

**MATERIALS DISTRIBUTION  
AGENCY**

**Financial Statements**  
For the year ended March 31, 2021

# **MATERIALS DISTRIBUTION AGENCY**

## **Financial Statements**

**For the year ended March 31, 2021**

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## Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of the **MATERIALS DISTRIBUTION AGENCY** 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 the audit report date.

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 **MATERIALS DISTRIBUTION AGENCY** 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

**MATERIALS DISTRIBUTION AGENCY**

Original Document Signed

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David Bishop, Chief Operating Officer

September 7, 2021

Date



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## Independent Auditor's Report

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### To The Special Operating Agencies Financing Authority

#### Opinion

We have audited the financial statements of **MATERIALS DISTRIBUTION AGENCY** (the "Agency"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year 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 Agency as at March 31, 2021, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### 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 Agency 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.

#### 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 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.

In preparing the financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency'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 Agency'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 Agency 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
September 9, 2021

**MATERIALS DISTRIBUTION AGENCY**  
**Statement of Financial Position**  
*(in thousands)*

<b>March 31</b>	<b>2021</b>	<b>2020</b>
<b>Financial Assets</b>		
Cash and bank	\$ 314	\$ -
Accounts receivable (Note 5)	2,981	3,336
Inventories for resale (Note 7)	1,723	1,455
Inventories for distribution at no charge (Note 8)	100,206	-
	<b>105,224</b>	<b>4,791</b>
<b>Liabilities</b>		
Overdraft	-	1,556
Accounts payable and accrued liabilities	3,529	2,520
Employee future benefits (Note 9)	832	851
Deferred revenue	426	-
	<b>4,787</b>	<b>4,927</b>
<b>Net financial assets (debt)</b>	<b>100,437</b>	<b>(136)</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 10)	8,316	5,474
Prepaid expenses	112	208
	<b>8,428</b>	<b>5,682</b>
<b>Accumulated surplus</b>	<b>\$ 108,865</b>	<b>\$ 5,546</b>

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

**MATERIALS DISTRIBUTION AGENCY**  
**Statement of Operations and Accumulated Surplus**  
*(in thousands)*

<b>For the year ended March 31</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Warehouse sales (Schedule 1)	\$ 16,250	\$ 15,585	\$ 15,812
Service revenue (Schedule 1)	13,320	13,562	13,186
Province of Manitoba - Pandemic Support Grant	-	3,633	-
Donated inventories (Note 8)			
Province of Manitoba	-	98,792	-
Government of Canada	-	1,414	-
	<b>29,570</b>	<b>132,986</b>	28,998
<b>Expenses</b>			
Cost of sales	12,613	12,229	12,211
Occupancy costs	1,349	1,228	1,317
Operating expenses (Schedule 2)	9,071	10,125	8,794
Administrative expenses (Schedule 2)	760	786	774
Salaries and benefits	5,643	5,299	5,071
	<b>29,436</b>	<b>29,667</b>	28,167
<b>Annual surplus</b>	<b>134</b>	<b>103,319</b>	831
<b>Accumulated surplus, beginning of year</b>	<b>5,055</b>	<b>5,546</b>	4,715
<b>Accumulated surplus, end of year</b>	<b>\$ 5,189</b>	<b>\$ 108,865</b>	\$ 5,546

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

**MATERIALS DISTRIBUTION AGENCY**  
**Statement of Change in Net Financial Assets (Debt)**  
*(in thousands)*

<b>For the year ended March 31</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Annual surplus</b>	\$ 134	\$ 103,319	\$ 831
<b>Tangible Capital Assets</b>			
Acquisition of tangible capital assets	(2,500)	(4,915)	(2,431)
Loss (gain) on disposals of tangible capital assets	-	(5)	12
Proceeds from disposal of tangible capital assets	-	47	-
Amortization of tangible capital assets	1,500	2,031	1,548
<b>Net change in tangible capital assets</b>	<b>(1,000)</b>	<b>(2,842)</b>	<b>(871)</b>
<b>Other Non-financial Assets</b>			
Decrease (increase) in prepaid expenses	-	96	(20)
<b>Change in net financial assets (debt)</b>	<b>(866)</b>	<b>100,573</b>	<b>(60)</b>
<b>Net financial assets (debt), beginning of year</b>	<b>1,548</b>	<b>(136)</b>	<b>(76)</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ 682</b>	<b>\$ 100,437</b>	<b>\$ (136)</b>

