with flooded property and transition assistance for producers who participated in the voluntary buy-out option. The buy-out component of this program was administered by Manitoba Agriculture, Food and Rural Development.

f) **Lake St. Martin Fishers Program**
This program provided compensation to Lake St. Martin commercial fishers who experienced net income losses due to not being able to participate in the 2011/12 winter commercial fishery due to ice and/or flooding, or because they were evacuated from their community.

g) **2012 Dauphin River Commercial Fishers Income Loss Assistance Program**
This program provided compensation to commercial fishers who experienced income losses for the 2012 summer commercial fishing season, due to lack of access to their fishery and fish processing facilities as a direct result of elevated water levels on Dauphin River in 2011.

h) **2012 Dauphin River Flood-Related Commercial Fishers Fall Income Loss Assistance Program**
This program provided ongoing support for commercial fishers for income losses during the 2012 fall commercial fishing season resulting from elevated water levels on Dauphin River in 2011.

The table below outlines the total costs for each program as of March 31, 2014.

PROGRAM	COMPENSATION Expensed (recovered) in the year ended					ADMINISTRATION[1] Expensed (recovered) in the year ended				TOTAL EXPENDITURES
	March 31, 2012	March 31, 2013	March 31, 2014[3]	Total Compensation	Provision for Payments[2]	March 31, 2012	March 31, 2013	March 31, 2014	Total Administration	March 31, 2014
Lake Manitoba Financial Assistance Program:										
Part A	$ 2,753	$ 10	$ (2,106)	$ 657	$ 11					
Part B	37,598	(813)	(6,047)	30,738	2,023					
Part C	83,876	(12,499)	(5,781)	65,596	1,857					
Part D	2,652	5,913	(253)	8,312	42					
	$126,879	$ (7,389)	$(14,187)	$ 105,303	$ 3,933	$ 10,057	$ 4,477	$ (1,449)	$ 13,085	**$ 118,388**
Hoop and Holler Compensation Program	9,114	2,158	(838)	10,434	1,870	364	44	22	430	**10,864**
2011 Dauphin River Flood Assistance Program	1,973	-	-	1,973	-	1	-	1	2	**1,975**
2011 Lake Dauphin Emergency Flood Protection Program	311	(23)	5	293	-	38	1	21	60	**353**
Shoal Lakes Agricultural Flooding Assistance Program	5,336	(58)	29	5,307	3	7	(7)	(4)	(4)	**5,303**
Lake St. Martin Fishers Program	-	127	-	127	3	-	6	(1)	5	**132**
2012 Dauphin River Commercial Fishers Income Loss Assistance Program	-	259	-	259	-	-	2	-	2	**261**
2012 Dauphin River Flood-Related Commercial Fishers Fall Income Loss Assistance Program	-	-	281	281	-	-	-	1	1	**282**
Total	$143,613	$ (4,926)	$(14,710)	$ 123,977	$ 5,809	$ 10,467	$ 4,523	(1,409)	$ 13,581	**$ 137,558**

[1] Includes provision for administration of claims in process and Flood Appeals Commission expenses and is net of any interest revenue and bad debt expense.

[2] The provision for payments is as of March 31, 2014 and represents the expected outstanding payments for each program. These amounts are included in total compensation.

[3] In March 2014, $7,664,000 of compensation from the Lake Manitoba Financial Assistance Program was reallocated to the 2011 Manitoba AgriRecovery Programs. Of this amount, $2,048,000 was removed from Part A and $5,616,000 from Part B.

(C) 2011 Manitoba AgriRecovery Programs

In June 2011, MASC was given the responsibility of administering the following emergency assistance programs. The purpose of these programs was to provide financial assistance for the restoration, maintenance and rehabilitation of farms that were impacted by excess moisture and flooding in 2011.

a) **2011 Manitoba Excess Moisture Assistance Program**
This program provided financial assistance to farmers who could not seed a crop by June 20, 2011 or who had an annual crop or newly seeded forage crop that was destroyed by flooding or excess moisture prior to September 15, 2011. Producers received $30 per acre for unseeded land or drowned out crop. This program was partially funded by the Government of Canada under the Canada-Manitoba Agricultural Recovery Program. The Government of Canada provided funding for 57% of the compensation payments (60% less a deemed deductible of 5% of compensation) and 60% of the program's administrative expenses. The remaining program cost was paid by the Province of Manitoba. The total program cost of $109,392,000 was funded by the Government of Canada ($62,407,000) and the Province of Manitoba ($46,985,000).

b) **2011 Manitoba Transportation Assistance Program**
This program provided livestock producers with financial assistance to deal with the extraordinary costs of transporting feed and animals, due to flooding and excess moisture conditions in 2011. The program covered breeding and market animals and provided for transportation costs that were associated with the pasture and overwinter feed shortages that were incurred from May 15, 2011 to March 31, 2012. This program was partially funded by the Government of Canada under the Canada-Manitoba Agricultural Recovery Program and the Canada-Manitoba Forage Shortfall and Restorative Assistance Initiative. The Government of Canada provided 60% of the funding for the cost of either transporting feed to breeding animals or transporting breeding animals to feed. The Government of Canada paid 60% of the related administrative expenses. The remaining program cost was paid by the Province of Manitoba. The total program cost of $3,320,000 was funded by the Government of Canada ($1,788,000) and the Province of Manitoba ($1,532,000).

c) **2011 Manitoba Forage Shortfall Assistance Program**
This program provided livestock producers with financial assistance to deal with extraordinary pasture and overwinter feeding costs due to shortfalls in their forage production caused by flooding or excess moisture conditions in 2011. The program was partially funded by the Government of Canada under the Canada-Manitoba Agricultural Recovery Program and the Canada-Manitoba Forage Shortfall and Restorative Assistance Initiative. The Government of Canada provided 60% of the funding for the feeding costs of breeding animals and related administrative expenses. The remaining cost was provided by the Province of Manitoba. The program's total cost of $19,962,000 was funded by the Government of Canada ($9,697,000) and the Province of Manitoba ($10,265,000).

d) **2011 Manitoba Forage Restoration Assistance Program**
This program provided forage producers with financial assistance to restore established tame forage and forage seed crops that were damaged by excess moisture in 2011. Producers were eligible for $50 for each acre of forage that was destroyed and reseeded to forage. This program was partially funded by the Government of Canada under the Canada-Manitoba Forage Shortfall and Restoration Assistance Initiative. The Government of Canada provided 60% of the funding for the first $30 of compensation per acre plus 60% of the related administrative expenses from June 1, 2011 to March 31, 2013. The remaining cost was provided by the Province of Manitoba. The total program cost of $1,385,000 was funded by the Government of Canada ($493,000) and the Province of Manitoba ($892,000).

e) **2011 Manitoba Greenfeed Assistance Program**
This program provided financial assistance to compensate producers who seeded greenfeed by July 22, 2011 on land that was left unseeded due to excess moisture. Producers were eligible for $15 per acre based on the number of acres of greenfeed seeded that were in excess of their normal acreage of greenfeed. Greenfeed crops that were harvested for seed did not qualify for compensation. This program was funded entirely by the Province of Manitoba ($3,018,000).

f) **Manitoba 2011 Infrastructure and Individual Assessment Program**
This program provided financial assistance to agricultural crop and livestock producers to recover from flood losses related to mitigation and damage to agricultural property and inventory that were not eligible for compensation under Disaster Financial Assistance or the Flood 2011 - Building and Recovery Action Plan. This program was funded entirely by the Province of Manitoba ($4,658,000).

The table below outlines the cost expended for each program as of March 31, 2014.

PROGRAM	COMPENSATION Expensed (recovered) in the year ended					ADMINISTRATION[1] Expensed (recovered) in the year ended				TOTAL EXPENDITURES
	March 31, 2012	March 31, 2013	March 31, 2014[3]	Total Compensation	Provision for Payments[2]	March 31, 2012	March 31, 2013	March 31, 2014	Total Administration	March 31, 2014
2011 Manitoba Excess Moisture Assistance Program	$108,282	$ (562)	$ 1,293	$ 109,013	$ -	$ 463	$ (36)	$ (48)	$ 379	**$ 109,392**
2011 Manitoba Transportation Assistance Program	2,300	(257)	1,161	3,204	-	97	21	(2)	116	**3,320**
2011 Manitoba Forage Shortfall Assistance Program	15,761	(1,450)	5,202	19,513	-	400	63	(14)	449	**19,962**
2011 Manitoba Forage Restoration Assistance Program	4,745	(3,504)	(100)	1,141	173	308	(13)	(51)	244	**1,385**
2011 Manitoba Greenfeed Assistance Program	2,903	(62)	-	2,841	-	181	(4)	-	177	**3,018**
2011 Manitoba Infrastructure and Individual Assessment Program	5,606	(112)	(1,162)	4,332	1,494	340	112	(126)	326	**4,658**
Total	$139,597	$(5,947)	$ 6,394	$ 140,044	$ 1,667	$ 1,789	$ 143	$ (241)	$ 1,691	**$ 141,735**

[1] Includes provision for administration of claims in process and appeal committee expenses and is net of any interest revenue and bad debt expense.
[2] The provision for payments is as of March 31, 2014 and is included in the total compensation amounts.
[3] In March 2014, $7,664,000 of compensation from the Lake Manitoba Financial Assistance Program was reallocated to the 2011 Manitoba AgriRecovery Programs. Of this amount, $1,293,000 was added to the 2011 Manitoba Excess Moisture Assistance Program, $1,161,000 to the 2011 Manitoba Transportation Assistance Program, $5,202,000 to the 2011 Manitoba Forage Shortfall Assistance Program, and $8,000 to the 2011 Manitoba Forage Restoration Assistance Program.

7. ACCOUNTS RECEIVABLE

	2014	2013
Amounts from insured persons:		
AgriInsurance	$ 4,236	$ 3,762
Hail Insurance	1,223	792
Other	880	785
	6,339	5,339
Less provision for credit losses	(1,425)	(1,669)
	$ 4,914	$ 3,670

The provisions for credit losses of $1,425,000 (2013 - $1,669,000) includes estimated losses on premiums and other accounts receivable, and is subject to measurement uncertainty. The provision estimate is formula based and depends on an assessment of MASC's ability to collect the outstanding balance. A 100% provision is assessed on accounts in arrears for more than two years, with lower provisions based on actual collection experience over the last seven years being applied to accounts that are in arrears by less than two years.

8. RECEIVABLES FROM THE PROVINCE OF MANITOBA

	2014	2013
AgriInsurance premiums	$ 3,939	$ 4,103
Administrative expenses	1,705	14,616
Pension liability	6,418	6,487
Severance liability	429	429
Vacation pay liability	169	169
Flood 2011 - Building and Recovery Action Plan (Note 6 (B))	1,693	16,680
2011 Manitoba AgriRecovery Programs (Note 6 (C))	770	-
	$ 15,123	$ 42,484

PENSION LIABILITY

The Province of Manitoba has accepted responsibility for funding MASC's pension liability (for pensionable service earned by employees of the former MACC prior to the amalgamation of MACC and MCIC on September 1, 2005) and related expense, which includes an interest component. MASC has therefore recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $6,418,000 as of March 31, 2014 (2013 - $6,487,000), and has recorded a decrease under other contributions from the Province of Manitoba for 2013/14 equal to the related pension reduction of $69,000 (2013 - $48,000 expense). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

SEVERANCE PAY LIABILITY

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC an amount equal to its share of the current year's expense for severance. As a result, the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance pay expense. The receivable for severance pay will be paid by the Province of Manitoba when it is determined that the cash is required to discharge the related severance pay liabilities. As of March 31, 2014, the receivable for severance pay liability was $429,000 (2013 - $429,000).

VACATION PAY LIABILITY

The amount recorded as a receivable from the Province of Manitoba for vacation pay expenses was initially based on the estimated value of the corresponding liability as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC, an amount equal to its share of the current year's expense for vacation pay entitlements. As of March 31, 2014, the receivable for vacation pay liability was $169,000 (2013 - $169,000).

9. RECEIVABLES FROM THE GOVERNMENT OF CANADA

	2014	2013
AgriInsurance Program	$ 6,793	$ 6,388
Wildlife Damage Compensation Program	234	228
Western Livestock Price Insurance Program	451	-
Other programs	4,637	654
	$ 12,115	$ 7,270

10. INVESTMENTS

MASC's investments as of March 31, 2014 consist of the following:

Maturity Terms	Average Interest Rate	Lending Programs	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	2014	2013
90 days or less	0.940%	$ -	$ 172,649	$ 16,977	$ 5,904	$ 10,555	$ 206,085	$ 112,637
1 year	1.124%	11,000	38,500	7,147	-	1,782	58,429	43,722
2 years	-	-	-	-	-	-	-	-
3 years	1.558%	-	-	24,000	-	-	24,000	21,000
5 years	2.352%	-	-	21,875	-	-	21,875	14,500
	1.122%	11,000	211,149	69,999	5,904	12,337	310,389	191,859
Accrued Interest		-	236	176	8	13	433	303
		$ 11,000	$ 211,385	$ 70,175	$ 5,912	$ 12,350	$ 310,822	$ 192,162

11. LOANS RECEIVABLE

MASC's loans receivable as of March 31, 2014 consist of the following:

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Recorded investment	$ 404,505	$ 19,115	$ 423,620	$ 340,116	$ 37,195	$ 377,311
Specific provision	(2,521)	(15,020)	(17,541)	(2,379)	(23,067)	(25,446)
General provision	(1,933)	(1,432)	(3,365)	(1,987)	(3,478)	(5,465)
	400,051	2,663	402,714	335,750	10,650	346,400
Accrued interest	7,319	455	7,774	6,394	852	7,246
Net carrying value	$ 407,370	$ 3,118	$ 410,488	$ 342,144	$ 11,502	$ 353,646

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Impaired loans included in the preceding schedule:

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Impaired loan balance	$ 12,035	$ 15,118	$ 27,153	$ 13,825	$ 27,589	$ 41,414
Specific provision	(2,521)	(15,020)	(17,541)	(2,379)	(23,067)	(25,446)
	$ 9,514	$ 98	$ 9,612	$ 11,446	$ 4,522	$ 15,968

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

A loan becomes impaired as a result of deterioration in credit quality to the extent that MASC no longer has reasonable assurance of timely collection of the full amount of principal and interest. The table above provides the amount of impaired loans and the specific provision for credit losses on these loans as of March 31, 2014. A total of $1,464,000 (2013 - $2,116,000) of interest on impaired loans was included in revenue for the year ended March 31, 2014.

Provisions for impaired loans:

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Beginning provision balance	$ 4,366	$ 26,545	$ 30,911	$ 6,896	$ 21,964	$ 28,860
Write-offs, net of recoveries	(72)	(6,347)	(6,419)	(611)	(1,576)	(2,187)
Provision (recovery) expense	160	(3,746)	(3,586)	(1,919)	6,157	4,238
Ending provision balance	$ 4,454	$ 16,452	$ 20,906	$ 4,366	$ 26,545	$ 30,911

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Included in loans receivable is a specific provision of $17,541,000 (2013 - $25,446,000) and a general provision of $3,365,000 (2013 - $5,465,000) that are subject to measurement uncertainty. The amount established for specific and general provisions of $20,906,000 (see Note 2 (B)) could change substantially in the future, if the factors considered by management in establishing these estimates change significantly.

Loans receivable are secured by tangible assets consisting predominantly of land, followed by buildings, livestock and other assets. The estimated values of such tangible securities are $822,371,000 (2013 - $779,980,000).

Remaining terms to maturities are as follows:

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Less than 5 years	$ 47,538	$ 18,748	$ 66,286	$ 45,519	$ 32,777	$ 78,296
5 years to up to 10 years	74,301	367	74,668	69,830	1,202	71,032
10 years to up to 15 years	88,346	-	88,346	82,107	3,216	85,323
15 years to up to 20 years	118,361	-	118,361	90,061	-	90,061
More than 20 years	75,959	-	75,959	52,599	-	52,599
Recorded investment	$404,505	$ 19,115	$423,620	340,116	$ 37,195	$377,311

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2014 consist of the following:

	Lending Programs	AgriInsurance Program	Wildlife Damage Compensation Program	Western Livestock Price Insurance Program	Other Programs	2014	2013
Accounts payable - general	$ -	$ 4,145	$ 18	$ 567	$ 1,359	$ 6,089	$ 7,317
Salaries and benefits	44	384	39	1	1,505	1,973	3,164
Accrued vacation pay	-	1,248	-	-	-	1,248	1,276
Other	277	5,522	-	-	8,758	14,557	11,980
	$ 321	$ 11,299	$ 57	$ 568	$ 11,622	$ 23,867	$ 23,737

13. CLAIMS PAYABLE

	2014	2013
AgriInsurance Program	$ 4,840	$ 15,066
Wildlife Damage Compensation Program	373	295
Farmland School Tax Rebate Program (Note 5)	6,861	5,901
Flood 2011 - Building and Recovery Action Plan (Note 6 (B))*	5,861	21,699
2011 Manitoba AgriRecovery Programs (Note 6 (C))*	1,667	3,719
	$ 19,602	$ 46,680

*Includes claims approved but not paid and provisions for claims as outlined in the notes that are referenced.

14. LOANS FROM THE PROVINCE OF MANITOBA

Following the practices established by the Province of Manitoba, MASC must repay advances according to the amortization schedule or be subject to a prepayment penalty. The prepayment penalty is calculated as the net present value of the future cash flows of the loan being prepaid minus the net present value of a loan with the same terms, except for the interest rate, which is equal to the rate for a semi-annual non-callable Province of Manitoba bond with the same term to maturity. Advances are repayable in equal annual blended instalments of principal and interest, with March 31, 2014 interest rates ranging from 1.340% to 7.000% (2013 - 1.400% to 7.625%).

Maturities of principal over the following terms	2014	2013
1 year	$ 82,967	$ 74,544
2 years	49,965	46,303
3 years	43,585	43,108
4 years	41,060	36,528
5 years	37,941	33,797
More than 5 years	182,590	152,791
	$438,108	$387,071

15. LOAN GUARANTEES AND CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2014 are shown below:

	2014			2013		
	Contingent liability	Provision for losses	Net Contingent Liability	Contingent liability	Provision for losses	Net Contingent Liability
Operating Credit Guarantees for Agriculture	$ 9,389	$ (939)	$ 8,450	$ 9,519	$ (952)	$ 8,567
Operating Credit Guarantees for Rural Small Business	148	(15)	133	205	(20)	185
Manitoba Livestock Associations Loan Guarantees	5,009	(1,002)	4,007	5,254	(1,051)	4,203
Enhanced Diversification Loan Guarantees	54,542	(11,342)	43,200	53,122	(12,142)	40,980
Rural Entrepreneur Assistance Program	10,422	(1,802)	8,620	11,964	(2,011)	9,953
	$ 79,510	$(15,100)	$ 64,410	$ 80,064	$ (16,176)	$ 63,888

The change in the provision for guaranteed loan losses is as follows:

	2014	2013
Beginning provision balance	$ 16,176	$ 15,829
Write-offs, net of recoveries	(138)	(874)
Provision expense (recovery)	(938)	1,221
Ending provision balance	$ 15,100	$ 16,176

The Operating Credit Guarantee for Agriculture Program was introduced in 2003, replacing the Guaranteed Operating Loan Program. Participating lending institutions are provided a guarantee of 25% of the maximum amount advanced on an individual's line of credit (not to exceed 25% of the approved operating limit). The maximum allowable loan is $700,000 for individuals and $1,000,000 for partnerships, corporations and co-operatives.

The Operating Credit Guarantee for Rural Small Business Program was introduced in 2009. Participating lending institutions are provided a guarantee of the lesser of 25% of the maximum amount advanced on an individual's line of credit (not to exceed 25% of the approved operating limit) or 75% of the lender's actual eligible loss. To be eligible for the program, annual sales have to be less than $2,000,000. The maximum allowable loan is $200,000.

The Manitoba Livestock Associations Loan Guarantee Program was introduced in 1991. For each livestock association, MASC provides a 25% guarantee to the association's lending institution, based on a maximum loan of $5,000,000 per association.

The Diversification Loan Guarantee Program was introduced in 1995 to provide guarantees on loans made by participating lenders for diversification or farm value-added activities. Under this program, 25% of the lender's total associated loan portfolio was guaranteed. The maximum allowable individual loan was $3,000,000. The Enhanced Diversification Loan Guarantee Program replaced the Diversification Loan Guarantee Program in 2001. Under the new program, guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

The Rural Entrepreneur Assistance (REA) Program provides a guarantee of up to 80% on loans made by participating lenders to small rural non-agricultural businesses. REA guarantees loans up to a maximum of $200,000. MASC took over the administration of the program in 2005.

(B) Various legal actions for additional indemnity payments have been commenced by insured producers against MASC. The outcome of these claims cannot be determined at this time.

16. FUTURE EMPLOYEE BENEFITS

Severance Liability

MASC's employees are eligible for severance, as a result of retirement, permanent layoff or death. Benefits are based on an employee's years of service. Commencing March 31, 1999, MASC began recording the accumulated severance pay benefit. The amount of recorded severance pay obligation is based on actuarial calculations, which are carried out every three years.

Actuarial valuations are carried out every three years to provide an estimate of the accrued liability for severance pay benefits. An actuarial valuation of the severance obligations as of March 31, 2014 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include an interest rate of 6.5% (2011 - 6.5%), severance rate of 0.74% of average salary of $64,946 for administration staff and 0.44% of average salary of $42,015 for adjusting staff (2011 - 0.72% of average salary of $59,978 for administration staff and 0.39% of average salary of $38,454 for adjusting staff), and salary inflation rate increases of 3.75% (2011 - 2.75%). The accrued benefit cost method with salary projection was used.

The average remaining service life of the employees is 13 years. For 2013/14, the amortization of the net actuarial loss was $11,000 (2013 – nil).

Provision for severance liability	2014	2013
Accrued severance obligation, beginning of year	$ 2,424	$ 2,273
Benefits accrued	92	87
Interest accrued on benefits	158	143
Benefits paid	(88)	(79)
Actuarial loss	132	-
Accrued severance obligation, end of year	$ 2,718	$ 2,424
Unamortized actuarial loss	(121)	-
Provision, end of year	2,597	2,424

MASC's severance costs consist of the following:	2014	2013
Benefits accrued	$ 92	$ 87
Interest accrued on benefits	158	143
Amortization of experience loss	11	-
Severance cost	261	230

Pension Liability

MASC's employees are eligible for defined benefit pensions under *The Civil Service Superannuation Act*. MASC contributes 50% of the pension disbursements made to retired employees of the former MACC for service up to September 1, 2005. In addition, MASC has pension liability for employees whose earnings are out of the scope of the Civil Service Superannuation Fund plan.

Effective April 1, 1998, the former MCIC became a fully funded matching employer. Upon the formation of MASC, the current pension obligations to the Civil Service Superannuation Board (CSSB) for former MCIC employees continued to be matched by MASC. As a matching employer, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

Prior to the amalgamation of MACC and MCIC into MASC, MACC did not match employees' current service contributions, and instead contributed 50% of the pension disbursements made to retired employees. Starting September 1, 2005, the current pension contributions for former MACC employees have been matched. MASC accrues a provision for its liability for the pensionable service that was earned by former MACC employees prior to September 1, 2005, which includes future cost of living adjustments based on an actuarial valuation. The Province of Manitoba provides funding for this liability (Note 8).

Actuarial valuations are carried out every year to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as of December 31, 2012 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include a rate of return of 6.50% (2011 - 6.50%), inflation of 2.0% (2011 - 2.0%), salary inflation rate increases of 3.75% (2011 - 3.75%), discount rate of 6.0% (2011 – 6.0%) and post-retirement indexing at two-thirds of the inflation rate. The service to date projected benefit method prorated on services has been applied and the liabilities (adjusted for a provision for adverse experience and a trust fund credit) have been estimated to March 31, 2014, all according to the formula prescribed by the consulting actuary.

The average remaining service life of this group of employees is six years. For 2013/14, the amortization of the net actuarial gain was $41,000 (2013 - $36,000).

Provision for employer's share of employees' pension plan	2014	2013
Accrued pension obligation, beginning of year	$ 6,260	$ 6,126
Interest accrued on benefits	415	411
Benefits paid	(429)	(317)
Actuarial (gain) loss	(52)	40
Accrued pension obligation, end of year	$ 6,194	$ 6,260
Unamortized actuarial gain	166	181
Provision, end of year	$ 6,360	$ 6,441

MASC's pension plan costs consist of the following:	2014	2013
Interest accrued on benefits	$ 415	$ 411
Interest earned	(16)	(10)
Amortization of experience gain	(41)	(36)
Pension cost	$ 358	$ 365

17. COMMITMENTS

	2014	2013
Approved, undisbursed loans	$ 19,193	$ 23,449
Estimated farm loan incentives	6,938	6,748
Operating leases	98	150
	$ 26,229	$ 30,347

The estimated farm loan incentives relate to future payments for the Young Farmer Rebate and Management Training Credit programs. The Young Farmer Rebate is based on rebates that clients under 40 years of age at the time of the loan application can earn for the first five years of a loan, with the rebate being applied to the client's loan balance. The Management Training Credit is deducted from the loan balance once the eligible training has been completed. Management Training Credits are no longer being offered, with the program being in a run-off situation in respect of existing obligations.

The operating lease commitments are for equipment and vehicles.

18. TANGIBLE CAPITAL ASSETS

	Leasehold Improvements	Furniture and Equipment	Computer Hardware and Software	2014	2013
Cost					
Beginning of year	$ 344	$ 436	$ 474	$ 1,254	$ 1,217
Additions	-	11	34	45	37
Disposals and write-downs	-	(12)	(15)	(27)	-
	344	435	493	1,272	1,254
Accumulated amortization					
Beginning of year	340	333	413	1,086	1,019
Amortization expense	4	23	31	58	67
Disposals and write-downs	-	(9)	(15)	(24)	-
	344	347	429	1,120	1,086
Net book value at March 31, 2014	$ -	$ 88	$ 64	$ 152	$ 168

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments comprise the majority of MASC's assets and liabilities. For lending operations, MASC borrows from the Province of Manitoba at fixed interest rates and then provides fixed term loans to clients at interest rates that generally earn a reasonable interest rate margin to cover associated administrative expenses. For insurance operations, MASC places the retained funds mainly in short-term investments, in order to have sufficient capital available to make insurance payments when losses exceed the current year's premium income plus interest revenue less reinsurance premiums.

MASC's risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third-party compliance reporting and by reviews conducted by MASC's internal auditors.

MASC is exposed to credit, liquidity and market risks in respect of its use of financial instruments.

Credit Risk

Credit risk is the likelihood of one party to a financial instrument failing to discharge an obligation and causing financial loss to the counter party. The financial instruments that potentially subject MASC to credit risk mainly consist of accounts receivable, loans receivable and guarantees on loans. MASC's investments are held by the Province of Manitoba, which guarantees the associated payments of principal and interest.

MASC's maximum possible exposure to credit risk is as follows:

	2014	2013
Investments	$ 310,822	$ 192,162
Accounts receivable	4,914	3,670
Receivables from the Province of Manitoba	15,123	42,484
Receivables from the Government of Canada	12,115	7,270
Loans receivable	410,488	353,646
Loan guarantees	79,510	80,064
	$ 832,972	$ 679,296

INVESTMENTS - MASC is not exposed to significant credit risk as its investments are held by the Province of Manitoba, with a guarantee of the associated payments of principal and interest.

ACCOUNTS RECEIVABLE - MASC's accounts receivable consist largely of insurance premiums due from participating producers. The insurance programs offer credit for producer premiums, which are due and payable at the time of billing. Interest is charged on premiums that are not paid by October 31 of that crop year, with March 31 being the final payment deadline. MASC terminates the insurance contracts of producers who do not make acceptable payment arrangements prior to the upcoming crop year. The importance of insurance programs to the financial well being of an ongoing farming operation serves to mitigate the credit risk associated with the non-payment of insurance premiums.

RECEIVABLES FROM THE PROVINCE OF MANITOBA AND THE GOVERNMENT OF CANADA - MASC is not exposed to significant credit risk given the very high probability that payment in full will be collected when due.

LOANS RECEIVABLE - Impairment provisions are provided for losses that have been incurred as of the end of the fiscal year. Significant changes in the economic well being of Manitoba's agricultural industry or the deterioration of specific sectors of the industry, which represent a concentration within MASC's overall loan portfolio, may result in losses that differ from those provided for as of the date of the Statement of Financial Position. Management of credit risk associated with loans is an integral part of MASC's activities, with careful monitoring and appropriate remedial actions.

The Board of Directors is responsible for approving and monitoring MASC's tolerance of credit exposures, which it does through review and approval of the guidelines for lending and loan guarantee programs and by setting general limits on credit exposures to individual clients. MASC has comprehensive policy and procedures manuals in place for all lending programs. In general, MASC emphasizes responsible lending, which is comprised of a combination of adequate loan security and a client's ability to pay.

MASC is also mandated to deliver higher risk special assistance loan programs on behalf of the Government of Manitoba and economic development loans as directed by the Manitoba Government, which fall outside the normal limits set out in regular loan policies. These loans have provisions for credit losses that are established by the Provincial Treasury Board. In addition, MASC closely monitors the performance of these loans in an effort to mitigate losses. Special assistance loans make up 5% of the MASC's overall lending portfolio.

Summarized below are the loan balances that are past due but not impaired.

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Less than 1 year in arrears	$ 5,054	$ 158	$ 5,212	$ 4,570	$ 319	$ 4,889
1 to 2 years in arrears	2,605	276	2,881	1,438	460	1,898
Over 2 years in arrears	20	87	107	25	-	25
	$ 7,679	$ 521	$ 8,200	$ 6,033	$ 779	$ 6,812

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Loans that are past due but not impaired generally reflect situations where it is thought that the client has sufficient cash flow to meet their payment obligations and the loan is adequately secured. The majority of MASC's term loans have semi-annual payments and therefore a loan that is in the "Less than 1 year" category is generally only one payment in arrears. Two payments in arrears put the loan in the "1 to 2 years" category. In addition, Stocker Loans, which provide short-term financing for the purchase or retention of feeder cattle, are due at the end of the term, which is generally one year. Any delay in the sale of the cattle at the end of the term technically puts the loan in arrears; however, such loans are normally paid in full once the associated cattle are sold.

MASC's lending exposure, as provided in Note 11, is broken down by agricultural sector as shown in the table below:

Loans Receivable by Agricultural Sector

	2014			2013		
	Regular Program Loans	Special Assistance Loans*	Total	Regular Program Loans	Special Assistance Loans*	Total
Grains and oilseeds	$ 256,744	$ 2,329	$259,073	$ 206,816	$ 2,189	$ 209,005
Potatoes	621	-	621	479	-	479
Other crops	8,175	64	8,239	8,108	50	8,158
Cattle	100,189	4,095	104,284	107,054	6,897	113,951
Hogs	3,995	12,753	16,748	4,842	25,141	29,983
Poultry	3,806	-	3,806	2,787	-	2,787
Dairy	9,971	17	9,988	5,849	55	5,904
Other	28,323	312	28,635	10,575	3,715	14,290
Provisions and concessions	(4,454)	(16,452)	(20,906)	(4,366)	(26,545)	(30,911)
	$ 407,370	$ 3,118	$410,488	342,144	$ 11,502	$ 353,646

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Given that the Province of Manitoba provides funding for the full amount of loans that are written off, MASC's loans receivable risk is minimal.

LOAN GUARANTEES - MASC provides loan guarantees to private sector financial institutions, which encourage the provision of credit to operations that financial institutions consider to be higher risk. Each loan guarantee request is reviewed to assess its viability and to ensure a fit within the established program parameters. Loan guarantees are approved based on a delegated approval authority. MASC's loan guarantee activity involves five separate programs: Operating Credit Guarantees for Rural Small Business and Rural Entrepreneur Assistance (REA), which are directed at rural non-agricultural businesses; Manitoba Livestock Associations Loan Guarantees, which are directed at the cattle industry; and Operating Credit Guarantees for Agriculture and Diversification Loan Guarantees, which are generally available to Manitoba's agricultural industry. MASC's loan guarantee exposure by agricultural sector is summarized below:

Loan Guarantees by Agricultural Sector

	Diversification Loan Guarantees		Operating Credit Guarantees	
	2014	2013	2014	2013
Grains and oilseeds	-	-	53%	52%
Potatoes	5%	2%	10%	11%
Other crops	-	1%	4%	4%
Cattle	-	-	14%	13%
Hogs	39%	44%	10%	15%
Poultry	8%	8%	1%	1%
Dairy	45%	44%	2%	1%
Other	3%	1%	6%	3%
	100%	100%	100%	100%

The Province of Manitoba provides funding for all claims by private sector financial institutions on loan guarantees, resulting in minimal associated risk to MASC.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to investments, loans receivable and advances from the Province of Manitoba.

INVESTMENTS - MASC's investment portfolio is mainly in short-term interest bearing investments. These investments are normally held to maturity so changes in interest rates do not affect the value of the investments. All of MASC's investments are placed through Manitoba Finance.

LOANS RECEIVABLE/LOANS FROM THE PROVINCE OF MANITOBA - MASC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at 1.5 percentage points above the associated borrowing rate. The vast majority of loans from the Province of Manitoba have fixed interest rates for the full term of the advance and MASC only offers fixed interest rate loans to its clients. This arrangement mitigates MASC's interest rate risk; however, some interest rate risk is imparted through MASC's lending policy of allowing prepayment of loans without penalty, given that MASC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MASC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

Loans Receivable and Advances from the Province of Manitoba

	SCHEDULED REPAYMENTS						
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Not Interest Rate Sensitive*	2014	2013
Loans receivable	$ 49,658	120,016	105,044	148,902	(13,132)	$410,488	$353,646
Average Interest Rate	5.03%	5.10%	5.16%	5.12%	-	5.11%	5.25%
Due to the Province of Manitoba	$ 82,967	172,551	107,777	74,813	-	$438,108	387,071
Average Interest Rate	3.78%	3.96%	3.96%	3.90%	-	3.91%	4.05%
	$ (33,309)	(52,535)	(2,733)	74,089	(13,132)	$(27,620)	$(33,425)

*Includes provisions for impaired loans and accrued interest.

Liquidity Risk

Liquidity risk relates to MASC's ability to access sufficient funds to meet its financial commitments.

Advances from the Province of Manitoba have a direct correlation to the loans receivable, as the funds borrowed are directly lent to MASC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written. MASC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

MASC's primary liquidity risk relates to its liability for insurance claims. MASC does not have material liabilities that can be called unexpectedly at the demand of a lender or client, and has no material commitments for capital expenditures, or need for same, in the normal course of business.

Insurance claims payments are funded firstly out of current net revenue, which normally exceeds cash requirements. In addition, insurance program funds are retained and placed in short-term investments, making such funds available to pay claims in excess of current net revenue. Private sector reinsurance is in place for AgriInsurance and Hail Insurance, providing significant protection against catastrophic losses. If all of the above are exhausted for AgriInsurance, the Government of Canada and the Province of Manitoba have an agreement in place which provides for unlimited additional funding for claim payments (Note 22). MASC also has the ability to borrow funds from the Province of Manitoba for AgriInsurance and Hail Insurance, if required.

20. ACTUARIAL REVIEW

Actuarial certifications of AgriInsurance premium rates and the financial self-sustaining ability of the overall program were completed by Towers Watson, consulting actuaries, in July and October 2012, respectfully. The actuarial review concluded that: the premium rate methodologies are actuarially sound and therefore sufficient to meet expected claim costs over time; and the overall program meets the overall financial self-sustaining criteria, as defined by the Government of Canada. The actuarial review of the methodologies used to establish the probable yields and coverage levels was completed in October 2013, and with the finding that the methodologies reflect the productive capabilities. MASC requires that all program changes receive actuarial approval prior to implementation and that the probable yield tests as prescribed by the Federal Government be completed annually.

21. RELATED PARTY TRANSACTIONS

MASC is related in terms of common ownership to all Province of Manitoba departments, agencies and Crown corporations. MASC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Information is provided throughout these statements which disclose the significant related party transactions MASC entered into, with the exception of the following:

	2014	2013
Interest earned on investments from the Province of Manitoba	$ 2,540	$ 2,456
Interest paid on loans from the Province of Manitoba	$ 15,583	$ 15,324

22. REINSURANCE FUNDS

AgriInsurance

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the AgriInsurance Program.

When indemnities paid to insured producers exceed the funds retained by MASC, after accounting for private sector reinsurance recoveries, transfers are made from the reinsurance funds to MASC. Interest is not credited or charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. The balances in the Crop Reinsurance Fund of Canada for Manitoba and the Crop Reinsurance Fund of Manitoba are held by the Government of Canada and the Province of Manitoba, respectively. Federal-provincial reinsurance is essentially an agreement on how to share the financing of any deficits in the AgriInsurance Program.

	Crop Reinsurance Fund of Canada for Manitoba		Crop Reinsurance Fund of Manitoba	
	2014	2013	2014	2013
Opening surplus	$ 18,703	$ 5,783	$ 40,722	$ 27,802
Current year premium contributions (net)*	17,353	12,920	17,353	12,920
Net book value	$ 36,056	$ 18,703	$ 58,075	$ 40,722

*Current year reinsurance premium contributions are shown net of an allowance for uncollectible AgriInsurance premiums, which is an expense of $8,000 (2013 - $14,000).

In addition to the financial protection provided by federal-provincial reinsurance as noted above, MASC entered into a one-year agreement with private sector reinsurers for the 2013 crop year. The agreement involves 33 reinsuring companies assuming 90% (2013 - 90%) of losses (including deemed losses for adjustment expenses and a deemed loss of premium as a result of insurable land that is unseeded due to excess moisture) from 15.0% to 27.5% of AgriInsurance liability (coverage). Reinsurance premiums were $40,890,000 (2013 - $36,935,000). There was a $119,000 private sector reinsurance claim reversal reimbursement (2013 - $177,000 claim reversal reimbursement) for outstanding prior year claims.

Hail Insurance

For 2013/14, MASC entered into a one-year agreement with private sector reinsurers for the Hail Insurance Program. The agreement involves 18 reinsuring companies assuming 90% of hail insurance losses (including actual loss adjustment expenses) from 4.25% to 7.00% of hail insurance liability (coverage). Reinsurance premiums were $1,785,000 (2013 - $1,807,000), with no reinsurance recoveries (2013 - nil).

