

Public Accounts

2008/09

VOLUME 4

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

For the Year Ended
March 31, 2009



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, 2009 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 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 borrowings and guarantees.
- 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; and
- The Northern Affairs Fund.

Volume 4

- Contains 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, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>686,433</u>	<u>508,286</u>
RECEIPTS:		
Royalties.....	224,245	184,088
Other Recoveries.....	-	-
Interest.....	<u>4,030</u>	<u>4,502</u>
	<u>228,275</u>	<u>188,590</u>
DISBURSEMENTS:		
Rehabilitation payments.....	<u>301,553</u>	<u>10,443</u>
Balance, end of year.....	<u><u>613,155</u></u>	<u><u>686,433</u></u>

THE ETHANOL FUND **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

For the Year Ended March 31, 2009
(with comparative figures for the four months ended March 31, 2008)

	2009	2008
	\$	\$
Balance, beginning of period.....	<u>5,209,987</u>	<u>-</u>
RECEIPTS:		
Transfer of Gasoline Tax Revenue.....	<u>24,211,660</u>	<u>5,209,987</u>
DISBURSEMENTS:		
Payments.....	<u>23,338,090</u>	<u>-</u>
Balance, end of period.....	<u><u>6,083,557</u></u>	<u><u>5,209,987</u></u>

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, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>514,342</u>	<u>494,429</u>
RECEIPTS:		
Interest Revenue.....	<u>12,597</u>	<u>19,913</u>
DISBURSEMENTS:		
Claims.....	<u>-</u>	<u>-</u>
Balance, end of year.....	<u><u>526,939</u></u>	<u><u>514,342</u></u>

**LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>148,508</u>	<u>170,516</u>
RECEIPTS:		
Premiums.....	<u>93,217</u>	<u>24,712</u>
DISBURSEMENTS:		
Claims.....	<u>25,315</u>	<u>46,720</u>
Balance, end of year.....	<u><u>216,410</u></u>	<u><u>148,508</u></u>

MANITOBA LAW REFORM COMMISSION **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009 \$	2008 \$
Balance, beginning of year.....	<u>36,406</u>	<u>32,675</u>
RECEIPTS:		
Department of Justice.....	85,000	85,000
Law Society of Manitoba.....	130,000	10,500
Manitoba Law Foundation.....	-	-
	<u>215,000</u>	<u>95,500</u>
DISBURSEMENTS:		
Claims.....	<u>214,306</u>	<u>91,769</u>
Balance, end of year.....	<u><u>37,100</u></u>	<u><u>36,406</u></u>

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>605,244</u>	<u>532,219</u>
RECEIPTS:		
Contributions.....	-	-
Interest.....	9,805	23,025
Miscellaneous.....	<u>100,000</u>	<u>50,000</u>
	109,805	73,025
DISBURSEMENTS:		
Payments.....	<u>-</u>	<u>-</u>
Balance, end of year.....	<u><u>715,049</u></u>	<u><u>605,244</u></u>

**THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009 \$	2008 \$
Balance, beginning of year.....	<u>15,952,153</u>	<u>14,512,452</u>
RECEIPTS:		
Transfer of Mining Tax Revenues.....	2,821,498	3,017,075
Interest received during the year.....	<u>314,041</u>	<u>624,645</u>
	<u>3,135,539</u>	<u>3,641,720</u>
DISBURSEMENTS:		
Leaf Rapids Town Properties Inc.....	898,732	-
Manitoba Geological Survey's Far North Geomapping Initiative.....	383,622	-
Town of Leaf Rapids.....	44,912	65,000
Town of Lynn Lake.....	-	45,000
Town of Snow Lake.....	48,718	7,213
Transfer to General Revenue.....	<u>1,723,619</u>	<u>2,084,806</u>
	<u>3,099,603</u>	<u>2,202,019</u>
Balance, end of year.....	<u><u>15,988,089</u></u>	<u><u>15,952,153</u></u>

THE MINING REHABILITATION RESERVE FUND **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>731,825</u>	<u>462,256</u>
RECEIPTS:		
Royalties.....	282,467	245,533
Interest.....	<u>18,688</u>	<u>24,036</u>
	<u>301,155</u>	<u>269,569</u>
DISBURSEMENTS:		
Payments.....	<u>81,578</u>	<u>-</u>
Balance, end of year.....	<u><u>951,402</u></u>	<u><u>731,825</u></u>

**THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>6,880,797</u>	<u>6,066,579</u>
RECEIPTS:		
Royalties.....	1,727,418	1,888,139
Interest.....	<u>131,068</u>	<u>225,180</u>
	<u>1,858,486</u>	<u>2,113,319</u>
DISBURSEMENTS:		
Rehabilitation payments.....	<u>2,231,736</u>	<u>1,299,101</u>
Balance, end of year.....	<u><u>6,507,547</u></u>	<u><u>6,880,797</u></u>

THE VETERINARY SCIENCE SCHOLARSHIP FUND **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)

	2009 \$	2008 \$
Balance, beginning of year.....	<u>7,813</u>	<u>4,753</u>
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch.....	13,480	7,260
Repayment of bursaries.....	<u>15,600</u>	<u>15,600</u>
	<u>29,080</u>	<u>22,860</u>
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act.....	<u>27,000</u>	<u>19,800</u>
Balance, end of year.....	<u><u>9,893</u></u>	<u><u>7,813</u></u>

**VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Year Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of year.....	<u>3,697,464</u>	<u>2,547,009</u>
RECEIPTS:		
Surcharge on Provincial Fines.....	5,121,919	4,437,743
Interest.....	<u>70,871</u>	<u>75,212</u>
	<u>5,192,790</u>	<u>4,512,955</u>
DISBURSEMENTS:		
Operating expenses.....	<u>4,334,411</u>	<u>3,362,500</u>
Balance, end of year.....	<u><u>4,555,843</u></u>	<u><u>3,697,464</u></u>

**THE WORKPLACE AND SAFETY
PUBLIC EDUCATION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Ten Months Ended March 31, 2009
(with comparative figures for the year ended March 31, 2008)**

	2009	2008
	\$	\$
Balance, beginning of period.....	<u>9,500</u>	<u>-</u>
RECEIPTS:		
Department of Labour and Immigration.....	<u>13,000</u>	<u>9,500</u>
DISBURSEMENTS:		
Payments.....	<u>2,755</u>	<u>-</u>
Balance, end of period.....	<u><u>19,745</u></u>	<u><u>9,500</u></u>

NOTE: The Workplace and Safety Public Education Fund was established on June 29, 2007 for the purpose of educating the public on matters related to workplace safety and health.



CROWN ORGANIZATIONS



KPMG LLP
Chartered Accountants
Suite 2000 – One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

AUDITORS' REPORT

To the Board of Governors of Addictions Foundation of Manitoba

We have audited the statement of financial position of Addictions Foundation of Manitoba as at March 31, 2009 and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Signed "**KPMG LLP**"

Chartered Accountants

Winnipeg, Canada

June 26, 2009

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 1,189,930	\$ 1,646,046
Accounts receivable	780,595	553,117
Prepaid insurance	55,102	25,824
Vacation pay recoverable from the Province of Manitoba (note 4)	667,567	667,567
	<u>2,693,194</u>	<u>2,892,554</u>
Restricted cash	510,829	72,435
Capital assets (note 5)	11,416,005	5,114,756
Recoverable from the Province of Manitoba:		
Pre-retirement pay (note 6)	1,153,316	1,153,316
Long-term pension funding (note 7)	18,460,363	18,556,423
	<u>19,613,679</u>	<u>19,709,739</u>
	<u>\$ 34,233,707</u>	<u>\$ 27,789,484</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,049,306	\$ 1,310,160
Bank indebtedness related to capital assets (note 8)	8,057,905	1,868,788
Accrued vacation pay (note 4)	1,297,051	1,259,688
	<u>11,404,262</u>	<u>4,438,636</u>
Accrued pre-retirement pay (note 6)	1,991,581	1,865,611
Provision for employee pension benefits (note 7)	18,460,363	18,556,423
Deferred contributions (note 9)	97,800	52,800
Net assets (deficiency):		
Invested in capital assets	3,358,100	3,245,968
Internally restricted (note 10)	979,300	994,000
Unrestricted	(2,057,699)	(1,363,954)
	<u>2,279,701</u>	<u>2,876,014</u>
Continuity of operations (note 1)		
Commitments (note 11)		
	<u>\$ 34,233,707</u>	<u>\$ 27,789,484</u>

See accompanying notes to financial statements.