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



**MATERIALS DISTRIBUTION AGENCY**  
**Statement of Cash Flows**  
*(in thousands)*

For the year ended March 31	2021	2020
<b>Cash provided by (applied to):</b>		
<b>Cash Flows from Operating Activities</b>		
Annual surplus	\$ 103,319	\$ 831
Amortization of tangible capital assets	2,031	1,548
Loss (gain) on disposal of tangible capital assets	(5)	12
	<b>105,345</b>	<b>2,391</b>
Changes in non-cash working capital balances		
Accounts receivable	355	(727)
Inventories for resale	(268)	(42)
Inventories for distribution at no charge	(100,206)	-
Prepaid expenses	96	(20)
Accounts payable and accrued liabilities	1,009	(783)
Deferred revenue	426	-
Employee future benefits	(19)	(20)
	<b>6,738</b>	<b>799</b>
<b>Cash Flows from Capital Activities</b>		
Acquisition of capital assets	(4,915)	(2,431)
Proceeds on disposal of tangible capital assets	47	-
	<b>(4,868)</b>	<b>(2,431)</b>
<b>Increase (decrease) in cash and bank</b>	<b>1,870</b>	<b>(1,632)</b>
<b>Cash and bank (overdraft), beginning of year</b>	<b>(1,556)</b>	<b>76</b>
<b>Cash and bank (overdraft), end of year</b>	<b>\$ 314</b>	<b>\$ (1,556)</b>

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

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# MATERIALS DISTRIBUTION AGENCY

## Notes to Financial Statements

(in thousands)

**For the year ended March 31, 2021**

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### **1. Nature of the Organization**

The Government of Manitoba established a central warehouse operation in 1974 to effectively meet the cost needs of departments and certain boards, commissions and agencies of the Crown, for a variety of commonly used items. Effective April 1, 1993, Materials Distribution Agency (the "Agency") was designated as a Special Operating Agency pursuant to *The Special Operating Agencies Financing Authority Act*, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

In 1956, Mail Management (Postal Service) was created as a branch of the Manitoba Provincial Government to provide centralized postal services. Effective April 1, 1996, the Postage Service was renamed Mail Management Agency and designated as a Special Operating Agency (SOA) pursuant to *The Special Operating Agencies Financing Authority Act*, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council. Effective April 1, 2005, the operations of the Materials Distribution Agency and the Mail Management Agency were amalgamated. The amalgamated operations have been operating as Materials Distribution Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from the Agency's operations and finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business like manner according to public policy expectations. A Management Agreement between the Financing Authority and the Minister responsible for the Agency assigns responsibility to the Agency to manage and account for Agency-related assets and operations on behalf of the Financing Authority.

The Agency is now part of the Department of Finance under the general direction of the Associate Deputy Minister, Central Services Division, and ultimately the policy direction of the Deputy Minister and Minister. The Agency remains bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objective.

Effective April 1, 2012 the Agency is administering the vaccine program on behalf of Manitoba Health.

### **2. Basis of Accounting**

The financial statements are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board.

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**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

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**3. Significant Accounting Policies**

Revenue

- (a) Warehouse sales are recognized when the goods are shipped and when collection is reasonably assured.
- (b) Service revenue is recognized when the related services are completed or substantially completed pursuant to the underlying contracts, where applicable, and when collection is reasonably assured.
- (c) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Expenses

- (d) All expenses incurred for goods and services are recorded on an accrual basis.
- (e) Government transfers are recognized as expenditures in the period in which the transfers are authorized and all eligibility criteria have been met.