SCHEDULE 1: SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	Lending Programs		AgriInsurance Program		Hail Insurance Program	
	2014	2013	2014	2013	2014	2013
REVENUE						
Insurance Premiums						
Insured producers	$ -	$ -	$ 116,905	$ 105,524	$ 30,387	$ 27,438
Province of Manitoba	-	-	68,944	61,264	-	-
Government of Canada	-	-	103,418	91,897	-	-
	-	-	289,267	258,685	30,387	27,438
Interest from loans	20,296	19,049	-	-	-	-
Other contributions - Province of Manitoba	7,593	4,872	3,935	4,074	-	-
Other contributions - Government of Canada	-	-	5,865	6,081	-	-
Investment income	24	41	1,461	1,232	1,204	1,142
Other income	643	175	(119)	(177)	-	-
Total revenue	28,556	24,137	300,409	269,895	31,591	28,580
EXPENSE						
Insurance indemnities and compensation payments	-	-	95,163	177,287	24,480	19,973
Reinsurance premiums (Note 22)	-	-	75,605	62,789	1,785	1,807
Interest on borrowed funds	15,583	15,324	-	-	-	-
Provision (recoveries) for credit losses	(3,585)	4,238	3	(195)	8	2
Provision (recoveries) for guaranteed loan losses (Note 15)	(938)	1,221	-	-	-	-
Young farmer incentives	1,898	1,655	25	19	-	-
Farmland school tax rebates (Note 5)	-	-	-	-	-	-
Other program payments (Note 6)	-	-	-	-	-	-
Administrative expenses (Schedule 2)	4,517	4,098	9,776	10,136	3,765	3,691
Total expenses	17,475	26,536	180,572	250,036	30,038	25,473
Income (loss) for the year	11,081	(2,399)	119,837	19,859	1,553	3,107
Accumulated surplus (deficit), beginning of year	(44,394)	(41,995)	95,247	75,388	70,085	66,978
Surplus (deficit), end of year	$ (33,313)	$ (44,394)	$ 215,084	$ 95,247	$ 71,638	$ 70,085

Wildlife Damage Compensation Program 2014	Wildlife Damage Compensation Program 2013	Farmland School Tax Rebate Program 2014	Farmland School Tax Rebate Program 2013	Western Livestock Price Insurance Program 2014	Western Livestock Price Insurance Program 2013	Other Programs 2014	Other Programs 2013	Total 2014	Total 2013
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,292	$ 132,962
-	-	-	-	-	-	-	-	68,944	61,264
-	-	-	-	-	-	-	-	103,418	91,897
-	-	-	-	-	-	-	-	319,654	286,123
-	-	-	-	-	-	-	-	20,296	19,049
1,692	1,543	32,522	39,351	301	-	(14,418)	(10,202)	31,625	39,638
2,005	1,838	-	-	450	-	4,452	3,995	12,772	11,914
-	-	61	48	-	-	144	267	2,894	2,730
-	-	-	-	-	-	29	37	553	35
3,697	3,381	32,583	39,399	751	-	(9,793)	(5,903)	387,794	359,489
3,203	2,869	-	-	-	-	-	-	122,846	200,129
-	-	-	-	-	-	-	-	77,390	64,596
-	-	-	-	-	-	-	-	15,583	15,324
-	-	1	1	-	-	(173)	540	(3,746)	4,586
-	-	-	-	-	-	-	-	(938)	1,221
-	-	-	-	-	-	-	-	1,923	1,674
-	-	31,791	39,046	-	-	-	-	31,791	39,046
-	-	-	-	-	-	(8,316)	(10,873)	(8,316)	(10,873)
494	512	791	352	751	-	(1,304)	4,430	18,790	23,219
3,697	3,381	32,583	39,399	751	-	(9,793)	(5,903)	255,323	338,922
-	-	-	-	-	-	-	-	132,471	20,567
-	-	-	-	-	-	-	-	120,938	100,371
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 253,409	$ 120,938

SCHEDULE 2: SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2014 | IN THOUSANDS OF DOLLARS

	2014	2013
Adjustors' wages, benefits and expenses	$ 4,795	$ 5,841
Advertising	345	200
Amortization expense	62	67
Appeal Tribunal	(1,178)	346
Audit fees and legal	253	623
Directors' remuneration and expense	112	111
Furniture and equipment	63	43
Information technology	418	406
Office rental and utilities	1,158	1,156
Other administrative expenses	541	976
Other administrative recoveries	(852)	(728)
Postage	143	195
Printing and office supplies	179	187
Salaries and employee benefits	12,176	13,098
Telephone	221	223
Travel and vehicle expenses	354	475
Total administrative expenses	$ 18,790	$ 23,219
Administrative expenses allocation:		
Lending Programs	$ 4,517	$ 4,098
AgriInsurance Program	9,776	10,136
Hail Insurance Program	3,765	3,691
Wildlife Damage Compensation Program	494	512
Farmland School Tax Rebate Program	791	352
Western Livestock Price Insurance Program	751	-
Other Programs	(1,304)	4,430
Total administrative expenses	$ 18,790	$ 23,219

MANITOBA ARTS COUNCIL

Management's Responsibility for Financial Reporting

The accompanying financial statements and note disclosures are the responsibility of management of Manitoba Arts Council and have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. The financial statements have been reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors on June 25, 2014.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and other data available as at the date of approval by the Board of Directors.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are being followed.

The financial statements have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditors' Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of
Manitoba Arts Council

Douglas Riske
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Members of the Council of
Manitoba Arts Council

Report on the Financial Statements

We have audited the accompanying financial statements of Manitoba Arts Council, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Arts Council as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

June 25, 2014
Winnipeg, Canada

Magnus Chartered Accountants LLP

430 Five Donald Street • Winnipeg, Canada • R3L 2T4 • Phone (204) 942-4441 • Facsimile (204) 944-0400

MANITOBA ARTS COUNCIL
Statement of Financial Position
March 31, 2014

	Grants & Programs Fund	Bridges Fund	Total 2014	Total 2013
ASSETS				
Current Assets				
Cash and cash equivalents	$470,505	$0	$470,505	$636,280
Accounts receivable (Note 4)	7,368	0	7,368	24,821
Prepaid administrative and grant expenses	165,355	0	165,355	14,918
	643,228	**0**	**643,228**	**676,019**
Recoverable from Province of Manitoba (Note 7)	36,000	0	36,000	36,000
Portfolio investments	200,401	0	200,401	196,953
Capital assets (Note 5)	14,986	0	14,986	22,300
TOTAL ASSETS	**$894,615**	**$0**	**$894,615**	**$931,272**
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	136,110	0	136,110	125,594
Commitments for grants and programs	467,293	0	467,293	366,515
	603,403	**0**	**603,403**	**492,109**
Employee future benefits (Note 7)	**63,596**	**0**	**63,596**	**53,600**
Fund Balances				
Invested in capital assets	14,986	0	14,986	22,300
Internally restricted	0	0	0	0
Unrestricted	212,630	0	212,630	363,263
	227,616	**0**	**227,616**	**385,563**
Collections (Note 6)				
Designated Assets (Note 7)				
Commitments (Note 8)				
TOTAL LIABILITIES AND FUND BALANCES	**$894,615**	**$0**	**$894,615**	**$931,272**

Approved on behalf of Council:

Chair

Executive Director

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL
Statement of Operations
Year ended March 31, 2014

	Grants & Programs Fund	Bridges Fund	Total 2014	Total 2013
REVENUES				
Province of Manitoba - Operating Grant	$8,598,000	$0	$8,598,000	$8,755,000
Province of Manitoba - Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba - Manitoba Theatre Centre	0	150,000	150,000	150,000
Other	59,194	0	59,194	65,370
Investment Income	25,777	0	25,777	18,875
	8,682,971	**1,025,000**	**9,707,971**	**9,864,245**
EXPENSES				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	162,500	0	162,500	162,500
Arts Service Organizations	95,000	0	95,000	95,000
Dance Companies	900,000	0	900,000	900,000
Music Organizations	1,199,000	0	1,199,000	1,199,000
Theatre Companies	1,714,000	150,000	1,864,000	1,864,000
Visual Arts Organizations	889,000	0	889,000	889,000
Book Publishers	271,000	0	271,000	271,000
Periodical Publishers	211,225	0	211,225	211,225
	5,441,725	**150,000**	**5,591,725**	**5,591,725**
Touring Grants	320,000	0	320,000	319,000
Presentation Grants	363,936	0	363,936	352,029
Special Grants	1,000	0	1,000	1,000
Management & Governance	0	32,500	32,500	20,000
	6,126,661	**182,500**	**6,309,161**	**6,283,754**
INDIVIDUALS				
Professional Development Grants	249,706	0	249,706	221,292
Creation and Production Grants	658,482	0	658,482	760,592
Touring Grants	18,000	0	18,000	25,000
Aboriginal Arts Grants	0	69,400	69,400	37,500
	926,188	**69,400**	**995,588**	**1,044,384**
ARTS DEVELOPMENT				
Residencies	481,251	0	481,251	454,258
ArtsSmarts Projects	98,450	0	98,450	81,813
Award of Distinction	30,000	0	30,000	0
Special Projects	2,570	109,410	111,980	42,985
Community Connections & Access	0	165,840	165,840	147,200
Arts Education Initiatives	0	22,000	22,000	20,000
	612,271	**297,250**	**909,521**	**746,256**
	7,665,120	549,150	8,214,270	8,074,394
Arts Program Delivery Expenses (Schedule 1)	841,208	186,373	1,027,581	1,012,490
	8,506,328	**735,523**	**9,241,851**	**9,086,884**
Administrative Expenses (Schedule 2)	634,454	0	634,454	628,661
	9,140,782	**735,523**	**9,876,305**	**9,715,545**
Rescinded Commitments	(10,387)	0	(10,387)	(10,730)
Total expenses	**9,130,395**	**735,523**	**9,865,918**	**9,704,815**
Excess (Deficiency) of Revenues Over Expenses	**($447,424)**	**$289,477**	**($157,947)**	**$159,430**

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL
Statement of Changes in Fund Balances
Year ended March 31, 2014

	Grants & Program Fund		Bridges Fund		
	Invested In Capital Assets	General		Total 2014	Total 2013
Fund Balances, Beginning of Year	**$22,300**	**$363,263**	**$0**	**$385,563**	**$226,133**
Excess (Deficiency) of Revenues Over Expenses	(11,804)	(435,620)	289,477	(157,947)	159,430
Additions to capital assets	4,490	(4,490)	0	0	0
Interfund transfer (Note 9)	0	289,477	(289,477)	0	0
Fund Balances, End of Year	**$14,986**	**$212,630**	**$0**	**$227,616**	**$385,563**

The accompanying notes are an integral component of these financial statements.

MANITOBA ARTS COUNCIL
Statement of Cash Flow
Year ended March 31, 2014

	2014	2013
Cash provided by (applied to):		
Operating activities:		
Excess (Deficiency) of Revenues Over Expenses	($157,947)	$159,430
Adjustment for:		
Amortization of capital assets	11,804	19,001
	(146,143)	178,431
Changes in the following:		
Accounts receivable	17,453	(18,168)
Prepaid administrative and grant expenses	(150,437)	202,024
Accounts payable and accrued liabilities	10,516	293
Commitments for grants and programs	100,778	47,448
Employee future benefits	9,996	21,755
	(11,694)	253,352
Cash (applied to) provided by operating activities	(157,837)	431,783
Investing activities:		
Portfolio investments	(3,448)	(2,046)
Cash (applied to) investing activities	(3,448)	(2,046)
Capital activities:		
Acquisition of capital assets	(4,490)	(17,828)
Cash (applied to) capital activities	(4,490)	(17,828)
Change in cash and cash equivalents	(165,775)	411,909
Cash and cash equivalents, beginning of year	**636,280**	**224,371**
Cash and cash equivalents, end of year	**$470,505**	**$636,280**

The accompanying notes are an integral component of these financial statements.

1. Nature of Organization

The *Arts Council Act* established the Manitoba Arts Council (the "Council") in 1965 to "…promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under *The Income Tax Act* (Canada).

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board.

3. Significant Accounting Policies

(a) Fund Accounting
The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Program Fund
This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in *The Arts Council Act.*

(ii) Bridges Fund
This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenues over expenditures, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.

(b) Revenue Recognition

(i) Contributions
The Council follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue in the applicable fund when received or receivable.

(ii) Investment Income
Interest income is recognized on the accrual basis.

(c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

(e) Accounts Receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

(f) Portfolio Investments

Portfolio investments include term deposits and investments with original maturities greater than three months. These investments are recognized at cost.

(g) Capital Assets

Capital assets are recognized at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Office furniture and equipment	5-10 years straight line
Computer hardware and software	3 years straight line

(h) Collections of Musical Instruments and Works of Visual Art

The Council has collections of musical instruments and works of visual art which are not recognized in the financial statements. Information relating to the Council's collections are disclosed in Note 6 to these financial statements.

(i) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year, the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

3. **Significant Accounting Policies (continued)**

(j) Commitments for Grants and Programs

Grants and program commitments are recognized as expenses when funding is formally approved and committed by the Council. Cancellations of prior years' grant expenses are reflected as recognized commitments in the statement of revenues and expenses in the year of cancellation.

(k) Financial Instruments - Measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable. portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

(l) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. **Accounts Receivable**

Accounts receivable as at March 31 is comprised of the following:

	2014	2013
Receivable from Province of Manitoba	$0	$20,000
Accrued interest	5,015	4,537
Other receivables	2,353	284
	$7,368	$24,821

5. **Capital Assets**

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$132,770	$129,578	$3,192	$4,852
Computer hardware and software	480,996	469,202	11,794	17,448
	$613,766	$598,780	$14,986	$22,300

6. **Collections**

Works of Visual Art
The Council's collection of works of visual art is comprised of 399 pieces of art currently in the care of the Arts Gallery of Southwestern Manitoba in Brandon and at Council's Winnipeg, Manitoba office. There were no acquisitions, disposals or expenditures on collection items incurred during the year (2013 - $nil). The most recent appraisal of the visual art collection was completed in 2005 indicating a market value of $449,222.

Musical Instruments
The Manitoba Arts Council jointly owns a collection of stringed instruments with the Unviersities of Manitoba and Brandon, Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2013 - $nil). The most recent valuation of these instruments indicated a value of $104,796.

7. **Employee Future Benefits**

Pension Benefits
Employees of the Council are provided pension benefits as a result of the participation of its eligible employees in the *Civil Service Superannuation Act (CSSA).* The Council participates on a fully funded basis and its contributions of $47,464 (2013 - $40,405) represents the total pension expense for the year. Pursuant to the *CSSA* , the Council has no further liability for pension benefits.

Severance Liability
Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of $36,000 as at April 1, 1998 and the Council has recorded a corresponding recoverable from the Province; this recoverable from the Province is designated for future severance obligations of the Council. Any subsequent changes to the severance liability is the responsibility of the Council.

7. Employee Future Benefits (continued)

As at March 31, 2014, the Council recorded a severance liability of $63,596 (2013 - $53,600) based on the provision of its Employee Handbook and management's best assumptions regarding severance rates and compensation increases. The assumptions used parallel those used by the Province of Manitoba and include a 6% rate of return and 3.75% annual salary increases. The liability is based on actuarial calculations and is updated annually based on a formula included in the most recent actuarial valuation dated December 31, 2010.

Total severance benefits paid during the year ended March 31, 2014 were $nil (2013 - $nil).

8. Commitments

The Council has entered into an agreement to lease office premises for ten years commencing April 1, 2012. The 2014 basic annual rent was $126,959. The 2015 basic annual rent is estimated to be $127,559. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

9. Interfund Transfers and Internally Restricted Fund Balances

In 2014, there were no internally restricted funds allocated to programs. In addition, $289,477 (2013 - $415,306) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Organizations and Arts Development Grants.

10. Financial Instruments and Financial Risk Management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2013 - $nil).

Financial Risk Management - Overview

The Council has exposure to the following risks resulting from its financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba.

The maximum exposure of the Council to credit risk at March 31 is:

	2014	2013
Cash and cash equivalents	$470,505	$636,280
Accounts receivable	7,368	24,821
Portfolio investments	200,401	196,953
Recoverable from the Province of Manitoba	36,000	36,000
	$714,274	$894,054

Cash and Cash Equivalents and Portfolio Investments
The Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

Accounts Receivable and Recoverable from the Province of Manitoba
The Council is not exposed to significant credit risk as any significant balances are due from the Province of Manitoba. The Council manages this credit risk through close monitoring and follow up of any overdue accounts.

When necessary, the Council establishes an allowance for doubtful accounts that represent its estimate of potential credit losses. The balance in the allowance for doubtful accounts as at March 31, 2014 is $nil (2013 - $nil).

Liquidity Risk
Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

11. Comparative Information

Certain amounts from the year ended March 31, 2013 have been reclassified to conform to the financial statement presentation adopted in the current year.

MANITOBA ARTS COUNCIL
SCHEDULE 1 - ARTS PROGRAM DELIVERY EXPENSES
Year ended March 31, 2014

	GRANTS & PROGRAMS FUND	BRIDGES FUND	TOTAL 2014	TOTAL 2013
Salaries and benefits	$656,442	$159,828	$816,270	$781,638
Jurors' fees and expenses	45,380	7,666	53,046	49,966
Rent	60,728	12,908	73,636	73,567
Communications	29,617	0	29,617	24,491
Professional Fees	16,161	0	16,161	48,133
Staff travel and expenses	9,134	3,448	12,582	12,294
Postage, courier and telephone	10,497	2,352	12,849	12,716
Office supplies	1,090	171	1,261	1,082
Sundry	19	0	19	243
Memberships & Partnerships	12,140	0	12,140	8,360
	$841,208	**$186,373**	**$1,027,581**	**$1,012,490**

MANITOBA ARTS COUNCIL
SCHEDULE 2 - ADMINISTRATIVE EXPENSES
Year ended March 31, 2014

	GRANTS & PROGRAMS FUND	
	2014 TOTAL	2013 TOTAL
Salaries and benefits	$411,122	$367,169
Council expenses	34,482	39,585
Rent	53,377	54,671
Postage, courier and telephone	8,787	11,786
Office supplies, printing and stationery	12,628	11,140
Communications		
Recruitment Costs	0	276
Advocacy	3,610	5,004
Annual Report	153	12,013
Strategic Planning	4,600	222
Amortization	11,804	19,001
Equipment repairs and maintenance	27,147	25,273
Professional fees	18,129	13,929
Memberships and subscriptions	15,123	13,741
Insurance and sundry	7,017	6,094
Staff travel and expenses	11,475	14,596
Other (Art Bank Administration)	15,000	34,161
	$634,454	**$628,661**

MANITOBA CATTLE ENHANCEMENT COUNCIL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

KWB CHARTERED ACCOUNTANTS INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the Manitoba Combative Sports Commission

We have audited the accompanying financial statements of Manitoba Combative Sports Commission, which comprise the statement of financial position as at March 31, 2014, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Combative Sports Commission as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit.

KWB

Winnipeg, MB
August 18, 2014

KWB CHARTERED ACCOUNTANTS INC.

MANITOBA COMBATIVE SPORTS COMMISSION
Statement of Financial Position
March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	$ 94,530	$ 19,419
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	$ 3,500	$ 3,500
Performance bond deposits	-	8,000
	3,500	11,500
NET ASSETS		
General fund	91,030	7,919
	$ 94,530	$ 19,419

See notes to the financial statements

MANITOBA COMBATIVE SPORTS COMMISSION
Statement of Changes in Net Assets
Year Ended March 31, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	$ 7,920	$ 5,914
Excess of revenue over expenses	83,111	2,006
NET ASSETS - END OF YEAR	$ 91,031	$ 7,920

KWB

MANITOBA COMBATIVE SPORTS COMMISSION
Statement of Revenues and Expenditures
Year Ended March 31, 2014

	2014	2013
REVENUE		
Administration fees	$ -	$ 4,500
Commission, licenses and permits	136,627	4,580
Grant - Province of Manitoba	15,900	15,900
Other	7,035	13,950
interest	139	9
	159,701	38,939
EXPENSES		
Administration	2,500	3,360
Advertising and promotion	3,531	8,935
Amortization	-	619
Bank charges and interest	31	102
Card expenses - boxing	3,366	1,015
Conferences	4,887	5,235
Dues and subscriptions	12,738	1,704
Event Official	28,560	3,512
Honoraria	3,800	4,200
Office	1,310	726
Professional fees	5,650	3,136
Training	360	2,100
Travel	9,982	2,289
	76,715	36,933
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	82,986	2,006
OTHER INCOME		
Gain on disposal of property, plant and equipment	125	-
EXCESS OF REVENUE OVER EXPENSES	$ 83,111	$ 2,006

MANITOBA COMBATIVE SPORTS COMMISSION
Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 83,111	$ 2,006
Items not affecting cash:		
Amortization expense	-	619
Loss on disposal of property, plant and equipment	(125)	-
	82,986	2,625
Changes in non-cash working capital:		
Accounts payable	-	(19)
Performance bond deposits	(8,000)	8,000
	(8,000)	7,981
Cash flow from operating activities	74,986	10,606
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(619)
Proceeds on disposal of property, plant and equipment	125	-
Cash flow from (used by) investing activities	125	(619)
INCREASE IN CASH FLOW	75,111	9,987
CASH - BEGINNING OF YEAR	19,419	9,432
CASH - END OF YEAR	$ 94,530	$ 19,419

See notes to the financial statements

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The commission was incorporated under the provisions of the Province of Manitoba by a proclamation dated October 16, 1983.

On June 14, 2012 the Provincial government passed legislation changing the name of the Manitoba Boxing Commission and the name of The Boxing Commision Act. As per section 4 of The Statute Correction and Minor Amendments Act, 2012, the name of the commission will be The Manitoba Combative Sports Commission and the Act will be The Boxing Act. The purpose of the organization is to regulate professional combative sport matches in the Province of Manitoba in accordance with regulations set down in the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

b) Financial instruments

Financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

The Commission assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

c) Property, plant and equipment

Property, plant, and equipment are stated at cost and are amortized 100% in the year of acquisition.

d) Revenue recognition

Revenues are recognized when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized when earned.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	**2014 Net book value**
Equipment	$ 5,597	$ 5,597	$ -
Computer equipment	619	619	-
	$ 6,216	$ 6,216	$ -

	Cost	Accumulated amortization	2013 Net book value
Equipment	$ 5,597	$ 5,597	$ -
Computer equipment	1,235	1,235	-
	$ 6,832	$ 6,832	$ -

4. ECONOMIC DEPENDENCE

The Commission is economically dependent on the Province of Manitoba which provides funding through an annual grant.

5. RISK MANAGEMENT

Management's risk management policies are typically performed as a part of the overall management of the Commission's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its operations, the Commission is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Commission, management considers the avoidance of the undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Commission cannot meet its financial obligations associated with financial liabilities in full. The Commission's main source of liquidity are its operations and external borrowing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Commission's financial obligations associated with financial liabilities.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Commission has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Commission also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

Market risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk. There is currency risk, interest rate risk and other price risk.

Currency risk

The risk is the risk that changes in foreign exchange rates may have an effect on future cash flow associated with financial instruments. The Commission is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Commission is not exposed to cash flow risk.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with the Commission's financial instruments are not exposed to other price risk.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Manitoba Centennial Centre Corporation

We have audited the accompanying financial statements of Manitoba Centennial Centre Corporation which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Centennial Centre Corporation as at March 31, 2014, and its results of operations and its cash flows for the year then ended accordance with Canadian public sector accounting standards.

Comparative Information

The financial statements of Manitoba Centennial Centre Corporation as at and for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 19, 2013.

KPMG LLP

Chartered Accountants

June 18, 2014

Winnipeg, Canada

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 402,969	$ 467,707
Term deposits - Province of Manitoba	767,455	511,917
Accounts receivable	375,108	288,248
Capital grant receivable - Province of Manitoba (note 10)	915,540	362,150
Inventory	40,737	33,673
Prepaid expenses	59,178	58,877
Vacation pay recoverable from the Province of Manitoba (note 4)	199,964	199,964
	2,760,951	1,922,536
Amounts recoverable - Province of Manitoba:		
Severance (note 4)	307,561	307,561
Pension (note 5)	6,368,000	6,261,273
Capital assets (note 6)	1,153,584	1,135,071
Other investments (note 9)	105,695	104,752
	$ 10,695,791	$ 9,731,193

	2014	2013

Liabilities, Deferred Contributions and Fund Balances

	2014	2013
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,161,668	$ 654,834
Accrued vacation liability (note 4)	286,185	230,714
Capital advances (note 10)	48,434	48,434
Deferred income and rental deposits	39,215	38,063
	1,535,502	972,045
Accrued severance pay (note 4)	388,056	348,667
Accrued sick leave (note 4)	43,327	39,879
Pension liability (note 5)	6,368,000	6,261,273
Deferred contributions related to capital assets (note 7)	835,069	746,732
Fund balances		
Invested in capital assets (note 8)	318,515	388,339
Internally restricted funds (note 9)	425,695	264,752
Unrestricted funds:		
General fund	781,627	709,506
	1,525,837	1,362,597
Contingencies (note 15)		
Subsequent event (note 16)		
	$ 10,695,791	$ 9,731,193

See accompanying notes to financial statements.

On behalf of the Board:

Keith Harold Director

Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	General	Capital	Internally restricted	2014 Total	2013 Total
Revenue:					
Concert Hall	$ 1,324,817	$ –	$ –	$ 1,324,817	$ 948,376
Rental fees	294,754	–	–	294,754	339,557
Concession sales	447,461	–	–	447,461	294,581
Parking fees	1,177,130	–	–	1,177,130	1,061,245
Miscellaneous	89,021	–	–	89,021	87,413
	3,333,183	–	–	3,333,183	2,731,172
Province of Manitoba grants:					
Operating	3,004,045	–	–	3,004,045	2,789,838
Amortization of deferred contributions (note 7)	–	183,521	–	183,521	120,893
Province of Manitoba - pension, net (note 5)	34,476	–	–	34,476	235,451
	3,038,521	183,521	–	3,222,042	3,146,182
City of Winnipeg grant:					
Strategic Economic Development grant	25,253	–	–	25,253	24,312
Recoveries of expenses	255,369	–	–	255,369	230,267
Investment income (note 9)	–	–	943	943	1,000
Total revenues, grants and recoveries	6,652,326	183,521	943	6,836,790	6,132,933
Expenses:					
Administration and general	640,831	–	–	640,831	635,862
Amortization of capital assets	–	260,436	–	260,436	216,417
Bannatyne Condominium	108,000	–	–	108,000	108,580
Concession operations	245,356	–	–	245,356	177,047
Building services and maintenance	1,373,720	–	–	1,373,720	1,231,721
Host services and special projects	385,236	–	–	385,236	313,652
Manitoba Production Centre	252,568	–	–	252,568	205,975
Parking services	262,815	–	–	262,815	249,125
Pension (note 5)	342,405	–	–	342,405	524,695
Security services	523,085	–	–	523,085	500,959
Stage operations	433,492	–	–	433,492	364,981
Grant (note 9)	–	–	–	–	4,995
	4,567,508	260,436	–	4,827,944	4,534,009
Expenses incurred on behalf of The Manitoba Museum (note 11)	1,845,606	–	–	1,845,606	1,681,521
Total expenses (schedule - operating expenses)	6,413,114	260,436	–	6,673,550	6,215,530
Excess (deficiency) of revenue over expenses	$ 239,212	$ (76,915)	$ 943	$ 163,240	$ (82,597)

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	General	Capital	Internally restricted	2014 Total	2013 Total
Fund balances, beginning of year	$ 709,506	$ 388,339	$ 264,752	$ 1,362,597	$ 1,445,194
Excess (deficiency) of revenue over expenses	239,212	(76,915)	943	163,240	(82,597)
Inter-fund transfers (notes 8 and 9)	(167,091)	7,091	160,000	–	–
Fund balances, end of year	$ 781,627	$ 318,515	$ 425,695	$ 1,525,837	$ 1,362,597

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ 163,240	$ (82,597)
Adjustments for:		
Amortization of deferred contributions	(183,521)	(120,893)
Amortization of capital assets	260,436	216,417
	240,155	12,927
Change in other investments	(943)	3,995
Change in accrued severance pay	39,389	(75,153)
Change in accrued sick leave	3,448	(7,708)
Change in non-cash working capital balances:		
Accounts receivable	(86,860)	(69,698)
Inventory	(7,064)	6,241
Prepaid expenses	(301)	16,295
Accounts payable and accrued liabilities	506,834	264,072
Accrued vacation liability	55,471	(32,987)
Deferred income and rental deposits	1,152	(1,577)
	751,281	116,407
Financing:		
Capital assets grants and advances - Province of Manitoba	(281,532)	136,362
Capital:		
Purchase of capital assets	(278,949)	(466,469)
Increase (decrease) in cash and cash equivalents	190,800	(213,700)
Cash and cash equivalents, beginning of year	979,624	1,193,324
Cash and cash equivalents, end of year	$ 1,170,424	$ 979,624
Cash and cash equivalents consist of:		
Cash	$ 402,969	$ 467,707
Term deposits - Province of Manitoba	767,455	511,917
	$ 1,170,424	$ 979,624

See accompanying notes to financial statements.

1. Nature of the Corporation's operations:

Manitoba Centennial Centre Corporation (the Corporation) was established in 1968 for the development and management of a permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts. The Corporation is exempt from income taxes under Sub-section 149(1) of the *Income Tax Act.*

2. Properties of the Corporation:

The Corporation oversees properties on behalf of the Province of Manitoba. At March 31, 2014 registered titles to these properties, being the Manitoba Centennial Centre, Manitoba Production Centre, condominium property at 211 Bannatyne Avenue (note 16), parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation.

The Corporation has included the financial results of the Manitoba Production Centre and condominium property at 211 Bannatyne Avenue within its financial statements as per Letters of Understanding/Agreement between Manitoba Culture, Heritage and Tourism and Manitoba Centennial Centre Corporation dated December 14, 2005 and June 30, 2010, in which the Corporation agreed to manage these properties for the Province.

3. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

3. Significant accounting policies (continued):

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis.

The General fund is used to account for the operations of the Corporation.

Internally restricted funds consist of the Foundation of the Future Fund which is to be used towards funding of youth based arts and culture, Manitoba Production Centre Fund which is to be reinvested in that facility, an Equipment Purchases Fund which is used to acquire capital equipment and a Special Projects Fund to support significant one-time expenditures as approved by the Board from time to time. Internally restricted funds cannot be expended without the approval of the Board of Directors.

The Capital Asset fund reports the assets, liabilities, revenues and expenses related to capital assets other than assets that are funded by the Province of Manitoba (notes 2, 3[e] and 8).

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis corresponding with the amortization rate for the related capital assets.

Revenue from fees contracts and sales of goods is recognized when the services are provided or the goods are sold.

3. Significant accounting policies (continued):

(c) Inventory:

Inventory is valued at the lower of cost, using the first-in, first-out basis, and net replacement cost.

(d) Cash:

Cash includes cash on hand and balances with banks.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	20%
Concert hall and museum refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

3. Significant accounting policies (continued):

Assets under construction are included in the appropriate asset category. Assets under construction are not amortized until asset construction is complete.

The financial statements of the Corporation exclude capital assets that are recorded as capital assets in the accounts of the Province of Manitoba. Expenditures on these excluded assets, and the related advances from the Province of Manitoba, are presented in note 10. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements. Such assets are accounted for in accordance with the requirements of Canadian public sector accounting standards section 4230.

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Investments consist of term deposits, and are recorded at cost plus accrued interest, which approximates fair value.

Unrealized changes in fair value, if any, are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Corporation did not incur any remeasurement gains and losses during the year ended March 31, 2014 (2013 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

3. Significant accounting policies (continued):

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Employee benefits:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees. A provision for employee severance pay is recognized based on the number of eligible employees and year of service.

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Corporation to contribute 50 percent of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for the employer's share of current and past service pension obligations.

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 period. Actual results could differ from those estimates.

4. Employee benefits:

(a) Accrued vacation pay:

The Province of Manitoba funds a portion of the vacation pay benefits of the Corporation, which is limited to the amount estimated at March 31, 1995. Accordingly, the Corporation has recorded a recoverable in the amount of $199,964 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. Each year the Corporation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba.

(b) Accrued severance pay:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2014, based on an actuarial estimate, the obligation for accrued severance pay is $388,056 (2013 - $348,667). The significant actuarial assumptions include an interest rate of 6.5 percent (2013 - 6 percent).

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The amount of funding which will be provided by the Province of Manitoba for severance pay benefits of $307,561, represents the amount accumulated to March 31, 1998 by the employees of the Corporation, and is recorded as amounts recoverable - Province of Manitoba on the statement of financial position. This receivable from the Province of Manitoba has no specified terms of repayment. The Corporation is responsible for funding liabilities for severance pay benefits accumulated after March 31, 1998 through its operating grants from the Province of Manitoba. As a result, the change in the accrued severance pay liability, including the interest accretion, is reflected in the funding for severance expense.

(c) Sick leave:

The Corporation provides accumulating sick leave benefits to employees. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporation's accumulated non-vested sick leave benefits include a discount rate of 6 percent (2013 - 6 percent) and a rate of salary increase of 3 percent (2013 - 3.25 percent).

5. Pension liability:

The Corporation records the pension liability and the related pension expense, including an interest component, in its financial statements. Based on extrapolation from the most recent actuarial report as at December 31, 2012, the Corporation has recorded an amount of $6,368,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2014 (2013 - $6,261,273). Total pension expense of $452,621 (2013 - $631,356) has been recorded in the statement of operations (see schedule - operating expenses), or $342,405 (2013 - $524,695) net of expenses incurred on behalf of Manitoba Museum.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense. The Corporation has therefore recorded an amount recoverable from the Province of Manitoba of $6,368,000 (2013 - $6,261,273) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded associated net revenue of $34,476 (2013 - net revenue of $235,451). The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

Provision for employer's share of employees' pension plan:

	2014	2013
Balance, beginning of year	$ 6,261,273	$ 6,142,536
Decrease (increase) in trust account held by the Province of Manitoba	(46,511)	–
Benefits accrued	159,824	174,915
Interest accrued (6.5 percent; 2013 - 6 percent)	420,176	367,897
Benefits paid	(414,713)	(395,905)
Actuarial (gains) losses[1]	(12,049)	(28,170)
Balance, end of year	$ 6,368,000	$ 6,261,273

[1]The actuarial valuations as at December 31, 2012 and 2011 were completed in January 2014 and 2013, respectively. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years. Assumed salary rate increases are 3.75 percent (2013 - 3.75 percent).

6. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	100,058	75,792	24,266	32,355
Concert hall refurbishments	309,879	147,706	162,173	157,995
Concrete replacement	10,060	5,634	4,426	5,231
Equipment and furnishings	166,335	134,115	32,220	–
Marquee	382,230	382,230	–	–
Office renovations	539,247	354,096	185,151	226,105
Courtyard vestibule	250,017	75,005	175,012	200,014
Physical plant and building controls	235,633	140,484	95,149	115,444
Stage equipment	528,322	398,794	129,528	51,101
Security equipment	427,115	109,919	317,196	311,247
System and motor controls	71,158	42,695	28,463	35,579
	$ 3,020,054	$ 1,866,470	$ 1,153,584	$ 1,135,071

7. Deferred contributions:

Deferred contributions represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2014	2013
Balance, beginning of year	$ 746,732	$ 441,599
Capital grants received and receivable	271,858	426,026
Less amortized to revenue	(183,521)	(120,893)
Balance, end of year	$ 835,069	$ 746,732

8. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2014	2013
Capital assets (note 6)	$ 1,153,584	$ 1,135,071
Amounts financed by deferred contributions (note 7)	(835,069)	(746,732)
	$ 318,515	$ 388,339

During the year, $7,091 (2013 - $34,763) was transferred from the General Fund to the Capital Asset Fund for capital assets additions.

9. Internally restricted funds and other investments:

	2014	2013
Foundation of the Future Fund:		
Balance, beginning of year	$ 104,752	$ 108,747
Investment income	943	1,000
Grant expense	–	(4,995)
Balance, end of year	$ 105,695	$ 104,752
Manitoba Production Centre Fund:		
Balance, beginning of year	$ 30,000	$ –
Transferred from general fund	–	30,000
Balance, end of year	$ 30,000	$ 30,000
Equipment Purchases Fund:		
Balance, beginning of year	$ 130,000	$ –
Transferred from general fund	60,000	130,000
Balance, end of year	$ 190,000	$ 130,000

9. Internally restricted funds and other investments (continued):

		2014		2013
Special Projects Fund:				
Balance, beginning of year	$	–	$	–
Transferred from general fund		100,000		–
Balance, end of year	$	100,000	$	–
Total internally restricted funds, end of year	$	425,695	$	264,752

Manitoba Production Centre Fund and Equipment Purchases Fund:

During the year ended March 31, 2013, the Corporation established the Manitoba Production Centre Fund and the Equipment Purchases Fund, which are to be used as described in note 3(a).

Special Projects Fund:

During the year ended March 31, 2014, the Corporation established the Special Projects Fund, which is to be used as described in note 3(a).

Other investments:

Foundation of the Future funds are held in term deposits with the Province of Manitoba.

10. Capital advances:

Changes in capital funds on projects awarded by the Province of Manitoba during fiscal 2014 and the remaining advances not yet undertaken at March 31, 2014 were as follows:

	2014	2013 (note 17)
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	$ 48,434	$ 48,434
Awarded during the year and receivable at year end	915,540	362,150
Allocated to other entity	(15,655)	–
	948,319	410,584
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 3[e]):		
Tenant improvements	569,313	–
Fire Alarm System upgrade	17,518	–
Exterior lighting	29,696	–
Chiller Upgrade Plan	11,500	–
	628,027	–
Capital expenditures reflected in the Corporation's financial statements (note 3 [e])	271,858	362,150
Advances carried forward to future years	$ 48,434	$ 48,434

As at March 31, 2014, substantially all of the capital expenditures related to the Province of Manitoba were included in accounts payable and accrued liabilities.

11. Grant of service:

Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to $1,845,606 for the year ended March 31, 2014 (2013 - $1,681,521). Included in these expenses is $212,289 (2013 - $212,919) of administration and general expenses of the Corporation that are allocated to The Manitoba Museum proportionately on a predetermined basis.

12. Financial risk and concentration of credit risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, capital grant receivable - Province of Manitoba, amounts recoverable - Province of Manitoba for severance and pension, cash and term deposits - Province of Manitoba.

12. Financial risk and concentration of credit risks (continued):

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at March 31, 2014 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. There was no allowance for doubtful accounts at March 31, 2014. As at March 31, 2014, there were no accounts receivable past due.

There have been no significant changes to the credit risk exposure from 2013.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2013.

13. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

14. Capital management:

The Corporation's objective when managing its capital is to maintain sufficient capital to cover its costs of operations, while fulfilling its mandate under the *Manitoba Centennial Centre Corporations Act*. The Corporation's capital consists of unrestricted funds, internally restricted funds and funds invested in capital assets. The Corporation's ability to meet its capital objectives is dependent on its cash flows, including operating and capital grants received from the Province of Manitoba.

The Corporation manages financial risk by maintaining a balance equivalent to approximately three months of salary and benefits in its unrestricted funds.

The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

15. Contingencies:

The Corporation is subject to certain legal claims arising in the normal course of operations, none of which are expected to materially affect the financial condition of the Corporation. In addition, in March 2014, charges under Manitoba's Workplace Safety and Health Act were laid against the Corporation, a local union, and one of the Corporation's resident companies, related to an incident that occurred in February 2012. The matter is before the courts, and the amount of loss, if any, cannot be reasonably estimated at this time.

16. Subsequent event:

Effective April 1, 2014, the responsibility for overseeing the condominium property at 211 Bannatyne Avenue, as disclosed in note 2, reverted back to the Province of Manitoba.

