

# FINANCIAL STATEMENTS

2020/21





## TABLE OF CONTENTS

Independent Auditor's Report	3
Statement of Financial Position	7
Statement of Operations and Changes in Fund Balances	8
Statement of Cash Flows	10
Notes to Financial Statements	11
Schedules	22



## 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 June 9, 2021.

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.

Original Document Signed  
Chief Executive Officer

Original Document Signed  
Business Manager

June 9, 2021



## Auditor General MANITOBA

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### INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba  
To the Board of Directors of the Manitoba Habitat Heritage Corporation

#### *Opinion*

We have audited the financial statements of The Manitoba Habitat Heritage Corporation (the Corporation), which comprise the statement of financial position as at January 31, 2021, and the statement of operations and changes in fund balance and statement of cash flows for the ten-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at January 31, 2021, and the results of its operations, and its cash flows for the ten-month period then ended in accordance with Canadian public sector accounting standards (PSAS).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter*

We draw attention to note 2 of the financial statements, which describes the corporate restructuring of the Corporation. The Province of Manitoba repealed *The Manitoba Habitat Heritage Act* on February 1, 2021. As a result, effective February 1, 2021, the entity is at arm's length from government. On February 1, 2021, the entity has been incorporated under *The Corporations Act* in the Province of Manitoba as a non-profit organization without share capital and continues its operations under the legal name The Manitoba Habitat Heritage Corporation. Our opinion is not modified in respect of this matter.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A stylized, handwritten signature in blue ink that reads "Office of the Auditor General".

Office of the Auditor General  
June 9, 2021  
Winnipeg, Manitoba



## Auditor General MANITOBA

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### INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba

To the Board of Directors of the Manitoba Habitat Heritage Corporation

#### *Opinion*

We have audited the schedule of compensation of the Manitoba Habitat Heritage Corporation (the Corporation) for the ten month period ended January 31, 2021. ("the schedule")

In our opinion, the financial information in the schedule of the Corporation for the ten month period ended January 31, 2021 is prepared, in all material respects, in accordance with Section 2 of *The Public Sector Compensation Disclosure Act*.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter - Basis of Accounting*

We draw attention to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Corporation 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. Our opinion is not modified in respect of this matter.

#### *Responsibilities of Management and Those Charged with Governance for the Schedule*

Management is responsible for the preparation of this 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 the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process



### *Auditor's Responsibilities for the Audit of the Schedule*

Our objectives are to obtain reasonable assurance about whether the schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, which appears to read "Office of the Auditor General".

Office of the Auditor General  
Winnipeg, Manitoba  
June 9, 2021



# STATEMENT OF FINANCIAL POSITION

As at January 31, 2021

(with comparative figures as at March 31, 2020)

	January 31 2021	March 31 2020
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and bank	\$4,455,987	\$1,034,141
Accounts receivable		
Government of Canada	1,363,950	1,033,585
U.S. Governments	734,732	1,698,244
Non-government organizations	168,820	199,000
Other	43,995	1,250,051
Prepaid expenses	80,416	73,839
	<u>6,847,900</u>	<u>5,288,860</u>
Grant Fund held in trust (Note 4)	16,928,067	9,864,018
Prepaid land use rights	808,458	728,418
Capital assets (Note 5)	31,035,995	30,381,138
<b>TOTAL ASSETS</b>	<b>\$55,620,420</b>	<b>\$46,262,434</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$2,007,654	\$1,236,210
Grants payable (Note 4)	5,784,760	2,313,963
	<u>7,792,414</u>	<u>3,550,173</u>
Deferred contributions related to operations (Note 6)	5,067,016	2,820,896
Deferred contributions related to future capital asset acquisitions (Note 7)	622,149	666,729
Deferred contributions available for granting (Note 4)	8,817,914	6,941,426
	<u>22,299,493</u>	<u>13,979,224</u>
Commitments and contingencies (Notes 9 and 10)		
<b>FUND BALANCES</b>		
Invested in capital assets	31,035,995	30,381,138
Unrestricted	1,062,186	976,952
Internally restricted (Note 11)	1,019,123	973,021
Externally restricted	203,623	(47,901)
	<u>33,320,927</u>	<u>32,283,210</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$55,620,420</b>	<b>\$46,262,434</b>

Approved on behalf of the Board:

Director Original Document Signed

Director Original Document Signed

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

	North American Waterfowl Management Plan	Wetland Restoration Program	Conservation Trust
<b>REVENUE</b>			
The Winnipeg Foundation	\$ -	\$ -	\$5,071,225
Province of Manitoba	650,226	-	-
Government of Canada	306,858	18,269	-
U.S. Governments	241,702	-	-
Land use revenue	84,975	-	-
Wildlife Habitat Canada	80,000	-	-
Manitoba Cattle Producers Association	43,140	-	-
Donations	29,547	-	-
Mitigation for property damages	26,044	-	-
Watershed Districts	10,523	-	-
Interest income	5,514	-	-
Other	2,080	-	-
Management fees	-	-	-
	1,473,666	18,269	5,071,225
<b>EXPENSES</b>			
Amortization of capital assets	-	-	-
Service delivery			
North American Waterfowl Management Plan (Schedule 1)	1,309,036	-	-
Wetland Restoration Program (Schedule 2)	-	58,506	-
The Conservation Trust (Schedule 3)	-	-	4,952,320
Grow Trust (Schedule 4)	-	-	-
	1,309,036	58,506	4,952,320
Excess (deficiency) of revenue over expenses for the period	164,630	(40,237)	118,905
Fund balances, beginning of period	1,928,373	21,600	(41,871)
Contributions for acquisition of land and land use rights	-	-	-
Donated land and land use rights	-	-	-
Fund balances, end of period	<b>\$2,093,003</b>	<b>(\$18,637)</b>	<b>\$77,034</b>

<b>Grow Trust</b>	<b>Capital Assets</b>	<b>2021</b>	<b>2020</b>
\$3,275,332	\$ -	\$8,346,557	\$3,541,436
-	-	650,226	652,502
-	-	325,127	461,906
-	-	241,702	533,759
-	-	84,975	76,559
-	-	80,000	80,000
-	-	43,140	161,420
-	-	29,547	3,999
-	-	26,044	36,573
-	-	10,523	3,820
-	-	5,514	15,773
-	-	2,080	-
-	-	-	64,173
3,275,332	-	9,845,435	5,631,920
-	18,543	18,543	27,300
-	-	1,309,036	1,838,305
-	-	58,506	123,109
-	-	4,952,320	2,033,390
3,142,713	-	3,142,713	1,436,153
3,142,713	18,543	9,481,118	5,458,257
132,619	(18,543)	364,317	173,663
(6,030)	30,381,138	32,283,210	30,559,651
-	501,800	501,800	1,470,096
-	171,600	171,600	79,800
<b>\$126,589</b>	<b>\$31,035,995</b>	<b>\$33,320,927</b>	<b>\$32,283,210</b>

## STATEMENT OF CASH FLOWS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$364,317	\$173,663
Items not affecting cash		
Amortization of capital assets	18,543	27,300
Net change in non-cash working capital	3,172,953	(695,359)
Net cash from (applied to) operating activities	3,555,813	(494,396)
<b>CAPITAL ACTIVITIES</b>		
Net change in accounts receivable for acquisition of land rights	(180,688)	232,867
Capital assets	501,800	1,470,096
Acquisition of land rights with restricted grants	(501,800)	(1,470,096)
Net change in accounts payable for acquisition of land rights	87,728	(30,695)
Decrease in deferred contributions related to capital assets	(41,007)	412,624
Net cash from (applied to) capital activities	(133,967)	614,796
<b>INVESTING AND FINANCING ACTIVITIES</b>	-	-
Net increase in cash and bank for the period	3,421,846	120,400
Cash and bank, beginning of period	1,034,141	913,741
Cash and bank, end of period	\$4,455,987	\$1,034,141
<b>Supplementary Information</b>		
Interest received	\$5,514	\$15,773

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 1. Nature of Organization

#### Legal Status and Economic Dependence

The Manitoba Habitat Heritage Corporation (hereinafter called "the Corporation") was established in 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The Act establishing the Corporation was repealed on February 1, 2021 and the entity has been restructured as disclosed in Note 2. The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

#### Objectives and Initiatives

The Corporation has as its objectives the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations. 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 Watershed Districts Program (WD)

The watershed districts (WDs) in Manitoba have been established by provincial legislation. WDs report to the Manitoba Minister of Agriculture and Resource Development. The Corporations and WDs respective mandates have significant overlap. Since 1994, the Corporation and watershed districts across Manitoba have developed joint projects, especially in areas where watershed management objectives can be achieved through habitat conservation and restoration. In the last nine years, the Corporation has put more emphasis on joint programming with WDs. Currently, the Corporation has four bilateral agreements with four WDs to establish habitat projects of joint interest.