On behalf of the Board: of Governors:

Chairman

Treasurer

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Revenue and Expenses

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Government of the Province of Manitoba:		
Operating	\$ 15,951,696	\$ 14,903,707
Long-term pension, net (note 7)	(470,834)	778,765
Capital	129,718	97,806
Manitoba Health - relief staffing	68,618	—
Impaired Drivers Program fees	919,774	839,292
Manitoba Lotteries Corporation	3,022,900	2,706,500
School Support Program	453,720	382,317
Recovery of wages, medical and treatment services and travel expenses	638,484	747,093
Youth Residential Programs	337,425	327,100
Drug Treatment Court Program	504,821	395,931
Other (schedule A)	278,439	289,941
	21,834,761	21,468,452
Expenses:		
Salaries	12,253,408	11,283,039
Wages	3,022,165	3,058,682
Amortization	221,373	193,834
Drug Treatment Court program	462,701	368,281
Employee benefits	1,346,738	1,281,853
Health and post-secondary education tax levy	328,164	302,196
Pension (note 7)	738,565	1,802,631
Other (schedule B)	4,057,960	3,970,788
	22,431,074	22,261,304
Deficiency of revenue over expenses	\$ (596,313)	\$ (792,852)

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Changes in Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	2009			2008	
	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 3,245,968	\$ 994,000	\$ (1,363,954)	\$ 2,876,014	\$ 3,668,866
Deficiency of revenue over expenses	(221,373)	—	(374,940)	(596,313)	(792,852)
Investment in capital assets	333,505	—	(333,505)	—	—
Internally imposed restrictions, net (note 10)	—	(14,700)	14,700	—	—
Balance, end of year	\$ 3,358,100	\$ 979,300	\$ (2,057,699)	\$ 2,279,701	\$ 2,876,014

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (596,313)	\$ (792,852)
Items not involving cash:		
Amortization	221,373	193,834
Changes in non-cash operating working capital:		
Accounts receivable	(227,478)	5,546
Prepaid insurance	(29,278)	(2,989)
Accounts payable and accrued liabilities	739,146	414,740
Accrued vacation pay	37,363	251,611
Accrued pre-retirement pay	125,970	295,020
Net change in deferred contributions	45,000	(5,700)
	315,783	359,210
Financing and investing activities:		
Restricted cash	(438,394)	(72,435)
Additions to capital assets	(6,522,622)	(2,341,788)
Increase in bank indebtedness related to capital assets	6,189,117	1,868,788
	(771,899)	(545,435)
Decrease in cash	(456,116)	(186,225)
Cash, beginning of year	1,646,046	1,832,271
Cash, end of year	\$ 1,189,930	\$ 1,646,046

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements

Year ended March 31, 2009

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*.

1. Continuity of operations:

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Foundation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is doubt about the appropriateness of the use of the going concern assumption because as at March 31, 2009, the Foundation has a working capital deficiency, an unrestricted net asset deficiency of \$2,057,699, and deficiencies in revenues over expenses in fiscal 2009 and prior periods.

The ability of the Foundation to continue as a going concern, to realize the carrying value of its assets and to discharge its liabilities when due is dependent on the continued support of the Government of the Province of Manitoba and the Foundation achieving a break-even or surplus position in future years. There is no certainty that these and other strategies will be achieved or that they will be sufficient to permit the Foundation to continue as a going concern.

The financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Significant accounting policies:

(a) 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:

Asset	Method	Rate
Buildings	Declining balance	5%
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Over term of lease

During the construction of new buildings, third party borrowing costs are capitalized as incurred. Buildings under construction are not depreciated.

(b) 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.

(c) 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.

(d) 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 50 percent of the pension payments being made to retired employees. For employees hired after October 1, 2002, the Foundation makes annual matching contributions based on 6% of the employees' salary, which 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.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Significant accounting policies:

(e) Restricted cash:

Restricted cash represents cash held in trust in connection with the buildings under construction.