17. Comparative information:

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

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Administration and general:		
Salaries and employee benefits	$ 486,878	$ 575,869
Audit and legal	32,698	23,832
Insurance	79,947	76,332
Telephone and fax	24,393	25,442
Other	221,609	141,470
Marketing	7,595	5,837
	853,120	848,782
Bannatyne Condominium:		
Administration costs	78,184	89,599
Property taxes	29,816	18,981
	108,000	108,580
Building services and maintenance:		
Salaries and employee benefits	1,409,624	1,341,589
Repairs, maintenance and supplies	631,866	438,479
Utilities	793,274	750,842
	2,834,764	2,530,910
Concession operations:		
Salaries and employee benefits	98,249	76,722
Cost of goods sold	134,919	94,340
Other	12,188	5,985
	245,356	177,047
Host services and special projects:		
Salaries and employee benefits	358,660	307,205
Other	26,576	6,447
	385,236	313,652
Manitoba Production Centre:		
Salaries and employee benefits	11,425	7,515
Administration costs	61,548	45,191
Repairs, maintenance and supplies	60,384	26,641
Property taxes	75,786	72,595
Utilities	43,425	54,033
	252,568	205,975
Parking services:		
Salaries and employee benefits	158,349	148,730
Agency fees and expenses	86,763	83,236
Other	17,703	17,160
	262,815	249,126
Pension	452,621	631,356
Security services:		
Salaries and employee benefits	564,718	538,019
Other	20,424	25,690
	585,142	563,709
Stage operations:		
Salaries and employee benefits	348,934	307,165
Repairs, supplies and equipment	84,558	57,816
	433,492	364,981
Total expenses of general fund	$ 6,413,114	$ 5,994,118

Del Halliday

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Del Halliday, CMA
Tom Tasker, CA

INDEPENDENT AUDITOR'S REPORT

To the Members of
Manitoba Community Services Council Inc.

I have audited the accompanying financial statements of Manitoba Community Services Council Inc., which comprise the statement of financial position as at March 31, 2014 and the statements of changes in net assets and financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Community Services Council Inc. as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Del Halliday

Winnipeg, Manitoba
June 17, 2014

Certified Management Accountant

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2014

Assets	2014	2013
Current assets		
Cash	$ 141,504	$ 166,455
Guaranteed investment certificates (note 4)	298,000	592,294
Accrued interest	5,318	4,386
GST refund	2,874	2,885
Prepaid expense	5,887	4,366
	453,583	770,386
Guaranteed investment certificates (note 4)	303,148	-
Capital assets (note 5)	28,321	25,896
	$ 785,052	$ 796,282

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,845	$ 22,089
Allocations not yet paid	438,754	440,970
	445,599	463,059

Net assets		
Invested in capital assets	28,321	25,896
Funds for future allocation	311,132	307,327
	339,453	333,223
	$ 785,052	$ 796,282

Approved on Behalf of the Board

_____________________________ Director

Del Halliday
Certified Management Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
Revenue		
Province of Manitoba		
Manitoba Housing and Community Development	$ 1,704,000	$ 2,004,000
Interest	11,801	9,820
	1,715,801	2,013,820
Allocations and expenses		
Administrative expenses		
Bank charges	1,268	1,171
Communications	6,593	17,919
Computer expense	8,347	7,347
Courier	852	816
Insurance	5,573	5,182
Meeting costs and volunteer travel	32,973	23,831
Office supplies	10,428	9,575
Postage	3,120	1,934
Professional and consulting fees	7,826	4,708
Telephone	5,436	5,154
	82,416	77,637
Amortization	6,562	2,946
Occupancy	34,243	34,158
Salaries and benefits	264,834	251,627
Grant allocations - regular	1,209,339	1,649,999
Grant allocations - emergency capital	143,177	-
Grant allocations (recovered)	(31,000)	-
	1,709,571	2,016,367
Excess (deficiency) of revenue over allocations and expenses	$ 6,230	$ (2,547)

Del Halliday
Certified Management Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2014

	Invested in Capital Assets	Funds for Future Allocation	Total 2014	Total 2013
Balance, beginning of year	$ 25,896	$ 307,327	$ 333,223	$ 335,770
Excess (deficiency) of revenue over allocations and expenses	(6,562)	12,792	6,230	(2,547)
Purchase of capital assets	8,987	(8,987)	-	-
Balance, end of year	$ 28,321	$ 311,132	$ 339,453	$ 333,223

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

1. Purpose and objectives

Manitoba Community Services Council Inc. was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of allocating funds and/or bingo events to non-profit, volunteer community service, recreation and health-related organizations in Manitoba.

2. Summary of significant accounting policies

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The financial statements include the following significant accounting policies:

a) Statement of cash flows

A statement of cash flows has not been presented since information concerning cash flows is evident from the financial statements presented.

b) Guaranteed investment certificates

Guaranteed investment certificates are carried at cost. Interest earned but unpaid at the date of the statement of financial position is recorded as accrued interest receivable.

c) Capital assets

Capital asset acquisitions are recorded in the year of purchase at cost. Amortization is provided for on a straight-line basis at the following rates which will amortize the cost of the assets over their estimated useful lives:

Furniture and equipment	20%
Computer equipment	20%
Computer software	20%

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2014

2. Summary of significant accounting policies, cont'd

   d) Revenue recognition

   Funding for programs and grant allocations comes from the Province of Manitoba, Minister of Housing and Community Development. The fiscal period relates to the same fiscal period as the Province and is included in their fiscal budgets. If funding were approved and not received, it would be accrued at the end of the fiscal period.

   Interest revenue is accrued based on the investment rate of return over the fiscal period.

3. Financial instruments

The Council's financial instruments consist of cash, guaranteed investment certificates, accrued interest, accounts payable and allocations not yet paid. The Council initially measures its financial assets and liabilities at fair value and subsequently carries all financial assets and liabilities at amortized cost. The Council manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Governance Policies. The objective of this policy is to reduce volatility in cash flow and earnings. The Council monitors compliance with risk management policies and reviews risk management policies on an annual basis.

The Council's investment policy is to invest funds not currently needed for operating purposes at the highest rate obtainable consistent with safety of the principal and their most effective possible utilization in serving the best interest of the general public. Investments must be guaranteed by the federal or provincial governments, a chartered bank or credit union or a CDIC member institution. The duration of the term of the deposit is not to exceed a period of three years.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2014

4. Guaranteed investment certificates

	2014	2013
National Trust Company, bearing interest at 1.85% compounded annually, maturing April 13, 2015.	$ 102,740	$ -
Scotia Mortgage Corporation, bearing interest at 1.75% compounded annually, maturing October 21, 2015.	200,408	-
The Bank of Nova Scotia, bearing interest at 1.45% payable annually, maturing October 21, 2014.	298,000	-
National Trust Company, matured during the year.	-	102,124
Scotia Mortgage Corporation, matured during the year.	-	294,159
The Bank of Nova Scotia, matured during the year.	-	196,011
	$ 601,148	$ 592,294
Current portion due within one year	$ 298,000	$ 592,294
Long-term portion	303,148	-
	$ 601,148	$ 592,294

5. Capital assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	$ 35,736	$ 29,349	$ 35,736	$ 26,794
Computer equipment	19,464	4,283	17,345	391
Computer software	17,908	11,155	11,040	11,040
	$ 73,108	$ 44,787	$ 64,121	$ 38,225
Cost less accumulated amortization		$ 28,321		$ 25,896

6. Provincial funding

The Province of Manitoba has committed funding in the amount of $1,704,000 for the year ended March 31, 2015.

Del Halliday

Certified Management Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2014

7. Commitment

The Council has leased realty pursuant to a lease agreement, until March 31, 2015. Under the terms of the lease, the Council is responsible for base rent and its proportionate share of property taxes and operating costs of the building. The minimum base rent payment for the year ended March 31, 2015 is $13,080.

During the year, one of the Council’s employees announced their intention to retire. Based upon the Council’s financial policies, in recognition of long service, the Council will pay a retiring allowance to eligible employees. Subsequent to year end, the allowance will be paid subject to formal motion approved by the Board of Directors. The amount of the retiring allowance is estimated to be $15,731.

8. Pension plan

The employees of the organization participate in the Community Agencies’ Retirement Plan, a multi-employer, defined benefit pension plan. The Council's pension contribution and expense for the year was $15,584 (2013 - $12,728).

In accordance with the provisions of the Manitoba Pensions Benefit Act the plan is required to calculate the value of its assets and actuarial liabilities on a going concern valuation, a hypothetical wind-up valuation and a solvency basis.

Following the most recent Actuarial Valuation Report (AVR) as at December 31, 2012, the Plan remains in a solvency deficiency. As a result, the Board of Trustees have elected to apply for the Special Payments Relief Regulation 2011 – solvency relief. This regulation permits the Plan’s solvency deficiencies to be amortized over a 10 year period, rather than the normal 5 year period. It is possible to elect relief only once, provided funding payments are up to date, for the first AVR filed with the Office of the Superintendent – Pension Commission before January 2, 2014.

By electing, the Board of Trustees is hoping to alleviate the current financial strain in contributions by spreading the payments over a longer period of time. The election of the solvency relief will not affect the benefits accrued to the Members of the Plan.

The Province of Manitoba has committed annual on-going funding assistance to the member agencies, and as a result of these commitments, the Trustees of the Plan have committed to preserving the Plan as a defined benefit pension plan.

Based on the proposed employee and employer contribution rates and a 10 year solvency amortization, the proposed contributions should be sufficient to fund the current solvency deficiency without additional payments from the agencies.

9. Bingo earnings

The Council allocates a certain number of bingo events to various organizations that it funds.

The funds received from bingos are paid directly by the Manitoba Lotteries Corporations to the above organizations. These funds are not reflected on the statement of financial activities.

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of **MANITOBA DEVELOPMENT CORPORATION** and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 24, 2014.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of **MANITOBA DEVELOPMENT CORPORATION** are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,
MANITOBA DEVELOPMENT CORPORATION

Jim Kilgour, General Manager

June 24, 2014

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www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Shareholder of
MANITOBA DEVELOPMENT CORPORATION

We have audited the accompanying financial statements of **MANITOBA DEVELOPMENT CORPORATION** which comprise the statement of financial position as at March 31, 2014 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the **MANITOBA DEVELOPMENT CORPORATION** as at March 31, 2014 and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2014

MANITOBA DEVELOPMENT CORPORATION
Statement of Financial Position

March 31	PNP-B	MDC Part I	MDC Part II	2014 Total	2013 Total
Financial Assets					
Cash and cash equivalents	$ 23,389,161	$ 845,821	$ -	$ 24,234,982	$ 14,104,071
Cash held in trust	-	-	329,459	329,459	2,034,162
Accounts receivable (Note 5)	957,464	38,955	-	996,419	1,079,015
Loans receivable (Note 6)	-	-	72,433,240	72,433,240	83,725,620
Portfolio investments (Note 7)	20,204,590	4,439,264	101,765	24,745,619	28,657,092
Trust Funds (Note 8)	61,060,459	-	-	61,060,459	63,731,821
	105,611,674	5,324,040	72,864,464	183,800,178	193,331,781
Liabilities					
Accounts payable	3,551,210	406,500	-	3,957,710	3,041,735
Funds provided by the Province of Manitoba	-	-	72,864,464	72,864,464	89,007,550
Trust liabilities (Note 8)	61,060,459	-	-	61,060,459	63,731,821
	64,611,669	406,500	72,864,464	137,882,633	155,781,106
Net financial assets	41,000,005	4,917,540	-	45,917,545	37,550,675
Accumulated surplus (Note 9)	$ 41,000,005	$ 4,917,540	$ -	$ 45,917,545	$ 37,550,675

Commitments (Note 11)

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Operations and Accumulated Surplus

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Income			
Interest	$ 11,088,000	$ 6,832,008	$ 6,947,750
Deposit retentions (Note 8)	9,000,000	12,497,927	14,626,059
Recovery of Program Administration Expenses (Note 10)	-	19,178	17,521
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba			
Provision for doubtful accounts	1,922,502	933,930	(232,272)
Provision for decline in value of investments	562,500	4,600,821	2,288,250
	22,573,002	24,883,864	23,647,308
Expenses			
Program administration	2,768,000	1,441,405	1,463,808
Payment of Part II interest on loan receivable to the Province of Manitoba	8,810,000	4,244,838	4,479,879
Provision for doubtful accounts	1,922,502	933,930	(232,272)
Provision for decline in value of investments	562,500	4,600,821	2,288,250
Foreign currency translation loss	-	-	2,050
	14,063,002	11,220,994	8,001,715
Transfers to the Department of Education and Advanced Learning (Note 12)	208,000	208,000	-
Transfers to the Department of Labour and Immigration (Note 12)	2,542,000	2,994,000	1,223,000
Transfers to the Department of Jobs and the Economy (Note 12)	4,287,000	2,094,000	895,000
	21,100,002	16,516,994	10,119,715
Annual surplus	1,473,000	8,366,870	13,527,593
Accumulated surplus, beginning of year	37,550,675	37,550,675	24,023,082
Accumulated surplus, end of year (Note 9)	$ 39,023,675	$ 45,917,545	$ 37,550,675

The accompanying notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Changes in Net Financial Assets

For the year ended March 31	2014	2013
Annual surplus	$ 8,366,870	$ 13,527,593
Net financial assets, beginning of year	37,550,675	24,023,082
Net financial assets, end of year	$ 45,917,545	$ 37,550,675

The accompanying notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash provided by (applied to):		
Operating Activities		
Annual surplus	$ 8,366,870	$ 13,527,593
Adjustments for:		
Provision for doubtful accounts (recovery)	933,930	(232,272)
Provision for decline in value of investments	4,600,821	2,288,250
Provision for deposit retentions	(12,497,927)	(14,626,059)
Reimbursement of Part II expenses to the Province of Manitoba	(5,534,751)	(2,055,978)
	(4,131,057)	(1,098,466)
Changes in:		
Accounts receivable	82,596	77,415
Accounts payable	915,975	(53,581)
	998,571	23,834
Cash applied to operating activities	(3,132,486)	(1,074,632)
Investing Activities		
Loans Receivable		
Principal repayments	20,486,839	15,662,189
Loans issued	(7,724,370)	(3,808,338)
Change in accrued interest receivable	46,220	111,278
Capitalized interest written-off	80,902	1,437,848
Portfolio investments made	(1,750,000)	(1,325,600)
Provincial Nominee Program for Business Trust Funds	7,773,520	8,486,129
Cash provided by investing activities	18,913,111	20,563,506
Financing Activities		
Funds provided by the Province of Manitoba		
Part II	(12,354,520)	(11,607,401)
Provincial Nominee Program for Business	9,826,565	2,517,725
Cash applied to financing activities	(2,527,955)	(9,089,676)
Net increase in cash and cash equivalents	13,252,670	10,399,198
Cash and cash equivalents, beginning of year	16,817,995	6,418,797
Cash and cash equivalents, end of year	$ 30,070,665	$ 16,817,995
Represented by:		
Cash and cash equivalents	$ 24,234,982	$ 14,104,071
Cash held in trust	329,459	2,034,162
Cash held in trust included in Trust Funds	5,506,224	679,762
	$ 30,070,665	$ 16,817,995

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Economic Dependence

The Manitoba Development Corporation (the "corporation") provides loans, guarantees and investments under Part I and Part II of the Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the corporation, while Part II activities are at the direction of the Province of Manitoba.

The corporation's lending operations under Part I were suspended effective November 15, 1977 except at the direction of the Province of Manitoba. The corporation's lending and investment operations under Part II continue under the direction of the Province of Manitoba. The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for these financial assets to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets.

The corporation considers its capital to comprise its shareholder's equity (including share capital, restricted surplus and unrestricted surplus). There have been no changes to what the corporation considers to be its capital since the previous period.

As a government enterprise, the corporation's operations are reliant on revenues generated annually. The corporation has accumulated surplus over its history, which are included in accumulate surplus in the statement of financial position. A portion of these accumulated funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted surplus for the year to be equal to three years operating expenses of the Business Immigration and Investment Branch (based on the most recent years actual expenses) plus 25% of the previous year's PNP-B forfeitures as a reserve which would not be available for annual distribution to the Province. Any excess beyond that amount, once it has been released by the Province would then be transferred to unrestricted retained earnings. For the year ended March 31, 2014, the Corporation has complied with these restrictions.

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. Public sector accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

3. **Summary of Significant Accounting Policies**

a) Revenue

Income from deposit retentions is recognized when depositors fail to meet their agreement terms thereby forfeiting their deposits. Income from investments and loans receivable is recorded when earned.

b) Financial Assets

(i) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

(ii) Loans Receivable Under Part II

Loans are carried at the unpaid principal plus accrued interest, less allowance for doubtful loans. Loans considered uncollectible are written-off.

Interest on loans is recorded as income on an accrual basis except for loans considered impaired. When a loan becomes impaired, recognition of interest ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the portfolio. Specific allowances reduce the carrying value of loans identified as impaired to their net realizable amounts. In addition to specific allowances against identified impaired loans, the corporation maintains a non-specific allowance to cover impairment which is inherent in the loan portfolio which is consistent with industry practice.

(iii) Portfolio Investments

Under PNP-B

The corporation's investment in provincial bonds are accounted for using amortized cost. Any discount or premium arising on purchase is amortized over the period to maturity.

Under Part I

The corporation's investment in GIC's are recognized at cost.

3. **Summary of Significant Accounting Policies (continued)**

(iii) Portfolio Investments (continued)

Under Part II

The corporation's equity in investments related to share capital investments are recorded at cost. The corporation's investments in the Vision Capital Fund, CentreStone Vision Fund, Manitoba Science and Technology Fund and the Canterbury Park Capital Limited Partnership Fund are accounted for using the cost method of accounting.

An allowance for Portfolio Investments is maintained at a level considered adequate to absorb the investment risk in the portfolio. Specific allowances reduce the carrying value of individual fund investments to their net realizable amounts at year end.

(iv) Trust Funds

Trusts funds are deposits held in trust under the Provincial Nominee Program for Business. These deposits are recorded at cost.

c) Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the period. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

d) Expenses

(i) Accrual Accounting

All expenses incurred for goods and services are recorded on an accrual basis.

(ii) Government Transfers

Government transfers are recognized as expenses in the period in which transfers are authorized and eligibility criteria have been met.

e) Operating Losses

Losses under Part I and under Part II of the corporation are the responsibility of the Province and are charged directly against advances received from the Province.

3. Summary of Significant Accounting Policies (continued)

f) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the time of settlement, the financial assets and liabilities are translated into Canadian dollars. An exchange gain or loss is recognized in the statement of operations in the period of settlement.

g) Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the corporation at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

h) Program Administration and Recoveries

Program administration expenses are recognized in the same period that they are incurred. Recovery of Program Administration Expenses revenue is recognized in the same period as the corresponding expense is incurred.

4. Financial Instruments and Financial Risk Management

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The corporation records its financial assets and liabilities at cost, which include cash and cash equivalents, accounts receivable, loans receivable and portfolio investments. The corporation also records its financial liabilities at cost, which include accounts payable and funds provided by the province of Manitoba.

Financial Risk Management Overview

The corporation has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

4. Financial Instruments and Financial Risk Management (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the corporation to credit risk consist principally of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable and trust funds.

The maximum exposure of the corporation to credit risk at March 31 is:

	2014	2013
Cash and cash equivalents	**$ 30,070,665**	$ 16,817,995
Accounts receivable	**996,419**	1,079,015
Loans receivable	**72,433,240**	83,725,620
Portfolio investments	**24,745,619**	28,657,092
Trust funds	**55,278,538**	63,052,059
	$183,524,481	$193,331,781

Cash, cash equivalents and trust funds: The corporation is not exposed to significant credit risk as the cash and term deposits are primarily held by the Minister of Finance.

Accounts receivable, loans receivable and portfolio investments: The corporation establishes an allowance that represents its estimate of potentially uncollectible loans and recoverable portfolio investments. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Management has determined that the allowance required for loans receivable as at March 31, 2014 is $21,118,392 ($19,784,402 in 2013).

Management has determined that the allowance required for portfolio investments as at March 31, 2014 is $5,523,324 is ($7,533,539 in 2013).

4. Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they come due.

The corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the corporation's income or the fair values of its financial instruments. The significant market risk the corporation is exposed to is interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

5. Accounts Receivable

	2014	2013
Other	$ 10,213	$ 5,960
Accrued Interest - PNPB	947,249	1,018,466
Accrued Interest - MDC Part I	38,957	54,589
	$ 996,419	$ 1,079,015

6. Loans Receivable Managed for the Province of Manitoba Under Part II

	2014	2013
Business Support		
Manitoba Industrial Opportunities Program - Repayable	**$ 75,182,970**	$ 85,189,918
Other loans receivable	**18,368,662**	18,320,164
	93,551,632	103,510,082
Allowance for doubtful accounts	**(21,118,392)**	(19,784,462)
	$ 72,433,240	$ 83,725,620

The Manitoba Industrial Opportunities Program provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2014	2013
2014	**$ -**	$ 14,579,322
2015	**3,159,037**	11,090,422
2016	**6,302,265**	11,931,148
2017	**8,588,152**	9,254,193
2018	**8,914,818**	6,384,550
2019	**8,119,779**	6,819,779
Subsequent to 2019	**39,719,950**	24,117,922
Accrued and capitalized interest	**378,969**	1,012,582
	75,182,970	85,189,918
Allowance	**(15,156,448)**	(14,222,518)
	$ 60,026,522	$ 70,967,400

Interest rates charged for Manitoba Industrial Opportunities loans are fixed in reference to the corporation's cost of borrowing from the Province of Manitoba at the time of the first disbursement of the loan proceeds to the debtor.

6. Loans Receivable Managed for the Province of Manitoba Under Part II (continued)

Interest rates charged on loans are as follows:

	2014	2013
Greater than Nil, less than 5%	$ 38,789,740	$ 31,724,608
5% or greater, less than 6%	34,035,331	49,740,411
6% or greater, less than 7%	-	173,387
7% or greater, less than 8%	1,686,667	2,146,667
Royalty-based interest repayment	292,263	392,263
Accrued and capitalized interest	378,969	1,012,582
	75,182,970	85,189,918
Allowance	(15,156,448)	(14,222,518)
	$ 60,026,522	$ 70,967,400

When possible, the corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

7. Portfolio Investments

Managed for the Province of Manitoba Under PNP-B

At March 31, 2014, portfolio investments under the Provincial Nominee Program for Business that are invested with the Province of Manitoba totaled $ 20,204,590 ($ 20,506,843 in 2013). These investments are comprised of provincial bonds. Effective interest rates range from 3.25% to 5.50%. Maturity dates range from September 2014 to December 2014. Interest earned on these portfolio investments during the year totaled $3,371,378 ($3,487,756 in 2013). Amortization of bond premiums during the year amounted to $1,201,256 ($1,342,656 in 2013).

Managed for the Province of Manitoba Under Part I

At March 31, 2014, portfolio investments under Part I are comprised of GIC's. Effective interest rates range from 1.4% to 3.05%. Maturity dates range from May 2014 to February 2017. Fair values are considered to approximate cost. Investments in GIC's totaled $4,439,264 ($4,442,481 in 2013). Interest earned on these portfolio investments during the year totaled $138,418 ($125,537 in 2013).

Managed for the Province of Manitoba Under Part II

	2014	2013
Limited Partnership Investments		
Canterbury Park Capital Fund LLP	**$ 437,095**	$ 1,231,075
CentreStone Vision Fund	**3,358,392**	3,308,262
Manitoba Science and Technology Fund	**1,829,601**	1,826,969
Western Life Sciences Venture Fund LLP	**-**	4,875,000
Vision Capital Fund	**1**	1
	5,625,089	11,241,307
Less allowance for decline in value of investments	**(5,523,324)**	(7,533,539)
Part II	**101,765**	3,707,768
PNP-B	**20,204,590**	20,506,843
Part I	**4,439,264**	4,442,481
	$ 24,745,619	$ 28,657,092

8. Trust Funds/Liabilities - Provincial Nominee Program for Business

	2014	2013
Gross Trust Liabilities	**$ 61,060,459**	$ 63,731,821

The corporation, Manitoba Jobs and the Economy and Labour and Immigration operate a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate. Starting in the 2003 fiscal year, the corporation began entering into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants are required to deposit $100,000 (increased from $75,000 in 2014) with the corporation along with a non-refundable application processing fee of $2,500 which was introduced in 2014. These deposits are held in trust by the corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that the nominees are not granted permanent residency visas by the Government of Canada, the corporation also refunds the deposits. The corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the corporation also has the right, under the agreements, to retain the deposits.

At March 31, 2014, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled $55,278,538 ($63,052,058 in 2013) and with a chartered bank totaled $5,781,921 ($679,762 in 2013). Interest earned on these deposits during the year and retained by the corporation totalled $2,448,095 ($2,323,863 in 2013). Actual deposits retained during the year amounted to $12,797,962 ($14,776,059 in 2013) and are presented net of an allowance adjustment of $300,035 ($150,000 in 2013). Net deposits retained are $12,497,927 ($14,626,059 in 2013).

9. Accumulated Surplus

Accumulated surplus is made up of the following:

	PNP-B	MDC Part I	MDC Part II	2014	2013
Unrestricted surplus	$ 33,753,755	$ 4,916,540	$ -	$ 38,670,295	$ 29,685,208
Restricted surplus	7,246,250	-	-	7,246,250	7,864,467
Share capital	-	1,000	-	1,000	1,000
	$ 41,000,005	$ 4,917,540	$ -	$ 45,917,545	$ 37,550,675

10. Recovery of Program Administration Expenses

The corporation receives recoveries for certain Program Administration Expenses, paid for by the Provincial Nominee Program for Business, from the following source.

	2014	2013
Program participants - PNP-B	$ 19,178	$ 17,521

11. Commitments

Commitments and undisbursed balances of approved loans and portfolio investments under Part II:

	2014	2013
Manitoba Industrial Opportunities Program	$ 5,875,756	$ 7,204,474
Manitoba Science & Technology Fund	670,399	681,631
Canterbury Park Capital	5,711,849	5,725,849
CentreStone Venture Fund Limited	1,431,655	1,481,785
	$ 13,689,659	$ 15,093,739

12. Growing Through Immigration Strategy and Economic Development Support

Funds transferred to support the Growing Through Immigration Strategy and Economic Development are made up of the following, as approved by the Treasury Board:

	2014	2013
Education and Advanced Learning	$ 208,000	$ -
Labour and Immigration	2,994,000	1,223,000
Jobs and the Economy	2,094,000	895,000
	$ 5,296,000	$ 2,118,000

13. Related Party Transactions

The corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

14. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's presentation. Annual surplus for the year remain as previously reported.

15. Subsequent event

The Manitoba Development Corporation Act was proclaimed April 1, 2014. The Act amalgamated the Manitoba Development Corporation, Economic Innovation Technology Council and Manitoba Trade and Investment Corporation, as well as all parts of the original Development Corporation Act. The amalgamation combines the relevant objects and powers of the three organizations under one Act and one corporation, the Manitoba Development Corporation.

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BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditor's Comments on Supplementary Financial Information

To the Shareholder of
MANITOBA DEVELOPMENT CORPORATION

We have audited the financial statements of **MANITOBA DEVELOPMENT CORPORATION** which comprise the statement of financial position as at March 31, 2014 and statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, and have issued a report thereon dated June 24, 2014 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The following supplementary schedule is presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2014

MANITOBA DEVELOPMENT CORPORATION
Schedule of Operations - PNP-B

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Income			
Interest	$ 2,182,000	$ 2,448,095	$ 2,323,863
Deposit retentions	9,000,000	12,497,927	14,626,059
Recovery of Program Administration Expenses	-	19,178	17,521
	11,182,000	14,965,200	16,967,443
Expenses			
Program administration	2,672,000	1,348,920	1,390,151
Transfers to the Department of Labour and Immigration	2,542,000	2,994,000	1,223,000
Transfers to the Department of Jobs and the Economy	4,287,000	2,094,000	895,000
Transfers to the Department of Education and Advanced Learning	208,000	208,000	-
	9,709,000	6,644,920	3,508,151
Annual surplus	$ 1,473,000	8,320,280	13,459,292
Accumulated surplus, beginning of year		32,679,725	19,220,433
Accumulated surplus, end of year		$ 41,000,005	$ 32,679,725

MANITOBA DEVELOPMENT CORPORATION
Schedule of Operations - Part I and Part II

For the year ended March 31

	Budget	MDC Part I	MDC Part II	2014 Total	2013 Total
Income					
Interest	$ 8,906,000	$ 139,075	$ 4,244,841	$ 4,383,916	$ 4,623,887
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts (recovery)	1,922,502	-	933,930	933,930	(232,272)
Provision for decline in value of investments	562,500	-	4,600,821	4,600,821	2,288,250
	11,391,002	139,075	9,779,592	9,918,667	6,679,865
Expenses					
Program administration	96,000	92,485	-	92,485	73,657
Payment of Part II interest on loan receivable to the Province of Manitoba	8,810,000	-	4,244,841	4,244,841	4,479,879
Provision for doubtful accounts (recovery)	1,922,502	-	933,930	933,930	(232,272)
Provision for decline in value of investments	562,500	-	4,600,821	4,600,821	2,288,250
Foreign currency translation loss	-	-	-	-	2,050
	11,391,002	92,485	9,779,592	9,872,077	6,611,564
Annual surplus	$ -	46,590	-	46,590	68,301
Accumulated surplus, beginning of year		4,870,950	-	4,870,950	4,802,649
Accumulated surplus, end of year		$ 4,917,540	$ -	$ 4,917,540	$ 4,870,950

MANITOBA DEVELOPMENT CORPORATION
Report of Assistance Granted or to be Granted

For the year ended March 31, 2014

Under Part II of the Development Corporation Act, the following new assistance was authorized in the current fiscal year:

MIOP	Term	Amount
C.P. Loewen Enterprises Ltd.	7 year repayable term loan	**$ 6,500,000**

Other Under the Direction of the Province of Manitoba	Term	Amount
Manitoba Cattle Enhancement Council	1 year repayable term loan	**$ 950,000**

Management's Responsibility

To the Board of Directors of Manitoba Film & Sound Recording Development Corporation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance and Planning Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Finance and Planning Committee also undertakes the responsibilities of an Audit Committee. The Finance and Planning Committee is appointed by the Board to review the financial statements in detail with management and to recommend them to the Board prior to their approval of the financial statements for publication.

External auditors are appointed to audit the financial statements and report directly to the Finance and Planning Committee; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance and Planning Committee and management to discuss their audit findings.

May 28, 2014

Carole Vivier, CEO

Kevin Gabriel, Manager of Finance and Operations

Independent Auditors' Report

To the Board of Directors of Manitoba Film & Sound Recording Development Corporation:

We have audited the accompanying financial statements of Manitoba Film & Sound Recording Development Corporation, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Film & Sound Recording Development Corporation as at March 31, 2014, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

May 28, 2014

Chartered Accountants

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

MNP LLP

Manitoba Film & Sound Recording Development Corporation
Statement of Financial Position
As at March 31, 2014

	2014	*2013*
Assets		
Current		
Cash *(Note 3)*	**1,511,581**	1,362,522
Short-term investment *(Note 4)*	**61,775**	-
Accounts receivable	**906**	18,327
Prepaid expenses	**52,914**	53,793
	1,627,176	1,434,642
Capital assets *(Note 5)*	**91,424**	99,248
	1,718,600	1,533,890
Liabilities		
Current		
Accounts payable and accruals	**179,739**	106,043
Carry-over commitments *(Note 6)*	**1,102,787**	963,399
	1,282,526	1,069,442
Net Assets		
Invested in capital assets	**91,424**	99,248
Unrestricted	**344,650**	365,200
	436,074	464,448
	1,718,600	1,533,890

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Manitoba Film & Sound Recording Development Corporation
Statement of Operations
For the year ended March 31, 2014

	2014	2013
Revenues		
Province of Manitoba	**3,865,600**	3,944,600
Other	**14,588**	63,079
	3,880,188	4,007,679
Expenses (Schedule 1)		
Corporate Services	**216,833**	213,295
Film Commission/Location Services	**348,862**	344,465
Film and Television Programs	**1,944,992**	2,196,692
Industry Support	**302,215**	327,950
Music Programs	**551,800**	570,862
Program Delivery - Film and Television and Music Programs *(Note 9)*	**695,149**	702,001
	4,059,851	4,355,265
Excess of expenses over revenue before program recoupments	**(179,663)**	(347,586)
Program recoupments *(Note 12)*	**151,289**	221,919
Excess of expenses over revenue *(Note 16)*	**(28,374)**	(125,667)

The accompanying notes are an integral part of these financial statements

Manitoba Film & Sound Recording Development Corporation
Statement of Changes in Net Assets
For the year ended March 31, 2014

	Invested in capital assets	*Unrestricted*	***2014***	*2013*
Net assets, beginning of year	99,248	365,200	**464,448**	590,115
Excess of expenses over revenue	(15,368)	(13,006)	**(28,374)**	(125,667)
Purchase of capital assets	7,544	(7,544)	**-**	-
Net assets, end of year	**91,424**	**344,650**	**436,074**	464,448

The accompanying notes are an integral part of these financial statements

Manitoba Film & Sound Recording Development Corporation
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Excess of expenses over revenue	**(28,374)**	(125,667)
Amortization	**15,368**	16,507
	(13,006)	(109,160)
Changes in working capital accounts		
Accounts receivable	**17,421**	(15,638)
Prepaid expenses	**879**	8,311
Short-term investment	**(61,775)**	-
Accounts payable and accruals	**73,696**	32,784
Carry-over commitments	**139,388**	11,253
Deferred recoupment revenue	**-**	(136,835)
	156,603	(209,285)
Capital activity		
Purchase of capital assets	**(7,544)**	(9,396)
Increase (decrease) in cash resources	**149,059**	(218,681)
Cash resources, beginning of year	**1,362,522**	1,581,203
Cash resources, end of year	**1,511,581**	1,362,522

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Manitoba Film & Sound Recording Development Corporation (the "Organization") is a statutory corporation created by the Province of Manitoba through The Manitoba Film and Sound Recording Development Corporation Act and is exempt from income taxes. The chief objective of the Organization is to foster growth of the Manitoba film and music recording industries by providing financing and other assistance.

The Organization has been designated by the Minister of Finance to administer the Manitoba Film and Video Production Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards for government non-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and include the following significant accounting policies:

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. The annual rates are as follows:

	Rate
Computer equipment	20 %
Equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	5 %
Website	30 %

Program funding

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and music recording artists and industries. The grant may take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

Revenue recognition

a) Program recoupments

Any recovery of principal or return on investment of programs funded is recorded as program recoupments when received.

b) Province of Manitoba funding

Province of Manitoba funding is based on the Province of Manitoba's annual allocation to the Organization and is recorded as revenue on an accrual basis.

c) Jump Start program recoupments

Any recovery of principal or return on investment of programs funded under the Jump Start program must be re-invested in the Organization's Market Driven Television Production and Market Driven Feature Film Production financing programs within the fiscal year that the recoupment occurs, if possible. If not possible, recoupments will be deferred to the following fiscal year and recognized as revenue at that time.

Short-term investments

Short-term investments consist of guaranteed investment certificates held with the Organization's financial institution, and are measured at cost less impairment.

MNP LLP

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards for government non-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is provided based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

2. Significant accounting policies *(Continued from previous page)*

Pension costs and obligations

The Organization provides pension benefits to its employees.

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund (the "Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The Organization's contribution for the year was $49,072 (2013 - $42,426) and is included in employees benefits expense.

In addition, certain employees of the Organization are entitled to enhanced pension benefits. A pension liability has been established for those employees whose annual earnings exceed the limit under the Civil Service Superannuation Fund Plan. The Organization's contribution for the year was $nil (2013 - $nil) and is included in the calculation of employees benefits expense. The cost is actuarially determined using the projected benefit methods and reflects management's best estimate of salary increase and the age at which the employee will retire.

3. Cash

	2014	*2013*
Cash	**408,794**	399,123
Internally designated cash	**1,102,787**	963,399
	1,511,581	1,362,522

Cash on deposit and internally designated cash earns monthly interest at the Chartered Bank's commercial rates. The Organization has internally designated a portion of its cash as noted above to satisfy commitments made as disclosed in Note 6 for carry-over commitments.

4. Short-term investment

Short-term investments consist of a guaranteed investment certificate with a maturity date of March 27, 2015, bearing interest at a rate of 1% per annum.

5. Capital assets

			2014
	Cost	***Accumulated amortization***	***Net book value***
Computer equipment	**60,013**	**53,147**	**6,866**
Equipment	**9,243**	**7,184**	**2,059**
Furniture and fixtures	**58,692**	**56,348**	**2,344**
Leasehold improvements	**139,154**	**61,031**	**78,123**
Website	**28,663**	**26,631**	**2,032**
	295,765	**204,341**	**91,424**

			2013
	Cost	*Accumulated amortization*	*Net book value*
Computer equipment	**57,850**	**55,240**	**2,610**
Equipment	**8,802**	**6,024**	**2,778**
Furniture and fixtures	**139,154**	**54,073**	**85,081**
Leasehold improvements	**28,663**	**25,197**	**3,466**
Website	**53,752**	**48,439**	**5,313**
	288,221	**188,973**	**99,248**

6. Carry-over commitments

Due to lead times required to obtain all the resources necessary to complete film, television and music recording projects, the Organization approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2014 and prior years, which were not fully advanced as at March 31, 2014 are as follows:

	Year of Commitment			**Total**	
	2013-2014	2012-2013	2011-2012 & older	**2014**	2013
Development Financing Programs	124,289	3,900	-4,366	123,823	13,236
Production Financing Programs	519,297	228,950	27,500	775,747	759,950
Emerging Talent Matching Funds	10,172	2.100	2,200	14,472	7,437
Feature Film Marketing Program	7,500	-	-	7,500	1,100
Access to Markets/Festivals	5,000	-	-	5,000	5,000
Industry Support	-	2,500	-	2.500	18,450
	666,258	**237,450**	**25,334**	**929,042**	**805,173**
Sound Recording Production Fund Level 1	7,200	-	-	7,200	3,600
Sound Recording Production Fund Level 2	47,250	26,525	-	73,775	80,075
Sound Recording Production Fund Level 3	16,000	6,375	-	22,375	7,375
Music Video Fund	250	700	-	950	6,383
Record Product Marketing Fund	23,995	1,273	-	25,268	29,556
Recording Artist Touring Fund	33,177	-	-	33,177	26,337
Market Access Fund	11,000	-	-	11,000	5,000
	138,872	**34,873**	**-**	**173,745**	**158,226**
	805,130	**272,323**	**25,334**	**1,102,787**	**963,399**

7. Industry support

The Organization indirectly supports the on-going development of creative talent, business skills and capacity building of various film, television and music recording professionals by providing funding for specific programming administered by organizations such as Manitoba Music, On Screen Manitoba, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include Access to Markets, Aboriginal Music Program, Features First, Drama Prize, Totally Television, New Voices and WFG First Film, Post-Production and Marketing funds.

8. Lease commitments

The Organization occupies leased premises subject to minimum monthly rent payments until August 2018, plus various equipment leases with quarterly payments until December 2017. Future minimum annual payments are as follows:

2015	72,702
2016	77,940
2017	72,268
2018	75,474
2019	22,691
	321,075

9. Program delivery

Program delivery also includes the expenses associated with the delivery of the Manitoba Film & Video Production Tax Credit Program ("MTC"). While the value of the MTC does not flow through the Organization, the management of it does and is therefore determined to be worth noting. A total of 119 applications were received for processing during the 2014 fiscal year (2013 - 128). This represents production activity for projects which took place in the current and prior years, in excess of $136 million worth of production activity (2013 - $149 million). The tax credits are subject to approval by the Province of Manitoba. The cost to administer the Program in the fiscal year was approximately $88,302 (2013 - $73,292).