Financial Assets

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.

Portfolio investments are investments and deposits with original maturities of more than three months. These investments are recognized at cost.

Inventories for resale are recorded at the lower of cost or net realizable value.

Inventories for distribution at no charge are recorded at the lower of cost or current replacement cost.

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 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.

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# MATERIALS DISTRIBUTION AGENCY

## Notes to Financial Statements

*(in thousands)*

**For the year ended March 31, 2021**

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### 3. Significant Accounting Policies (continued)

#### Employee Future Benefits

- i. The Agency's employees belong to the Province of Manitoba's Civil Service Superannuation Fund (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 Agency's contribution to the Superannuation Fund is recorded as an expense for the year.

- ii. The cost of severance obligations is determined using the annual actuarial report. 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 costs of benefits earned by employees are charged to expenses as services are rendered. The costs are determined by an actuary 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 over the expected remaining service life.
- iii. 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 annual entitlement.

#### Non-financial Assets

- (a) Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition cost. The costs of tangible capital assets, less any residual value, are amortized over their useful lives as follows:

Computer equipment	20% straight-line
Furniture and fixtures	20% straight-line
Leasehold improvements	10 years straight-line
Office equipment	20% straight-line
Mail finishing equipment	20% declining balance
Rental equipment	2-5 years straight-line
Warehouse equipment	20% declining balance

- (b) 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.

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**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

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**3. Significant Accounting Policies (continued)**

Measurement Uncertainty

The preparation of financial statements in accordance with PSAS 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.

**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 Agency records cash and bank at fair value. The Agency records accounts receivable, accounts payable, and accrued liabilities at cost.

Gains and losses on financial instruments measured at fair value are recorded in the Statement of 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. Given the nature of the Agency's financial instruments measured at fair value, no statement of remeasurement gains and losses is presented.

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.

Financial Risk Management Overview

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; and, interest rate risk.

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## MATERIALS DISTRIBUTION AGENCY

### Notes to Financial Statements

*(in thousands)*

**For the year ended March 31, 2021**

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#### 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 which potentially subject the Agency to credit risk consist primarily of cash and bank and accounts receivable.

The maximum exposure of the Agency to credit risk at March 31 is:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 314	\$ -
Accounts receivable	<u>2,981</u>	<u>3,336</u>
	<u>\$ 3,295</u>	<u>\$ 3,336</u>

Cash and bank: The Agency is not exposed to significant credit risk as the cash and bank is primarily held by the Minister of Finance.

Accounts receivable: The Agency is not exposed to significant credit risk as the balance of the accounts receivable are primarily with other government agencies and departments. The balance is due from a large client base and payment in full is typically collected when it is due. The Agency manages the credit risk through close monitoring of overdue accounts.

The Agency 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.

The balance in the allowance for doubtful accounts as at March 31, 2021 is \$95 (\$95 in 2020).

##### Liquidity Risk

Liquidity risk can be defined as an organization's ability to meet its financial obligations as they come due.

The Agency 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 its obligations.

**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

**4. Financial Instruments and Financial Risk Management (continued)**

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Agency's income or the fair values of its financial instruments.

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 risk is considered to be low because of the short-term nature of cash and bank.

**5. Accounts Receivable**

	<b>2021</b>	<b>2020</b>
Trade accounts receivable	<b>\$ 3,076</b>	\$ 3,354
Other receivables	-	77
	<b>3,076</b>	3,431
Allowance for doubtful accounts	<b>95</b>	95
	<b>\$ 2,981</b>	\$ 3,336

**6. Working Capital Advances**

The Special Operating Agencies Financing Authority has provided the Agency with an authorized line of working capital of \$1,200 (2020 - \$600) of which \$NIL was used at March 31, 2021 (2020 - \$NIL).