(f) 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.

(g) Financial instruments:

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

The Foundation has designated cash as held-for-trading; accounts receivable, vacation pay recoverable, pre-retirement pay recoverable and long-term pension funding recoverable as loans and receivables; and accounts payable and accrued liabilities, bank indebtedness related to capital assets and accrued vacation pay as other liabilities. The Foundation has neither available-for-sale nor held-to-maturity instruments.

Except for held-for trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of revenue and expenses as incurred.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Future accounting changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Foundation's next fiscal year. The Foundation is in the process of determining the impact that these standards will have on its financial reporting.

CICA Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective April 1, 2009 for the Foundation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470 - *Disclosures of Allocated Expenses by Not-for-Profit Organizations*, was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Foundation will adopt these standards on April 1, 2009.

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 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. The Foundation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 535,065	\$ —	\$ 535,065	\$ 535,065
Computer equipment	1,117,085	776,379	340,706	278,268
Furniture and equipment	282,992	169,216	113,776	102,215
Leasehold improvements	640,575	250,216	390,359	413,362
Building under construction	8,706,990	—	8,706,990	2,388,599
Buildings	4,041,660	2,712,551	1,329,109	1,397,247
	\$ 15,324,367	\$ 3,908,362	\$ 11,416,005	\$ 5,114,756

Interest capitalized to date in building under construction as at March 31, 2009 totaled \$174,117 (2008 -\$28,372).

6. 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, 2009, the obligation under the pre-retirement pay is estimated to be approximately \$1,991,581 (2008 - \$1,865,611) 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, 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 at March 31, 2009 aggregates \$1,153,316 (2008 - \$1,153,316) and has no specified terms of repayment.

The fair value of the pre-retirement pay receivable from the Province approximates its carrying value as the interest component described above is comparable to current market rates.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

7. 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 extrapolation from the most recent actuarial report dated December 31, 2007, the Foundation has recorded an amount of \$18,460,363 (2008 - \$18,556,423) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2009. Total pension expense of \$738,565 (2008 - \$1,802,631) has been recorded in the statement of revenue and expenses.

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 \$18,460,363 (2008 - \$18,556,423) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net revenue or expense for the change in the liability in the period. 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:

	2009	2008
Balance, beginning of year	\$ 18,556,423	\$ 17,474,908
Benefits accrued	955,483	932,820
Interest accrued (7 percent; 2008 - 7 percent)	1,251,493	1,244,232
Benefits paid	(1,317,971)	(1,095,537)
Actuarial gains ¹	(985,065)	—
Balance, end of year	\$ 18,460,363	\$ 18,556,423

¹The actuarial valuation as at December 31, 2007 was completed in April 2009, and the resulting adjustment recorded in the year ended March 31, 2009. This has resulted in lower pension expense and a corresponding adjustment to long-term pension revenue, net in the statement of revenue and expenses.

8. Bank indebtedness related to capital assets:

The Foundation has an operating interim construction loan credit facility with a maximum limit of \$9,134,454 as amended effective April 15, 2009. Advances on this credit facility are payable on demand and bear interest at bank prime less 1.00 percent per annum. The facility is secured by a letter of comfort from Manitoba Health and assignment of specific contracts by the Foundation. Interest only is payable until commencement of repayment initiated by Manitoba Health. Principal payments are to begin effective for April 1, 2009. As at March 31, 2009, the Foundation utilized \$8,057,905 of the available line of credit.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions:

	2009	2008
Balance, beginning of year	\$ 52,800	\$ 58,500
Contributions received in the current year	60,000	—
Amount recognized as revenue in the current year	(15,000)	(5,700)
Balance, end of year	\$ 97,800	\$ 52,800

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 balance sheet or statement of revenue and expenses as appropriate and the restrictions are reversed.