10. Capital management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide financial and other assistance to applicants.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Organization may decrease expenses or seek other sources of funding.

The Organization manages the following as capital:

	2014	*2013*
Invested in capital assets	**91,424**	99,248
Unrestricted net assets	**344,650**	365,200
	436,074	464,448

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take. There have been no significant changes in the Organization's capital management objectives, policies and processes during the year.

11. Pension obligations

The Organization measures its accrued enhanced pension benefit obligation as of December 31 each year. The most recent actuarial report was December 31, 2012. Information about the Organization's enhanced pension benefit plan is as follows:

	2014	*2013*
Enhanced pension obligation		
Balance, beginning of year	**36,324**	-
Current service costs	**3,252**	-
Past service costs	**-**	36,324
Interest cost	**2,315**	-
Experience loss and transitional adjustment	**19,884**	-
Balance, end of year	**61,775**	36,324
Enhanced pension expense consists of the following:		
Current service cost	**3,252**	-
Past service cost	**-**	36,324
Interest cost	**2,315**	-
Experience loss and transitional adjustment	**19,884**	-
Balance, end of year	**25,451**	36,324
Significant actuarial assumptions:		
Discount rate	**6.00%**	6.00%
Rate of compensation increase	**3.75%**	2.00%

12. Program recoupments

During the year the Organization received $2,481 (2013 - $nil) in program recoupments related to the Jump Start program. These funds were reinvested into new projects during the year.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, liquidity, or other price risks arising from these financial instruments.

14. Economic dependence

The Organization's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

15. Subsequent event

On April 9, 2014, a group withdrew its application for funding in the amount of $260,000. This amount is expected to be used to fund additional projects in the upcoming fiscal year.

16. Budget

During the year, the Board approved its operating budget based on planned expenses and the use of unrestricted net assets to cover any excess of expenses over revenue for the year.

	2014	2013
Expenses		
Program Delivery - Film and Television and Music		
Salaries	**501,279**	489,141
Operating	**193,870**	212,860
	695,149	702,001
Film Commission/Location Services		
	348,862	344,465
Industry Support		
Film industry associations	**50,000**	140,000
Film sponsorships/partnerships	**47,365**	42,825
Music industry associations	**185,000**	125,000
Music sponsorships/partnerships	**19,850**	20,125
	302,215	327,950
Corporate Services		
Salaries	**144,806**	137,193
Operating	**72,027**	76,102
	216,833	213,295
Music Programs		
Music Recording Production Level III	**169,492**	194,816
Music Video	**9,306**	30,220
Record Product Marketing Support	**109,459**	90,110
Recording Artist Touring Support	**263,543**	255,716
	551,800	570,862
Film and Television Programs		
Development Funding	**250,201**	106,347
Production Financing	**1,647,083**	1,930,165
Emerging Talent Matching Funds	**38,806**	12,686
Feature Film Marketing	**6,421**	10,659
Jump Start	**2,481**	136,835
	1,944,992	2,196,692
Total expenses	**4,059,851**	4,355,265

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance of the
Province of Manitoba and Directors of the
Manitoba Floodway and East Side Road Authority

We have audited the accompanying financial statements of the **Manitoba Floodway and East Side Road Authority**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Manitoba Floodway and East Side Road Authority** as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Winnipeg, Canada,
July 10, 2014.

Chartered Accountants

Manitoba Floodway and East Side Road Authority

STATEMENT OF FINANCIAL POSITION

As at March 31

	2014 $	2013 $
ASSETS		
Funds on deposit with Minister of Finance	**15,305,271**	8,894,350
LIABILITIES		
Accounts payable and accrued liabilities	**10,497,849**	5,593,024
Interest payable	**—**	1,838,092
Due to the Province of Manitoba *[note 3]*	**4,807,422**	1,463,234
Total liabilities	**15,305,271**	8,894,350
Contractual obligations and contingencies *[notes 6 and 9]*		
Net financial assets and accumulated surplus	—	—

See accompanying notes

On behalf of the Board:

Director

Director

Manitoba Floodway and East Side Road Authority

STATEMENT OF OPERATIONS

Year ended March 31

	Budget [unaudited] $ [note 10]	2014 $	2013 $
REVENUE			
Floodway expansion	1,010,437	**895,359**	1,409,909
East Side transportation initiative	8,561,357	**7,446,561**	6,326,771
Operating grants	1,951,052	**1,323,665**	1,271,823
	11,522,846	**9,665,585**	9,008,503
EXPENSES			
Salaries and benefits	7,515,834	**5,716,726**	5,409,756
Other operating expenses			
Transportation	751,612	**1,009,101**	861,159
Communications	265,100	**180,758**	206,335
Supplies and services	1,554,100	**1,632,305**	1,465,649
Minor capital	280,500	**104,621**	15,145
Other operating	1,155,700	**1,022,074**	1,050,459
	4,007,012	**3,948,859**	3,598,747
	11,522,846	**9,665,585**	9,008,503
Annual operating surplus for the year	—	**—**	—

See accompanying notes

Manitoba Floodway and East Side Road Authority

STATEMENT OF CASH FLOWS

Year ended March 31

	2014 $	2013 $
OPERATING ACTIVITIES		
Annual operating surplus for the year	—	—
Net change in non-cash working capital balances related to operations		
Accounts payable and accrued liabilities	177,222	488,059
Cash provided by operating activities	177,222	488,059
INVESTING ACTIVITIES		
Capital assets constructed on behalf of the Province of Manitoba	(71,757,900)	(80,877,350)
Net changes in non-cash working capital balances related to capital		
Accounts payable and accrued liabilities	4,727,603	(2,202,658)
Interest payable	(1,838,092)	(391,504)
Contributions related to capital assets	71,757,900	80,877,350
Cash provided by (used in) investing activities	2,889,511	(2,594,162)
FINANCING ACTIVITIES		
Due to the Province of Manitoba	3,344,188	(5,173,623)
Cash provided by (used in) financing activities	3,344,188	(5,173,623)
Net increase (decrease) in funds on deposit with the Minister of Finance during the year	6,410,921	(7,279,726)
Funds on deposit with the Minister of Finance, beginning of year	8,894,350	16,174,076
Funds on deposit with the Minister of Finance, end of year	15,305,271	8,894,350

See accompanying notes

Manitoba Floodway and East Side Road Authority

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The Manitoba Floodway Authority Act was proclaimed into effect on November 1, 2004. The Act established a crown corporation, the Manitoba Floodway Authority ["MFA"] and dissolved the Manitoba Floodway Expansion Authority Inc. ["MFEA"] which had been incorporated October 3, 2003. The one outstanding share of the MFEA was redeemed upon dissolution for $1. The purpose of the Authority is to assume the existing operations of the MFEA and to act as the agent of the Manitoba Government in the construction and maintenance of the Red River Floodway.

On December 1, 2009, Bill 31, the Manitoba Floodway Authority Amendment Act was officially proclaimed establishing the Manitoba Floodway and East Side Road Authority [the "Authority"]. The expanded mandate includes constructing and maintaining an all-season road on the east side of Lake Winnipeg, ensuring that the expansion of the floodway and east side road construction are carried out in a manner that provides increased benefits, and maximizes the benefits provided.

The Manitoba Floodway and East Side Road Authority is exempt from income taxes under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as established by the Canadian Public Sector Accounting Board.

Tangible capital assets

Tangible capital assets in excess of $10,000 are recorded at cost and are amortized on a straight line basis according to their estimated useful life. Purchases under $10,000 are expensed in the year of purchase. The Authority follows the same capital asset policy as the Province of Manitoba.

Employee future benefits

In accordance with the provisions of The Civil Service Superannuation Act (Act), employees of the Authority are eligible for pension benefits in accordance with the Civil Service Superannuation Act. Plan members are required to contribute to the Civil Service Superannuation Fund ["Fund"] at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The Authority is required to make contributions equal to the amounts contributed to the Fund by the employees. Under this Act, the Authority has no further pension liability. Contributions during the year amounted to $276,704 [2013 - $229,915].

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. The Authority determines the classification of its financial instruments at initial recognition.

The Authority's financial instruments include funds on deposit with the Minister of Finance, amounts due to the Province of Manitoba, account payable and accrued liabilities and interest payable. These financial instruments are initially recorded at fair value and subsequently measured at cost, net of any provisions for impairment. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The book value of the Authority's financial assets and liabilities approximates their fair value due to the short-term nature of the balances.

Revenue

Revenue from government grants from the Province of Manitoba are recognized in the period in which the transactions or events occurred that gave rise to the revenue. Revenue from government transfers are recognized when the transfer is authorized and any eligibility criteria are met.

Expenses

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingencies as at the date of the financial statements and reported amounts of revenue and expenditures recorded in the period. Actual results could differ from those estimates.

3. DUE TO THE PROVINCE OF MANITOBA

The Authority receives interest bearing advances of approved funding from the Province of Manitoba at rates established by the Minister of Finance. At March 31, 2014, $4,807,422 was payable to the Province of Manitoba [2013 - $1,463,234].

4. TRANSACTIONS RELATED TO OPERATIONS AND CAPITAL

The Province of Manitoba has a shared cost agreement with the Government of Canada for both capital and operating expenditures related to the Red River floodway expansion project. All eligible costs are shared equally. The Authority receives its funding from the Province of Manitoba. Claims under the shared cost agreement are submitted by the Authority on behalf of the Province of Manitoba with funds received from the Government of Canada recorded in the Operating Fund of the Province of Manitoba.

Government transfers from the Government of Canada under this shared cost agreement in the amount of $6,055,300 [2013 - $5,510,754] are recorded as revenue in the Operating Fund of the Province of Manitoba.

Grants from the Province of Manitoba of $1,323,669 [2013 - $1,271,823] related to operating expenses were reflected in the operations of the Authority. The Authority also received funding from the Province of Manitoba for operating expenses related to the floodway expansion project of $895,359 [2013 - $1,409,909] and $7,446,561 [2013 - $6,326,771] related to the east side road transportation initiative.

5. TANGIBLE CAPITAL ASSETS CONSTRUCTED ON BEHALF OF THE PROVINCE OF MANITOBA

During the year, the Authority received $71,757,900 [2013 - $80,877,350] of funding from the Province of Manitoba for the construction of tangible capital assets on behalf of the Province of Manitoba. The funding was utilized for the construction of the floodway expansion and the east side road transportation initiative as outlined below.

As an agent of the Province of Manitoba, capital expenditures incurred and transferred to the Province of Manitoba during 2014 and 2013 for the floodway expansion are as follows:

	2014 $	2013 $
Administration	**895,420**	1,409,909
Contract administration and final design	**1,783,888**	2,684,192
Environmental mitigation	**663,206**	328,928
Floodway channel	**685,120**	1,258,214
Inlet structure	**4,978,152**	5,769,592
Insurance	**332,561**	100,276
Interest	**—**	572,005
Land	**30,997**	62,541
Pedestrian bridge	**—**	94,383
Railway bridge	**199,360**	—
Roadway bridge	**—**	99,207
	9,568,704	12,379,247

Capital expenditures incurred and transferred to the Province of Manitoba during 2014 and 2013 for the east side road transportation initiative are as follows:

	2014 $	2013 $
Administration	**7,459,557**	6,326,771
Contract administration	**4,198,389**	5,271,262
Environmental assessment and licensing	**2,404,691**	1,533,169
Engineering design	**4,912,693**	3,985,210
Interest	**1,017,860**	1,266,087
Preconstruction activities	**19,629,434**	7,037,671
Roads	**14,662,640**	21,880,318
Bridges	**7,903,932**	21,097,615
	62,189,196	68,398,103

Since the inception of the Authority on November 1, 2004, the cost of tangible capital assets constructed on behalf of the Province of Manitoba total $632,147,569 [2013 - $622,578,865] for the floodway expansion and $233,677,702 [2013 - $171,488,506] for the east side road transportation initiative.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

6. CONTRACTUAL OBLIGATIONS

As an agent of the Province of Manitoba, the Authority has entered into various contracts in all phases of the projects. Contractual obligations relating to the projects totaled $96,320,202 at March 31, 2014 [2013 - $98,960,529].

Contractual obligations for the lease of office space from the Province of Manitoba Department of Transportation and Government Services for the next year are as follows:

	$
2015	282,332

7. ECONOMIC DEPENDENCE

The Authority is economically dependent on funding received from the Province of Manitoba.

8. PUBLIC SECTOR COMPENSATION DISCLOSURE

For the purpose of the Public Sector Compensation Disclosure Act, all compensation for employees is disclosed in a separate audited statement available on request.

9. CONTINGENCIES

Various individual accident claims are pending filing against the Authority. As the outcomes of these matters are not determinable and amounts cannot be reasonably estimated at this time, liabilities have not been recorded in the financial statements.

10. BUDGET FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Treasury Board and the Legislature.

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of the Manitoba Gaming Control Commission:

We have audited the accompanying financial statements of the Manitoba Gaming Control Commission, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and surplus (deficit), change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Gaming Control Commission as at March 31, 2014, and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
June 27, 2014

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

MANITOBA GAMING CONTROL COMMISSION
Statement of Financial Position

For the year ended March 31		Actual 2014		Actual 2013
Financial assets				
Cash and cash equivalents	$	3,196,958	$	3,118,244
Accounts receivable (Note 4)		54,466		39,739
Long-term investment (Note 5)		146,079		146,079
		3,397,503		3,304,062
Liabilities				
Accounts payable and accrued liabilities (Note 6)		751,906		593,905
Employee future benefits – severance (Note 7)		830,626		781,037
Employee future benefits – sick leave (Note 7)		75,653		62,811
Employee future benefits – pension (Note 7)		94,909		53,060
Total employee future benefits		1,001,188		896,908
		1,753,094		1,490,813
Net financial assets		1,644,409		1,813,249
Non-financial assets				
Tangible capital assets (Note 8)		279,963		300,145
Prepaid expenses		36,825		35,809
		316,788		335,954
Accumulated surplus	$	1,961,197	$	2,149,203

On behalf of the Board:

Commissioner

Commissioner

The accompanying notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Statement of Operations and Accumulated Surplus (Deficit)

For the year ended March 31	Budget 2014	**Actual 2014**	Actual 2013
Revenue			
Registration fees	$ 4,676,500	**$ 4,561,705**	$ 4,537,263
Licence fees	1,324,700	**1,200,612**	1,163,073
Interest earned	44,400	**45,416**	42,087
Other revenue	34,200	**32,540**	37,939
	6,079,800	**5,840,273**	5,780,362
Expenses			
Salaries and benefits	4,630,800	**4,321,320**	3,936,951
Rent	383,600	**377,994**	375,862
Legal and professional fees	197,700	**234,921**	157,917
Amalgamation expenses (Note 9)	100,000	**183,370**	222,628
Supplies and services	164,400	**174,373**	104,899
Transportation	183,500	**145,554**	145,075
Communications	109,200	**123,922**	108,938
Commission board	104,200	**121,759**	41,050
Education, training, conferences	148,700	**109,082**	108,208
Amortization	76,200	**68,154**	66,556
First Nations legal and professional	0	**64,196**	9,170
Accommodations	62,100	**49,312**	44,175
HR/Systems support	44,900	**30,715**	30,998
Other expenses	35,600	**21,896**	17,447
Loss on disposal of tangible capital assets	0	**1,711**	8,078
Public education	100,000	**0**	8,109
	6,340,900	**6,028,279**	5,386,061
Annual surplus (deficit)	(261,100)	**(188,006)**	394,301
Accumulated surplus, beginning of year	2,208,300	**2,149,203**	1,754,902
Accumulated surplus, end of year	$ 1,947,200	**$ 1,961,197**	$ 2,149,203

The accompanying notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Statement of Change in Net Financial Assets

For the year ended March 31		Budget 2014		**Actual 2014**		Actual 2013
Annual surplus (deficit)	$	(261,100)	**$**	**(188,006)**	$	394,301
Acquisition of tangible capital assets		(69,000)		**(49,683)**		(75,716)
Amortization of tangible capital assets		76,200		**68,154**		66,556
Loss on disposal of tangible capital assets		0		**1,711**		8,078
		7,200		**20,182**		(1,082)
Increase in prepaid expenses		0		**(1,016)**		(276)
Increase (decrease) in net financial assets		(253,900)		**(168,840)**		392,943
Net financial assets, beginning of year		1,895,200		**1,813,249**		1,420,306
Net financial assets, end of year	$	1,641,300	**$**	**1,644,409**	$	1,813,249

The accompanying notes are an integral part of these financial statements.

MANITOBA GAMING CONTROL COMMISSION
Statement of Cash Flows

For the year ended March 31	2014	2013
Operating transactions		
Annual surplus (deficit)	$ (188,006)	$ 394,301
Loss on disposal of tangible capital assets	1,711	8,078
Changes in non-cash items		
Accounts receivable	(14,727)	(3,382)
Prepaid expenses	(1,016)	(276)
Accounts payable and accrued liabilities	158,001	21,572
Provision for employee severance benefits	49,589	51,532
Provision for employee sick leave benefits	12,842	(7,157)
Provision for employee pension benefits	41,849	13,935
Amortization	68,154	66,556
Cash provided by operating transactions	128,397	545,159
Capital transactions		
Cash used to acquire tangible capital assets	(49,683)	(75,716)
Investing transactions	0	0
Financing transactions	0	0
Increase (decrease) in cash and cash equivalents	78,714	469,443
Cash and cash equivalents, beginning of year	3,118,244	2,648,801
Cash and cash equivalents, end of year	$ 3,196,958	$ 3,118,244
Supplemental cash flow information		
Interest received	45,369	41,812

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

The Manitoba Gaming Control Commission (MGCC) was established by *The Gaming Control Act*. The organization's objectives are to regulate and control gaming activity in the province with the aims of ensuring that gaming activity is conducted honestly, with integrity and in the public interest. The organization began its operations on October 20, 1997.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards, established by the Public Sector Accounting Board.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c. Employee Future Benefits

(i) The cost of severance obligations is determined using the annual actuarial report as at March 31, 2014. Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 19 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the MGCC.

(ii) The employees of the MGCC belong to the Province of Manitoba's Superannuation Fund, which is a multi-employer joint trustee plan. The Superannuation Fund is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years.

The joint trustee board of the Superannuation Fund determines the required contribution rates.

The contribution of MGCC to the Superannuation Fund is recorded as an expense for the year.

(iii) The cost of non-vested sick leave benefits are determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement.

d. Tangible Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	20 % declining balance basis
Furniture and fixtures	10 % declining balance basis
Computer equipment	30 % declining balance basis
Leasehold improvements	Straight-line method over remaining term of lease (33 months)

e. Prepaid Expenses

Prepaid expenses include rent, insurance and supplies and are charged to expense over the periods expected to benefit from it.

f. Revenues

Revenues are recorded on an accrual basis except for licence and supplier registration fees, which are recognized on a cash receipt basis.

g. Expenses

Expenses are recorded on an accrual basis.

h. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Financial Instruments and Financial Risk Management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The MGCC records its financial assets at cost. Financial assets include cash and cash equivalents, temporary investments and accounts receivable. The MGCC also records its financial liabilities at cost. Financial liabilities are accounts payable.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.
The MGCC did not incur any re-measurement gains and losses during the year ended March 31, 2014 (2013 - $nil).

The MGCC has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, interest risk and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the MGCC to credit risk consist principally of cash and cash equivalents and accounts receivable.

The maximum exposure of the MGCC to credit risk at March 31, 2014 is:

	2014	2013
Cash and cash equivalents	$ 3,196,958	$ 3,118,244
Accounts receivable	54,466	39,739
	$ 3,251,424	$ 3,157,983

Cash and cash equivalents: The MGCC is not exposed to significant credit risk as the deposits are primarily held by the Minister of Finance.

Accounts receivable: The MGCC is not exposed to significant credit risk as the receivable is composed of fees due from clients and payment in full is typically collected when it is due. The MGCC does not use an allowance for doubtful accounts. The policy is to write off any accounts deemed uncollectible during the year.

The aging of accounts receivable as at March 31, 2014 was:

Current	$ 34,931
30 to 60 days past billing date	10,152
61 to 90 days past the billing date	0
More than 90 days past the billing date	9,383
	$ 54,466

Liquidity risk

Liquidity risk is the risk that the MGCC will not be able to meet its financial obligations as they come due.

The MGCC manages liquidity risk by maintaining adequate cash balances. The MGCC prepares and monitors forecasts of cash flows from operations and anticipated investing and financing activities. The MGCC continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the MGCC's income or the fair values of its financial instruments. The significant market risk the MGCC is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents.

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The MGCC is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. Accounts Receivable

		2014		2013
Charitable licence holders	**$**	**1,832**	$	5,256
Manitoba Lotteries Corporation		**25,969**		9,250
First Nations casinos		**7,200**		7,100
Supplier investigations		**2,452**		1,489
Employee advances		**8,993**		8,993
Interest on short-term investments		**4,787**		4,741
Other trades		**3,233**		2,910
	$	**54,466**	$	39,739

5. Long-Term Investment

The Province of Manitoba had accepted responsibility for the severance pay benefits of $146,079 accumulated to March 31, 1998 for certain employees. Effective March 31, 2013 the Province of Manitoba placed the amount of $146,079 into an interest bearing trust account to be held on the MGCC's behalf until the cash is required to discharge the related liabilities.

6. Accounts Payable and Accrued Liabilities

		2014		2013
Accounts payable and accrued liabilities	**$**	**166,187**	$	65,115
Salaries and benefits payable		**98,720**		74,118
Accrued vacation pay		**474,802**		425,998
Other		**12,197**		28,674
	$	**751,906**	$	593,905

7. Employee Future Benefits

a. Severance Benefits

Effective April 1, 1998, the MGCC commenced recording the estimated liability for accumulated severance pay benefits for its employees. The amount of this estimated liability is determined using the annual actuarial report of severance obligations as at March 31, 2014.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 19 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the MGCC.

An actuarial report was completed for the severance pay liability as of March 31, 2014. The MGCC's actuarially-determined net liability for accounting purposes as at March 31, 2014 was $747,452 (2013 - $698,854). An actuarial gain of $11,119 will be amortized over the expected average remaining service life of the employee group. This gain will begin to be amortized at the beginning of the next fiscal year.

Significant long-term actuarial assumptions used in the March 31, 2014 valuation and in the determination of the March 31, 2014 present value of the accrued severance benefit obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	0.75%
	2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

The severance benefit liability at March 31, 2014 includes the following components:

	2014	2013
Accrued benefit liability	**$ 747,452**	$ 698,854
Unamortized actuarial gains (losses)	**83,174**	82,183
Severance benefit liability	**$ 830,626**	$ 781,037

The total expenses related to severance benefits at March 31, 2014 include the following components:

	2014	2013
Interest on obligation	**$ 45,426**	$ 44,421
Current period benefit cost	**14,291**	(16,884)
	59,717	27,537
Effect of change in assumptions	**0**	29,503
Amortization of actuarial gain over expected average remaining service lifetime (EARSL)	**(10,128)**	(5,508)
Total expense related to severance benefit	**$ 49,589**	$ 51,532

b. Retirement Benefits

Effective April 1, 2005, all employees are members of the Province of Manitoba's defined benefit Superannuation Fund.

In accordance with the provisions of the Civil Service Superannuation Act, employees of the MGCC are eligible for pension benefits. Plan members are required to contribute to the Superannuation Fund at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The MGCC is required to match contributions contributed to the Fund by the employees at prescribed rates, which is recorded as an operating expense. Under this Act, the MGCC has no further pension liability.

The MGCC's portion of contributions to the Superannuation Fund is recognized as an operating expense in the period of contribution. Total contributions for the year are \$231,567. Contributions for the 2013 year were \$193,016.

For employees whose annual earnings exceed the limit under the Superannuation Fund or are a disability retirement, a pension liability is established. Based on the annual actuarial report of pension obligations as at March 31, 2014, a reserve of \$94,909 (2013 - \$53,060) has been established as a pension liability. Due to the nature of the liability, actuarial gains or losses are recognized in operations in the year. Pension costs realized in the year were \$41,849 (2013 - \$13,935). Significant long-term actuarial assumptions used in the March 31, 2014 valuation and in the determination of the March 31, 2014, present value of the accrued basic pension benefit obligations were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%

Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.75%
	2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

c. Non-Vested Sick Leave Benefits

All employees are credited with sick day credits for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in the most recent collective agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement. These assumptions include a 5.00% annual return and a 3.00% annual salary increase.

8. Tangible Capital Assets

March 31, 2014

	Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvements	Total
Cost					
Opening balance	$54,442	$430,830	$1,040,795	$57,318	$1,583,385
Additions		1,798	47,885		49,683
Disposals			(12,746)		(12,746)
Closing balance	$54,442	$432,628	$1,075,934	$57,318	$1,620,322
Accumulated amortization					
Opening balance	$44,361	$291,892	$917,109	$29,878	$1,283,240
Amortization	2,016	13,949	44,872	7,317	68,154
Disposals			(11,035)		(11,035)
Closing balance	$46,377	$305,841	$950,946	$37,195	$1,340,359
				Net Book Value	**$279,963**

March 31, 2013

	Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvements	Total
Cost					
Opening balance	$65,796	$425,112	$1,020,854	$57,318	$1,571,980
Additions	2,985	7,024	65,707		75,716
Disposals	(17,339)	(1,306)	(45,666)		(64,311)
Closing balance	$54,442	$430,830	$1,040,795	$57,318	$1,583,385
Accumulated amortization					
Opening balance	$58,019	$277,780	$914,557	$22,561	$1,272,917
Amortization	2,265	15,144	41,830	7,317	66,556
Disposals	(15,923)	(1,032)	(39,278)		(56,233)
Closing balance	$44,361	$291,892	$917,109	$29,878	$1,283,240
				Net Book Value	$300,145

9. Amalgamation Expenses

In the April 17, 2012, provincial budget, the Province of Manitoba announced the amalgamation of the Manitoba Liquor Control Commission's regulatory responsibilities with those of the MGCC. As a result, the MGCC will be taking over the responsibilities of the Manitoba Liquor Control Commission's Regulatory Services Division. The MGCC has incurred significant amalgamation-related expenses in preparation for this pending event.

10. Commitments

The MGCC has an operating lease for its premises expiring in 2016.

The minimum annual lease payment for the next three years is:

2015	$296,581
2016	$311,834
2017	$233,876

11. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Commissioners.

12. Working Capital Advance

The Minister of Finance, with Lieutenant Governor in Council approval by Orders in Council (341/1997) has arranged for working capital advances to be available to the MGCC. The aggregate of the outstanding advances is not to exceed $2,000,000 (2013 - $2,000,000). As at March 31, 2014, $2,000,000 (2013 - $2,000,000) of these advances were unused and available.

13. Related Party Transactions

The MGCC is related in terms of common ownership to all Province of Manitoba created departments, agencies, and Crown corporations. The MGCC enters into transactions with these entities in the normal course of business.

14. Subsequent Event

The Liquor and Gaming Authority of Manitoba (LGA) began its operations on April 1, 2014. The LGA was established by *The Liquor and Gaming Control Act* and accompanying Lieutenant Governor in Council and LGA board regulations. The LGA regulates liquor sales, service and manufacturing, and regulates gaming employees, products and operations.

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and out of necessity, include some amounts based upon management's best estimate and judgments up to September 17, 2014.

The responsibility of the Auditor General and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The independent auditor's report outlines the scope of the auditor's examination and provides the audit opinion.

Chief Executive Officer

Business Manager

September 17, 2014

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the accompanying financial statements of Manitoba Habitat Heritage Corporation, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Habitat Heritage Corporation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General.

Office of the Auditor General
September 17, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

STATEMENT OF FINANCIAL POSITION

As at March 31	2014	2013
ASSETS		
Current Assets		
Cash	$1,019,906	$739,791
Funds on deposit with Province of Manitoba	-	120,260
Accounts receivable		
Government of Canada	1,049,986	616,870
Province of Manitoba	156,534	48
U.S. Governments	312,110	60,140
Other	48,827	160,812
Prepaid expenses	60,282	37,707
	2,647,645	1,735,628
Capital assets (Note 5)	12,989,920	11,520,503
TOTAL ASSETS	$15,637,565	$13,256,131
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$929,415	$272,132
Deferred contributions related to operations (Note 3)	233,133	308,789
Deferred contributions related to future capital asset acquitions (Note 4 (a))	208,658	249,476
Deferred contributions related to capital assets acquired (Note 4 (b))	13,885	27,910
	1,385,091	858,307
FUND BALANCES		
Invested in capital assets	12,989,920	11,554,593
Unrestricted	673,815	565,610
Internally Restricted (Note 9)	588,739	277,621
	14,252,474	12,397,824
TOTAL LIABILITIES AND FUND BALANCES	$15,637,565	$13,256,131

On Behalf of the Board of Directors:

Director ______________________

Director ______________________

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2014
(with comparative figures for 2013)

	North American Waterfowl Management Plan	Riparian Program	Wetland Restoration Program	Wetland Inventory Program	Capital Assets	Inter Plan / Program Eliminations	2014	2013
REVENUE								
Government of Canada	$598,931	$ -	$270,000	$ -	$ -	$ -	$868,931	$407,758
Province of Manitoba	669,341	100,843	-	150,702	-	-	920,886	867,287
Highways Mitigation Fund, Province of Manitoba	6,623	-	-	-	-	-	6,623	-
U.S. Governments	180,683	-	-	-	-	-	180,683	12,418
Wildlife Habitat Canada	139,546	-	-	-	-	-	139,546	165,000
Royal Bank of Canada	-	75,000	-	-	-	-	75,000	75,000
Conservation districts	9,000	10,820	-	-	-	-	19,820	5,125
Donations	185,596	-	-	-	-	-	185,596	394
Interest income	8,561	85	-	-	-	-	8,646	2,256
Land use revenue	40,557	-	-	-	-	-	40,557	75,581
Mitigation for property damages	26,700	-	-	-	-	-	26,700	10,580
Amortization of deferred contributions (Note 4 (b))	-	-	-	-	14,025	-	14,025	13,747
Management fees	37,990	-	-	-	-	(1,898)	36,092	36,266
	1,903,528	186,748	270,000	150,702	14,025	(1,898)	2,523,105	1,671,412
Amortization of capital assets	-	-	-	-	42,030	-	42,030	24,314
Service delivery - Schedule 1 (NAWMP)	1,560,876	-	-	-	-	-	1,560,876	1,369,272
- Schedule 2 (RP)	-	158,384	-	-	-	(1,898)	156,486	157,808
- Schedule 3 (WRP)	-	-	174,198	-	-	-	174,198	89,177
- Schedule 4 (WLI)	-	-	-	114,511	-	-	114,511	-
	1,560,876	158,384	174,198	114,511	42,030	(1,898)	2,048,101	1,640,571
Excess (deficiency) of revenue over expenses	342,652	28,364	95,802	36,191	(28,005)	-	475,004	30,841
FUND BALANCES								
Fund balances, beginning of year	858,956	(23,706)	7,982	-	11,554,592	-	12,397,824	11,810,835
Investment in capital assets	-	-	-	-	989,996	-	989,996	495,248
Donated land and land use rights	-	-	-	-	389,650	-	389,650	60,900
Interfund transfers (Note 6)	(46,282)	(1,214)	-	(36,191)	83,687	-	-	-
TOTAL FUND BALANCES	$1,155,326	$3,444	$103,784	$ -	$12,989,920	$ -	$14,252,474	$12,397,824

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2014
(with comparative figures for 2013)

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	$475,004	$30,841
Items not affecting cash		
Amortization of deferred contributions	(14,025)	(13,747)
Amortization of capital assets	42,030	24,314
Net change in non-cash working capital	820,241	108,865
Net cash used in operating activities	1,323,250	150,273
CAPITAL ACTIVITIES		
Purchase of capital assets net of disposals	(83,687)	(61,102)
Net change in accounts receivable for acquisition of land rights	(503,373)	(308,622)
Received restricted grants for purchase of land rights	989,996	495,248
Acquisition of land rights with restricted grants	(1,038,108)	(471,008)
Net change in accounts payable for acquisition of land rights	(487,403)	(640)
Net change in deferred contributions related to capital assets	(40,820)	123,288
Received donation of land and land rights	389,650	60,900
Acquisition of donated land and land rights	(389,650)	(60,900)
Net cash used in capital activities	(1,163,395)	(222,836)
INVESTING AND FINANCING ACTIVITIES	-	-
Net increase (decrease) in cash and cash equivalents	159,855	(72,563)
Cash and cash equivalents, beginning of year	860,051	932,614
Cash and cash equivalents, end of year	$1,019,906	$860,051
Cash and cash equivalents consist of :		
Cash	$1,019,906	$739,791
Funds on deposit with Province of Manitoba	-	120,260
	$1,019,906	$860,051
Supplementary Information		
Interest received	$8,694	$2,967

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2014

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (hereinafter called "the Corporation") was established in 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations. Donations to the Corporation are tax deductible by the donor pursuant to The Income Tax Act, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Riparian Program (RP)

In January 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. In fiscal year 2002/03, the name of the program was changed from Green Banks to the Riparian Stewardship Program. In 2006/07 it was changed to the Riparian Program to reflect the broadening of the program activities.

A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) Wetland Restoration Program (WRP)

In 2008/09, Manitoba Water Stewardship created the Wetland Restoration Incentive Program as a means to sequester carbon to help the Province meet its carbon reduction commitments under the Kyoto Agreement. Core funding was provided by Manitoba's Budgeting for Outcomes. In 2013/14 funding changed from the Province to Environment Canada's Lake Winnipeg Basin Stewardship Fund (LWBSF) and the word "Incentive" was also dropped from the name. This program is a partnership with the Corporation and Ducks Unlimited Canada as delivery agents. The Corporation administers all funds on behalf of the agents.

d) Wetland Inventory Project (WLI)

In 2012/13, Manitoba Conservation and Water Stewardship provided funds to the Corporation to set-up the Wetland Inventory Project. The project is currently focusing on mapping of Boreal wetlands in Southeastern Manitoba. This ongoing work is utilizing remotely sensed data and geographic information system analyses to classify wetland types and size. The program provides the Province and MHHC information to help manage Manitoba's wetland resources.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations (GNFPO).

b) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions relating to land and land use rights, which are not amortized, are accounted for as increases in the Capital Assets Fund balance when the capital asset is purchased. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Management fees are recognized as revenue in the year the service is provided.

c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses, if applicable. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost. No remeasurement gains/losses in the year (2013 - nil).

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and funds on deposit with the Province of Manitoba.

e) Capital Assets

The Capital Assets Fund reports the Corporation's capital assets and related amortization expenses.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair market value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets at the rates indicated below.

Computer hardware	- 20%
Computer software	- 33%
Equipment	- 10%
Furniture and fixtures	- 10%
Leasehold improvements	- 10%

2. Significant Accounting Policies (continued)

f) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	RP	WRP	WLI	2014	2013
Balance, beginning of year	$126,843	$93,603	$ -	$88,343	$308,789	$450,948
Less: Revenue recognized in the year	-	(114,413)	-	(114,512)	(228,925)	(199,307)
Add: Amounts transferred from/(to) Capital Fund	-	30,990	-	(36,191)	(5,201)	(91,477)
Add: Revenue received related to						148,625
the following year	-	-	-	158,470	158,470	-
Balance, end of year	$126,843	$10,180	$ -	$96,110	$233,133	$308,789

NAWMP

At March 31, 2014, the Corporation had $76,843 from Manitoba Infrastructure and Transportation as mitigation for Highway 110 construction, and Manitoba Water Stewardship contributed $50,000 for Carp removal at Delta Marsh. At March 31, 2013, Manitoba Infrastructure and Transportation's contribution of $76,843 remained deferred, and Manitoba Water Stewardship contributed $50,000 for Carp removal at Delta Marsh.

RP

At March 31, 2014, the Whitemud Conservation District had $10,180 remaining for riparian conservation and enhancement activities. At March 31, 2013, the Whitemud Conservation District contributed $18,500 for riparian conservation and enhancement activities, the Pembina Valley Conservation District had a remaining balance of $2,500 for the appraisal of a conservation agreement donation, and $72,603 from Water Stewardship remained restricted for the delivery of riparian easements.

WLI

The deferred contributions balance of $96,110 originated from the Province of Manitoba. The 2013 balance was $88,343 also from the Province of Manitoba.

4. Deferred Contributions Related to Capital Assets

a) Deferred Contributions Related to Future Capital Asset Acquisitions

Deferred contributions reported in the Capital Assets Fund related to future capital asset acquisitions represent restricted contributions received with which land and land use rights will be purchased in future years. When the land and land use rights are purchased, the related restricted contributions will be transferred from deferred contributions related to future capital asset acquisitions to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	RP	WRP	WLI	2014	2013
Balance, beginning of year	$144,857	$104,620	$ -	$ -	$249,477	$167,846
Add: Contributions received	79,065	-	-	-	79,065	126,470
Add: Amounts invested in capital assets	(83,894)	(5,000)	-	(36,191)	(125,085)	(94,534)
Add: Amounts transferred from/(to) Operations Fund	-	(30,990)	-	36,191	5,201	49,695
Balance, end of year	$140,028	$68,630	$ -	$ -	$208,658	$249,477

The balance of $208,658 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The deferred contributions at March 31, 2014 consist of $9,673 from the R.M. of Riverside, $79,765 from the Turtle Mountain Conservation District, $36,900 from East Interlake Conservation District, $10,230 from Whitemud Conservation District, $40,590 from Wildlife Habitat Canada, Upper Assiniboine Conservation District contributed $10,000 and $21,500 from the La Salle Redboine Conservation District. The deferred contributions at March 31, 2013 consist of $30,990 from Manitoba Conservation and Water Stewardship, $29,673 from the R.M. of Riverside, $6,623 for Manitoba Infrastructure and Transportation, $20,000 from the Turtle Mountain Conservation District, $40,000 from East Interlake Conservation District, $12,130 from Whitemud Conservation District, $40,590 from Wildlife Habitat Canada, $21,500 from the La Salle Redboine Conservation District and $47, 971 from Potholes Plus.

b) Deferred Contributions Related to Capital Assets Acquired

Deferred contributions related to capital assets represent the unamortized amount of donated capital assets, or funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and changes in fund balances at rates which match the amortization of the related capital asset purchased with the grant.