#### c) Wetland Restoration Program (WRP)

In 2008/09, Manitoba Water Stewardship (now Manitoba Agriculture and Resource Development) created the Wetland Restoration Incentive Program 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 Program (LWBP) 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) Conservation Trust, Grow Trust and Wetland Grow Trusts (CT, GT and WGT)

The Province of Manitoba established the Conservation Trust and the Grow Trust and the Wetlands Grow Trust with The Winnipeg Foundation as a means for perpetual financial support towards private conservation effort in Manitoba. All funds will be managed and held by The Winnipeg Foundation with the Corporation being the designated administering agency. All three Trust Programs are further described in Note 4.

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 2. Corporate Restructuring

The Province of Manitoba repealed *The Manitoba Habitat Heritage Act* on February 1, 2021. As a result, effective February 1, 2021, the entity is at arm's length from government allowing it to more effectively achieve its mission.

On February 1, 2021, the entity has been incorporated under *The Corporations Act* in the Province of Manitoba as a non-profit organization without share capital and continues its operations under the legal name *The Manitoba Habitat Heritage Corporation*. The entity is controlled by its Board of Directors that is self-elected at its annual general meeting. The entity has changed its fiscal year end to December 31 with its first year end to be December 31, 2021.

Effective February 1, 2021, the entity is a registered charitable organization under the *Income Tax Act (Canada)* and is therefore exempted from income taxes.

As part of the transition, the Province made an irrevocable gift in the amount of \$15,000,000 on March 31, 2020 to endow the Manitoba Habitat Heritage Corporation Fund to be administered by The Winnipeg Foundation. Effective February 1, 2021, The Manitoba Habitat Heritage Corporation Fund (the "MHHC Fund") replaces the current annual operating grant provided to the Corporation by the Province of Manitoba. The fair value of the MHHC fund is \$17,008,763 at January 31, 2021 (2020 - \$nil).

### 3. 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.

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 3. Significant Accounting Policies (continued)

#### 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 were reported in the period (2020 – nil).

#### d) 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%

#### e) 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 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 earnings in the periods in which they become known.

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 4. Funds Available to the Conservation, Grow and Wetlands Grow Trust Programs

In 2019 the Corporation began administration and delivery of the Conservation Trust and Grow Trust programs. The Trusts were initiated by two tripartite agreements between the Corporation, the Province of Manitoba and The Winnipeg Foundation. The Province of Manitoba made contributions to The Winnipeg Foundation to establish two perpetual endowment funds; the Conservation Trust and the Grow Trust. In 2020, another tripartite agreement was signed between the same parties to establish the Wetlands Grow Trust endowment.

The purpose of each Trust is achieved through a granting program, administered by the Corporation. Income earned on the Conservation Trust, Grow Trust and Wetlands Grow Trust funds is calculated in accordance with The Winnipeg Foundation's Spending Policy and is held by The Winnipeg Foundation in the Grant Fund. The Grant Fund is used to fund grants to eligible third parties committed to deliver environmental conservation activities consistent with the Trusts' purposes, and program administration expenses incurred by the Corporation. Under the agreement, in addition to establishing the required administrative and oversight functions associated with the granting programs, the Corporation has specific financial and program reporting responsibilities to both the Province of Manitoba and The Winnipeg Foundation. In 2021, thirty-four grants were awarded from the Conservation Trust (2020 - thirty-five) and nine grants were awarded from the Grow Trust (2020 - nil). Funding for each program agreement is as follows:

The changes in the Grant Fund held at The Winnipeg Foundations for each program agreement is as follows:

	CT	GT	WGT	2021	2020
Balance, beginning of period	\$5,824,858	\$4,039,160	\$ -	\$9,864,018	\$4,425,598
Add: Funding received	4,600,411	4,007,776	2,731,525	11,339,712	6,716,522
Investment income received - Grant Fund	59,063	319,681	10,851	389,595	156,699
Investment income received - Shelterbelt	-	13,661	-	13,661	-
Less: Funding transferred to the Corporation	(3,323,833)	(1,248,967)	(106,119)	(4,678,919)	(1,434,801)
Balance, end of period	\$7,160,499	\$7,131,311	\$2,636,257	\$16,928,067	\$9,864,018

The changes in deferred contributions available for granting for each program agreement is as follows:

	CT	GT	WGT	2021	2020
Available for granting, beginning of period	\$4,454,053	\$2,487,373	\$ -	\$6,941,426	\$3,282,421
Add: Funds made available for granting	4,600,411	2,507,776	2,731,525	9,839,712	6,716,522
Investment income received	59,063	319,681	10,852	389,596	156,699
Less: To fund grants awarded	(4,615,909)	(2,857,120)	-	(7,473,029)	(2,873,843)
MHHC administration fee	(455,316)	(424,475)	-	(879,791)	(340,373)
Available for granting, end of period	\$4,042,302	\$2,033,235	\$2,742,377	\$8,817,914	\$6,941,426

The changes in grants payable for each program agreement is as follows:

	CT	GT	WGT	2021	2020
Grants payable, beginning of period	\$1,249,812	\$1,064,151	\$ -	\$2,313,963	\$500,000
Add: Grants awarded	4,615,909	2,857,120	-	7,473,029	2,873,843
Less: Grants disbursed	(2,385,580)	(1,616,652)	-	(4,002,232)	(1,059,880)
Grants payable, end of period	\$3,480,141	\$2,304,619	\$ -	\$5,784,760	\$2,313,963



## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 4. Funds Available to the Conservation, Grow and Wetlands Grow Trust Programs (continued)

The Winnipeg Foundation revenue recognized for the year consists of the following:

	CT	GT	WGT	2021	2020
Grants awarded	\$4,615,909	\$2,857,120	\$ -	\$7,473,029	\$2,873,843
Add: MHHC administration fee	455,316	424,475	-	879,791	667,593
Less: Adjustments to prior year grants awarded	-	(6,263)	-	(6,263)	-
Total	\$5,071,225	\$3,275,332	\$ -	\$8,346,557	\$3,541,436

### 5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2021	2020
Land and land use rights	\$30,976,704	\$ -	\$30,976,704	\$30,303,304
Computer hardware	141,111	126,518	14,593	23,379
Computer software	86,882	86,882	-	-
Equipment	134,037	100,296	33,741	41,498
Furniture and fixtures	32,873	21,916	10,957	12,957
<b>Total capital assets</b>	<b>\$31,371,607</b>	<b>\$335,612</b>	<b>\$31,035,995</b>	<b>\$30,381,138</b>

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 6. 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	WD	WRP	SHELTERBELT	2021	2020
Balance, beginning of period	\$1,982,912	\$11,738	\$183,069	\$643,177	\$2,820,896	\$1,518,579
Less: Revenue recognized in the year	(66,671)	-	(18,269)	6,263	(78,677)	(447,179)
Add: Contributions received during the year	787,820	(684)	24,000	1,500,000	2,311,136	1,749,496
Interest earned on funds	-	-	-	13,661	13,661	-
Balance, end of period	\$2,704,061	\$11,054	\$188,800	\$2,163,101	\$5,067,016	\$2,820,896

#### The North American Waterfowl Management Plan (NAWMP)

At January 31, 2021, the Corporation had \$351,557 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, \$7,245 from CoCo Paving, \$922,441 from Manitoba Hydro, \$24,000 from La Salle Redboine Watershed District and \$28,000 from ALUS Canada. In addition, \$152,274 was deferred from U.S. Fish and Wildlife Service revenues, \$642,311 from Environment Canada revenues, \$483,100 from Manitoba Beef Producers revenues, and \$93,133 from Manitoba Agriculture and Resource Development revenues for the amortization of conservation contracts. At March 31, 2020, the Corporation had \$352,265 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, \$7,245 from CoCo Paving, \$922,441 from Manitoba Hydro and \$28,000 from ALUS Canada. In addition, \$155,847 was deferred from U.S. Fish and Wildlife Service revenues, \$49,169 from Environment Canada revenues, \$362,419 from Manitoba Beef Producers revenues, and \$103,651 from Manitoba Agriculture and Resource Development revenues for the amortization of conservation contracts, as well as \$1,875 from Manitoba Watershed Districts Association for future rent.

#### The Watershed Districts Program (WD)

At January 31, 2021, the Whitemud Watershed District had \$5,180 and East Interlake Watershed District had \$5,874 remaining for riparian conservation and enhancement activities. At March 31, 2020, the Whitemud Watershed District had \$5,180 and East Interlake Watershed District had \$6,558 for riparian conservation and enhancement activities.

#### Wetland Restoration Program (WRP)

At January 31, 2021, the deferred contributions balance of \$157,600 was received from the Environment Canada for the amortization of conservation contracts. In addition it received \$31,200 from Manitoba Agriculture and Resource Development. At March 31, 2020, the deferred contributions balance of \$175,869 was received from Environment Canada for the amortization of conservation contracts. In addition it received \$7,200 from Manitoba Agriculture and Resource Development.