	2009	2008
Balance, beginning of year	\$ 994,000	\$ 1,338,300
Internal restrictions settled in the current year	(200,000)	(530,400)
Internal restrictions imposed for future years	185,300	186,100
	(14,700)	(344,300)
Balance, end of year	\$ 979,300	\$ 994,000

Internal restrictions have been imposed for the following:

	2009	2008
Ontario Health referrals potential cancellation	\$ 325,000	\$ 325,000
Pathways conference	13,700	13,700
Provincial technology program	—	200,000
Youth services	374,400	321,500
Problem gambling services special projects	25,600	—
Impaired drivers' program	240,600	133,800
	\$ 979,300	\$ 994,000

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

11. Commitments:

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2010 and 2014. 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:

2010	\$	340,849
2011		230,953
2012		169,069
2013		143,978
2014		134,771
		<hr/>
		\$ 1,019,620

12. Fair value:

The fair value of the pre-retirement pay recoverable and the long-term pension funding recoverable from the Province of Manitoba approximates the carrying value as the interest component (see notes 6 and 7) is comparable to current market rates.

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

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

ADDICTIONS FOUNDATION OF MANITOBA

Other Revenue

Schedule A

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Training course fees	\$ 104,660	\$ 57,419
Donations	36,052	35,008
Interest	38,993	94,778
Property rental	21,470	25,910
Parking rentals	23,517	23,671
Manitoba Government and General Employees'		
Union	1,981	5,456
Miscellaneous	51,766	47,699
	\$ 278,439	\$ 289,941

ADDICTIONS FOUNDATION OF MANITOBA

Other Expenses

Schedule B

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Advertising and exhibits	\$ 92,886	\$ 61,431
Audio-visual aids	27,354	61,219
Audit	21,430	19,709
Board of Governors' honorarium	26,057	13,839
Books, newspapers and periodicals	27,490	29,437
Courier and freight	37,477	40,384
Educational literature	92,317	105,574
Fees	528,184	744,688
Food supplies	405,353	343,135
Household supplies	94,586	75,538
Materials, repairs and maintenance	584,912	454,993
Medical services and supplies	380,593	369,182
Miscellaneous	1,390	3,794
Postage and telephone	301,287	280,781
Printing, stationery and office supplies	222,946	243,091
Rent, insurance and property taxes	431,062	386,242
Staff development	63,466	61,581
Training	59,389	27,899
Transportation of patients	22,908	21,355
Travel and automobile	379,737	393,082
Utilities	257,136	233,834
	\$ 4,057,960	\$ 3,970,788

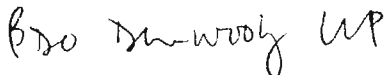
Auditors' Report

**To the Directors of
Assiniboine Community College**

We have audited the statement of financial position of **Assiniboine Community College** as at June 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. 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.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Brandon, Manitoba
September 2, 2008

**ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2008
(in thousand \$)**

<u>ASSETS</u>	2008	2007
CURRENT		
Cash and short term investments (note 1)	3,193	3,658
Accounts receivable (note 2)	1,430	1,282
Due from Province of Manitoba (note 3)	522	522
Inventories (note 4)	34	47
Prepays	575	469
	5,754	5,978
NON-CURRENT		
Due from Province of Manitoba (note 3)	1,999	1,999
CAPITAL ASSETS (note 5)		
Land, buildings and equipment	7,412	5,922
Library holdings	811	911
	8,223	6,833
	15,976	14,810
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT		
Accounts payable and accrued liabilities (note 6)	3,199	3,162
Deferred revenue (note 7)	1,616	1,385
Long term loan (note 8)	90	93
	4,905	4,640
NON-CURRENT		
Long term loan (note 8)	877	968
Accrued severance liability (note 9)	1,822	1,769
	2,699	2,737
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note10)	3,002	2,787
NET ASSETS		
Net assets invested in capital assets	4,253	4,046
Net assets internally restricted (note11)	840	840
Unrestricted net assets	277	(240)
	5,370	4,646
	15,976	14,810

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2008
(in thousand \$)

	Budget (unaudited)	2008	2007
REVENUES			
Academic training fees	3,126	2,987	2,982
Grants	19,479	19,483	18,542
Market driven training	1,800	1,916	1,212
Continuing studies	1,367	1,326	1,028
Ancillary services	158	179	1,256
Apprenticeship training	1,496	1,419	1,332
Other revenue	606	693	479
Amortization of deferred contributions	982	982	1,015
	29,014	28,985	27,846
EXPENDITURES			
Academic	17,673	16,984	16,242
Administration	6,495	6,760	5,619
Program support	1,491	1,454	1,412
Plant	493	490	439
Management information services	1,180	723	1,114
Library	296	329	303
Ancillary services	1	82	1,458
Amortization of capital assets	1,385	1,439	1,115
	29,014	28,261	27,702
EXCESS OF REVENUE OVER EXPENDITURES	-	724	144