	2014	2013
Balance, beginning of year	$27,910	$ -
Add: contributions received	-	-
Add: Amounts transferred from Operations Fund	-	41,657
Less: Amounts amortized to revenue	(14,025)	(13,747)
Balance, end of year	$13,885	$27,910

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2014	2013
Land and land use rights	$12,809,266	$ -	$12,809,266	$11,381,507
Computer hardware	303,042	253,228	49,814	31,379
Computer software	156,156	101,637	54,519	54,466
Equipment	173,135	100,873	72,262	49,377
Furniture and fixtures	71,662	69,280	2,382	1,009
Leasehold improvements	4,942	3,265	1,677	2,765
Total capital assets	**$13,518,203**	**$528,283**	**$12,989,920**	**$11,520,503**

Purchases of capital assets in the period are as follows:

	2014	2013
Land and land use rights	$1,427,758	$572,498
Computer hardware	28,686	7,961
Computer software	21,412	52,771
Equipment	30,270	476
Furniture and fixtures	3,320	394
Leasehold improvements	-	(500)
	$1,511,446	$633,600

The sources of funding for land and land use rights are as follows:

	2014	2013
Environment Canada	$446,153	$191,350
U.S. Fish & Wildlife / Delta Waterfowl Foundation	554,955	183,323
Manitoba Conservation and Water Stewardship	-	49,820
Manitoba Infrastructure and Transportation	-	1,800
Manitoba Conservation Districts	37,000	85,305
Donations	389,650	60,900
	$1,427,758	$572,498

NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2014

6. Interfund Transfers

In 2014, $46,282 was transferred from the NAWMP Operating Fund to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions. $1,214 was transferred from the RP operating funds for capital purchases. $36,191 was transferred from WLI. In 2013 a total of $16,740 was transferred from NAWMP and $2,705 from RP for the same purpose.

7. Operational Commitments

The Corporation leases space under existing leases for six NAWMP and one RP office. The minimum annual lease payments for the next three fiscal years are as follows:

2015	$68,099
2016	$34,178
2017	$1,200

The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next four fiscal years are as follows:

2015	$12,405
2016	$8,733
2017	$7,509
2018	$4,512

8. Capital Commitments

At March 31, 2014, the NAWMP and RP had signed several commitments to purchase Conservation Agreements (CAs). These CAs are to be paid out upon filing of the caveats associated with each CA in the 2015 fiscal year. These commitments at March 31, 2014 totaled approximately $314,123 (2013 - $151,625).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

9. Internally Restricted Fund Balances

a) Land Management and Legal Fund

In 2011, the Corporation established an internally restricted fund, funded by non-government revenues, to fund future cash outlays for legal fees required to defend its land and land use rights interests, as well as future management costs associated with these lands and interests. Funds of this nature are a common practice within environmental non-government organizations, such as the Nature Conservancy of Canada and Ducks Unlimited Canada, which have considerable habitat assets protected in perpetuity. The industry standard set by the Canadian Land Trust Alliance is to set aside 15% of total historical asset acquisition costs for this purpose, which would be estimated at $1,921,400 at March 31, 2014 (2013 - $1,707,000) for the Corporation.

The changes in the internally restricted fund balances during the year are as follows:

	2014	2013
Balance, beginning of year	$277,621	$189,236
Less: Approved costs during the year	(90,973)	-
Add: Non-government operating revenue	112,711	87,991
Add: Donations	185,596	394
Balance, end of year	$484,955	$277,621

b) Wetland Restoration Program

At the beginning of this fiscal year this program carried a small balance as it was winding down. However, MHHC signed a new four-year contribution agreement with Environment Canada (EC) under the Lake Winnipeg Basin Stewardship Fund (LWBSF). Under this contribution agreement, EC forwarded a significant proportion of total project funding this fiscal year, however, there is a significant contingent liability in the form of future construction expenses for wetland restoration projects that are now being negotiated. Therefore, the Corporation is internally restricting a portion of received funds for these future liabilities.

The changes in these internally restricted fund balances during the year are as follows:

	2014	2013
Balance, beginning of year	$ -	$ -
Less: Approved costs during the year	(174,198)	-
Add: Transfer from unrestricted	7,982	-
Add: Contributions received	270,000	-
Balance, end of year	$103,784	$ -

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

10. Employment Termination Notice Requirement

Under the terms of the Corporation's employment agreements with its full-time employees, the Corporation has an obligation to provide paid notice of contract termination based on years of service. If the Corporation had ceased operations at March 31, 2014, it would have been required to pay $333,409 (2013 - $322,645) in obligations to its employees, funded by unrestricted fund balances.

11. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Corporation's RPP program, employee contributions to RPP's are matched by the Corporation on a current basis. As a result, the Corporation has no future pension benefit liability to employees, the plan is accounted for as a defined contribution plan. The amounts paid by the Corporation in 2014 were $36,630 (2013 - $35,954). All funds contributed to the RPP are paid to and administered by Manulife Financial.

12. Trust Assets and Liabilities

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Conservation for the Critical Wildlife Habitat Program (CWHP).

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the CWHP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch.

Trust assets held by the Corporation on behalf of this program as at March 31 are as follows:

	2014	2013
Cash and funds on deposit with Province of Manitoba	$344,598	$240,000
Land portfolio	593,280	593,280
	$937,878	$833,280

These amounts are no longer presented in the Corporation's statement of financial position.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2014

13. Management Fees

The Corporation charged the following amounts for services provided by NAWMP to other programs during the year:

	2014	2013
RP	$1,898	$52,215
WRP	-	15,512
CWHP	36,092	36,266
	$37,990	$103,993

14. Economic Dependence

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

15. Related Party Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

16. Contingencies

Subsequent to year-end, a statement of claim was filed against the Corporation. A statement of defense has been filed. It is management's opinion that damages for which the Corporation may become responsible, if any, will be covered by the Corporation's internally restricted fund balances (Note 9) and will therefore, not have a material effect on the Corporation's financial position or results of operations. As at the date of approval of the financial statements, the amount and likelihood of the loss cannot be reliably determined.

17. Financial Instrument Risk Management

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Corporation's financial instrument risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's Chief Executive Officer and Business Manager. The Board of Directors receives regular reports from the Corporation's Chief Executive Officer and Business Manager and through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Corporation's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

17. Financial Instrument Risk Management (continued)

Credit Risk

The Corporation is exposed to credit risk through the possibility of non-collection of its accounts receivable and funds on deposit with Province of Manitoba. The majority of the Corporation's receivables are from government entities which minimizes the risk of non-collection. The Corporation also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding. With respect to credit risk, the Board of Directors receives details of accounts receivable and monitors them regularly. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the statement of financial position for accounts receivable and funds on deposit with the Province of Manitoba.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Interest Rate Risk

The Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its funds on deposit with Province of Manitoba. The Corporation's interest rate risk is mitigated by following the Corporation's investment policy established by The Manitoba Habitat Heritage Act, S.M. 1985-86, c.15-Cap. H3.

18. Capital Disclosures

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations and to draw on the maximum funds available for environmental projects which fall under its mandate. Capital consists of the unrestricted fund balances in the amount of $673,815 (2013 - $565,610), $588,739 (2013 - $277,621) internally restricted for land management/legal costs (see note 9), and externally restricted funds recorded as Deferred Contributions (see notes 3 and 4). All externally restricted capital must be disbursed on predetermined expenses outlined by the funder or returned to the funder within a specified time period. There were no changes in the Corporation's approach to capital management during the period.

19.Comparative Figures

Certain comparative figures have been reclassified to conform to current year presentation.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2014
(with comparative figures for 2013)

SCHEDULE 1

	2014	2013
EXPENSES		
Habitat Activities		
Salaries and benefits	$465,993	$403,668
Field office operations	65,584	58,938
Staff support costs	92,827	78,207
Habitat development	81,868	21,890
Nest basket program	113,966	34,967
Land securement	2,341	714
Mitigation banks	22,794	38,072
Habitat management fees	-	28,688
Property taxes	39,332	16,547
	884,705	681,691
Evaluation	76,956	65,411
Communications		
Salaries and benefits	18,604	16,994
Program delivery	27,262	29,394
	45,866	46,388
Program Coordination		
Salaries and benefits	335,834	409,312
Rent	32,370	42,978
Office expenses	55,272	53,787
Staff support	16,870	15,871
Board remunerations	12,599	9,545
Professional fees	65,139	43,139
Other	35,265	29,839
	553,349	604,471
TOTAL EXPENSES	**$1,560,876**	**$1,397,961**

RIPARIAN PROGRAM

Schedule of Expenses for the year ended March 31, 2014
(with comparative figures for 2013)

SCHEDULE 2

	2014	2013
EXPENSES		
Habitat Activities		
Salaries and benefits	$67,522	$67,452
Field office operations	4,136	4,312
Staff support costs	11,500	11,636
Habitat management fees	-	868
	83,158	84,268
Evaluation	4,100	5,609
Communications	-	1,140
Program Coordination		
Salaries and benefits	53,960	51,473
Rent	6,158	6,876
Office expenses	3,934	2,626
Staff support	2,563	3,455
Board remunerations	4,220	4,772
Professional fees	291	4,066
Program coordination management fees	-	45,738
	71,126	119,006
TOTAL EXPENSES	**$158,384**	**$210,023**

WETLAND RESTORATION PROGRAM

Schedule of Expenses for the year ended March 31, 2014
(with comparative figures for 2013)

SCHEDULE 3

	2014	2013
EXPENSES		
Habitat Activities		
Salaries and benefits	$9,855	$9,469
Staff support costs	7,305	4,444
Project delivery		
MHHC	22,038	42,824
DUC	135,000	20,396
E.G.&S. payments		
MHHC	-	31,780
DUC	-	7,060
TOTAL EXPENSES	**$174,198**	**$115,973**

WETLAND INVENTORY PROGRAM

Schedule of Expenses for the year ended March 31, 2014
(with comparative figures for 2013)

SCHEDULE 4

	2014	2013
EXPENSES		
Habitat Activities		
Salaries and benefits	$92,473	$ -
Field office operations	13,065	-
Staff support costs	1,951	-
Aerial surveys	7,033	-
TOTAL EXPENSES	**$114,511**	**$ -**

MANITOBA
HABITAT
HERITAGE
CORPORATION

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Independent Auditor's Report

To the Members of
MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

We have audited the accompanying financial statements of **MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION**, which comprise the balance sheet as at March 31, 2014 and the statement of operations and deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION** as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
September 22, 2014

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Balance Sheet

March 31	2014	2013
Assets		
Current Assets		
Cash and bank	$ 562,744	$ 502,663
Long-term investment - Miller Environmental Corporation (Note 4)	1,509,486	1,509,486
Capital assets - land, at cost	170,305	170,305
	$ 2,242,535	$ 2,182,454
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 10,160	$ 10,027
Contingencies (Note 6)		
Equity		
Share capital (Note 3)	7,500,000	7,500,000
Deficit	(5,267,625)	(5,327,573)
	2,232,375	2,172,427
	$ 2,242,535	$ 2,182,454

On behalf of the Board:

______________________________ Director

______________________________ Director

The accompanying notes are an integral part of these financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Operations and Deficit

For the year ended March 31		2014		2013
Revenue				
Rent - Miller Environmental Corporation (Note 5)	$	**90,000**	$	90,000
Pattern Energy Wind Rent		**800**		800
		90,800		90,800
Expenses				
General and administrative expenses		**30,852**		30,570
Net income for the year		**59,948**		60,230
Deficit, beginning of year		**(5,327,573)**		(5,387,803)
Deficit, end of year	$	**(5,267,625)**	$	(5,327,573)

The accompanying notes are an integral part of these financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2014		2013
Cash Flows from Operating Activities				
Net income for the year	$	**59,948**	$	60,230
Changes in non-cash working capital balances				
Accounts payable and accrued liabilities		**133**		(630)
Increase in cash and cash equivalents for the year		**60,081**		59,600
Cash and cash equivalents, beginning of year		**502,663**		443,063
Cash and cash equivalents, end of year	$	**562,744**	$	502,663

The accompanying notes are an integral part of these financial statements.

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

(b) Management's Responsibility for the Financial Statements and Basis of Accounting

The financial statements of the corporation are the responsibility of management. The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

(c) Revenue Recognition

Rental revenue is recognized over the term which it applies and when collectibility is reasonably assured.

(d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

1. **Nature of Organization and Summary of Significant Accounting Policies** (continued)

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. **Financial Instruments and Financial Risk Management**

The corporation is exposed to different types of risk in the normal course of operations. There have been no changes in risk exposure since the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of cash and bank and long-term investments.

The maximum exposure of the corporation to credit risk at March 31, 2014 is:

Cash and bank	$ 562,744
Long-term investments	1,509,486
	$ 2,072,230

Cash and bank: The corporation is not exposed to significant credit risk as the cash and bank deposits are primarily held by a Canadian chartered bank.

Long-term investment: The corporation is not exposed to significant credit risk as the long-term investment is in another reliable organization that had positive cash flows and net earnings for the past year. The long-term investment represents an investment in Miller and was written down to $1,000,000 in 2003 due to it being impaired. Since 2003, the shareholders' equity of Miller has increased, which has resulted in the investment not being a significant credit risk to the corporation. During the 2011 yearend, an additional $509,486 was invested in Miller in settlement of rent arrears owing to the corporation.

Liquidity Risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting financial obligations as they become due, and arises from the corporation's management of working capital. The corporation's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the corporation's income or the fair values of its financial instruments. The significant market risks the corporation is exposed to are interest rate risk and foreign currency risk.

2. **Financial Instruments and Financial Risk Management** (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and bank.

The interest rate risk on cash and bank is considered to be low because of the short-term nature of these financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

3. **Share Capital**

The authorized capital of the corporation is 350,000 shares for a maximum consideration of $35,000,000.

The issued capital is as follows:

	2014	2013
75,000 common shares	**$ 7,500,000**	$ 7,500,000

4. **Long-Term Investment - Miller Environmental Corporation**

The investment in Miller is recorded at cost of $3,000,000 less $2,000,000 writedown in 2003 to represent the estimated value of the investment after taking into consideration an impairment in value at that time. In addition, on August 12, 2010 the outstanding rent receivable of $509,486 (net of a $45,000 payment received) from Miller was converted into an additional 1,242,648 Class A Special Preferred Shares in Miller Environmental Corporation for a total of 4,242,648 Shares.

5. **Rent - Miller Environmental Corporation**

On March 1, 2008, a rental agreement was entered into with Miller requiring fixed monthly rent payments of $7,500. The agreement was renewed for the period March 1, 2013 to February 28, 2018 with no change to the rent payments.

6. Contingencies

Under the terms of the agreements with Miller, the corporation would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

7. Economic Dependence

The corporation is economically dependent on Miller. The corporation's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

8. Public Sector Compensation

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $6,917 ($8,116-2013). No employee's compensation exceeded $50,000 per year.

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Independent Auditor's Report

To the Members of the Council of the MANITOBA HEALTH RESEARCH COUNCIL

We have audited the accompanying financial statements of **MANITOBA HEALTH RESEARCH COUNCIL**, which comprise the statement of financial position as at March 31, 2014, and the statement of operations and fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **MANITOBA HEALTH RESEARCH COUNCIL** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 6, 2014

MANITOBA HEALTH RESEARCH COUNCIL
Statement of Financial Position

March 31	2014	2013
Assets		
Current Assets		
Cash and bank	$ 737,134	$ 209,546
Short-term investment (Note 2)	8,038,731	6,053,319
Accounts receivable (Note 3)	29,780	17,692
Accrued interest receivable	41,235	36,695
Prepaid expenses	2,129	2,129
Deposits	500	500
	8,849,509	6,319,881
Capital assets (Note 4)	26,633	31,038
	$ 8,876,142	$ 6,350,919
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	$ 30,193	$ 52,129
Deferred revenue (Note 5)	5,558,570	4,823,679
Research grants payable	2,149,419	393,195
	7,738,182	5,269,003
Commitments (Note 7)		
Fund balance	1,137,960	1,081,916
	$ 8,876,142	$ 6,350,919

Approved on behalf of the Council:

____________________ Director

____________________ Director

The accompanying notes are an integral part of these financial statements.

MANITOBA HEALTH RESEARCH COUNCIL
Statement of Operations and Fund Balance

For the year ended March 31	2014	2013
Revenue		
Province of Manitoba		
Jobs and the Economy	**$ 6,002,600**	$ 6,002,600
Health	**2,000,000**	-
Winnipeg Regional Health Authority	**1,100,000**	-
Other funding	**5,500**	-
Grants returned/rescinded	**335,986**	163,759
Investment income	**139,945**	155,219
	9,584,031	6,321,578
Add deferred revenue, beginning of year	**4,823,679**	5,000,000
Less deferred revenue, end the year	**5,558,570**	4,823,679
	8,849,140	6,497,899
Expenditures		
Administration (Page 12)	**907,206**	946,859
Personnel awards	**1,528,985**	1,498,558
Research grants	**4,091,796**	4,281,711
MS grants and awards	**1,190,109**	176,321
George and Fay Yee Centre for Healthcare Innovation Support Unit	**1,000,000**	-
Manitoba SPOR Network grant	**75,000**	-
	8,793,096	6,903,449
Excess (deficiency) of revenue over expenditures for the year	**56,044**	(405,550)
Fund balance, beginning of year	**1,081,916**	1,487,466
Fund balance, end of year	**$ 1,137,960**	$ 1,081,916

The accompanying notes are an integral part of these financial statements.

MANITOBA HEALTH RESEARCH COUNCIL
Statement of Cash Flows

For the year ended March 31		2014		2013
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenditures for the year	**$**	**56,044**	$	(405,550)
Adjustments for				
Amortization of capital assets		**5,588**		6,048
		61,632		(399,502)
Changes in non-cash working capital balances				
Accounts receivable		**(12,088)**		(7,762)
Accrued interest receivable		**(4,540)**		10,134
Prepaid expenses		**-**		9,500
Accounts payable and accrued liabilities		**(21,936)**		31,026
Deferred revenue		**734,891**		(176,321)
Research grants payable		**1,756,224**		103,968
		2,514,183		(428,957)
Cash Flows from Investing Activities				
Purchase of capital assets		**(1,183)**		(1,985)
Lease revenue from computers		**-**		2,400
		(1,183)		415
Increase (decrease) in cash and cash equivalents during the year		**2,513,000**		(428,542)
Cash and cash equivalents, beginning of year		**6,262,865**		6,691,407
Cash and cash equivalents, end of year	**$**	**8,775,865**	$	6,262,865
Represented by				
Cash and bank	**$**	**737,134**	$	209,546
Short-term investment		**8,038,731**		6,053,319
	$	**8,775,865**	$	6,262,865

The accompanying notes are an integral part of these financial statements.

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Manitoba Health Research Council is a registered charity and is exempt from tax under the Income Tax Act.

Basis of Accounting

The financial statements have been prepared using the Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

Revenue Recognition

The Council follows the deferral method of accounting for contributions. Grant revenue is reflected in income in the period in which the grant is received or becomes receivable and in accordance with the terms of the applicable funding agreements, where there are restrictions related to when the related expenditures are incurred as outlined below. Interest income is recognized as revenue when earned and is allocated to the General Fund.

The General Research funds - General research grants are charged to expenditures in the year the funding is committed for, by the Council. Research grants returned to or rescinded by the Council are recorded as revenues when received or rescinded.

The Regional Partnership funds - awards are charged to expenditures when funding is received from the Province of Manitoba. Regional partnership awards returned to or rescinded by the Council are recorded as revenues when received or rescinded.

The Applied Health Services Research funds - The MHRC is partnering with Manitoba Health, the regional health authorities and the George and Fay Yee Centre for Healthcare Innovation (CHI) to support applied health services research which is relevant to the health system in Manitoba and to support collaborations between policy, makers, service providers and researchers interested in working together to address health system challenges.

Funding through this initiative will provide grants-in-aid of research, designed to defray the normal direct costs of research including, among others, personnel costs, supplies and expendable materials, equipment, computer costs and publication costs. The maximum amount of funding awarded will be $200,000 over a 2-year period.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash and bank and a short-term investment in a cash savings account, that can be redeemed at the organization's request.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Office equipment	20% diminishing balance basis
Computer equipment	20% diminishing balance basis
Computer equipment for review committees	33.3% diminishing balance basis

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash has been designated to be in the fair value category. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Due to the nature of the financial instruments held by Manitoba Health Research Council, there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses are not required for these financial statements.

Grants and Awards

All grants and awards and their renewals are recorded as an expenditure in the year they are committed for.

Administrative Expenditures

Administration expenses are allocated 100% to the General Research Fund.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

For the year ended March 31, 2014

2. Short-term Investment

	2014	2013
Steinbach Credit Union, charity regular savings account, 1.90%, no maturity date.	**$ 8,038,731**	$ 6,053,319

The fair value of the short-term investment approximates the carrying value.

3. Accounts Receivable

	2014	2013
Miscellaneous receivables	**$ 21,981**	$ 9,122
Goods and Services Tax receivable	**7,799**	8,570
	$ 29,780	$ 17,692

4. Capital Assets

	2014		2013	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Office equipment	**$ 21,059**	**$ 17,007**	$ 21,059	$ 17,007
Computer equipment	**49,007**	**26,426**	47,824	20,838
	$ 70,066	**$ 43,433**	$ 68,883	$ 37,845
Cost less accumulated amortization		**$ 26,633**		$ 31,038

5. Deferred Revenue

Deferred revenue of $5,000,000, received from Manitoba Health at the end of March, 2011, is intended to fund clinical research into whether the chronic cerebrospinal venous insufficiency treatment is a safe, effective treatment for Multiple Sclerosis patients. The MS awards made to date include funding of clinical trials undertaken by a research team in Manitoba in partnership with the Canadian Institutes of Health Research, The Canadian Multiple Sclerosis Monitoring System and the Manitoba Centre for Advanced Cell and Tissue Therapies (stem cells). During 2014, $1,190,109 of these funds were utilized and future commitments of $2,966,990 were made.

6. Pension Benefits

Employees of the MHRC are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the MHRC, through the Civil Service Superannuation Fund (CSSF). Effective April 1, 2012, pursuant to an agreement with the Province of Manitoba, the MHRC transferred to the Province the pension liability for its employees.

Commencing April 1, 2012, the MHRC was required to pay to the Province the employees' current pension contributions. The plan is funded by the Council's employees at rates of 6.6% to 8.5% of the employees' salary. The Council is required to match at rates of 5.6% to 7.5% of the employees' salary. The amount contributed by the MHRC for 2014 was $32,660 and the employee share was $35,612 . Under this agreement, the organization has no further pension liability.

7. Commitments

The MHRC has committed grants and awards under the General Research funds, the Regional Partnership funds, MS funds and S Patient Oriented Research funds as follows:

Year	Research General funds	Regional Partnership funds	MS funds	SPOR funds	Total
2015	$ 1,778,900	$ 758,810	$ 2,374,885	$ 1,000,000	$ 5,912,595
2016	1,080,521	-	248,355	1,000,000	2,328,876
2017	525,000	-	125,000	1,000,000	1,650,000
2018	200,000	-	125,000	1,000,000	1,325,000
2019		-	93,750	-	93,750
Total	$ 3,584,421	$ 758,810	$ 2,966,990	$ 4,000,000	$ 11,310,221

Commitments of future years of all the Funds are not recorded as an expenditure in the year of commitment, they are recorded as an expenditure in the year they are committed for. These commitments will be funded as follows:

Current General Research Fund Balance	$ 1,137,960
Deferred revenue	4,891,990
Future Province of Manitoba grants	5,280,271
	$ 11,310,221

For the year ended March 31, 2014

8. Related Party Transactions

The MHRC is related to all Province of Manitoba departments and agencies. During the year, the MHRC had the following transactions with related organizations:

	2014	2013
Grant revenue	**$ 9,102,600**	$ 6,002,600

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Economic Dependence

The MHRC relies almost entirely on grants from the Province of Manitoba.

10. Financial Instrument Risks

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the organization's Executive Director. The Board of Directors receives quarterly reports from the organization's Executive Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The organization's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

Interest Rate Risk

The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its investments. The organization's objective is to minimize interest rate risk by locking in fixed rates on its investments when possible.

At March 31, 2014, a 1% move in interest rates, with all other variables held constant, could impact the interest revenue of the investments by $80,000 (2013 - $60,000). These changes would be recognized in the statement of operations.

10. Financial Instrument Risks (continued)

Credit Risk

The organization is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the organization's receivables are from government entities which minimizes the risk of non-collection. The organization also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has a planning and budgeting process in place to help determine the funds required to support the organization’s normal operating requirements on an ongoing basis. The organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

11. Subsequent Event

The 2014 Manitoba Provincial Budget included the announcement of the government’s intent to change the name of the Council to Research Manitoba and broaden its mandate to include other research funding currently administered by central government.

12. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's presentation.

MANITOBA HEALTH RESEARCH COUNCIL
Schedule of Administrative Expenses

For the year ended March 31	**2014**	2013
Accounting and audit	**$ 7,801**	$ 5,315
Amortization	**5,588**	6,048
Bank charges and interest	**1,507**	1,190
Communications and information technology	**71,384**	112,095
Conferences, meetings and travel	**28,183**	33,032
Consulting and professional fees	**22,386**	11,353
Council and committee expenses	**5,739**	3,459
Delivery	**2,056**	1,440
Insurance	**4,561**	4,586
Marketing	**49,636**	75,982
Office space	**42,372**	42,372
Parking	**2,175**	2,690
Printing, stationery and office supplies	**11,098**	9,647
Repairs and maintenance	**1,563**	2,850
Reviewer's expenses	**20,259**	19,312
Salaries and benefits	**619,660**	612,005
Workshops and training	**11,238**	3,483
	$ 907,206	$ 946,859

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health

We have audited the accompanying financial statements of the Manitoba Health Services Insurance Plan, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and accumulated surplus and net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Health Services Insurance Plan as at March 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
June 23, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Financial Position
As At March 31, 2014
(in thousands of dollars)

	2014	2013
Financial Assets		
Cash	$ 5,786	$ 32,102
Funds on deposit with the Province of Manitoba	273,932	312,792
Due from:		
Province of Manitoba - vacation pay (Note 4)	121,663	121,663
Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
Other Provinces and Territories	35,535	13,370
Other	38,134	25,299
	603,227	633,403
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	351,169	308,134
Due to:		
Province of Manitoba	2,218	75,429
Province of Manitoba - vacation pay (Note 4)	121,663	121,663
Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
	603,227	633,403
Accumulated Surplus and Net Debt	$ -	$ -

(The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.)

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Operations and Accumulated Surplus and Net Debt
For the Year Ended March 31, 2014
(in thousands of dollars)

	Budget 2014	Actual 2014	Actual 2013
Revenue			
Province of Manitoba - Grants	$ 5,067,567	$ 5,065,349	$4,843,730
Inter-provincial reciprocal recoveries - Hospital	67,977	64,937	49,291
Inter-provincial reciprocal recoveries - Medical	16,121	15,632	14,971
Third party recoveries	27,388	25,785	25,436
Miscellaneous	2,000	2,790	2,109
	5,181,053	5,174,493	4,935,537
Expenses			
Health Authorities and Facilities	3,602,943	3,640,248	3,505,830
Medical	1,170,352	1,160,562	1,057,690
Provincial programs	138,698	132,911	127,669
Pharmacare	269,060	240,772	244,348
	5,181,053	5,174,493	4,935,537
Annual Surplus and Net Debt	-	-	-
Accumulated Surplus and Net Debt, Beginning of Year	-	-	-
Accumulated Surplus and Net Debt, End of Year	$ -	$ -	$ -

(The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.)

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Cash Flow
For the Year Ended March 31, 2014
(in thousands of dollars)

	2014	2013
Operating Activities		
Annual Surplus (Deficit)	$ -	$ -
Changes in Working Capital:		
Due from:		
Province of Manitoba	-	-
Other Provinces and Territories	(22,165)	18,415
Other	(12,835)	(8,318)
Accounts Payable and Accrued Liabilities (Note 5)	43,035	(75,903)
Due to:		
Province of Manitoba	(73,211)	17,190
	(65,176)	(48,616)
Financing Activities		
Funds advanced from the Province of Manitoba	-	-
Increase (Decrease) in Cash and Funds on Deposit	(65,176)	(48,616)
Cash and Funds on Deposit with the Province, Beginning of year	344,894	393,510
Cash and Funds on Deposit with the Province, End of year	$ 279,718	$ 344,894
Consists of:		
Cash	5,786	32,102
Funds on Deposit with Province of Manitoba	273,932	312,792
	279,718	344,894

(The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.)

Manitoba Health Services Insurance Plan
Notes to the Financial Statements
For the Year ending March 31, 2014
(amounts in thousands of dollars)

1. Nature of Operations

The Manitoba Health Services Insurance Plan (the Plan) operates under the authority of the Health Services Insurance Act. The mandate of the Plan is to provide health related insurance for Manitobans by funding the costs of qualified hospital, medical, personal care and other health services. The Plan's financial operations are administered outside of the Provincial Consolidated Fund.

2. Significant Accounting Policies

a. General

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b. Revenue Recognition

Grants from the Province of Manitoba are recognized in the period in which the funds are drawn from Provincial Appropriations.

Under inter-provincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Revenue related to reciprocal recoveries is recognized in the period that the services are provided.

Manitoba Health recovers amounts for hospital and medical services provided to individuals who are covered under other insurance plans, primarily Manitoba Public Insurance. Revenue related to third party recoveries is recognized in the period that the services are provided.

All other revenues are recognized at a gross amount on an accrual basis.

c. Financial Instruments

The financial instruments of the Plan consist of cash, funds on deposit, accounts receivable, accounts payable and accrued liabilities, and amounts due to the Province of Manitoba. All of the Plan's financial instruments are carried at cost. Transaction costs related to all financial instruments are expensed as incurred.

Impaired financial assets are written down to their net recoverable value with the write-down being recognized in the statement of operations.

d. Net Debt

Net Debt is equivalent to accumulated surplus as there are no non-financial assets.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include any allowance for doubtful accounts related to accounts receivable, and the estimation of accrued liabilities related to Health Authorities, Medical Service Claims, Pharmacare Claims, and General.

Actual results could differ from these estimates.

f. Administrative and Operating Expenses

The financial statements do not include administrative salaries and operating expenses related to the Plan. These are included in the operating expenses of Manitoba Health.

3. Financial Instrument Risk Management

The Plan has exposure to the following risks from its use of financial instruments: credit; interest rate, and liquidity risk. Based on the Plan's small amount of foreign currency denominated assets, a change in exchange rates would not have a material effect on its Statement of Operations. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Plan to credit risk include cash, funds on deposit, and accounts receivable.

Cash and funds on deposit are not exposed to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba.

Accounts receivable are not exposed to significant credit risk. The majority of the amounts is due from the Province of Manitoba and other provinces and territories; both typically pay in full. No allowance for doubtful accounts is required.

Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its financial obligations as they come due.

The Plan manages liquidity risk by maintaining adequate cash balances and by review from the Department of Health to ensure adequate funding will be received to meet its obligations.

4. Employee Benefits

The Plan revised, in 2005, its funding arrangements related to vacation pay and post employment benefits. Prior to 2005, the Plan did not fund the annual vacation leave earned by employees of the Regional Health Authorities (Health Authorities) and Health Care Facilities (Facilities) until the year vacations were taken. As well, the Plan did not fund post-employment benefits earned by employees of Health Authorities and Facilities until those post-employment benefits were paid. Funding is now provided as vacation pay and post employment benefits are earned by employees subsequent to March 31, 2004.

The amount recorded as due from the Province – vacation pay was initially based on the estimated value of the corresponding liability as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Plan, an amount equal to the current year's expense for vacation pay entitlements.

The amount recorded as due from the Province – post employment benefits is the value of the corresponding actuarial liability for post employment costs as at March 31, 2004. There has been no change to the value subsequent to March 31, 2004 because the Province has provided, in its ongoing annual funding to the Plan, an amount equivalent to the change in the post employment liability including annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related post employment liabilities.

5. Accounts Payable and Accrued Liabilities

	2014	2013
Health Authorities and Facilities	**$197,304**	$154,547
Provincial Health Services	**3,208**	3,817
Medical Service Claims	**115,484**	115,231
Pharmacare Claims	**15,998**	13,015
General	**19,175**	21,524
	$351,169	$308,134

6. Expenditures for Hospital, Medical, and Other Health Services

The following table summarizes expenditures including accrual impact during the fiscal year.

Hospital service payments include services that an insured person is entitled under the Plan to receive at any hospital, surgical facility or personal care home without payment except for any authorized charges that he or she may be liable to pay are:

- in-patient services and out-patient services in a hospital and out-patient services in a surgical facility;
- such services in a hospital as may be specified in the regulations as being additional hospital services that an insured person is entitled to receive under the Plan; and
- subject to any special waiting period in respect of personal care prescribed in the regulations, and subject to meeting the admission requirements for the personal care home personal care provided in premises designated as personal care homes.

Medical service payments include all services rendered by a medical practitioner that are medically required but does not include services excepted by the regulations.

Other health service payments include chiropractic, optometric, or midwifery services, or to services provided in hospitals by certified oral surgeons, or to the provision of prosthetic or orthotic devices, or to any or all of those services.

	2014	**2013**
Hospital Services	**$3,008,358**	$2,907,580
Medical Services	**1,135,011**	1,035,184
Other Health Services	**42,804**	38,364

7. Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

8. Related Party Transactions

In addition to those related transactions disclosed elsewhere in these financial statements, the Plan is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Plan enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

9. The Public Sector Compensation Disclosure Act

The Schedule of Payments pursuant to the provisions of The Public Sector Compensation Disclosure Act is included as part of the Annual Report of Manitoba Health.

10. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation

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Independent Auditor's Report

To the Board of Commissioners of
MANITOBA HORSE RACING COMMISSION

We have audited the accompanying financial statements of **MANITOBA HORSE RACING COMMISSION**, which comprise the statement of financial position as at March 31, 2014, and the statement of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter
The financial statements of MANITOBA HORSE RACING COMMISSION for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 23, 2013.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 17, 2014

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund (Restricted Funds)	Rural Fund (Restricted Funds)	H.B.P.A. Fund (Restricted Funds)	C.T.H.S. Fund (Restricted Funds)	2014 Total	2013 Total
Assets								
Current Assets								
Cash	$ 70,498	$ -	$ -	$ 4,520	$ 34,712	$ 156,989	$ 266,719	$ 290,007
Receivable from the Province of Manitoba - pension	55,139	-	-	-	-	-	55,139	10,818
	125,637	-	-	4,520	34,712	156,989	321,858	300,825
Long-term investment (Note 2)	267,153	-	-	-	-	-	267,153	264,228
Capital assets (Note 3)	-	12,900	-	-	-	-	12,900	14,974
	267,153	12,900	-	-	-	-	280,053	279,202
	$ 392,790	$ 12,900	$ -	$ 4,520	$ 34,712	$ 156,989	$ 601,911	$ 580,027
Liabilities and Fund Balances								
Current Liabilities								
Accounts payable and accrued liabilities	$ 19,813	$ -	$ -	$ 4,520	$ 34,712	$ 156,989	$ 216,034	$ 219,617
Provision for employee pension benefits (Note 4)	322,292	-	-	-	-	-	322,292	275,046
	342,105	-	-	4,520	34,712	156,989	538,326	494,663
Fund Balances								
Unrestricted	50,685	-	-	-	-	-	50,685	70,389
Invested in capital assets	-	12,900	-	-	-	-	12,900	14,975
Restricted	-	-	-	-	-	-	-	-
	50,685	12,900	-	-	-	-	63,585	85,364
	$ 392,790	$ 12,900	$ -	$ 4,520	$ 34,712	$ 156,989	$ 601,911	$ 580,027

Approved on behalf of the Commission:

____________________ Chairman

____________________ Controller

The accompanying notes are an integral part of these financial statements.

Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31							2014	2013
			Restricted Funds					
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	Total
Revenue								
Fees, licenses and fines (Note 5)	$ 146,680	$ -	$ -	$ -	$ -	$ -	$ 146,680	$ 153,307
Grant from Manitoba Lotteries	60,000	-	-	340,000	-	-	400,000	450,000
Interest	682	-	-	-	-	-	682	2,201
Pari-mutuel levy	-	-	2,389,157	-	-	-	2,389,157	2,573,760
Sundry	59	-	-	-	-	-	59	-
	207,421	-	2,389,157	340,000	-	-	2,936,578	3,179,268
Expenditures								
General Fund operating expenses (Schedule 1)	475,226	-	-	-	-	-	475,226	486,914
Overnight purse support thoroughbred	-	-	-	-	1,690,782	450,274	2,141,056	1,818,995
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	488,708
Quarter Horse support	-	-	-	-	-	-	-	-
Amortization of capital assets	-	2,075	-	-	-	-	2,075	3,070
Standard rural	-	-	-	340,000	-	-	340,000	387,500
Other	-	-	-	-	-	-	-	9,363
	475,226	2,075	-	340,000	1,690,782	450,274	2,958,357	3,194,550
Excess (deficiency) of revenue over expenditures for the year	(267,805)	(2,075)	2,389,157	-	(1,690,782)	(450,274)	(21,779)	(15,282)
Pari-Mutuel Levy Fund transfer	248,101	-	(2,389,157)	-	1,690,782	450,274	-	-
Fund balances, beginning of year	70,389	14,975	-	-	-	-	85,364	100,646
Fund balances, end of year	$ 50,685	$ 12,900	$ -	$ -	$ -	$ -	$ 63,585	$ 85,364

The accompanying notes are an integral part of these financial statements.

MANITOBA HORSE RACING COMMISSION
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures	**$ (21,779)**	$ (15,282)
Employee pension benefits (Note 4)	**-**	28,423
Amortization of capital assets	**2,075**	3,070
	(19,704)	16,211
Changes in non-cash working capital balances		
Receivable from Province of Manitoba - Pension	**(44,321)**	2,681
Accounts payable and accrued liabilities	**(3,582)**	(22,915)
Provision for employee pension benefits (Note 4)	**47,244**	(28,843)
	(20,363)	(32,866)
Cash Flows from Investing Activities		
Net change in investments	**(2,925)**	(2,261)
Decrease in cash and bank during the year	**(23,288)**	(35,127)
Cash, beginning of year	**290,007**	325,134
Cash, end of year	**$ 266,719**	$ 290,007

The accompanying notes are an integral part of these financial statements.

1. Nature of the Organization and Significant Accounting Policies

a. Nature of the Organization

Manitoba Horse Racing Commission (the "Organization") was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. The Commission's sustainability is dependant upon on-going financial resources realized through The Horse Racing Commission Act.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from the Department of Agriculture, Food and Rural Initiatives, interest earned on the General Fund, as well as a proportionate share of the Pari-Mutuel Levy according to the Plan for Distribution.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

Effective April 1, 1997, Pari-Mutuel Levy Act (the "Act") was enacted. The Act provides for the establishment of a Pari-Mutuel Levy Fund for the promotion of horse racing in Manitoba. The levy is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

The Rural Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the Rural Fund is provided through a grant from the Department of Agriculture, Food and Rural Initiatives.

Horsemen's Benevolent Protection Association (H.B.PA) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.PA Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Canadian Thoroughbred Horsemen Society (C.T.H.S) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

b. Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards and include the following significant accounting policies:

1. Nature of the Organization and Significant Accounting Policies (continued)

b. Basis of Accounting (continued)

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions, and maintains 6 funds: General Fund, Capital Asset Fund, Pari-Mutuel Levy Fund, Rural Fund, H.B.PA Fund, and C.T.H.S. Fund.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

Pension Costs

Employees of the Commission are pensionable under the Civil Service Superannuation Act. Pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2012. Actuarial gains and losses are amortized over the average remaining service life of employees, commencing in the year following when the actuarial gain or loss arises.