**7. Inventories for Resale**

	<b>2021</b>	<b>2020</b>
Medical supplies	<b>\$ 835</b>	\$ 669
Janitorial	<b>445</b>	254
Stationery	<b>250</b>	328
Health equipment	<b>165</b>	188
Special projects	<b>24</b>	13
Furniture	<b>4</b>	3
	<b>\$ 1,723</b>	\$ 1,455

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## MATERIALS DISTRIBUTION AGENCY

### Notes to Financial Statements

*(in thousands)*

**For the year ended March 31, 2021**

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#### **8. Inventories for Distribution at no Charge**

Inventories for distribution at no charge represent personal protective equipment (PPE) and vaccine supplies that were transferred at March 31, 2021 at no cost from the Provincial and Federal Governments. These transfers were accounted for as government transfers and will be distributed to the end users at no charge.

#### **9. Employee Future Benefits**

##### Pension Benefits

Employees of the Agency 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 Agency, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province of Manitoba the pension liability for its employees.

Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2021 was \$299 (\$315 in 2020). Under this Agreement, the Agency has no further pension liability.

##### Severance Benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of the severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations 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 expected average remaining service life (EARSL) of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2017. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2021 is \$762 (\$777 in 2020). The actuarial loss of \$75 (\$80 in 2020) based on actuarial reports is being amortized over the 15 year expected average remaining service life (EARSL) of the employee group.



**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

**9. Employee Future Benefits (continued)**

Significant long-term actuarial assumptions used in the March 31, 2017 valuation, and in the determination of the March 31, 2021 present value of the accrued severance benefit obligations are:

Annual rate of return	<u>3.20 %</u>
Assumed salary increase rate:	
Annual productivity increase	1.00 %
Annual general salary increase	<u>2.50 %</u>
	<u>3.50 %</u>

The severance benefit liability at March 31 includes the following components:

	<u>2021</u>	<u>2020</u>
Accrued benefit liability		
Balance, beginning of year	\$ 857	\$ 888
Interest on accrued severance benefits	27	32
Service costs	33	35
Severance paid	<u>(80)</u>	<u>(98)</u>
Balance, end of year	837	857
Less unamortized actuarial losses	<u>(75)</u>	<u>(80)</u>
Severance benefit liability	<u>\$ 762</u>	<u>\$ 777</u>

The total expenses related to severance benefits at March 31 includes the following components:

	<u>2021</u>	<u>2020</u>
Interest on accrued severance benefits	\$ 27	\$ 32
Current period service cost	33	35
Amortization of actuarial losses over EARSL	<u>5</u>	<u>7</u>
Total expense related to severance benefit	<u>\$ 65</u>	<u>\$ 74</u>

**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

**9. Employee Future Benefits (continued)**

The Agency provides sick leave benefits for employees that accumulate but do not vest. 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. These assumptions include a 3.20% annual return and a 3.75% annual salary increase. The Agency's sick leave benefit liability as at March 31, 2021 based on the valuation model is \$70 (2020 - \$70). The increase (decrease) in sick leave benefit liability of \$NIL (2020 - \$NIL) represents the total sick leave benefit expense (recovery) for the year.

**10. Tangible Capital Assets**

	<b>2021</b>			
	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
Cost				
Computer equipment	\$ 313	\$ -	\$ -	\$ 313
Furniture and fixtures	165	-	-	165
Leasehold improvements	1,300	682	-	1,982
Office equipment	70	-	-	70
Mail finishing equipment	542	-	-	542
Rental equipment	16,982	2,925	42	19,865
Warehouse equipment	1,389	1,308	-	2,697
	<b>\$ 20,761</b>	<b>\$ 4,915</b>	<b>\$ 42</b>	<b>\$ 25,634</b>
	<b>Opening Balance</b>	<b>Amortization</b>	<b>Disposals</b>	<b>Closing Balance</b>
Accumulated Amortization				
Computer equipment	\$ 285	\$ 1	\$ -	\$ 286
Furniture and fixtures	164	-	-	164
Leasehold improvements	1,046	41	-	1,087
Office equipment	64	-	-	64
Mail finishing equipment	454	11	-	465
Rental equipment	12,079	1,932	-	14,011
Warehouse equipment	1,195	46	-	1,241
	<b>15,287</b>	<b>2,031</b>	<b>-</b>	<b>17,318</b>
Net book value	<b>\$ 5,474</b>	<b>\$ 2,884</b>	<b>\$ 42</b>	<b>\$ 8,316</b>