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008
(in thousand \$)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2008 TOTAL	2007 TOTAL
Balance - beginning of year	4,046	840	(240)	4,647	4,502
Restatement Adjustment (note 18)	(1,061)		1,061		
Excess of revenue over expenditures	-	-	724	724	144
Add: Amortization of deferred contributions	982	-	(982)	-	-
Less: Amortization of capital assets	(1,439)	-	1,439	-	-
Less: Long Term Debt Repayments	93	-	(93)	-	-
Deferred contributions received from grant	(1,065)	-	1,065	-	-
Deferred contributions from donated assets	(132)	-	132	-	-
Library holdings valuation adjustment	(100)	-	100	-	-
Investment from donated assets	32	-	(32)	-	-
Investment in capital assets	2,897	-	(2,897)	-	-
Balance - end of year	4,253	840	277	5,371	4,646

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008
(in thousand \$)

	2008	2007
Cash from operating activities		
Excess of revenues over expenditures	724	144
Amortization of capital assets	1,439	1,115
Amortization of deferred capital contributions	(982)	(1,015)
Loss on disposal of capital assets	100	50
Change in non-cash working capital items	(14)	1,782
Net cash generated through operating activities	1,267	2,076
Financing and investing activities		
Purchase of capital assets	(2,897)	(1,594)
Donated capital assets	(32)	(25)
Donated library holdings	-	(1)
Contributions received for capital purposes	1,197	956
Net cash used in financing and investing activities	(1,732)	(664)
Net increase (decrease) in cash and short term investments	(465)	1,412
Cash and short term investments, beginning of year	3,658	2,246
Cash and short term investments, end of year	3,193	3,658

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2008

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.

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2008

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable, and severance liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Effective July 1, 2007, the company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation. These new Handbook Sections provide requirements for the recognition and measurement of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity instruments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized into net income. Available-for-sale financial instruments are measured at their fair value with changes in fair value recorded in other comprehensive income.

As a result of the adoption of these new standards, the entity has classified its cash and short-term investments as held-for-trading, receivables as loans and receivables and its accounts payable and accrued liabilities as other liabilities, which are measured at amortized cost. As a result of application of Section 3855, the Company's surplus was not affected.

Inventories

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

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2008

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the straight-line method at 20% per annum for acquisitions prior to June 30, 2002. For acquisitions after 2002, amortization is provided using the straight-line method at the following rates:

Buildings	2 %
Leasehold improvements	Term equal to the length of the lease plus one renewal term, or 2% per annum if no specified lease term
Computer systems	20 %
Computer equipment	33 %
Furniture and equipment	20 %
Laptop program	50 %

No amortization is taken in the year of acquisition, except for the laptop program assets that have a full year of amortization applied 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. An adjustment to the "base stock" method has been applied in the current year to reflect a decrease in the books maintained by the library.

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.

Assiniboine Community College

Summary of Significant Accounting Policies

June 30, 2008

Revenue Recognition

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

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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

Assiniboine Community College Notes to Financial Statements

June 30, 2008

1. Cash and Short-term Investments

	<u>2008</u>	<u>2007</u>
Cash	785	920
Term deposits - Manitoba Finance	<u>2,408</u>	<u>2,738</u>
	<u>3,193</u>	<u>3,658</u>

2. Accounts Receivable

	<u>2008</u>	<u>2007</u>
Tuition and contract training	1,399	1,245
Goods and Services Tax rebate	45	58
Allowance for doubtful accounts	<u>(14)</u>	<u>(21)</u>
	<u>1,430</u>	<u>1,282</u>

3. Due from Province of Manitoba

	<u>2008</u>	<u>2007</u>
Current		
Property taxes	331	331
Accommodation cost-recovery system	180	180
10% tuition rebate	<u>11</u>	<u>11</u>
	<u>522</u>	<u>522</u>
Non-current		
Vacation pay	875	875
Severance pay	<u>1,124</u>	<u>1,124</u>
	<u>1,999</u>	<u>1,999</u>
	<u>2,521</u>	<u>2,521</u>

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 \$727,418 in severance pay relating to pre-1998 employee service (in actual \$). No payments have been received from the Province with respect to this receivable.