Measurement Uncertainty (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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

1. **Nature of the Organization and Significant Accounting Policies** (continued)

b. Basis of Accounting (continued)

Fund Transfers

i) Capital asset fund transfer

Fund transfers represent allocations from the General Fund to the Capital Asset Fund for capital acquisitions.

ii) Pari-mutuel levy fund transfer

A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Security equipment	10 years
Computer equipment	5 years
Furniture and fixtures	10 - 20 years

Financial Instruments

The financial instruments of the Commission consist of cash, receivable from the Province of Manitoba - Pension, long term investment, and accounts payable and accrued liabilities.

All of the Commission's financial instruments are carried at cost or amortized cost.

If an impairment loss is determined by The Commission and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operating revenue and expenses and fund balances.

2. **Long-term Investment**

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment was placed in an interest bearing trust account on March 31, 2009 and is held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as current.

For the year ended March 31, 2014

3. Capital Assets

	2014			2013		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Security equipment	**$ 13,118**	**$ 6,519**	**$ 6,599**	$ 13,118	$ 4,252	$ 8,866
Furniture & fixtures	**7,571**	**6,550**	**1,021**	7,571	6,476	1,095
Computer equipment	**12,299**	**7,019**	**5,280**	12,299	7,286	5,013
	$ 32,988	**$ 20,088**	**$ 12,900**	$ 32,988	$ 18,014	$ 14,974

4. Provision for Employee Pension Benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

An actuarial valuation of the employee pension benefit liability as at December 31, 2012 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (2011 - 6.00%), 2.00% inflation (2011 - 2.00%), salary rate increases of 3.75% (2011 - 3.75%), discount rate of 6.00% (2011 - 6.00%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been estimated to March 31, 2014 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

The average remaining service life of employees is 0.60 years. During 2014 amortization of the net actuarial loss was $(3,748).

Provision for employer's share of employees' pension plan:

	2014	2013
Accrued benefit obligation, beginning of year	**$ 275,046**	$ 261,609
Benefits accrued	**8,443**	11,211
Interest accrued on benefits	**14,204**	20,251
Benefits paid	**(28,642)**	(28,843)
Actuarial gain	**49,582**	41,716
Accrued benefit obligation, end of year	**318,633**	305,944
Unamortized actuarial gain (loss)	**3,659**	(30,898)
Provision, end of year	**$ 322,292**	$ 275,046

For the year ended March 31, 2014

4. **Provision for Employee Pension Benefits** (continued)

The Commission's pension plan costs consist of the following:

		2014		2013
Benefits accrued	$	**8,443**	$	11,211
Interest accrued on benefits		**14,204**		20,251
Amortization of actuarial loss		**(3,748)**		(3,039)
Pension cost	$	**18,899**	$	28,423

5. **Fees, Licenses and Fines**

		2014		2013
Assiniboia Downs				
Daily licenses	$	**108,840**	$	108,840
Fees and licenses		**30,445**		31,242
Fines		**5,905**		12,225
		145,190		152,307
Rural Circuit				
Fees and licenses		**1,040**		1,000
Fines		**450**		-
		1,490		1,000
	$	**146,680**	$	153,307

6. **Financial Instruments**

The Commission has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Liquidity risk arises from the possibility of the Commission having insufficient financial resources to meet its financial obligations when they come due. The Commission mitigates this risk through cash management. Accounts payable and accrued liabilities are typically paid when due.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and long term investment. The interest rate risk on cash and long term investment is considered to be low due to their short term nature and the long term investment is reinvested annually.

6. **Financial Instruments** (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Commission to credit risk consist principally of cash, long tem investment, accounts receivable and receivable from Province of Manitoba - pension.

Cash is not exposed to significant credit risk as cash is held with a large reputable financial institution.

Long term investment and receivable from Province of Manitoba - Pension are not exposed to significant credit risk as both are with the Province of Manitoba.

Accounts receivable is not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

Foreign Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Commission is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

7. **Related Party Transactions**

In addition to those related party transactions disclosed elsewhere in these financial statements, the Commission is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Commission enters into transactions with these entities in the normal course of business. These transactions are recorded in the exchange amount.

MANITOBA HORSE RACING COMMISSION
Schedule of General and Administrative Expenses

For the year ended March 31		2014		2013
Commissioners' per diem and honoraria	$	**21,056**	$	12,498
Drug, alcohol and security		**18,089**		27,339
Employee benefits		**29,345**		24,518
Equipment and office furniture		**3,391**		2,823
Equipment rentals		**-**		2,646
Insurance		**1,144**		2,053
Membership and dues		**5,194**		10,126
Office		**12,615**		21,829
Pension cost		**18,899**		28,423
Professional fees		**25,478**		21,182
Salaries:				
Administration		**147,925**		151,546
Security		**5,621**		8,894
Stewards and judges		**86,202**		90,157
Veterinarian services		**51,809**		52,555
Support grant		**28,529**		11,374
Telephone		**10,305**		8,547
Travel		**9,624**		10,404
	$	**475,226**		486,914

MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

Independent Auditor's Report

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the accompanying financial statements of The Manitoba Housing and Renewal Corporation, which comprise of the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Manitoba Housing and Renewal Corporation as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
July 24, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Financial Position

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 95,749,875	$ 96,133,540
Accounts receivable (note 4)	24,492,016	26,140,005
Prepaid expenses	4,205,065	4,445,892
Current portion of loans and mortgages receivable (note 5)	7,475,178	7,396,182
	131,922,134	134,115,619
Other long-term receivables (note 4)	22,982,634	18,781,994
Loans and mortgages receivable (note 5)	112,697,019	120,121,980
Land inventory (note 6)	68,198,413	67,422,765
Capital assets (note 8)	528,487,789	412,538,760
	$ 864,287,989	$ 752,981,118
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 63,012,486	$ 70,214,730
Current portion of long-term debt (note 9)	37,736,389	30,836,936
	100,748,875	101,051,666
Long-term debt (note 9)	828,722,041	728,754,307
Other long-term liabilities (note 10)	14,886,423	19,785,195
Deferred revenue (note 11)	13,386,633	17,882,018
Deferred contributions: (note 12)		
Expenses of future periods	9,486,116	9,432,144
Capital assets	14,887,541	15,625,772
Funds held for third party expenses	22,644,297	18,855,695
Housing Development and Rehabilitation Fund	18,744,854	5,763,994
	65,762,808	49,677,605
Net assets:		
Unrestricted	(159,218,791)	(164,169,673)
Commitments (note 25)		
Contingencies (note 24)		
Guarantees (note 26)		
	$ 864,287,989	$ 752,981,118

See accompanying notes to financial statements

On behalf of the Board:

Director

Director

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Revenue:		
Grants from the Province of Manitoba (note 13)	$ 71,240,597	$ 66,219,630
Contributed services (note 14)	2,536,400	2,292,200
Rental revenue (note 15)	72,648,883	73,126,445
Other government contributions (note 16)	62,137,293	63,707,048
Housing Development and Rehabilitation Fund (note 12)	6,498,139	3,362,314
Recoveries related to advance agreement (note 17)	(4,002,229)	4,300,000
Amortization of deferred contributions (note 12)	738,231	224,449
	211,797,314	213,232,086
Interest:		
Loans and mortgages	10,681,580	11,090,661
Bank and other	244,735	183,041
	10,926,315	11,273,702
Sales of land:		
Joint venture (note 7)	(6,164)	(58,595)
Waverley West (note 12)	32,330,153	46,209,751
Other land holdings	25,305,000	-
	57,628,989	46,151,156
Gain on disposal of capital assets	1,121,028	2,355,534
Other	902,290	929,911
Total revenue	282,375,936	273,942,389
Expenses:		
Housing operations - excluding amortization and interest (note 15)	129,073,570	119,595,206
Housing operations amortization (note 15)	20,832,090	14,762,645
Housing operations interest (note 15)	25,193,285	21,680,701
Rental subsidies (note 18)	36,074,621	36,785,153
Grants and subsidies (note 19)	5,092,866	4,168,687
Interest expense	12,127,010	13,897,559
Administrative services	5,137,900	3,630,400
Provision for loss and write downs	(510,007)	160,318
Cost of land sales - joint venture (note 7)	(6,164)	(58,595)
Cost of land sales - Waverley West (note 12)	32,330,153	46,209,751
Cost of land sales - other land holdings	1,400,000	-
Housing program supports (note 20)	13,227,071	15,728,637
Pension (note 21)	396,349	(304,254)
Expenses related to advance agreement (note 17)	(4,002,229)	4,300,000
Other amortization	104,196	29,893
Other	954,343	704,473
	277,425,054	281,290,574
Excess (deficiency) of revenue over expenses	$ 4,950,882	$ (7,348,185)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Net assets, beginning of year	$ (164,169,673)	$ (156,821,488)
Excess (deficiency) of revenue over expenses	4,950,882	(7,348,185)
Net assets, end of year	$ (159,218,791)	$ (164,169,673)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 4,950,882	$ (7,348,185)
Non-cash changes in operations:		
Amortization of capital assets	20,832,090	14,762,645
Amortization of other capital assets	104,196	29,893
Amortization of deferred contributions related to capital assets	(738,231)	(224,449)
Provision for loss and write downs	(510,007)	160,318
Gain on disposal of capital assets	(1,121,028)	(2,355,534)
Change in non-cash working capital:		
Accounts receivable	1,647,989	(2,497,388)
Prepaid expenses	240,827	62,444
Other long-term receivables	(4,200,640)	(3,781,120)
Land inventory	(775,648)	(7,323,417)
Accounts payable and accrued liabilities	(7,202,244)	6,506,788
Other long-term liabilities	(4,898,772)	2,467,638
Net increase/(decrease) in deferred revenue	(4,495,385)	7,083,492
Net increase in deferred contributions related to expenses of future periods	53,972	314,080
Net increase/(decrease) in deferred contributions related to Housing Development and Rehabilitation Fund	12,980,860	(1,306,668)
Net increase in deferred contributions related to funds held for third party expenses	3,788,602	9,543,075
	20,657,463	16,093,612
Capital activities:		
Net decrease in deferred contributions related to capital assets	-	(623,891)
Proceeds from disposal of land	54,009	7,974
Proceeds from disposal of capital assets	1,198,055	2,475,913
Purchase of capital assets	(137,016,351)	(139,123,495)
	(135,764,287)	(137,263,499)
Investing activities:		
Additions to loans and mortgages receivable	(575,374)	(10,808,354)
Proceeds from repayment of loans and mortgages receivable	8,431,346	11,939,583
	7,855,972	1,131,229
Financing activities:		
Repayment of long-term debt	(210,518,529)	(210,113,482)
Proceeds from long-term debt	317,385,716	318,972,023
	106,867,187	108,858,541
Net decrease in cash	(383,665)	(11,180,117)
Cash and cash equivalents, beginning of year	96,133,540	107,313,656
Cash and cash equivalents, end of year	$ 95,749,875	$ 96,133,540

See accompanying notes to financial statements

1. General

The Manitoba Housing and Renewal Corporation (MHRC) operates under the authority of The Housing and Renewal Corporation Act, being Chapter H 160 Revised Statutes of Manitoba 1987. The purposes and objectives of the Act are:

a) to ensure that there is an adequate supply of housing stock in Manitoba;
b) to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs;
c) to maintain and improve the condition of existing housing stock; and
d) to stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

MHRC is under the management and control of a Board of Directors appointed by the Lieutenant Governor in Council. The board shall consist of not fewer than five members and not more than 13 members and the Lieutenant Governor in Council may designate one of the members of the board as chairperson and one member as vice-chairperson.

MHRC is economically dependent on the Government of the Province of Manitoba.

2. Significant accounting policies

a) Basis of presentation

These financial statements are prepared in accordance with Canadian public sector accounting standards including PS 4200 series for government not-for-profit organizations.

b) Revenue recognition

MHRC follows the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

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

Rental revenue is recognized in the fiscal period during which the service is provided.

Land sales are recognized in the period in which the ownership is transferred, except for the profit component associated with land development revenue. Land development profits are restricted in use by Legislation and therefore revenue recognition is deferred until the profits are used to support eligible expenditures (note 12).

Interest is recognized on an accrual basis in the fiscal period in which it is earned.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid trust deposits with the Province of Manitoba that are convertible to cash within three months or less.

d) Financial instruments

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost using the effective interest method, unless management has elected to carry a group of financial instruments at fair value in accordance with its risk management or investment strategy. MHRC has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest method.

2. Significant accounting policies (continued)

e) Loans and mortgages receivable

MHRC maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to MHRC's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. MHRC does not provide an additional non-specific, general provision for loan impairment. MHRC's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. MHRC records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, MHRC records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance. Any Federal contributions towards forgivable loans are recorded as revenue as loans are disbursed.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Construction in progress is transferred to the appropriate capital asset category when the project is completed and the asset is placed in service at which time, amortization commences. Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction. Repairs and maintenance costs are charged to expense. Betterments which extend or improve the life of an asset are capitalized. When a capital asset no longer contributes to the MHRC's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	25 and 40 years
Building improvements	15 years
Leasehold improvements	Over the lease term
Computer - major application	15 years
Computer software - other	4 years
Computer system - hardware	4 years
Furniture and equipment	8 years

g) Land inventory

Land under development includes the value of land and all costs directly related to the land improvement. Development costs include but are not limited to site preparation, architectural, engineering, surveying, fencing, landscaping and infrastructure for electrical, roads and underground works.

Land held for future development or sale is valued at the lower of cost or appraised value adjusted for estimated disposition costs. Cost includes the original purchase price and related acquisition costs.

h) Interest in joint ventures

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's pro-rata share of each of the assets, liabilities, revenues and expenses of the joint venture is combined on a line by line basis with similar items in MHRC's financial statements.

2. Significant accounting policies (continued)

i) Employee future benefits

MHRC accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension, severance, compensated absences and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

Actuarial gains/(losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets, if applicable, for that period. Actuarial gains/(losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains/(losses) are amortized over the expected average remaining service life (EARSL) of active employees. The average remaining service period of the active employees covered by the pension plan is 11 years (2013 - 12 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Current service contributions for Direct Managed employees are recognized as operating expenses.

j) Contributed services

Under an agreement entered into between MHRC and the Province of Manitoba in 1984, the Department provides administrative services to MHRC at no cost. The value of these contributed and administrative services is recorded as revenue and expenses.

k) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accounts receivable, loans and mortgages receivable, accrued liabilities, and other long-term liabilities. Actual results could differ from those estimates.

3. Cash and cash equivalents

	2014	2013
On deposit with the Minister of Finance:		
Trust deposits	$ 15,320,492	$ 20,471,998
Risk Reserve related to Social Housing Agreement	9,176,737	9,139,017
	24,497,229	29,611,015
Bank	71,244,796	66,514,475
Petty cash	7,850	8,050
	$ 95,749,875	$ 96,133,540

4. Accounts receivable

	2014	2013
Current accounts receivable:		
Canada Mortgage and Housing Corporation	$ 10,461,144	$ 6,692,244
Government of the Province of Manitoba and its agencies	759,103	3,471,002
Rent receivables - net of allowance of $6,663,921 (2013 - $6,296,072)	2,861,354	4,233,820
Accrued interest on loans and mortgages receivable	248,233	841,500
City of Winnipeg	141,096	218,101
Other - net of allowance of $5,609 (2013 - $590,145)	10,021,086	10,683,338
	$ 24,492,016	$ 26,140,005

	2014	2013
Other long-term receivables:		
Securities for Waverley West installation of services - City of Winnipeg	$ 11,915,543	$ 8,111,252
Government of the Province of Manitoba:		
Pension recoverable (note 21)	9,620,986	9,224,637
Severance benefits (note 22)	1,446,105	1,446,105
	11,067,091	10,670,742
	$ 22,982,634	$ 18,781,994

5. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2014	2013
Federal/Provincial Housing Programs:		
Private Non-Profit Housing	$ 77,697,232	$ 81,649,125
Rural and Native Housing	514,412	636,235
Urban Native Housing	12,950,704	14,888,718
	91,162,348	97,174,078
Market Rental Programs:		
Co-operative HomeStart	5,446,169	7,164,698
Co-operative Index Linked	3,282,221	4,005,166
Manitoba Rural RentalStart	-	192,246
	8,728,390	11,362,110
Other Programs:		
Community Residences	1,632,541	1,791,706
Homeowner Rehabilitation	55,777	72,090
Affordable Rental Housing	14,146,140	13,986,668
Other	7,417,001	6,778,804
	23,251,459	22,629,268
	123,142,197	131,165,456
Less - allowance for loan impairment	(2,970,000)	(3,647,294)
Subtotal repayable loans and mortgages receivable	120,172,197	127,518,162
Forgivable loans	227,677,254	216,851,812
	347,849,451	344,369,974
Less - forgivable loans asset valuation allowance	(227,677,254)	(216,851,812)
Loans and mortgages receivable	$ 120,172,197	$ 127,518,162
Current portion of loans and mortgages receivable	$ 7,475,178	$ 7,396,182
Long-term portion of loans and mortgages receivable	112,697,019	120,121,980
Loans and mortgages receivable	$ 120,172,197	$ 127,518,162

Loans and mortgages receivable bear interest at various rates between 0% and 14.25% with maturities at various dates to 2053.

The loans and mortgages receivable for Federal/Provincial Housing Programs, Market Rental Programs, Community Residences and Affordable Rental Housing are secured by a mortgage on the underlying property.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2015	$ 7,475,178
2016	7,636,270
2017	7,926,105
2018	8,099,405
2019	8,314,933
Thereafter	83,690,306
	$ 123,142,197

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2014	2013
Market rental programs	$ -	$ 705,810
Other programs	2,970,000	2,941,484
	$ 2,970,000	$ 3,647,294

6. Land inventory

	2014	2013
Land under development	$ 66,957,695	$ 64,669,195
Future development or sale	1,240,718	2,753,570
	$ 68,198,413	$ 67,422,765

7. Joint venture

MHRC contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba.

Joint venture profits are recorded under deferred revenue - Housing Development and Rehabilitation Fund until such time as the profits are required for expenditures. The amount reduced in 2014 from the sales of land for deferred revenue was $6,164 (2013 - $58,595).

The following is a summary of MHRC's pro rata share at 37.6% of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	2014	2013
Current assets:		
Cash	$ 1,849,037	$ 1,741,958
Prepaid expenses	12,014	12,870
Accounts receivable from land sales	99,629	203,180
	1,960,680	1,958,008
Long-term assets:		
Development costs to complete	(69,537)	(72,695)
	$ 1,891,143	$ 1,885,313
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,393	$ 2,727
Net assets	1,888,750	1,882,586
	$ 1,891,143	$ 1,885,313

	2014	2013
Sales of land	$ -	$ -
Cost of land sales - recovery	658	(50,381)
Gross margin	(658)	50,381
Expenses	(6,822)	(8,214)
Excess of revenue over expenses	$ 6,164	$ 58,595

8. Capital assets

	2014	2013
Land	$ 30,587,718	$ 28,251,571
Buildings and improvements	762,976,998	618,139,574
Less - accumulated amortization	(418,760,304)	(398,653,285)
Buildings - net book value	344,216,694	219,486,289
Under construction	149,507,421	162,684,179
Total land and buildings	524,311,833	410,422,039
Other assets	5,834,233	3,609,021
Less - accumulated amortization	(1,658,277)	(1,492,300)
Other assets - net book value	4,175,956	2,116,721
Net book value	$ 528,487,789	$ 412,538,760

MHRC has capitalized $2,499,870 (2013 - $1,231,671) of interest during fiscal 2014 to construction in progress.

9. Long-term debt

	2014	2013
Government of the Province of Manitoba:		
Advances, interest only payments until construction is complete, at which point it is converted into long-term advances. The interest rate as at March 31, 2014 was 2.25% (2013 - 2.25%).	$ 282,466,391	$ 268,853,120
Long-term advances, at interest rates from 2.75% to 13.375% maturing at various dates to 2029 and requiring annual principal and interest payments of $57,668,845 (2013 - $48,116,334).	463,959,755	363,716,199
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.675% to 8.0% maturing at various dates to 2030 and requiring annual principal and interest payments of $14,449,688 (2013 - $14,449,688).	119,613,050	126,553,408
Mortgages payable (assumed on property acquisitions), at an interest rate of 10.5% maturing at various dates to 2028 and requiring annual principal and interest payments of $50,337 (2013 - $70,819).	419,234	468,516
	$ 866,458,430	$ 759,591,243
Current portion of long-term debt	$ 37,736,389	$ 30,836,936
Long-term debt	828,722,041	728,754,307
	$ 866,458,430	$ 759,591,243

Principal repayments on the long-term debt, excluding unfixed term advances of $282,466,391 are estimated as follows:

2015	$ 37,736,389
2016	39,222,535
2017	40,527,421
2018	39,875,575
2019	39,419,357
Thereafter	387,210,762
	$ 583,992,039

10. Other long-term liabilities

	2014	2013
Pension liability (note 21)	$ 9,620,986	$ 9,224,637
Severance liability (note 22)	4,594,417	4,112,925
Sick leave liability	671,020	727,956
Other accrued long-term liabilities related to land development	-	5,719,677
	$ 14,886,423	$ 19,785,195

11. Deferred revenue

	2014	2013
Tenant prepaid rent	$ 2,460,250	$ 2,125,210
Prepaid land lease	39,360	40,898
Lot options - land under development	10,885,523	11,906,860
Deposit for future sales	1,500	3,809,050
	$ 13,386,633	$ 17,882,018

12. Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent restricted funding received under various agreements primarily to mitigate future operating risks.

	2014	2013
Balance, beginning of year	$ 9,432,144	$ 9,118,064
Adjustment to third party equity accounts	16,252	13,040
Amount reclassified from accounts payable and accrued liabilities	4,959	5,705
Amount recovered from loans and mortgages receivable	32,761	295,335
Balance, end of year	$ 9,486,116	$ 9,432,144

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the construction and rehabilitation of capital assets.

	2014	2013
Balance, beginning of year	$ 15,625,772	$ 16,474,112
Contributions received	-	50,001
Amount reclassified from funds held for third party expenses	-	53,777
Amount reclassified to funds held for third party expenses	-	(727,669)
Amount amortized to revenue in the year	(738,231)	(224,449)
Balance, end of year	$ 14,887,541	$ 15,625,772

12. Deferred contributions (continued)

c) Funds held for third party expenses

Deferred contributions related to funds held for third party expenses represents restricted funding received under three agreements with the Federal government. They consist of the Investment in Affordable Housing (IAH), Affordable Housing Initiative (AHI) agreements and the advance agreement for Dauphin River First Nation (DRFN). The balances as of March 31, 2014 for IAH was $18,015,745 (2013 - $15,256,374), AHI was $2,627,437 (2013 - $3,599,321) and DRFN was $2,001,115 (2013 - nil).

	2014	2013
Balance, beginning of year	$ 18,855,695	$ 9,312,620
Contributions received	12,419,465	17,883,648
Interest earned	158,359	120,774
Amount reclassified from deferred contributions - capital assets	-	727,669
Amount reclassified to deferred contributions - expenses of future periods	-	(53,777)
Commitment paid	(8,789,222)	(9,135,239)
Balance, end of year	$ 22,644,297	$ 18,855,695

d) Housing Development and Rehabilitation Fund

On November 8, 2007, The Housing and Renewal Corporation Amendment Act provided for the establishment of a fund known as the "Housing Development and Rehabilitation Fund".

The fund is to be credited with suburban land development profits realized by MHRC in respect of land owned or developed by it or by a partnership or joint venture in which MHRC is or was a participant. The gross proceeds from land development was $51,725,088 (2013 - $48,077,250) and the cost of land sales was $32,323,989 (2013 - $46,151,156) during the year ended March 31, 2014. Interest earned on the amounts is to be credited to the fund. The fund may be used to provide support for housing projects in areas of need within a municipality in which MHRC realized profits, including the development of new housing or the rehabilitation of existing housing.

All costs allocated to the portions of land sold in a land development project are deducted from the gross proceeds realized from sale of those portions of land in order to determine land development profits. MHRC uses the net yield method to allocate costs to the individual portions which are sold as part of a land development project. Common costs for the development project are allocated to portions which are sold based on acreage, and the cost allocation includes both an allocation of actual land development costs incurred as well as an allocation of costs which are required to complete those portions of the land which are reported as sold.

	2014	2013
Balance, beginning of year	$ 5,763,994	$ 7,070,662
Land development profits	19,401,099	1,926,094
Interest earned	77,900	129,552
Current year disbursements	(6,498,139)	(3,362,314)
Balance, end of year	$ 18,744,854	$ 5,763,994

13. Grants from the Province of Manitoba

	2014	2013
Department of Housing and Community Development:		
MHRC operating programs	$ 50,631,300	$ 49,399,222
MHRC administration	16,690,700	14,069,778
Grants and subsidies	3,377,411	2,886,828
	70,699,411	66,355,828
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	144,837	168,056
Change to pension obligation (note 21)	396,349	(304,254)
	541,186	(136,198)
	$ 71,240,597	$ 66,219,630

14. Contributed services

	2014	2013
Administrative services provided by Departments of the Province of Manitoba were allocated as follows:		
Included in Statement of Operations, administrative services	$ 1,064,500	$ 785,600
Included in administrative expenses in note 15, direct managed housing operations	1,194,900	1,134,400
Included in administrative expenses in note 15, sponsor managed housing operations	33,600	29,600
Included in rental subsidies, note 18	135,600	185,200
Included in Statement of Operations, housing program supports, note 20	107,800	157,400
	$ 2,536,400	$ 2,292,200

15. Housing operations

The management and operation of all MHRC owned social housing projects are direct managed and sponsor managed. The operating results are as follows:

	2014			2013		
	Direct Managed	Sponsor Managed	Total	Direct Managed	Sponsor Managed	Total
Revenue:						
Rental revenue	$ 56,557,714	$ 16,091,169	$ 72,648,883	$ 57,210,215	$ 15,916,230	$ 73,126,445
Expenses:						
Administrative (note 14)	38,199,638	3,658,883	41,858,521	34,406,786	3,150,985	37,557,771
Property operating	57,180,739	14,033,558	71,214,297	51,392,934	15,040,957	66,433,891
Grants in lieu of taxes	13,443,275	2,557,477	16,000,752	13,281,749	2,321,795	15,603,544
Amortization	17,114,001	3,718,089	20,832,090	12,640,467	2,122,177	14,762,645
Interest	21,258,430	3,934,855	25,193,285	18,375,401	3,305,300	21,680,701
	147,196,083	27,902,862	175,098,945	130,097,337	25,941,215	156,038,552
Operating loss	$ 90,638,369	$ 11,811,693	$ 102,450,062	$ 72,887,122	$ 10,024,985	$ 82,912,107

16. Other government contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay fixed annual contributions to MHRC for individual housing projects over the remainder of the CMHC subsidy commitment period. The Agreement took effect October 1, 1998 and has a funding expiration date of August 31, 2031.

	2014	2013
Federal contributions	$ 61,549,579	$ 63,431,498
Municipal contributions	587,714	275,550
	$ 62,137,293	$ 63,707,048

17. Advance agreement

In December 2012, MHRC along with the Province of Manitoba (Province) entered into an advance agreement with Little Saskatchewan First Nation to transfer 34 homes to the First Nation and provide up to $4,300,000 in site relocation costs to be used for the purposes of paying the costs of preparation, transportation and reinstallation of the homes and other site settlement costs. As a condition of the agreement, the Federal government agreed to pay 50% of the costs associated with 1) the costs of the homes and 2) the site relocation costs, with the Province assuming responsibility for the remaining 50%. As of March 31, 2013, there was no expense or recovery recorded in the financial statements for the cost of the homes as the transfer of the homes did not occur in fiscal 2013.

During 2013, MHRC transferred $4,300,000 for site relocation costs to the First Nation's trustee to be used to discharge site settlement costs and had reflected this as an expense in the Statement of Operations. MHRC had recognized the recovery for both the Provincial and Federal portions of these costs as revenue and receivable in the financial statements at March 31, 2013.

During 2014, MHRC, on behalf of the Province, was authorized to enter into an Advance Agreement with Dauphin River First Nation and the Government of Canada for the acquisition and installation of 47 houses at Dauphin River First Nation.

Subsequently, the agreement with Little Saskatchewan First Nation was terminated and unexpended funds were returned to MHRC in March 2014. MHRC also received direction from the Province to set aside any unexpended funds returned from the Little Saskatchewan First Nation project to provide for the Province's share of the costs associated with the site relocation under the Advance Agreement with Dauphin River First Nation.

MHRC reflected the $4,002,229 returned funds as cash, reduced the outstanding accounts receivable from the Federal government which is no longer due as a result of the termination of the agreement and return of funds, and has reflected as a deferred contribution, funds held for third party expense equal to the Province's share (50%) of the returned funds (note 12).

18. Rental subsidies

Rental subsidies are provided in accordance with project operating agreements with third parties which establish the basis of eligibility for subsidy assistance. The net rental subsidies required by these organizations are as follows:

	2014	2013
Not-for-Profit Housing	$ 25,548,960	$ 26,487,296
Co-operative Housing	3,839,942	4,153,989
Private Landlords	6,685,719	6,143,868
	$ 36,074,621	$ 36,785,153

19. Grants and subsidies

	2014	2013
Portable Housing Benefit	$ 1,720,459	$ 1,655,328
Emergency Shelter Assistance	1,656,952	1,231,500
School Tax Assistance for Tenants 55 Plus	144,837	168,056
Elderly & Infirm Persons Housing	143,973	145,099
Co-op HomeStart	93,908	85,848
Homeless Strategy	1,332,737	882,856
	$ 5,092,866	$ 4,168,687

20. Housing program supports

	2014	2013
Forgivable loans (note 5)	$ 10,835,802	$ 12,863,691
Administration and delivery agent fees	2,391,269	2,864,946
	$ 13,227,071	$ 15,728,637

21. Pension obligations

Employees of MHRC and Direct Managed employees are eligible for pensions under the Manitoba Civil Service Superannuation Fund (Superannuation Fund). This pension plan is a defined benefit plan, which requires MHRC to contribute an amount approximately equal to the employees' contribution to the Superannuation Fund for current services. Such payments are charged to housing operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned by Direct Managed employees at this time. Pension expense recorded for Direct Managed employees for the year ended March 31, 2014 was $1,425,763 (2013 - $1,172,949).

MHRC has a liability associated with the annual cost of pension benefits earned by the former Department of Family Services and Housing employees who were transferred to MHRC on February 8, 2003. This liability consists of the employer's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined by an actuarial valuation each year based on data provided by MHRC with the balances for the intervening year being estimated by a formula provided by the actuary. The most recent valuation was completed at March 31, 2014.

	2014	2013
Pension liability:		
Balance at beginning of year	$ 9,224,637	$ 9,528,891
Interest cost on benefit obligations	599,601	600,303
Current service costs	674,803	1,135,744
Benefits paid	(878,055)	(1,722,661)
Experience gain	-	(317,640)
Balance at end of year	$ 9,620,986	$ 9,224,637

At March 31, 2014, the unamortized actuarial gain (loss) to be recognized in future periods are as follows:

	2014	2013
Unamortized actuarial gain:		
Balance at beginning of year	$ -	$ -
In year gain amortized over EARSL - 2014 - 11 years (2013 - 12 years)	123,866	-
Balance at end of year	$ 123,866	$ -

	2014	2013
Change to pension obligation:		
Interest cost on benefit obligations	$ 599,601	$ 600,303
Current service costs	674,803	1,135,744
Benefits paid	(878,055)	(1,722,661)
Experience gain	-	(317,640)
Change to pension obligation	$ 396,349	$ (304,254)

The above liability is in respect of active employees only and does not reflect any liability with respect to retired or former employees. The key actuarial assumptions were a rate of return of 6.0% (2013 - 6.0%), 2.0% inflation (2013 - 2.0%), general salary rate increases of 2.75%, excluding the 1.0% service and merit increases (2013 - 2.75%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been calculated as at March 31, 2014 by the actuary.

The Province of Manitoba has accepted responsibility for funding MHRC's liability and related expense which includes an interest component. Therefore, MHRC has recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $9,620,986 as of March 31, 2014 (2013 - $9,224,637) and has recorded an increase in revenue for fiscal 2014 equal to the related pension liability increase of $396,349 (2013 - $304,254 decrease). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

22. Severance

a) Severance pay liability

Effective April 1, 1998, MHRC commenced recording the estimated liability for accumulated severance pay benefits for its Direct Managed employees. The amount of this estimated liability is determined and recorded annually using the method of calculation set by the Province of Manitoba.

Severance pay, at the Direct Managed employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 22 weeks). Eligibility will require that the employee has achieved a minimum of ten years of service and that the employee is retiring from MHRC.

Severance pay, at the Former Department of Family Services and Housing employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 23 weeks). Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from MHRC.

An actuarial report was completed for the severance pay liability as at March 31, 2014. MHRC's actuarially determined liability relating to the Direct Managed employees as at March 31, 2014 was $3,288,228 (2013 - $2,895,595). The report provides a formula to update the liability on an annual basis.

MHRC recorded a severance liability as at April 1, 2003 in the amount of $569,000 associated with the severance benefits earned by the former Department of Family Services and Housing employees who were transferred to MHRC on February 8, 2003. The amount of this estimated liability is determined and recorded annually using a method of calculation set by the Province of Manitoba.

An actuarial report was completed for the severance pay liability as at March 31, 2014. MHRC's actuarially determined liability relating to the former Department of Family Services and Housing employees as at March 31, 2014 was $1,252,711 (2013 - $1,217,330). The report provides a formula to update the liability on an annual basis.

	2014	2013
Severance liability:		
Direct Managed employees:		
Balance at beginning of year	$ 2,895,595	$ 2,438,148
Interest cost on benefit obligations	188,214	158,480
Current service costs	266,517	242,212
Benefits paid	(123,794)	(271,291)
Experience loss	-	328,046
	3,226,532	2,895,595
Former Department of Family Services and Housing employees:		
Balance at beginning of year	1,217,330	1,236,335
Interest cost on benefit obligations	79,126	80,362
Current service costs	88,961	99,134
Benefits paid	(17,532)	(87,873)
Experience gain	-	(110,628)
	1,367,885	1,217,330
Balance at end of year	$ 4,594,417	$ 4,112,925

At March 31, 2014, the unamortized actuarial gain (loss) to be recognized in future periods are as follows:

	2014	2013
Unamortized actuarial gain/(loss):		
Direct Managed employees:		
Balance at beginning of year	$ -	$ -
In year loss amortized over EARSL - 2014 - 10 years (2013 - 11 years)	(61,696)	-
Direct Managed employees balance at end of year	(61,696)	-
Former Department of Family Services and Housing employees:		
Balance at beginning of year	-	-
In year gain amortized over EARSL - 2014 - 11 years (2013 - 11 years)	115,174	-
Former Department of Family Services and Housing employees balance at end of year	115,174	-
Balance at end of year	$ 53,478	$ -

22. Severance (continued)

		2014		2013
Change to severance obligation:				
Direct Managed employees:				
Interest cost on benefit obligations	$	188,214	$	158,480
Current service costs		266,517		242,212
Benefits paid		(123,794)		(271,291)
Amortization of actuarial loss		-		328,046
		330,937		457,447
Former Department of Family Services and Housing employees:				
Interest cost on benefit obligations		79,126		80,362
Current service costs		88,961		99,134
Benefits paid		(17,532)		(87,873)
Amortization of actuarial gain		-		(110,628)
		150,555		(19,005)
Change to severance obligation	$	481,492	$	438,442

The key actuarial assumptions were a rate of return of 6.0% (2013 - 6.0%), 2.0% inflation (2013 - 2.0%), and general salary rate increases of 2.75%, excluding the 1.0% service and merit increases (2013 - 2.75%). The projected benefit method was used and the liability has been calculated as at March 31, 2014 by the actuary.

b) Severance pay receivable

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by MHRC's employees. Accordingly, MHRC recorded effective April 1, 1998, a receivable of $877,105 from the Province of Manitoba, which was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

The amount recorded as a receivable from the Province for severance pay of $569,000 for former Department of Family Services and Housing employees was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at April 1, 2003. Subsequent to April 1, 2003, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

23. Financial instruments and financial risk management

Financial instruments comprise the majority of MHRC assets and liabilities. MHRC risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third party compliance reporting and by reviews conducted by MHRC.

MHRC is exposed to credit, interest, and liquidity risks in respect of its use of financial instruments.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The financial instruments that potentially subject MHRC to credit risk consist principally of accounts receivable, loans and mortgages receivable and guarantees on loans. MHRC's deposits are held by the Province of Manitoba who guarantees the associated payments of principal and interest.

MHRC's maximum possible exposure to credit risk is as follows:

	2014	2013
On deposit with the Minister of Finance (note 3)	$ 24,497,229	$ 29,611,015
Accounts receivable (note 4)	47,474,650	44,921,999
Loans and mortgage receivable (note 5)	120,172,197	127,518,162
Loan guarantees (note 26)	10,394,570	9,605,948
	$ 202,538,646	$ 211,657,124

MHRC establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on MHRC's estimates and assumptions regarding customer analysis, historical payment trends and statutes of limitations. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2014	2013
Balance, beginning of the year	$ 6,886,217	$ 7,153,651
Provision for receivable impairment	581,185	711,131
Amounts written off	(797,872)	(978,565)
Balance, end of the year	$ 6,669,530	$ 6,886,217

As at March 31, 2014, $3,278,360 (2013 - $4,501,960) of accounts receivable and nil (2013 - $200,322) of loans and mortgages receivable were past due, but not impaired.

On deposit with the Minister of Finance

MHRC is not exposed to significant credit risk as its investments are held by the Province of Manitoba and the Province of Manitoba guarantees the associated payments of principal and interest.

Accounts receivable

The accounts receivable partially consists of $10,461,144 (2013 - $6,692,244) due from Canada Mortgage and Housing Corporation, $11,826,194 (2013 - $14,141,744) from the Province of Manitoba and $12,056,639 (2013 - $8,329,353) from the City of Winnipeg.

Loans and mortgage receivable

Impairment provisions are provided for losses that have been estimated as of the Statement of Financial Position date. Management of credit risk is an integral part of MHRC's activities with careful monitoring and appropriate remedial actions being taken.

23. Financial instruments and financial risk management (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to on deposit with the Minister of Finance, loans and mortgages receivable, and long-term debt.

On deposit with the Minister of Finance

MHRC's cash equivalents on deposit with the Minister of Finance consists mainly of short-term interest bearing investments. These investments are normally held to maturity so changes in interest rates do not affect the value of the investments.

Loans and mortgage receivable/loans from the Province of Manitoba

MHRC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at reasonable percentage above the associated borrowing rate. For long-term advances that have fixed interest rates for the full term of the advance and MHRC only offers fixed interest rate loans to its clients. Due to this corresponding arrangement, MHRC does not incur significant interest rate risk. However, some interest rate risk may result due to MHRC's lending policy of allowing prepayment of loans without penalty, given that MHRC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MHRC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

In addition, MHRC's advance from the Province of Manitoba have variable interest rates which expose MHRC to cash flow interest rate risk. At March 31, 2014, had prevailing interest rates increased or decreased by 1%, the estimated impact on interest expense would be approximately $2,824,664 (2013 - $2,688,531).

c) Liquidity risk

Liquidity risk relates to MHRC's ability to access sufficient funds to meet its financial commitments.

Advances from the Province of Manitoba have a direct correlation to the loans receivable as the funds borrowed are directly lent to MHRC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written off. Subsequently, MHRC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

24. Contingencies

MHRC is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of MHRC. Any settlement will be recognized in the year the settlement occurs.