#### Shelterbelt Project

At January 31, 2021, there was \$2,163,101 deferred for the Shelterbelt project. At March 31, 2020, there was \$643,177 deferred for the Shelterbelt project.

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 7. 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 related to future capital asset acquisitions are as follows:

	NAWMP	WD	2021	2020
Balance, beginning of period	\$510,754	\$155,975	\$666,729	\$254,105
Add: Contributions received	102,730	8,340	111,070	(9,673)
Add: Amounts transferred from/(to) Operations Fund	(126,330)	(29,320)	(155,650)	422,297
Balance, end of period	\$487,154	\$134,995	\$622,149	\$666,729

The balance of \$622,149 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The deferred contributions at January 31, 2021 consist of \$68,287 from Manitoba Hydro, \$10,000 from the Souris River Watershed District, \$980 from Whitemud Watershed District, \$110,715 from East Interlake Watershed District, \$13,000 from Redboine Watershed District, \$11,240 from Wildlife Habitat Canada, \$79,530 from Environment and Climate Change Canada, \$1,904 from Illinois Duck Stamp Program, \$300 from Pembina Valley Watershed District, and \$326,193 from U.S. Fish and Wildlife Service. The deferred contributions at March 31, 2020 consist of \$68,287 from Manitoba Hydro, \$10,000 from the Souris River Watershed District, \$980 from Whitemud Watershed District, \$110,715 from East Interlake Watershed District, \$13,000 from Redboine Watershed District, \$11,240 from Wildlife Habitat Canada, \$62,074 from Illinois Duck Stamp Program, \$20,980 from Assiniboine West Watershed District, \$300 from Pembina Valley Watershed District, and \$369,153 from U.S. Fish and Wildlife Service.

### 8. 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 amount paid by the Corporation as of January 31, 2021 were \$38,662 (2020 \$39,512). All funds contributed to the RPP are paid to and administered by Manulife Financial.

### 9. Commitments

#### Leases

The Corporation has operating leases for four offices, one vehicle and office equipment. The minimum annual lease payments for the next five fiscal years ending December 31 are as follows:

2021	\$106,203
2022	\$114,128
2023	\$110,803
2024	\$112,317
2025	\$110,725

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 9. Commitments (continued)

#### Conservation Agreements

The Corporation has signed commitments to purchase Conservation Agreements (CAs) totalling \$691,835 at January 31, 2021 (2020 - nil). These CAs are to be paid out upon filing of the caveats associated with each CA in the next fiscal year.

### 10. Contingencies

A statement of claim by the Corporation is ongoing and a statement of defense has been filed. A second statement of claim was filed by the Corporation. 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 11) 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.

### 11. Internally Restricted Fund Balances for Land Management and Legal Fund

In 2011, the Corporation established an internally restricted fund, funded by non-government revenue, 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 to be \$4,646,506 at January 31, 2021 (2020 - \$4,545,496) for the Corporation.

The changes in the internally restricted fund balances during the year are as follows:

	2021	2020
Balance, beginning of period	\$973,021	\$878,110
Interfund transfer	46,102	94,911
Balance, end of period	\$1,019,123	\$973,021

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 12. Trust Assets and Liabilities for Critical Wildlife Habitat Program

The Corporation provides support to the Wildlife, Fisheries and Resource Enforcement Branch of Manitoba Agriculture and Resource Development 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, Fisheries and Resource Enforcement Branch. These amounts are not presented in the statement of financial position of the Corporation.

Trust assets held by the Corporation on behalf of this program as at period end are as follows:

	2021	2021
Current Assets	\$376,432	\$731,542
Land Portfolio	359,014	241,214
Total	\$735,446	\$972,756

The Corporation did not charge management fees for services for the period ended January 31, 2021 (2020 - \$64,173).

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 13. 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 Management Team. The Board of Directors receives regular reports from the Management Team 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 and liquidity risk.

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

#### Credit Risk

The Corporation is exposed to credit risk through the possibility of not realizing its cash and bank, and of non-collection of its accounts receivable. 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 Management Team receives details of accounts receivable and monitors them regularly. The Corporation's maximum exposure to the credit risk is limited to carrying amounts for cash and bank, and accounts receivable. The Corporation is exposed to concentration risk as it maintains its cash and bank in one sole financial institution where balances are consistently in excess of insured limits.