Assiniboine Community College Notes to Financial Statements

June 30, 2008

4. Inventories

	2008	2007
Books and supplies	34	47

5. Capital Assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	4	-	12	-
Buildings	241	8	206	66
Computer systems and equipment	5,372	3,917	4,463	2,920
Furniture and equipment	13,011	9,146	11,312	8,788
Leasehold improvements	3,050	1,249	2,940	1,237
Laptop program	107	53	-	-
	21,785	14,373	18,933	13,011
Net book value		7,412		5,922
Library holdings, at estimated value			811	911

6. Accounts Payable and Accrued Liabilities

	2008	2007
Trade payables	1,262	1,333
Accrued vacation pay	1,937	1,829
	3,199	3,162

Assiniboine Community College Notes to Financial Statements

June 30, 2008

7. Deferred Revenue

	<u>2008</u>	<u>2007</u>
Opening tuition and commitment fees	241	244
Opening contract training fees	975	712
Opening classroom rentals, parking and other deferrals	169	204
Total opening deferred revenue	<u>1,385</u>	<u>1,160</u>
Tuition and commitment fees received	3,085	2,979
Contract training fees received	1,659	1,224
Classroom rentals, parking and other revenue received	589	244
Total received	<u>5,333</u>	<u>4,447</u>
Tuition and commitment fees recognized	(2,987)	(2,982)
Contract training fees recognized	(1,640)	(961)
Classroom rentals, parking and other deferrals recognized	(475)	(279)
Total recognized	<u>(5,102)</u>	<u>(4,222)</u>
Ending tuition and commitment fees	339	241
Ending contract training fees	994	975
Ending classroom rentals, parking and other deferrals	283	169
	<u>1,616</u>	<u>1,385</u>

8. Long-term Debt

	<u>2008</u>	<u>2007</u>
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.	967,413	1,060,533
Less amounts due within one year included in current liabilities	<u>89,596</u>	<u>93,120</u>
	<u>877,817</u>	<u>967,413</u>

Assiniboine Community College Notes to Financial Statements

June 30, 2008

8. Long-term Debt (continued)

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

2009	89,596
2010	93,946
2011	98,507
2012	103,289
2013	108,304
Thereafter	<u>384,175</u>
	<u>877,817</u>

9. Accrued Severance Liability

The service to date obligation is calculated based on an actuarial report as at March 31, 2005. The calculations used in the actuarial report to determine the liability outstanding as at March 31, 2005 are applied to the current year to determine the estimated accrued severance liability at June 30, 2008.

10. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions received from the Manitoba Council for Post-Secondary Education 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.

	<u>2008</u>	<u>2007</u>
Net book value, beginning of year	2,787	2,845
Add: Capital contributions during the year		
Government grant	1,065	695
Add: Donations in kind	132	262
Less: Current year amortization	<u>(982)</u>	<u>(1,015)</u>
Net book value, end of year	<u>3,002</u>	<u>2,787</u>

Assiniboine Community College Notes to Financial Statements

June 30, 2008

11. Net Assets Internally Restricted

	General Operating Reserve	General Capital Reserve	General Technology Reserve	Total Reserve
Opening balance	435	64	341	840
Appropriations	-	-	-	-
Withdrawals	-	-	-	-
Ending balance	435	64	341	840

12. Grants

	2008	2007
Grants Received	21,058	19,733
Add:		
10% rebate	4	-
Less:		
Deferred capital contributions	(1,095)	(930)
	19,967	18,803
Represented by:		
Base	19,483	18,538
Market Driven Training	265	265
Continuing Studies	219	-
	19,967	18,803

13. 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, 2002, 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.

Assiniboine Community College Notes to Financial Statements

June 30, 2008

14. Related Party Transactions

During the year the College provided a grant of 7,850 (2007 - 7,850) to Assiniboine Community College Foundation Inc. (in actual \$), a grant of 5,000 (2007 - 8,500) to Assiniboine Campus Radio Society Inc. (in actual \$), and a grant of 17,600 (2007 - 17,600) to the student 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.