During the year ended March 31, 2021, tangible capital assets disposed of totaled \$42, \$47 was received for proceeds from these disposals resulting in a total gain on disposal of \$5.

**MATERIALS DISTRIBUTION AGENCY**  
**Notes to Financial Statements**  
*(in thousands)*

**For the year ended March 31, 2021**

**10. Tangible Capital Assets (continued)**

	2020			
	Opening Balance	Additions	Disposals	Closing Balance
<b>Cost</b>				
Computer equipment	\$ 313	\$ -	\$ -	\$ 313
Furniture and fixtures	165	-	-	165
Leasehold improvements	1,236	64	-	1,300
Office equipment	70	-	-	70
Mail finishing equipment	542	-	-	542
Rental equipment	14,894	2,364	276	16,982
Warehouse equipment	1,386	3	-	1,389
	<b>\$ 18,606</b>	<b>\$ 2,431</b>	<b>\$ 276</b>	<b>\$ 20,761</b>
<b>Accumulated Amortization</b>				
Computer equipment	\$ 279	\$ 6	\$ -	\$ 285
Furniture and fixtures	164	-	-	164
Leasehold improvements	1,010	36	-	1,046
Office equipment	64	-	-	64
Mail finishing equipment	441	13	-	454
Rental equipment	10,882	1,461	264	12,079
Warehouse equipment	1,163	32	-	1,195
	<b>14,003</b>	<b>1,548</b>	<b>264</b>	<b>15,287</b>
Net book value	<b>\$ 4,603</b>	<b>\$ 883</b>	<b>\$ 12</b>	<b>\$ 5,474</b>

During the year ended March 31, 2020, tangible capital assets disposed of totaled \$276, resulting in a loss on disposal of tangible capital assets of \$12. Disposals consisted of tangible capital assets that were written-off due to no longer being in use, there were no tangible capital assets sold for proceeds during the year.

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**MATERIALS DISTRIBUTION AGENCY**  
**Schedule 1**  
**Schedule of Warehouse Sales and Services Revenue**  
*(in thousands)*

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Warehouse Sales</b>		
Medical supplies	\$ 6,842	\$ 7,356
Janitorial	3,390	2,298
Stationery	2,979	3,902
Health equipment	2,053	1,882
Furniture	296	371
Special projects	25	3
	<b>15,585</b>	<b>15,812</b>
<b>Service Revenue</b>		
Mail service	5,307	4,920
Equipment rentals	5,293	4,804
Freight	1,300	1,284
Vaccine program	694	678
Storage	369	326
Manitoba Textbook Bureau	290	265
Other revenues and recoveries	170	209
Moving	114	592
Disposal service	25	108
	<b>\$ 13,562</b>	<b>\$ 13,186</b>

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**MATERIALS DISTRIBUTION AGENCY**  
**Schedule 2**  
**Schedule of Operating and Administrative Expenses**  
*(in thousands)*

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating expenses</b>		
Mail services	\$ 4,048	\$ 3,901
Freight	2,714	2,381
Amortization	2,031	1,548
Moving expenses	683	519
Equipment rentals	254	161
Warehouse supplies	254	137
Vehicle	141	147
	<b>10,125</b>	<b>8,794</b>
<b>Administrative expenses</b>		
Office	367	364
Computer	270	294
Telephone	50	60
Miscellaneous	49	21
Training	26	7
Professional fees	24	20
Promotion and marketing	-	8
	<b>786</b>	<b>774</b>
	<b>\$ 786</b>	<b>\$ 774</b>