#### 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 project funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation manages its cash flow to maintain sufficient cash to allow it to meet its liabilities when they become due.

## NOTES TO FINANCIAL STATEMENTS

For the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### 14. Uncertainty Related to the COVID-19 Pandemic

Since March 17, 2020, the Corporation has worked hard to keep its staff and public safe from the COVID-19 virus by following ongoing government public health orders. The Corporation transitioned staff to a “work from home” environment and continue to limit office access. Despite the challenges the pandemic brings, management continues to monitor the situation and works with government, the Board of Directors, staff and clients to keep everyone safe and healthy while keeping the operations going. The Corporation has successfully continued its operations during the pandemic with little impact to its financial position and results of operations. Management, the Finance Committee and the Board of Directors continue to monitor the situation and the Corporation’s liquidity, financial position and results of operations. Given the evolution of the pandemic, the Corporation is not able to estimate fully future possible effects at this time.

### 15. Comparative Amounts

Deferred contributions available for granting have decreased by \$643,177 as at March 31, 2020 and deferred contributions related to operations for the Grow Trust have increased by \$643,177 as at March 31, 2020 for the portion of the Shelterbelt project that is managed by the Corporation and not subject to granting.

## NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### SCHEDULE 1

	2021	2020
Habitat Activities		
Salaries and Benefits	\$409,065	\$548,347
Field Office Operations	80,542	111,066
Property Taxes	66,621	63,137
Land Securement	65,480	65,959
Staff Support Costs	52,273	102,756
Nest Basket Program	31,788	121,691
Habitat Development	28,891	71,527
Mitigation	-	2,694
	<u>734,660</u>	<u>1,087,187</u>
Evaluation	<u>76,686</u>	<u>98,990</u>
Communications		
Program Delivery	<u>19,934</u>	<u>48,983</u>
Program Coordination		
Salaries and Benefits	249,460	304,214
Professional Fees	91,345	94,028
Other	49,551	88,115
Rent	43,990	42,116
Office	39,246	47,638
Board Remunerations	2,695	10,383
Staff Support	1,469	16,651
	<u>477,756</u>	<u>603,145</u>
	<b><u>\$1,309,036</u></b>	<b><u>\$1,838,305</u></b>



## WETLAND RESTORATION PROGRAM

Schedule of Expenses for the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### SCHEDULE 2

	2021	2020
Habitat Activities		
Salaries and Benefits	\$23,096	\$58,327
Land Securement	18,301	20,926
Project Delivery		
MHHC	10,757	9,874
Ducks Unlimited Canada	-	22,000
Staff Support Costs	6,352	11,010
Field Office Operations	-	972
	<b>\$58,506</b>	<b>\$123,109</b>

## THE CONSERVATION TRUST

Schedule of Expenses for the 10-month period ended January 31, 2021  
(with comparative figures for the year ended March 31, 2020)

### SCHEDULE 3

	2021	2020
Grants Awarded for Habitat Activities		
Watershed	\$2,750,000	\$995,520
Habitat and Wildlife	1,376,012	401,500
Soil Health	180,000	-
Connecting People to Nature	159,897	185,000
Innovation and Conservation	150,000	135,000
	<u>4,615,909</u>	<u>1,717,020</u>
Communications	7,219	4,659
Program Coordination		
Salaries and Benefits	\$194,198	\$198,237
Professional Fees	54,995	35,748
Office	53,131	36,100
Rent	21,995	21,058
Staff Support	1,866	13,435
Other	1,660	1,927
Board Remuneration	1,347	5,206
	<u>329,192</u>	<u>311,711</u>
	<b><u>\$4,952,320</u></b>	<b><u>\$2,033,390</u></b>

## GROW TRUST

Schedule of Expenses for the 10-month period ended January 31, 2021  
(with comparative figures for the year March 31, 2020)

### SCHEDULE 4

	2021	2020
Grants Awarded for Habitat Activities		
Watershed	\$2,357,120	\$ -
Pilot Projects	500,000	-
	<u>2,857,120</u>	<u>-</u>
Shelterbelt	35,087	1,156,823
Communications	5,251	7,847
Program Coordination		
Salaries and Benefits	175,784	165,022
Rent	21,995	21,058
Professional Fees	21,371	29,794
Office	20,811	34,723
Staff Support	2,287	13,754
Other	1,659	1,926
Board Remuneration	1,348	5,206
	<u>245,255</u>	<u>271,483</u>
	<b><u>\$3,142,713</u></b>	<b><u>\$1,436,153</u></b>



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