25. Commitments

MHRC has the following commitments as at March 31, 2014:

Capital assets:

a)	Housing project enhancements and new construction	$ 164,861,561
b)	Third party repair, renovation and new construction	$ 16,602,253

Public housing operations:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is fully responsible for the funding commitments of all Social Housing Projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2015	$ 96,269,100
2016	108,928,300
2017	117,940,200
2018	126,230,400
2019	135,025,800

26. Guarantees

MHRC has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The total authorized for MHRC is $20,000,000. The outstanding guarantees are as follows:

	2014	2013
Waverley West Letters of Credit	$ 9,517,096	$ 9,517,096
Housing Opportunity Partnership Inc.	800,000	-
River Point Centre	35,400	35,400
Oddy at Westland Letter of Credit	31,200	31,200
Mobile Home Loan Guarantee Program	10,874	22,252
	$ 10,394,570	$ 9,605,948

27. Related party transactions

MHRC is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. MHRC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

28. Comparative figures

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

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of **THE MANITOBA OPPORTUNITIES FUND LTD.** and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 24, 2014.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of **THE MANITOBA OPPORTUNITIES FUND LTD.** are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,
THE MANITOBA OPPORTUNITIES FUND LTD.

Jim Kilgour, General Manager

June 24, 2014

BDO

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700 - 200 Graham Avenue
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Independent Auditor's Report

To the Board of Directors of THE MANITOBA OPPORTUNITIES FUND LTD.

We have audited the accompanying financial statements of **THE MANITOBA OPPORTUNITIES FUND LTD.**, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2014, and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2014

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Financial Position

March 31	2014	2013
Financial Assets		
Cash equivalents (Note 4)	**$ 3,784,185**	$ 1,441,927
Portfolio investments (Note 5)	**283,939,564**	277,315,821
Accrued interest receivable	**107,685**	106,209
	287,831,434	278,863,957
Liabilities		
Accounts payable and accrued liabilities	**1,587,500**	765,500
Borrowings (Note 6)	**281,811,538**	275,214,333
	283,399,038	275,979,833
Net financial assets	**4,432,396**	2,884,124
Non-financial Assets		
Deferred charges	**8,380,073**	8,342,972
Prepaid expenses	**-**	84,981
Accumulated surplus	**$ 12,812,469**	$ 11,312,077

Approved on behalf of the Board:

_________________________ Director

_________________________ Director

The accompanying notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Operations and Accumulated Surplus

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Investment income	$ 6,277,600	$ 6,860,958	$ 7,964,182
Expenses			
Amortization of deferred charges	3,742,000	3,771,774	4,049,205
Program administration	-	6,792	64,780
	3,742,000	3,778,566	4,113,985
Operating income for the year	2,535,600	3,082,392	3,850,197
Growing Through Immigration Strategy Support and Economic Development (Note 7)	4,174,900	1,582,000	2,303,000
Annual surplus	(1,639,300)	1,500,392	1,547,197
Accumulated surplus, beginning of year	11,312,077	11,312,077	9,764,880
Accumulated surplus, end of year	$ 9,672,777	$ 12,812,469	$ 11,312,077

The accompanying notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Changes in Net Financial Assets

For the year ended March 31	2014	2013
Annual surplus	$ 1,500,392	$ 1,547,197
Deferred Charges		
Additions of deferred charges	(3,714,773)	(2,120,861)
Amortization of deferred charges	3,677,672	3,955,103
Change in prepaid expenses	84,981	(84,981)
	47,880	1,749,261
Increase in net financial assets	1,548,272	3,296,458
Net financial assets (debt), beginning of year	2,884,124	(412,334)
Net financial assets, end of year	$ 4,432,396	$ 2,884,124

The accompanying notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash provided by (applied to):		
Operating		
Annual surplus	$ 1,500,392	$ 1,547,197
Amortization of deferred charges	3,677,672	3,955,103
Increase in present value of portfolio investments	(6,264,949)	(7,362,898)
	(1,086,885)	(1,860,598)
Changes in:		
Accrued interest receivable	(1,476)	5,141
Accounts payable and accrued liabilities	822,000	(2,209,000)
Prepaid expenses	84,981	(84,981)
Cash applied to operating activities	(181,380)	(4,149,438)
Investing		
Purchase of portfolio investments	(58,694,598)	(31,464,769)
Redemption of portfolio investments	58,335,804	58,130,641
Cash provided by (applied to) investing activities	(358,794)	26,665,872
Financing		
Repayment of borrowings	(58,335,804)	(49,732,968)
Advances on borrowings	61,218,236	23,766,172
Cash provided by (applied to) financing activities	2,882,432	(25,966,796)
Increase (decrease) in cash equivalents during the year	2,342,258	(3,450,362)
Cash equivalents, beginning of year	1,441,927	4,892,289
Cash equivalents, end of year	$ 3,784,185	$ 1,441,927

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the "organization") was incorporated under the laws of Manitoba on April 3, 2003. The organization was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Immigrant Investor Program. The Minister of Finance holds the one class A common share issued as a designated representative of Her Majesty the Queen in right of the Province of Manitoba with a value of $Nil. The organization considers itself to be an Other Government Organization as defined by the PSAB of the CICA.

The objective of the organization is to hold and invest the Provincial allocation of immigrant's investments made through the Federal Department of Citizenship and Immigration Canada's ("CIC") Immigrant Investor Program. The Federal Immigrant Investor Program ("FIIP") seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. CIC has made changes to the FIIP in 2010. Effective December 1, 2010, applicants must meet a minimum Personal Net Worth requirement of $1.6 million, and make an investment deposit of $800,000. The funds invested are distributed among participating Provinces. After five years, the organization returns the Provincial allocation, without interest, to the CIC who then returns the funds to the individual investors who have become permanent residents. However, prior to approval and issuance of a Permanent Resident's Visa an investor may withdraw from the program and CIC will request that the organization repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the organization invests the Provincial allocation funds for a period of five years and uses the interest income generated on the funds to create jobs and help the Manitoba economy grow.

In February 2014 CIC announced it plans to phase out the Federal Immigrant Investor Program. The Manitoba Opportunities Fund will continue to invest allocations until the program is phased out by CIC. Once CIC stops allocating to provinces there will be a 5 year repayment period in which the company will continue to operate.

The organization is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

2. Basis of Accounting

The organization's financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

3. Summary of Significant Accounting Policies

a) Revenue Recognition

Interest revenue on temporary investments is recorded on an accrual basis. Investment income on portfolio investments is determined by the difference in the present value of the term note and the cost of the term note.

b) Expenses

All expenses incurred for goods and services are recorded on an accrual basis.

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

c) Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the organization at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

d) Deferred Charges

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

e) Cash equivalents

Cash equivalents includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

f) Portfolio Investments

Portfolio investments are recorded at cost which represents the discounted value of the term notes. Over time, the value of the portfolio investments increase equal to the effective interest rates on the term notes. The increase in the present value of the portfolio investments during the year is recorded as an increase in the portfolio investments and as investment income.

g) Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the period. The settlement of the liabilities will result in the future transfer or use of the assets or other form settlement. Liabilities are recorded at the estimated amount ultimately payable.

3. Summary of Significant Accounting Policies (continued)

h) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash and equivalents has been designated to be in the fair value category. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Due to the nature of the financial instruments held by The Manitoba Opportunities Fund Ltd., there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses are not required for these financial statements.

i) Use of Estimates

The preparation of financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

4. Cash Equivalents

The cash equivalents consist of 30 to 90 days deposit certificates held by the Province of Manitoba.

5. Portfolio Investments

The portfolio investments are made up of several five-year zero coupon term notes which Manitoba Opportunities Fund Ltd. purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from April 2014 to March 2019. The effective interest rates range from 1.45% to 3.07% payable at the end of the 5-year term.

The discount on the bonds are amortized over the five-year term. The present value of the bond less the face value is recorded each year as investment income.

6. Borrowings

The borrowings represents the Provincial allocation of immigrant's investments repayable to the Federal Government five years after the Federal Government has distributed these funds to the Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being distributed to the Manitoba Opportunities Fund Ltd.

Principal repayments for the next five years are as follows:

2015	$ 61,400,360
2016	66,448,481
2017	54,728,852
2018	34,197,453
2019	65,036,392
	$ 281,811,538

7. Growing Through Immigration Strategy Support and Economic Development

Funds transferred to support the Growing Through Immigration Strategy and Economic Development are made up of the following, as approved by the Treasury Board:

	2014	2013
Labour and Immigration	**$ 1,392,000**	$ 570,000
Jobs and the Economy	**190,000**	1,733,000
	$ 1,582,000	$ 2,303,000

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Manitoba Trade and Investment Corporation and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 24, 2014.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Trade and Investment Corporation are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original signed by

Don Callis, President and Chief Executive Officer
June 24, 2014

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BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
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Independent Auditor's Report

To the Board of Directors of Manitoba Development Corporation

We have audited the accompanying financial statements of Manitoba Trade and Investment Corporation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Trade and Investment Corporation as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by

Chartered Accountants

Winnipeg, Manitoba
June 24, 2014

MANITOBA TRADE AND INVESTMENT CORPORATION
Statement of Financial Position

As at March 31		2014		2013
Assets				
Current Assets				
Cash and bank	**$**	**403,200**	$	421,835
Investment (Note 2)		**500,000**		500,000
Accounts receivable		**22,689**		79,879
	$	**925,889**	$	1,001,714
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**8,156**	$	8,082
Deferred revenue (Note 3)		**4,250**		4,500
Operating advance payable (Note 4)		**500,000**		500,000
		512,406		512,582
Net Assets				
Unrestricted		**413,483**		489,132
	$	**925,889**	$	1,001,714

Approved by:

Original signed by

The accompanying notes are an integral part of these financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
Statement of Operations and Changes in Net Assets

For the year ended March 31	2014	2013
Revenue		
Participation fees	$ 150,766	$ 531,891
Cost recoveries	13,504	-
Interest	5,344	5,470
	169,614	537,361
Expenses		
Professional fees	8,507	7,792
Program	236,756	417,313
	245,263	425,105
Excess (deficiency) of revenue over expenses for the year	(75,649)	112,256
Net assets, beginning of year	489,132	376,876
Net assets, end of year	$ 413,483	$ 489,132

The accompanying notes are an integral part of these financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2014		2013
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenses for the year	**$**	**(75,649)**	$	112,256
Changes in non-cash working capital				
Accounts receivable		**57,190**		172,501
Accounts payable and accrued liabilities		**74**		(166)
Deferred revenue		**(250)**		(3,197)
		(18,635)		281,394
Cash Flows from Investing Activities		**-**		-
Cash Flows from Financing Activities		**-**		-
Cash Flows from Capital Activities		**-**		-
Net increase (decrease) in cash and bank		**(18,635)**		281,394
Cash and bank, beginning of year		**421,835**		140,441
Cash and bank, end of year	**$**	**403,200**	$	421,835

The accompanying notes are an integral part of these financial statements.

1. Nature of the Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of the Legislature in 1974. The objectives of the Corporation, as set out in the Act, are to:

- encourage, promote, develop and increase Manitoba exports and trade;
- promote investment in Manitoba; and
- promote international business opportunities for Manitoba businesses and assist Manitoba businesses in promoting those business opportunities.

The Corporation is economically dependent on the Province of Manitoba as all project deficits incurred by the Corporation are recovered from the Province.

(b) Basis of Accounting

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(c) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Participation fees are recognized as revenue in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

(d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates as additional information becomes available in the future.

2. Investment

Funds available for investment are invested with the Province of Manitoba. A term deposit for the principal amount of $500,000 will mature on March 31, 2015 with an interest rate of 0.98%.

3. Deferred Revenue

Deferred revenue represents fees received in advance of event days for specific trade projects. Changes in the deferred balance are as follows:

	2014	2013
Balance, beginning of year	$ 4,500	$ 7,697
Less amounts recognized as revenue in the year	4,500	7,697
Add amounts received during the year and deferred at year end	4,250	4,500
Balance, end of year	$ 4,250	$ 4,500

4. Operating Advance Payable

The Corporation has $500,000 in non-interest bearing working capital advance from the Province of Manitoba. The advances are payable on demand.

5. Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at nil cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

6. Related Party Transactions

The Corporation is related in terms of common ownership to all departments, Crown organizations and government enterprises created by the Province of Manitoba. The Corporation enters into transactions with these entities in the normal course of business. The Corporation records these transactions at the exchange amount which is the amount agreed upon by both parties.

During the year, the Corporation received interest revenue in the amount of $5,344 from funds invested with the Province of Manitoba.

7. Financial Instrument Risk Management

The Corporation is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Corporation's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Corporation's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Corporation to credit risk consist principally of cash and bank, accounts receivable and investment. In case of an outstanding payment the Trade Officer responsible for the project deals directly with the company representative. Companies participation in future trade shows and Manitoba Trade and Investment events are suspended until payment is made.

All the outstanding accounts are reviewed by the Board of Directors (Board) during each Board meeting. The Board is notified if there is any issue that arise due to a payment not being received. In case of an issue arising due to the non-collection of a payment, it is brought to the attention of the Board and they will discuss and recommend the next course of action.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting financial obligations as they become due, and arises from the Corporation's management of working capital. The Corporation's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is not exposed to significant interest rate risk as its cash and investment are held in short-term or variable rate products. The Corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency. The Corporation is not exposed to other price risk since it does not hold any financial instruments traded on a market.

8. Public Sector Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Corporation's Board members and of individual compensation paid to Board members or staff, where such compensation is $50,000 or more per year.

During the current and prior year, there was no compensation paid to Board members. The Corporation no longer has employees as of January 19, 2008.

9. Subsequent Event

The Manitoba Development Corporation Act was proclaimed April 1, 2014. The Act amalgamated the Manitoba Development Corporation, Economic Innovation Technology Council and Manitoba Trade and Investment Corporation, as well as all parts of the original Development Corporation Act. The amalgamation combines the relevant objects and powers of the three organizations under one Act and one corporation, the Manitoba Development Corporation.

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

We have audited the accompanying financial statements of the Manitoba Water Services Board, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, change 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 Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Water Services Board as at March 31, 2014, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
August 21, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Manitoba Water Services Board

We have audited the Manitoba Water Services Board's compliance for the year ended March 31, 2014, with the provisions of the legislative and related authorities outlined in Management's Certification of Compliance pertaining to its financial reporting, budgeting and planning, safeguarding of assets, spending, revenue raising, borrowing, investing, board remuneration and expenses, and trust activities.

Compliance with the legislative and related authorities is the responsibility of the management of the Manitoba Water Services Board. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstance.

In our opinion, the Manitoba Water Services Board has complied, in all significant respects, with the specified legislative and related authorities for the year ended March 31, 2014.

Office of the Auditor General

Office of the Auditor General
August 21, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Water Services Board

We have audited the accompanying Schedule of Board Members Compensation of the Manitoba Water Services Board for the year ended March 31, 2014 ("the schedule"). The schedule has been prepared by management based on Section 2 of *The Public Sector Compensation Disclosure Act*.

Management's Responsibility for the Schedule
Management is responsible for the preparation of the schedule in accordance with Section 2 of *The Public Sector Compensation Disclosure Act* and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the schedule 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 schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule 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 schedule.

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

Opinion
In our opinion, the financial information in the Schedule of Board Members Compensation of the Manitoba Water Services Board for the year ended March 31, 2014 is prepared, in all material respects, in accordance with Section 2 of *The Public Sector Compensation Disclosure Act*.

Basis of Accounting
Without modifying our opinion, we draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the entity to meet the requirements of Section 2 of *The Public Sector Compensation Disclosure Act*. As a result the schedule may not be suitable for another purpose.

Office of the Auditor General

Office of the Auditor General
August 21, 2014
Winnipeg, Manitoba

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2014

	March 31, 2014	March 31, 2013
Financial assets		
Accounts Receivable	$ 6,196,954	$ 3,380,439
Accrued Interest	6,357	4,172
	6,203,311	3,384,611
Liabilities		
Bank Indebtedness (note 15)	1,626,824	563,774
Accounts payable and accrued charges	3,147,089	3,597,957
Advances from The Province of Manitoba payable on demand (note 13)	7,500,000	4,500,000
	12,273,913	8,661,731
Net Debt	(6,070,602)	(5,277,120)
Non-financial assets		
Construction in progress (note 4)	4,314,997	4,707,276
Tangible capital assets (note 5)	10,494	10,494
Prepaid supplies	63,277	77,552
	4,388,768	4,795,322
Accumulated surplus (deficit) (note 6)	$ (1,681,834)	$ (481,798)

Commitments (note 9)

Contingencies (note 10)

See accompanying notes to financial statements.

On behalf of Board:

_______________ Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2014

	Budget (note 14)	2014	2013
Revenues:			
Sale of Water	$ 4,000,000	$ 3,913,366	$ 3,850,141
Administrative expenses paid by the Province of Manitoba (note 8)	2,304,000	2,226,951	2,463,129
Interest	3,000	4,026	4,038
	6,307,000	6,144,343	6,317,308
Expenses:			
Direct expenses for water supply plants:			
Interest expense	160,000	196,465	172,554
Interest allocated to new construction	(225,000)	(182,815)	(204,081)
	(65,000)	13,650	(31,527)
Chemicals	325,700	407,981	317,228
Heat, telephone, light and power	849,100	866,594	852,274
Professional services	569,000	680,574	628,729
Salaries and benefits	1,054,700	1,085,308	1,035,342
Repairs and maintenance	613,000	610,845	474,156
Administrative (note 8)	2,304,000	2,226,951	2,463,129
	5,650,500	5,891,903	5,739,331
Annual surplus	656,500	252,440	577,977
Accumulated surplus, (deficit) beginning of year	(481,798)	(481,798)	424,288
Disposition of surplus (note 6)	(520,000)	(1,452,476)	(1,484,063)
Accumulated deficit, end of year	$ (345,298)	$ (1,681,834)	$ (481,798)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2014

	Budget (note 14)	2014	2013
Annual Surplus	$ 656,500	$ 252,440	$ 577,977
New construction costs	(32,139,800)	(30,631,482)	(30,040,049)
Funds recovered from:			
Province of Manitoba	12,728,300	12,851,007	10,547,777
Municipalities	19,411,500	18,172,754	22,673,317
	0	392,279	3,181,045
Decrease (increase) in prepaid supplies	1,000	14,275	(14,782)
Disposition of surplus	(520,000)	(1,452,476)	(1,484,063)
Increase in net debt	137,500	(793,482)	2,260,177
Net debt, beginning of year	(5,277,120)	(5,277,120)	(7,537,297)
Net debt, end of year	$ (5,139,620)	$ (6,070,602)	$ (5,277,120)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 252,440	$ 577,977
Change in non-cash operating working capital:		
Accounts receivable	(2,816,515)	870,088
Prepaid supplies	14,275	(14,782)
Accounts payable and accrued charges	(450,868)	(2,607,604)
Accrued Interest	(2,185)	(1,098)
Cash provided by (used in) operating activities	(3,002,853)	(1,175,419)
Financing activities:		
Advances received	9,600,000	5,100,000
Advances repaid	(6,600,000)	(8,400,000)
Cash provided by (used in) financing activities	3,000,000	(3,300,000)
Capital activities:		
New construction costs	(30,631,482)	(30,040,049)
Funding recovered from:		
Province of Manitoba	12,851,007	10,547,777
Municipalities	18,172,754	22,673,317
Increase in construction in progress	392,279	3,181,045
Net plant surplus transferred to municipalities	(1,452,476)	(1,484,063)
Cash used in capital activities	(1,060,197)	1,696,982
Decrease in cash	(1,063,050)	(2,778,437)
Cash, beginning of year	(563,774)	2,214,663
Cash, end of year	$ (1,626,824)	$ (563,774)

Supplementary Financial Information

Interest paid $196,465 (2013 - $172,554)
Interest received $182,815 (2013 - $204,081)

1. Nature of operations:

The Manitoba Water Services Board (the Board) was established in July 1972 under The *Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared using Canadian public sector accounting standards established by the Public Sector Accounting Board.

(b) Tangible capital assets and construction in progress:

Tangible capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Asset	Term
Plants constructed prior to January 1, 1972:	
Equipment	18 years
Buildings	35 years
Plants constructed after January 1, 1972:	
Equipment	20 years
Buildings	20 years

Tangible capital assets which are constructed by the Board are recorded as construction in progress until the capital asset is put into use and ownership is transferred to the appropriate municipality. Financing costs are included in the construction in progress amounts.

2. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue from the sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba:

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at the exchange amount agreed to by the related parties in the financial statements.

(e) Pension costs and obligations:

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and tangible capital assets. Actual results could differ from those estimates.

3. Financial instruments and financial risk management:

(a) Classification and measurement of financial instruments:

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Board records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and accrued interest. The Board also records its financial liabilities at cost or amortized cost, which include accounts payable and accrued charges and advances from the Province of Manitoba.

Amortized cost is determined using the effective interest method.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Board did not incur any remeasurement gains and losses during the year (2013 - nil).

3. Financial instruments and financial risk management (continued):

(b) Financial risk management - overview:

The Board has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk, and
- Foreign currency risk

The Board manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Board's Directors have the overall responsibility for the establishment and oversight of the Board's objectives, policies and procedures for measuring, monitoring and managing these risks.

The Board has exposure to the following risks associated with its financial instruments:

Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk is as follows:

	March 31, 2014	March 31, 2013
Accounts receivable	$ 6,196,954	$ 3,380,439
Accrued interest	6,357	4,172
	$ 6,203,311	$ 3,384,611

3. Financial instruments and financial risk management (continued):

Accounts receivable: The Board is not exposed to significant credit risk as the receivables are with Municipal and other government entities and payment in full is typically collected when it is due. Credit evaluations are done for each Rural Municipality.

The aging of accounts receivable are as follows:

	March 31, 2014	March 31, 2013
Current	$ 4,631,295	$ 2,312,013
30-60 days past billing date	1,170,908	865,832
60-90 days past billing date	394,751	15,153
90-120 days past billing date	-	187,441
	$ 6,196,954	$ 3,380,439

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to one receivable with a municipality for ongoing construction and payment is anticipated at the completion of the work.

Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances as required. The Board prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified capital supply requirements are reviewed and approved by the Minister of Finance to ensure adequate funding will be available to meet the Board's obligations utilizing bridge financing through The *Loan Act*. The Board continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba.

The interest rate risk on the above exposures is considered to be low because of their short-term nature.

4. **Construction in progress:**

		March 31, 2014		March 31, 2013
Balance, beginning of year	$	4,707,276	$	7,888,321
New construction costs		30,631,481		30,040,049
		35,338,757		37,928,370
Funding recovered from:				
Municipalities		18,172,754		22,673,317
Province of Manitoba		12,851,006		10,547,777
		31,023,760		33,221,094
Construction in progress	$	4,314,997	$	4,707,276

5. **Tangible capital assets:**

March 31, 2014		Cost		Accumulated amortization		Net book value
Land and easements	$	10,494	$	—	$	10,494
Buildings		522,722		522,722		—
Equipment		132,628		132,628		—
	$	665,844	$	655,350	$	10,494

March 31, 2013		Cost		Accumulated amortization		Net book value
Land and easements	$	10,494	$	—	$	10,494
Buildings		522,722		522,722		—
Equipment		132,628		132,628		—
	$	665,844	$	655,350	$	10,494

6. Accumulated surplus:

Accumulated surplus/(deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities. Net plant surplus transferred to municipalities during the year amount to $1,452,476 (2013 - $1,484,063).

	No.	March 31, 2014	No.	March 31, 2013
Plants operated by the Board:				
Plants with a deficit	6	$ (3,581,586)	6	$ (3,486,885)
Plants with a surplus	4	1,799,752	4	2,905,087
Total funds retained (deficit), water supply plants	10	(1,781,834)	10	(581,798)
Interest and adjustment fund account (note 7)		100,000		100,000
		$ (1,681,834)		$ (481,798)

Net plant surplus (deficit) transactions during 2013/2014 include capital works approved by the Board for the Baldur water treatment plant and regional systems operated by the Board including, Cartier Regional, Southwest Regional, and the Yellowhead Regional Water Co-operatives.

7. Interest and adjustment fund account:

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest costs incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

8. Administrative expenses paid by the Province of Manitoba:

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2014	2013
Professional services	$ 14,392	$ 30,744
Salaries and benefits	1,945,002	2,021,067
Telephone and utilities	17,539	17,310
Travel	834	444
Rental for office premises	150,102	149,865
Other administrative	99,082	243,699
	$ 2,226,951	$ 2,463,129

9. Commitments:

	March 31, 2014	March 31, 2013
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	$ 57,024,788	$ 32,139,763
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 16,688,700	$ 12,728,300
Recovery of construction costs - municipalities and cooperatives	40,336,088	19,411,463
	$ 57,024,788	$ 32,139,763

10. Contingencies:

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

11. Related party transactions:

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12. Economic dependency:

The Board is economically dependent on the Province of Manitoba.

13. Unfixed advances from the Province of Manitoba:

The Board finances construction in progress by borrowing advances from the Province through The *Loan Act*. The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75 percent. During 2013/2014 the rate of interest charged was 2.25 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives and the Province for their share of the eligible project costs.

As at March 31, 2014, the Province had unused authority of $60,451,000 under The *Loan Act* - 2013 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

14. Budgeted figures:

The budgeted figures presented in these financial statements have been derived from the estimates approved by the Board.

15. Bank Indebtedness:

The Board does not have an overdraft in place on its bank account. However, funds could be borrowed from the Province of Manitoba as needed to fund cash deficits. The bank overdraft is the result of outstanding cheques that have not been cashed at March 31, 2014. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.

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Independent Auditor's Report

To the Directors of the METIS CHILD AND FAMILY SERVICES AUTHORITY

We have audited the accompanying financial statements of the **METIS CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statements of financial position as at March 31, 2014, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
July 8, 2014

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Financial Position

March 31	2014	2013
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	$ 1,508,132	$ 1,742,608
Accounts receivable (Note 3)	294,331	501,976
Prepaid expenses	19,023	20,339
Deposit for leasehold improvement	46,125	-
	1,867,611	2,264,923
Advances Due from Agencies (Note 5)	4,567,500	4,567,500
Capital Assets (Note 4)	90,215	65,539
	$ 6,525,326	$ 6,897,962
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 426,814	$ 560,617
Deferred revenue (Note 7)	1,258,788	1,568,422
	1,685,602	2,129,039
Advance Due to Province of Manitoba (Note 5)	4,567,500	4,567,500
Deferred Contributions Related to Capital Assets (Note 8)	136,340	65,539
	6,389,442	6,762,078
Commitments (Note 11)		
Net Assets		
Unrestricted net assets (Page 4)	135,884	135,884
	$ 6,525,326	$ 6,897,962

Approved on behalf of the Board of Directors:

Rita Cullen Director

N. Bolens Director

The accompanying notes are an integral part of these financial statements.

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets

For the year ended March 31	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Province of Manitoba (Note 9)	$ 19,476,392	$ 19,203,367	$ 17,897,266
Amortization of deferred contributions (Note 8)	27,800	32,128	26,702
Interest	14,000	18,046	5,248
Policy analyst	30,000	-	25,332
Standing committee	-	-	25,000
	19,548,192	19,253,541	17,979,548
Expenses			
Agency operations (Schedules 3 and 4)	17,045,846	16,588,419	15,285,444
Salaries and benefits	1,826,329	1,773,201	1,758,145
Professional fees	170,079	265,261	280,343
Office	229,500	263,047	212,398
Agency education and training	127,000	149,577	154,733
Information technology	96,000	62,274	83,965
Board expenses	49,000	39,782	48,701
Amortization of capital assets	27,800	32,128	26,702
Annual general meeting	13,000	18,338	16,717
Staff expenses	17,000	16,517	36,023
Other	-	15,187	-
Insurance	12,300	11,427	11,081
Professional development	13,000	10,385	18,829
Communications	23,300	7,225	45,223
Bank charges	1,000	773	1,244
	19,651,154	19,253,541	17,979,548
Excess (deficiency) of revenue over expenses	(102,962)	-	-
Net assets, beginning of year		135,884	135,884
Net assets, end of year		$ 135,884	$ 135,884

The accompanying notes are an integral part of these financial statements.

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Cash Flows

For the year ended March 31	2014	2013
Cash Flows from Operating Activities		
Excess of revenue over expenses	$ -	$ -
Adjustments for non-cash items		
Amortization of capital assets	**32,128**	26,702
Amortization of deferred contributions related to capital assets	**(32,128)**	(26,702)
	-	-
Changes in non-cash working capital items		
Accounts receivable	**207,645**	137,556
Due to agencies	**(82,845)**	52,404
Prepaid expenses	**1,316**	(10,595)
Accounts payable and accrued liabilities	**(50,958)**	60,779
Deferred revenue	**(309,634)**	218,519
	(234,476)	458,663
Cash Flows from Investing Activities		
Purchase of capital assets	**(56,804)**	(28,872)
Contributions received for purchase of capital assets	**102,929**	28,872
Deposit for leasehold improvement	**(46,125)**	-
	-	-
(Decrease) increase in cash and cash equivalents for the year	**(234,476)**	458,663
Cash and cash equivalents, beginning of year	**1,742,608**	1,283,945
Cash and cash equivalents, end of year	**$ 1,508,132**	$ 1,742,608

The accompanying notes are an integral part of these financial statements.

1. Nature of the Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Metis Child and Family Services Authority (the "Authority") was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 excerpt section 20; the Act came into force by proclamation on November 24, 2003.

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Metis and Inuit people. In partnership with the Manitoba Metis Federation and the Province of Manitoba, the Authority is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of Metis and Inuit people in Manitoba.

The Authority is a non-profit organization and as such is exempt from income taxes under The Income Tax Act (the "Act"). In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(b) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for not-for-profit organizations.

(c) Revenue Recognition

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

(d) Capital Assets

Capital assets funded by the Province of Manitoba are recorded at cost less accumulated amortization and the related funding is recorded as deferred contributions.

Deferred contributions are amortized in accordance with the estimated useful lives of the assets to which they relate.

Other capital assets are recorded at cost less accumulated amortization.

Capital assets are amortized on a straight-line basis as follows:

Computer equipment	5 years
Office furniture and equipment	5 years

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(f) Cash and cash equivalents

Cash and cash equivalent consist of cash on hand, bank balances and investments in cashable instruments.

(g) Pension Plan

The Authority maintains defined contribution pension plans for its personnel. Expenses for this plan are equal to the Authority's required contribution for the year.

(h) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. Cash and cash equivalents

Cash and cash equivalents contains guaranteed investment certificates in the amount of $10,000. The GICs bear interest rate of 0.80% and mature in August and November 2014.

3. Accounts Receivable

	2014	2013
Due from Province of Manitoba	**$ 272,961**	$ 436,991
GST receivable	**4,925**	16,702
Other	**16,445**	48,283
	$ 294,331	$ 501,976

4. Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 221,100	$ 143,211	$ 77,889	$ 166,649	$ 121,319	$ 45,330
Furniture and fixtures	72,353	60,027	12,326	69,999	49,790	20,209
	$ 293,453	$ 203,238	$ 90,215	$ 236,648	$ 171,109	$ 65,539

5. Advances due from Agencies and Advance due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of $4,567,500 ($4,567,500 - 2013), which in turn was advanced by the Authority to the Agencies. The advances are repayable by the Authority if the Authority's operations cease. The amounts due from the Agencies have no fixed terms of repayment and are non-interest bearing.

	2014	2013
Metis Child, Family and Community Services	$ 3,813,048	$ 3,813,048
Michif Child & Family Services	754,452	754,452
	$ 4,567,500	$ 4,567,500

6. Accounts Payable and Accrued Liabilities

	2014	2013
Due to agencies	$ 174,853	$ 257,698
Trade payables	34,448	130,310
Accrued expenses	217,513	172,609
	$ 426,814	$ 560,617

7. Deferred Revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenditures are expected to be incurred.

	2014	2013
Balance, beginning of year	$ 1,568,422	$ 1,349,903
Unspent contributions received:		
Province of Manitoba - Core operations	417,312	408,817
Province of Manitoba - Standing Committee	141,638	597,780
	558,950	1,006,597
Less amounts recognized as revenue in the year		
Core operations	(408,817)	(421,872)
Standing Committee	(459,767)	(366,206)
	(868,584)	(788,078)
Balance, end of year	$ 1,258,788	$ 1,568,422

Deferred contributions are restricted for the following programs as at March 31:

	2014	2013
Core operations	$ 417,312	$ 408,817
Standing committee operations	341,476	659,605
Standing committee - differential response	500,000	500,000
	$ 1,258,788	$ 1,568,422

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents funds received during the year for the purpose of purchasing furniture, computers and other equipment. These contributions are deferred and subsequently amortized on the same basis as the related assets.

	2014	2013
Balance, beginning of year	**$ 65,539**	$ 63,369
Funds received:		
Province of Manitoba	**102,929**	28,872
Less amortization	**(32,128)**	(26,702)
Balance, end of year	**$ 136,340**	$ 65,539

9. Revenue from Province of Manitoba

	2014	2013
Revenue as per Province of Manitoba confirmation	**$ 19,062,390**	$ 18,116,959
Add		
Deferred revenue amounts recognized as revenue in the year	**868,584**	788,077
Funding claims subsequent to confirmation	**22,566**	67,478
	891,150	855,555
Deduct		
Unspent contributions received	**558,950**	1,006,597
Grants related to capital assets	**102,929**	28,872
Funding of prior year accounts receivable	**88,294**	39,779
	750,173	1,075,248
Revenue from Province of Manitoba	**$ 19,203,367**	$ 17,897,266

10. Related Party Disclosures

The Authority rents office space from the Manitoba Metis Federation Inc. as disclosed in Note 11. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

This transaction is in the normal course of operations and is measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for the leased premises.

11. Commitments

The Authority leases office space from the Manitoba Metis Federation Inc. The Authority expects the minimum annual lease payments of $120,146 until May 31, 2022.

The Authority has also entered into various agreements to purchase and maintain computers and office equipment until March 31, 2016.

Minimum annual lease payments over the next five years are as follows:

2015	$	136,118
2016		124,922
2017		120,146
2018		120,146
2019		120,146

12. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk, market risk and liquidity risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $294,331 ($501,976 at March 31, 2013).

The Authority is not exposed to significant credit risk as the majority of the receivables are from the Province of Manitoba and agencies funded by the Authority.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk as its cash and investments are held in short-term or variable rate products.

The Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

12. Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting financial obligations as they become due, and arises from the Authority's management of working capital. The Authority's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Fair Value

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

13. Pension

During the year the Authority contributed $38,273 (2013 - $38,994) to a defined contribution pension plan. Contributions are made at 3% of employee salaries and invested in RRSPs held with Great-West Life.

14. Economic Dependence

The Authority's primary source of income is the grant funding received from the Province of Manitoba Department of Family Services and Housing. The Authority's ability to continue viable operations is dependent upon maintaining its ability to obtain funding. As at the date of these financial statements, the Authority believes that the grant funding from the Province of Manitoba will continue.

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Auditor's Comments on Supplementary Financial Information

To the Directors of METIS CHILD AND FAMILY SERVICES AUTHORITY

We have audited the financial statements of the **METIS CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated July 8, 2014 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. Schedules 1, 2, 3, and 4 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Restriction on Distribution and Use

The supplementary information is prepared to assist the **METIS CHILD AND FAMILY SERVICES AUTHORITY** to meet the requirements of the Province of Manitoba Department of Family Services and Housing, Child Protection Branch (the "Province"). As a result, the supplementary information is not presented in accordance with Canadian public sector accounting standards and may not be suitable for another purpose. Our report is intended solely for the **METIS CHILD AND FAMILY SERVICES AUTHORITY** and the Minister and should not be distributed to or used by parties other than the **METIS CHILD AND FAMILY SERVICES AUTHORITY** or the Province.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
July 8, 2014

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 1 - Statement of Program Operations: Core Operations

For the year ended March 31	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Grant - Province of Manitoba			
Core	$ 1,852,508	$ 1,718,294	$ 1,780,611
Other	309,400	325,648	310,272
Education and training	127,000	149,577	154,733
Standing committee	-	-	25,000
Standing committee IT revenue	-	18,000	-
Amortization of deferred contributions related to capital assets	20,000	24,972	19,798
Interest	2,000	5,881	5,248
	2,310,908	2,242,372	2,295,662
Expenses			
Salaries and benefits	1,682,329	1,621,647	1,618,219
Office	158,000	179,714	141,602
Agency education and training	127,000	149,577	154,733
Professional fees	130,079	93,136	137,397
Information technology	75,000	61,014	55,874
Board expenses	49,000	39,782	48,701
Amortization of capital assets	20,000	24,972	19,798
Annual general meeting	13,000	18,338	16,717
Other	-	15,187	-
Staff expenses	15,000	14,542	33,965
Professional development	12,000	8,847	18,030
Insurance	8,500	7,618	7,387
Communications	20,000	7,225	41,995
Bank charges	1,000	773	1,244
	2,310,908	2,242,372	2,295,662
Excess of revenue over expenses	$ -	$ -	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 2 - Statement of Program Operations: Office of the Child and Family Services Standing Committee

For the year ended March 31	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Grant - Province of Manitoba			
Current year funding	$ 141,638	$ 141,638	$ 593,866
Prior year funding	-	279,791	(227,660)
Policy analyst	30,000	-	25,332
Interest	12,000	12,165	-
Amortization of deferred contributions related to capital assets	7,800	7,156	6,904
	191,438	440,750	398,442
Expenses			
Professional fees	40,000	172,125	142,946
Salaries and benefits	144,000	151,554	139,926
Office	71,500	83,333	70,796
Information technology	21,000	19,260	28,091
Amortization of capital assets	7,800	7,156	6,904
Insurance	3,800	3,809	3,694
Staff expenses	2,000	1,975	2,058
Professional development	1,000	1,538	799
Communications	3,300	-	3,228
	294,400	440,750	398,442
Excess (dificiency) of revenue over expenses	$ (102,962)	$ -	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 3 - Statement of Program Operations: Metis Child, Family and Community Services Agency Inc

For the year ended March 31	2014	2014	2013
	Budget	**Actual**	Actual
Revenue			
Grant - Province of Manitoba			
Core and Operational	$ 11,158,885	$ 10,814,758	$ 10,065,288
Other	687,218	687,218	516,843
	11,846,103	11,501,976	10,582,131
Expenses			
Grant to Agency			
Core and Operational	11,158,885	10,814,758	10,065,288
Other	687,218	687,218	516,843
	11,846,103	11,501,976	10,582,131
Excess of revenue over expenses	$ -	$ -	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 4 - Statement of Program Operations: Michif Child and Family Services Inc.

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Revenue			
Grant - Province of Manitoba			
Core and Operational	$ 4,988,675	$ 4,875,375	$ 4,445,043
Other	211,068	211,068	258,270
	5,199,743	5,086,443	4,703,313
Expenses			
Grant to Agency			
Core and Operational	4,988,675	4,875,375	4,445,043
Other	211,068	211,068	258,270
	5,199,743	5,086,443	4,703,313
Excess of revenue over expenses	$ -	$ -	$ -

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sport Manitoba Inc.

We have audited the accompanying financial statements of Sport Manitoba Inc., which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sport Manitoba Inc. as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

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

KPMG LLP

Chartered Accountants

June 18, 2014

Winnipeg, Canada

SPORT MANITOBA INC.

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash (note 10)	$ 2,709,610	$ 2,155,905
Accounts receivable	1,416,346	632,438
Inventories	24,319	23,983
Prepaid expenses and deposits	90,380	102,549
	4,240,655	2,914,875
Marketable securities [note 2(f)]	100,007	100,007
Long-term accounts receivable	50,367	50,367
Capital assets (note 3)	15,601,039	15,791,750
	$ 19,992,068	$ 18,856,999

	2014	2013

Liabilities, Deferred Contributions and Net Assets

	2014	2013
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,412,872	$ 1,619,831
Current portion of loan payable (note 6)	251,118	236,933
	1,663,990	1,856,764
Loan payable (note 6)	14,575,694	14,826,812
Deferred contributions relating to (note 7):		
Expenses of future periods	1,455,133	419,932
Capital assets	1,720,453	1,371,600
	3,175,586	1,791,532
Net assets:		
Unrestricted	(705,206)	(630,116)
Internally restricted (note 2[e]):		
Initiatives program	87,107	87,107
Coaching	26,875	26,875
Future major repairs and upgrades	225,000	150,000
Phase 2 building expenditures	90,000	–
Princess Royal Pan Am Scholarship endowment [note 2(f)]	100,007	100,007
Invested in capital assets (note 10)	753,015	648,018
	576,798	381,891
KidSport Canada trust assets (note 4)		
	$ 19,992,068	$ 18,856,999

See accompanying notes to financial statements.

On behalf of the Board:

DJ MacDonell Director

Director

SPORT MANITOBA INC.

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds	Capital Asset Fund	2014 Total	2013 Total
Revenue:					
Province of Manitoba:					
Program support	$ 11,105,927	$ –	$ –	$ 11,105,927	$ 11,348,928
Bingo allocation	411,500	–	–	411,500	382,400
Other grants	396,853	–	–	396,853	255,080
Sport Medicine Centre	409,920	–	–	409,920	352,718
Amortization of deferred contributions	–	–	58,775	58,775	308,775
Manitoba Games	358,685	–	–	358,685	415,474
Other income	363,692	–	–	363,692	373,629
Bilateral funding:					
Province of Manitoba	312,273	–	–	312,273	312,273
Federal Government	312,273	–	–	312,273	312,273
	13,671,123	–	58,775	13,729,898	14,061,550
Expenses:					
Grants					
Sport groups for sport development	7,919,155	–	–	7,919,155	7,972,158
Sport for Life Centre Phase 2	–	–	–	--	260,000
Bilateral sport development programs	317,271	–	–	317,271	340,236
Sport Medicine Centre	489,637	–	–	489,637	475,763
Administration and services provided to sport groups:					
Occupancy	1,730,332	–	–	1,730,332	1,696,025
Operating	356,534	–	–	356,534	398,883
Administration	1,574,174	–	–	1,574,174	1,594,351
Member services	1,621,248	–	–	1,621,248	1,642,004
Cost recovered from sport groups	(1,026,225)	–	–	(1,026,225)	(1,019,597)
Amortization	–	–	552,865	552,865	579,031
	12,982,126	–	552,865	13,534,991	13,938,854
Excess (deficiency) of revenue over expenses	$ 688,997	$ –	$ (494,090)	$ 194,907	$ 122,696

See accompanying notes to financial statements.

SPORT MANITOBA INC.

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Unrestricted	Internally restricted initiatives program	Internally restricted coaching fund	Internally restricted future major repairs and upgrades	Internally restricted phase 2 building expenditures	Princess Royal Pan Am Scholarship endowment	Invested in capital assets	2014 Total	2013 total
Net assets, beginning of year	$ (630,116)	$ 87,107	$ 26,875	$ 150,000	$ –	$ 100,007	$ 648,018	$ 381,891	$ 259,188
Excess (deficiency) of revenue over expenses	688,997	–	–	–	–	–	(494,090)	194,907	122,696
Capital assets acquired	(362,154)	–	–	–	–	–	362,154	–	–
Principal payments on loan payable	(236,933)	–	–	–	–	–	236,933	–	–
Internally imposed restriction [note 2(e)]	(165,000)	–	–	75,000	90,000	–	–	–	–
Unrealized gain on endowment investments	–	–	–	–	–	–	–	–	7
Net assets, end of year	$ (705,206)	$ 87,107	$ 26,875	$ 225,000	$ 90,000	$ 100,007	$ 753,015	$ 576,798	$ 381,891

See accompanying notes to financial statements.

SPORT MANITOBA INC.

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 194,907	$ 122,696
Items not involving cash:		
Amortization of capital assets	552,865	579,031
Amortization of deferred contributions related to capital assets	(58,775)	(308,775)
Change in non-cash operating working capital	56,167	(756,623)
	745,164	(363,671)
Capital activities:		
Additions to capital assets	(362,154)	(171,667)
Increase in deferred contributions related to capital assets	407,628	60,000
	45,474	(111,667)
Financing activities:		
Principal repayments of loan payable	(236,933)	(223,549)
Increase (decrease) in cash	553,705	(698,887)
Cash, beginning of year	2,155,905	2,854,792
Cash, end of year	$ 2,709,610	$ 2,155,905

See accompanying notes to financial statements.

1. General:

Sport Manitoba Inc. (the organization) is a not-for-profit organization which has been empowered by the Province of Manitoba to play the lead role in the implementation of the Province's sport policy. The organization's purpose is to lead and support participation and achievement in sport by all Manitobans. The organization is exempt from income taxes and is funded through an agreement with the Province of Manitoba which expires on March 31, 2015.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The organization follows the deferral method of accounting for contributions, which include government grants.

Unrestricted contributions and operating grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated.

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as an increase in net assets when received.

2. Significant accounting policies (continued):

(b) Inventories:

Inventories are valued at the lower of cost and estimated realizable value with cost being determined on the first-in, first-out basis.

(c) Capital assets:

Capital assets are stated at cost. Amortization is recorded on a straight-line basis using the following terms:

Asset	Term
Building	40 years
Computers	3 years
Furniture and equipment	2 - 20 years
Print shop equipment	3 - 30 years

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the remaining term of the lease.

Interest is capitalized on payments for major capital asset additions made prior to them being ready for use and is included in the cost of the asset.

Any gain or loss on disposal of these assets is charged to operations in the year of disposal.

(d) Operating fund:

The purpose of the Operating Fund is to record the operations of the organization which includes operations of The Sport for Life Sport Medicine Centre.

The Sport for Life Sport Medicine Centre is a multidisciplinary clinic that offers patient care for sport medicine and orthopedic injuries including sport medicine, physiotherapy, athletic therapy, massage, chiropractic and nutrition.

2. **Significant accounting policies (continued):**

(e) Internally restricted funds:

The initiatives program represents net assets restricted by the Board of Directors. These net assets are to be used to meet exceptional or one time initiatives and to support Sport Manitoba's pro-active participation in collaborative projects with partners in sport. All expenditures must be approved by the Board.

The Board of Directors has also internally restricted certain net assets to be used for coaching initiatives.

During the year, the Board of Directors internally restricted resources amounting to $75,000 (2013 - $75,000) to be used to fund future major repairs and upgrades required for 145 Pacific Avenue, as well as an additional $90,000 to be used to fund future capital expenditures relating to Phase 2 of the building. This amount was transferred from the unrestricted net assets. These internally restricted amounts are not available for other purposes without prior approval of the Board of Directors.

(f) Princess Royal Pan Am Scholarship endowment:

The organization received $100,000 to establish the Princess Royal Pan Am Scholarship endowment. The principal cannot be used to fund programs. The investment income earned is used to provide annual scholarships to one male and one female athlete, up to $3,000 each, who are competing in sport at a national or international level and who are enrolled in a post-secondary education program at a Manitoba post-secondary institution. The endowment is recorded at fair value.

(g) Capital fund:

The purpose of the Capital Fund is to record capital assets, related debt, and the net investment of the organization in such assets.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(i) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Transaction costs incurred on acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The organization did not incur any remeasurement gains and losses during the year ended March 31, 2014 (2013 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

2. Significant accounting policies (continued):

(j) Allocation of general administration expenses:

The organization classifies expenses on the statement of operations by function. The organization allocates certain costs by identifying the appropriate basis of allocation and applying that basis consistently each year. Allocated expenses consist of salaries and benefits which are allocated 65 percent to member services expenses and 35 percent to administration expenses on the basis of the average of individual job positions responsibilities.

3. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	$ 1,200,000	$ –	$ 1,200,000	$ 1,200,000
Building	15,739,691	1,579,369	14,160,322	14,260,335
Computers	214,349	181,881	32,468	33,314
Furniture and equipment	740,850	552,834	188,016	253,495
Print shop equipment	248,261	229,709	18,552	34,809
Leasehold improvements	40,577	38,896	1,681	9,797
	$ 18,183,728	$ 2,582,689	$ 15,601,039	$ 15,791,750

4. KidSport Canada trust assets:

In accordance with a Delegation of Authority agreement with KidSport Canada signed March 19, 2008, the organization is holding $755,664 of assets in trust for KidSport Canada as at March 31, 2014 (2013 - $843,403). The agreement delegates authority to the organization to issue tax receipts for qualifying donations on behalf of KidSport Canada. These trust assets together with the related obligation, donation income and grant expenses have not been recorded in these financial statements for financial reporting purposes.

5. Sport For Life Centre:

In February 2009, the organization purchased land and building at 145 Pacific for $3,700,000 which has become home to the new Sport for Life Centre. The Phase 1 renovations have been completed. Sport Manitoba moved in to the new building on March 4, 2010. Phase 2, which will include the activity space, is anticipated to be complete by the summer of 2016.

6. Loan payable:

	2014	2013
Loan payable to Province of Manitoba bearing interest at 5.90%, unsecured, repayable in monthly installments of $92,392 including interest, maturing March 31, 2040	$ 14,826,812	$ 15,063,745
Current portion of loan payable	251,118	236,933
	$ 14,575,694	$ 14,826,812

Principal repayments over the next five years are as follows:

2015	$ 251,118
2016	266,153
2017	282,087
2018	298,976
2019	316,876

7. Deferred contributions:

Deferred contributions related to expenses of future periods represent restricted funding received for future expenses.

	2014	2013
Balance, beginning of year	$ 419,932	$ 811,248
Contributions in the current year	1,413,611	80,938
Amounts amortized to revenue	(378,410)	(472,254)
Balance, end of year	$ 1,455,133	$ 419,932

7. Deferred contributions (continued):

Deferred contributions for expenses of future periods are comprised of the following:

	2014	2013
Future bids, MB Games sponsorship, coaching and programming and storage of equipment	$ 1,177,950	$ 142,749
Sport for Life Centre	26,638	26,638
High Performance Athlete Initiative	250,545	250,545
	$ 1,455,133	$ 419,932

Deferred contributions related to capital assets represent unamortized and unspent amount of externally restricted contributions that have been received for the construction of the Sport for Life Centre.

	2014	2013
Balance, beginning of year	$ 1,371,600	$ 1,620,375
Contributions in the current year	407,628	60,000
Amounts amortized to revenue	(58,775)	(308,775)
Balance, end of year	$ 1,720,453	$ 1,371,600

Deferred contributions related to capital assets are comprised of the following:

	2014	2013
Sport for Life Centre Phase 1	$ 57,825	$ 106,600
Sport for Life Centre Phase 2	1,662,628	1,265,000
	$ 1,720,453	$ 1,371,600

8. Manitoba Sports Hall of Fame and Museum Incorporated:

The organization is the sole voting member of the Manitoba Sports Hall of Fame and Museum Incorporated (Hall of Fame), which is a registered charity organized to honour Manitoba athletes and builders. The financial statements of the Hall of Fame have not been consolidated with those of the organization.

8. Manitoba Sports Hall of Fame and Museum Incorporated (continued):

On April 1, 2008, the Hall of Fame entered into an occupancy and support agreement with the organization whereby certain services are provided by the organization to the Hall of Fame for a fee equal to the cost of providing such services, minus the sum of $65,000. In addition, the organization provided the Hall of Fame $2,716 (2013 - $328,000) towards the construction and fit-out of the Manitoba Sports Hall of Fame and Museum.

The accounts receivable from the Hall of Fame in the amount of $76,367 (2013 - $76,367), is non-interest bearing, and has no fixed terms of repayment.

The following represents the financial position and the results of operations of the Hall of Fame as at March 31:

	2014	2013
Assets	$ 752,210	$ 927,418
Liabilities and deferred contributions	$ 732,627	$ 904,905
Net assets	19,583	22,513
	$ 752,210	$ 927,418
Revenues	$ 340,672	$ 296,576
Expenses	343,602	285,867
Excess (deficiency) of revenues over expenses	$ (2,930)	$ 10,709

9 Manitoba Foundation for Sports Inc.:

The organization is the sole voting member of the Manitoba Foundation for Sports Inc. (Foundation), which is a registered charity organized for the purpose of furthering the development of amateur athletics in the Province of Manitoba. The financial statements of the Foundation have not been consolidated with those of the organization.

9 Manitoba Foundation for Sports Inc. (continued):

The following represents the financial position and results of operations of the Foundation as at March 31:

	2014	2013
Assets	$ 1,054,312	$ 1,031,509

Deferred contributions	$ 401,813	401,813
Unrestricted net assets	145,744	122,941
Pan Am Games Legacy fund	505,000	505,000
Restricted Bud Tinsley fund	1,755	1,755
	$ 1,054,312	$ 1,031,509

	2014	2013
Revenue	$ 52,409	$ 32,379
Expenses	29,606	28,648
Excess of revenue over expenses	$ 22,803	$ 3,731

During the year, the Foundation provided $13,000 (2013 - $15,500) of scholarship grants to Manitoba athletes.

During the year, the Foundation received donations of $25,000 from Sport Manitoba Inc.

10. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2014	2013
Capital assets	$ 15,601,039	$ 15,791,750
Amounts financed by:		
Loan payable	(14,826,812)	(15,063,745)
Deferred contributions	(1,720,453)	(1,371,600)
Unspent cash proceeds	1,699,241	1,291,613
	$ 753,015	$ 648,018

11. Pension plan:

The organization has a defined contribution pension plan. Pension expense for the year ended March 31, 2014 was $131,092 (2013 - $129,557).

12. Financial risks:

The organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The organization is exposed to credit risk with respect to the accounts receivable, cash and marketable securities.

The organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the organization at March 31, 2014 is the carrying value of these assets.

At March 31, 2014, an allowance for bad debt was set up for $29,379 (2013 - $33,500). All other accounts receivable for March 31, 2014 are current.

The maximum exposure to investment credit risk is the fair value of the marketable securities at March 31, 2014.

There have been no significant changes to the credit risk exposure from 2013.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization manages liquidity risk by monitoring its operating requirements. The organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2015.

There have been no significant changes to the liquidity risk exposure from 2013.

12. Financial risks (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the organization to cash flow interest risk. The organization is not exposed to this risk as its loans payable have fixed interest rates.

There has been no change to the risk exposures from 2013.

SPORT MANITOBA INC.

Schedule - Administration and Services Provided to Sports Groups

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Occupancy expenses:		
Interest on loan payable	$ 871,766	$ 885,150
Member services	177,833	147,283
Utilities	159,307	154,047
Security and janitorial services	162,307	143,954
Salaries	72,623	76,083
Property repairs and maintenance	60,201	62,109
Insurance and taxes	225,222	226,331
Sport for Life Centre	1,073	1,068
	$ 1,730,332	$ 1,696,025

	2014	2013
Operating expenses:		
Courier	$ 13,082	$ 12,702
Multi-sport games support	132,590	170,470
Postage	44,770	50,307
Repairs and maintenance	95,393	103,763
Service bureau fees	2,526	5,473
Stationery	21,891	9,981
Telephone	46,282	46,187
	$ 356,534	$ 398,883

	2014	2013
Administration expenses:		
Advertising, marketing and media programs	$ 174,857	$ 186,246
Coaching development	104,083	118,467
Community and regional development programs	113,442	121,845
Delivery and freight	1,277	1,288
Hall of Fame administration	2,553	6,700
Insurance	13,016	10,717
KidSport programs	33,152	25,682
Long-term athlete development	9,876	10,127
Meetings	20,680	18,404
Membership dues and subscriptions	3,466	3,474
Office supplies and stationery	5,565	6,397
Photocopying	6,281	5,424
Postage	4,581	4,426
Printing	8,039	8,290
Professional development	8,324	4,230
Professional fees	23,308	27,000
Respect in Sport	96,825	108,162
Salaries and benefits	872,990	882,541
Service bureau fees	3,518	4,052
Telephone	31,651	24,559
Travel	18,059	12,485
Volunteer and staff recognition	5,144	3,835
Fit Kids Healthy Kids	13,487	–
	$ 1,574,174	$ 1,594,351

SPORT MANITOBA INC.

Schedule - Administration and Services Provided to Sport Groups (continued)

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Member services expenses:		
Salaries and benefits	$ 1,621,248	$ 1,642,004

	2014	2013
Amortization:		
Amortization of leasehold improvements	$ 8,116	$ 8,116
Amortization of other capital assets	544,749	570,915
	$ 552,865	$ 579,031

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INDEPENDENT AUDITORS' REPORT

To the Directors of Taking Charge! Inc./Se Prendre En Main! Inc.

We have audited the accompanying financial statements of Taking Charge! Inc./Se Prendre En Main! Inc., which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taking Charge! Inc./Se Prendre En Main! Inc. as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 26, 2014

Winnipeg, Canada

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Accounts receivable	$ 96,295	$ 120,313
Goods and services tax receivable	5,102	4,924
Prepaid expenses	3,561	9,942
	104,958	135,179
Capital assets (note 3)	533,356	601,141
	$ 638,314	$ 736,320
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness (note 4)	$ 37,021	$ 99,152
Accounts payable and accrued liabilities	124,319	109,980
Demand bank loan (note 4)	–	142,554
	161,340	351,686
Deferred contributions (note 5):		
Expenses of future periods	37,676	26,278
Capital assets	474,149	430,289
	511,825	456,567
Net assets:		
Unrestricted	(94,058)	(242,785)
Invested in capital assets [note 6(a)]	59,207	170,852
	(34,851)	(71,933)
Commitments (note 8)		
	$ 638,314	$ 736,320

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.
Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenues:		
Province of Manitoba:		
Jobs and the Economy	$ 1,014,157	$ 1,015,619
Education and Advanced Learning	16,925	47,151
Labour and Immigration	–	55,000
Province of Manitoba - Family Services:		
Child Daycare:		
Parent fees	17,430	21,663
Parent subsidies	291,558	309,143
Operating grant	402,212	387,349
CCA wages top-up grant	1,546	4,107
Staff pension grant	18,716	14,951
Staff training grant	368	812
Inclusion grant	6,214	2,403
Replacement grant	5,131	–
Other:		
Donations and fund raising	46,685	3,872
Amortization of deferred contributions related to capital assets [(note 5(b)]	79,127	62,645
	1,900,069	1,924,715
Expenses:		
Direct client services (schedule):		
Taking Charge - participant support	33,583	37,180
Taking Charge - participant pre-training	61,239	58,981
Employment Assistance Services - on-site	881,469	822,683
English as an Additional Language	16,925	163,568
Taking Charge of Academics	37,868	35,359
Taking Care - Child Daycare (schedule)	742,781	739,390
Special events and grant expenses	3,990	4,735
Amortization	80,019	77,494
Interest on demand bank loan	5,113	9,457
	1,862,987	1,948,847
Excess (deficiency) of revenues over expenses	$ 37,082	$ (24,132)

See accompanying notes to financial statements.

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Unrestricted	Invested in capital assets	2014 Total	2013 Total
Balance, beginning of year	$ (242,785)	$ 170,852	$ (71,933)	$ (47,801)
Excess (deficiency) of revenues over expenses	37,974	(892)	37,082	(24,132)
Transfer of funds related to purchase of capital assets [note 6(b)]	110,753	(110,753)	–	–
Balance, end of year	$ (94,058)	$ 59,207	$ (34,851)	$ (71,933)

See accompanying notes to financial statements.

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ 37,082	$ (24,132)
Items not involving cash:		
Amortization of deferred contributions related to capital assets	(79,127)	(62,645)
Amortization	80,019	77,494
Change in non-cash operating working capital:		
Accounts receivable	24,018	50,304
Goods and services tax receivable	(178)	1,170
Prepaid expenses	6,381	46,130
Accounts payable and accrued liabilities	14,339	6,437
Net change in deferred contributions related to expenses of future periods	11,398	(4,340)
	93,932	90,418
Capital activities:		
Additions to capital assets	(12,234)	(6,105)
Financing activities:		
Decrease in bank indebtedness	(62,131)	(58,083)
Repayment of demand bank loan	(142,554)	(47,518)
Additions to deferred contributions related to capital assets	122,987	21,288
	(81,698)	(84,313)
Cash, beginning and end of year	$ –	$ –

See accompanying notes to financial statements.

1. **General:**

Taking Charge! Inc./Se Prendre En Main! Inc. (the Organization) is a not-for-profit organization which was incorporated under the Manitoba Corporations Act on April 5, 1995. The Organization is funded by three Province of Manitoba departments: Jobs and the Economy, Education and Advanced Learning as well as Family Services (together, the Government) to help single parents on social assistance to become self-sufficient.

Any funds received which are not expended in accordance with the funding agreement with the Government or any funds which are unexpended or uncommitted at the end of the Organization's fiscal year are repayable to the government. If a deficit exists in the Organization at the end of its fiscal year, this deficit will not be funded by the Government.

Under Section 149 (1) (l) of the *Income Tax Act*, the Organization is exempt from income taxes.

2. **Significant accounting policies:**

The financial statements have been prepared by management in accordance with Canadian accounting public sector accounting standards and include the following significant accounting policies.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

2. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at date of contribution. Repairs and maintenance are charged to expense. Betterments, which extend the estimated useful life of an asset are capitalized. Capital assets are amortized using the declining balance method at the following rates which are sufficient to amortize the costs over the estimated useful lives of the assets:

Asset	Rate
Computers	30%
Furniture and equipment	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

3. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computers	$ 319,665	$ 309,841	$ 9,824	$ 1,826
Furniture and equipment	191,071	173,924	17,147	21,434
Leasehold improvements	714,410	208,025	506,385	577,881
	$ 1,225,146	$ 691,790	$ 533,356	$ 601,141

4. Bank indebtedness and demand bank loan:

The Organization has an operating line of credit to a maximum of $75,000 (2013 - $75,000). The operating line of credit is due on demand, bears interest at bank prime plus 1.75 percent and is unsecured. At March 31, 2014, the Organization had utilized $26,203 (2013 - $84,519) of the operating line of credit.

The Organization had a demand bank loan which was utilized for funding of leasehold improvements. The demand bank loan was interest bearing at prime plus 2.75 percent. The Organization repaid the demand bank loan during fiscal 2014.

5. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions relate to expenses of future periods and represent unspent government funding. Deferred contributions will be recognized as income in the year when the related program expenditures are incurred.

	2014	2013
Balance, beginning of year	$ 26,278	$ 30,618
Add amount received related to future periods	32,579	4,255
Add amount received from Department of Education and Advanced Learning	–	16,926
Amounts recognized as revenue in the year	(16,926)	(14,078)
Less amounts transferred to deferred contributions - capital assets	(4,255)	(11,443)
Balance, end of year	$ 37,676	$ 26,278

5. Deferred contributions (continued):

(b) Capital assets:

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

	2014	2013
Balance, beginning of year	$ 430,289	$ 471,646
Add contributions from:		
Winnipeg Foundation - Anonymous Family Fund	97,000	–
Winnipeg Foundation grant - server	12,982	–
Raffle 2014	3,697	–
Manitoba Community Services Council	–	4,500
Province of Manitoba - Family Services - prior years' surplus	4,255	11,443
Donations	5,053	5,345
	122,987	21,288
Less amount amortized to revenue	(79,127)	(62,645)
Balance, end of year	$ 474,149	$ 430,289

6. Invested in capital assets:

(a) Invested in capital assets is allocated as follows:

	2014	2013
Capital assets	$ 533,356	$ 601,141
Amounts financed by deferred contributions	(474,149)	(430,289)
	$ 59,207	$ 170,852

6. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2014	2013
Deficiency of revenue over expenses:		
Amortization of deferred contributions related to capital assets	$ 79,127	$ 62,645
Amortization of capital assets	(80,019)	(77,494)
	$ (892)	$ (14,849)

	2014	2013
Transfer of funds related to acquisition of capital assets:		
Purchase of capital assets	$ 12,234	$ 6,105
Amounts funded by deferred contributions in current year	(122,987)	(21,288)
	$ (110,753)	$ (15,183)

7. Employee pension plan:

The employees of the Organization are members of a defined contribution pension plan administered by Standard Life.

Employer contributions made to the plan during the year amounted to $52,098 (2013 - $44,551).

8. Commitments:

The Organization rents premises under long-term operating leases. The following is a schedule by year of rental payments required under operating leases outstanding at March 31, 2014:

2015	$ 184,851
2016	184,851
2017	200,492
2018	201,914
2019	201,914
Thereafter	420,655
	$ 1,394,677

9. Financial risks:

The Organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable.

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2013 is the carrying value of these assets.

At March 31, 2014 and 2013, all accounts receivable were current. There were no amounts past due.

There have been no significant changes to the credit risk exposure from 2013.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

All accounts payable and accrued liabilities are due within fiscal 2015 and the bank indebtedness is due on demand.

There have been no significant changes to the liquidity risk exposure from 2013.

(c) Interest rate risk:

The Organization was exposed to interest rate risk on its floating interest rate financial instruments. The floating-rate instrument, being the demand bank loan, was repaid during fiscal 2014.

10. Comparative information:

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.

Schedule - Expenses

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Taking Charge - participant support:		
Child care	$ 30,320	$ 32,521
Transportation	3,263	4,659
	$ 33,583	$ 37,180
Taking Charge - participant pre-training:		
Fees/supplies	$ 5,779	$ 8,475
School/College	4,191	7,871
On-site programs	51,269	42,635
	$ 61,239	$ 58,981
Employment Assistance Services - on-site:		
Board	$ 3,064	$ 3,692
Communication	4,056	3,374
Employee benefits	103,489	94,101
Equipment lease	4,373	1,561
Janitorial and supplies	19,068	15,308
Office	18,728	12,168
Rent	85,983	83,114
Repairs and maintenance	7,796	6,391
Professional fees	37,444	39,737
Program materials recovery	1,189	–
Salaries	578,404	544,993
Staff development	1,631	2,445
Telephone	7,608	6,727
Travel mileage and parking	8,636	9,072
	$ 881,469	$ 822,683
English as an Additional Language:		
Board	$ 53	$ 902
Communication	4	560
Employee benefits	1,124	10,126
Equipment lease	84	737
Janitorial and supplies	229	3,169
Office	379	4,080
Rent	1,306	16,213
Repairs and maintenance	56	1,520
Professional fees	2,295	22,800
Program materials	239	2,843
Salaries	9,955	98,562
Staff development	1,051	515
Telephone	145	1,499
Travel	5	42
	$ 16,925	$ 163,568

TAKING CHARGE! INC./SE PRENDRE EN MAIN! INC.

Schedule - Expenses (continued)

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Taking Charge of Academics:		
Board	$ 278	$ 328
Communication	283	286
Equipment lease	397	250
Janitorial and supplies	3,439	3,809
Office	1,530	1,834
Rent	15,106	14,602
Repairs and maintenance	1,760	651
Professional fees	13,500	11,979
Program materials	499	808
Staff development	47	35
Telephone	985	765
Travel	44	12
	$ 37,868	$ 35,359

	2014	2013
Taking Care - Child Daycare:		
Board	$ 2,264	$ 3,282
Communication	2,823	2,642
Employee benefits	92,229	85,228
Equipment lease	9,975	6,843
Food	10,528	15,450
Office	13,342	9,615
Janitorial and supplies	18,040	16,770
Professional fees	6,944	23,624
Rent	88,932	78,899
Repairs and maintenance	10,108	8,919
Salaries	470,762	465,590
Staff development	2,277	4,275
Supplies and materials	5,572	9,207
Telephone	5,486	6,123
Travel mileage and parking	3,499	2,923
	$ 742,781	$ 739,390

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Independent Auditor's Report

To the Members of TRAVEL MANITOBA

We have audited the accompanying financial statements of **TRAVEL MANITOBA**, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets, remeasurement gains, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **TRAVEL MANITOBA** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 17, 2014

TRAVEL MANITOBA
Statement of Financial Position

As at March 31	2014	2013
Assets		
Current Assets		
Cash and short-term deposits (Note 2)	$ 1,662,949	$ 1,190,778
Trade accounts receivable	277,606	724,994
Prepaid expenses	44,187	17,590
	1,984,742	1,933,362
Due from the Province of Manitoba (Note 3)	94,647	97,993
Capital assets (Note 4)	131,048	136,492
	$ 2,210,437	$ 2,167,847
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,142,114	$ 944,412
Deferred revenue	333,608	147,781
	1,475,722	1,092,193
Retirement allowances and other benefits payable (Note 5)	484,148	436,932
	1,959,870	1,529,125
Contingencies and commitments (Note 7)		
Net Assets		
Unrestricted	44,147	426,024
Restricted for purchase of capital assets	75,000	75,000
Invested in capital assets	131,048	136,492
	250,195	637,516
Accumulated remeasurement gains	372	1,206
	250,567	638,722
	$ 2,210,437	$ 2,167,847

Approved on behalf of the Board of Directors:

_______________________ Director

_______________________ Director

The accompanying notes are an integral part of these financial statements.

TRAVEL MANITOBA
Statement of Operations

For the year ended March 31	2014	2013
Revenue		
Province of Manitoba		
Operating	**$ 7,471,000**	$ 7,613,000
Other initiatives - Federal and provincial funding	**300,000**	730,000
Partnership and leveraged marketing	**561,292**	452,155
Other	**49,476**	30,644
	8,381,768	8,825,799
Expenditures		
Marketing and industry development	**6,877,000**	6,408,529
Visitor services	**996,954**	1,166,189
Corporate services	**882,770**	948,883
Amortization	**12,365**	12,493
	8,769,089	8,536,094
(Deficiency) excess of revenue over expenditures for the year	**$ (387,321)**	$ 289,705

The accompanying notes are an integral part of these financial statements.

TRAVEL MANITOBA
Statement of Changes in Net Assets

For the year ended March 31 — **2014** / 2013

	Unrestricted	Restricted for Purchase of Capital Assets	Invested in Capital Assets	Total (2014)	Total (2013)
Net assets, beginning of year	$ 426,024	$ 75,000	$ 136,492	$ 637,516	$ 347,811
(Deficiency) excess of revenue over expenditures for the year	(374,956)	-	(12,365)	(387,321)	289,705
Interfund Transfers					
Acquisition of capital assets ($17,952 in 2013)	(6,921)	-	6,921	-	-
Net assets, end of year	$ 44,147	$ 75,000	$ 131,048	$ 250,195	$ 637,516

The accompanying notes are an integral part of these financial statements.

TRAVEL MANITOBA
Statement of Remeasurement Gains

For the year ended March 31		2014		2013
Accumulated remeasurement gains, beginning of year	$	**1,206**	$	-
Unrealized (loss) gain attributable to foreign exchange		**(834)**		1,206
Accumulated remeasurement gains, end of year	$	**372**	$	1,206

The accompanying notes are an integral part of these financial statements.

TRAVEL MANITOBA
Statement of Cash Flows

For the year ended March 31		2014		2013
Cash Flows from Operating Activities				
(Deficiency) excess of revenue over expenditures for the year	$	**(387,321)**	$	289,705
Adjustment for non cash items				
Amortization		**12,365**		12,493
Unrealized remeasurement (loss) gain		**(834)**		1,206
		(375,790)		303,404
Changes in non-cash working capital				
Trade accounts receivable		**447,388**		(103,102)
Prepaid expenses		**(26,597)**		18,398
Accounts payable and accrued liabilities		**197,702**		(329,271)
Deferred revenue		**185,827**		68,929
Due from Province of Manitoba		**3,346**		52,420
Retirement allowances and other benefits payable		**47,216**		(17,701)
		479,092		(6,923)
Cash Flows from Financing and Investing Activities		**-**		-
Cash Flows from Capital Activities				
Acquisition of capital assets		**(6,921)**		(17,952)
Net increase (decrease) in cash and short-term deposits		**472,171**		(24,875)
Cash and short-term deposits, beginning of year		**1,190,778**		1,215,653
Cash and short-term deposits, end of year	**$**	**1,662,949**	$	1,190,778

The accompanying notes are an integral part of these financial statements.

1. Nature of the Organization and Summary of Significant Accounting Policies

a. Nature of the Organization

Travel Manitoba was created as a Crown Corporation on April 1, 2005 under The Travel Manitoba Act as the culmination of extensive consultation and leadership from both the tourism industry and the provincial government. Travel Manitoba's mission is to grow tourism revenues by harnessing the collective investment in tourism to create strong connections between visitors and Manitoba's unique experiences. Travel Manitoba collaborates closely and in partnership with the tourism industry and governments to attract visitors to Manitoba, sustaining and creating jobs and businesses in the tourism sector in the province.

Travel Manitoba receives core funding from the Province of Manitoba to facilitate operations and to mobilize public and private resources to further foster the growth and professionalism of the tourism industry in Manitoba. Travel Manitoba is economically dependent on the Province of Manitoba because it derives a significant portion of its revenue from the Province of Manitoba.

b. Management's Responsibility for the Financial Statements

The financial statements of the Organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

c. Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for government not-for-profit organizations.

d. Cash and Short-term Deposits

Cash and short-term deposits consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

e. Contributions Receivable

Contributions receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

f. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

g. Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized on a declining balance basis over the estimated useful lives of the assets at the following rates:

Computer hardware	30%
Computer software	30%
Furniture and equipment	5%
Leasehold improvements	5%

h. Retirement Allowances and Post-Employment Benefits

The Organization provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. Actuarial gains and losses are recognized in income immediately.

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund.

In addition, an individual has entitlement to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenditures as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

h. Retirement Allowances and Post-Employment Benefits (continued)

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and reflect management's best estimate of future cost trends associated with such benefits and interest rates. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

i. Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Grant revenue is recognized in the period earned. Partnership and marketing revenue are recognized when services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes revenue arising from non-monetary transactions in the period when services have been rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

j. Restricted Fund for Acquisition of Capital Assets

A fund has been established by the Board of Directors in order to finance the future acquisition of capital items which are not funded by the Province of Manitoba through the provision of operating grants. Charges to the fund will occur at the discretion of the President and Chief Executive Officer. Any future redesignation of the fund balance would be subject to approval by the Board of Directors.

k. Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

l. Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and Short-term Deposits

The Organization invests all surplus cash into short-term deposits with the Province's Treasury Division. These deposits are made up of 30, 60 and 90 day callable term deposits.

A dedicated account has been established to safeguard $100,000 for the Organization's retirement allowance obligation and enhanced pension benefit costs. Interest earned will be retained in the account.

3. Due from the Province of Manitoba

Upon inception on April 1, 2005, the Organization recorded accumulated severance pay benefits receivable and payable of $368,937 transferred from the Province of Manitoba for its employees. This receivable, or portion thereof, for the Organization, will be collected by the Organization as severance benefits are paid to employees on record as at April 1, 2005.

During the year, the Organization reduced the receivable from the government in the amount of $3,346 related to employees no longer employed by the Organization. The receivable from the Province of Manitoba as at March 31, 2014 is $94,647 ($97,993 in 2013).

4. Capital Assets

	2014		2013	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer hardware	**$ 44,551**	**$ 30,058**	$ 37,630	$ 24,446
Computer software	**33,854**	**29,860**	33,854	29,032
Furniture and equipment	**23,150**	**5,390**	23,150	4,455
Leasehold improvements	**123,493**	**28,692**	123,493	23,702
	$ 225,048	**$ 94,000**	$ 218,127	$ 81,635
Cost less accumulated amortization		**$ 131,048**		$ 136,492

5. Retirement Allowances and Other Benefits Payable

Retirement Allowances

The Organization measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at March 31 of each year. The most recent actuarial valuation report for the retirement allowance was at April 1, 2014 and the most recent finalized and approved actuarial valuation report for the enhanced pension benefits was at December 31, 2012.

The significant actuarial assumptions adopted in measuring the Organization's retirement allowance obligation and costs are as follows:

	2014	2013
Benefit costs for the year ended March 31		
Discount rate	**6.50**%	6.00%
Rate of compensation increase	**3.75**%	2.75%
Employer contributions	**$ 161,827**	$ 143,804

The significant actuarial assumptions adopted in measuring the Organization's enhanced pension benefit and costs are as follows:

	2014	2013
Benefit costs for the year ended March 31		
Discount rate	**6.50%**	6.00%
Rate of compensation increase	**3.61**%	3.75%
Employer contributions	**$ 12,820**	$ 12,774
Effect of change in assumptions	**$ -**	$ -
Experience loss/gain adjustment	**$ -**	$ -

Sick Leave

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and are estimated to be a liability as at March 31, 2014 of $30,200 ($26,100 in 2013). The amount is not considered to be significant by management, and as such has not been recorded as a liability in the financial statement of the Organization.

6. Financial Instrument Risk

The Organization is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Organization to credit risk consist principally of trade accounts receivable, due from the Province of Manitoba, and short-term deposits.

The Organization's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts receivables (net of allowance of $15,000)	$ 156,048	$ 25,935	$ 95,623
Government receivables	-	-	94,647
	$ 156,048	$ 25,935	$ 190,270

Trade Accounts Receivables - The Organization is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Organization establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Government Receivables - The Organization is not exposed to significant credit risk as non-trade receivables are substantially all from provincial and federal governments.

6. Financial Instrument Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a planning and budgeting process in place to help determine the funds required to support the Organization's normal operating requirements on an ongoing basis. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts payable	$ 977,379	$ 155,619	$ 9,116

7. Contingencies and Commitments

The Organization has entered into lease agreements for rental of facilities at various locations expiring in March 2015 with total annual payments of $490,200. In addition, the Organization has entered into lease agreements for computer equipment and a van expiring in October 2014 and April 2015, respectively, for total annual payments of $13,200 and $3,200, respectively.

The Organization has access to a loan guarantee with the Province of Manitoba for $1,500,000. The guarantee will enable Travel Manitoba to establish a line of credit up to this amount for the purpose of providing advances and profit guarantees as part of bid proposals and preparation efforts being undertaken in attracting various events to take place in Manitoba. As at March 31, 2014, this line of credit had not been drawn upon.

8. Non-monetary Transactions

During the current year, the Organization entered into contracts with exchanges of non-monetary services for other non-monetary services with little or no monetary consideration involved. These transactions are within normal business activities and were done in order to carry out the mandate of the Organization.

The aggregate amount of all non-monetary transactions in the current year total $35,900 ($40,230 in 2013).

The Organization has not incurred any gains or losses in the current year with respect to these non-monetary transactions.

For the year ended March 31, 2014

9. Comparative Figures

Certain of the comparative figures for the year ended March 31, 2013 have been restated to conform them to the current year's presentation. The excess of revenue over expenditures for the prior year remains as previously reported.