15. 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:

2008/09	353
2009/10	329
2010/11	204

16. Economic Dependence

The College presently receives annual funding of approximately 21,057,504 (19,732,821 in 2007) from the Province of Manitoba to finance operations and capital acquisitions (in actual \$). Without such funding, future viability of the College is not assured. Transactions with the Province of Manitoba are measured at the exchange amount.

17. Income Taxes

The College is exempt from income taxes.

18. Surplus Restatement Adjustment

A loan to the Province of Manitoba that was used to purchase capital assets was recorded as an Operating Fund loan in the prior year. As this loan was utilized to purchase capital assets, the loan was moved to the Capital Fund in the current year and out of operating surplus, resulting in a decrease in Invested in Capital Assets of 1,061 and an increase in Unrestricted Net Assets of 1,061. A transfer from Unrestricted Net Assets to Invested in Capital Assets will occur each year for the principle repayment on this loan.

Assiniboine Community College Notes to Financial Statements

June 30, 2008

19. Prior Year's Figures

The prior year's figures have been adjusted to conform to the current year's presentation standards.

20. 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	38,136
Accounts receivable	34,111
Prepaid expenses	2,752
Other assets	1,017
Investments	1,381,314
Equipment	3,248
Accounts payable	5,716
Deferred revenue	34,156
Deferred contributions	541,559
Unrestricted net assets	(12,124)
Endowment funds	888,023
Invested in capital assets	3,248
Revenue	514,842
Expenditures	520,375

ii – MANAGEMENT REPORT

THE BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

MANAGEMENT REPORT

December 31, 2008

The accompanying financial statements are the responsibility of the Board and have been prepared in accordance with Canadian generally accepted accounting principles. In the Board's opinion, the financial statements have been properly prepared.

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.

Susan Boulter
Chairperson

E.C. Norrington C.A.
Accountant

March 16, 2009



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors under the Embalmers and Funeral Directors Act

We have audited the statement of financial position of the Board of Administration under the Embalmers and Funeral Directors Act as at December 31, 2008 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
March 9, 2009



iv – Financial Statements and information

THE BOARD OF ADMINISTRATION UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT		
Statement of Financial Position December 31, 2008		
ASSETS	2008	2007
Current		
Cash	\$ 18,162	\$ 19,877
Short-term Investments (notes 2 and 3)	33,466	-
Accrued Interest Receivable	1,061	-
Total Current Assets	52,689	19,877
Non-Current		
Accrued Interest Receivable	1,417	2,853
Long-term Investments (notes 2 and 3)	21,954	53,186
Total Non-Current Assets	23,371	56,039
	<u>\$ 76,060</u>	<u>\$ 75,916</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current		
Accounts Payable and Accrued Liabilities	\$ 3,931	\$ 6,300
Deferred Revenue	25,600	19,800
Total Current Liabilities	29,531	26,100
Unrestricted Net Assets	46,529	49,816
	<u>\$ 76,060</u>	<u>\$ 75,916</u>
<i>See accompanying notes to the financial statements</i>		
Approved on behalf of The Board of Administration		
Susan Boulter Chairperson	Tracy Macoursky Secretary-Treasurer	

**THE BOARD OF ADMINISTRATION
UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT**

**Statement of Operations and Changes in Unrestricted Net Assets
For the year ended December 31, 2008**

REVENUE	2008	2007
Funeral Home Licences	\$ 9,400	\$ 9,200
Funeral Director and Embalmer Licences	21,000	21,700
Interest	1,864	2,034
	<u>32,264</u>	<u>32,934</u>
EXPENSES		
Audit	2,800	3,400
Honararia - Board Members	5,886	7,303
Honararia - Registrar	10,000	10,000
Surveys	-	3,297
Miscellaneous	912	1,916
Board Meetings	4,225	5,151
Graduation and Examination	1,565	-
Communications	1,660	2,567
Office Supplies and Postage	1,035	1,524
Conferences	3,489	5,843
Legal Fees	3,980	8,775
	<u>35,551</u>	<u>49,776</u>
Net (Loss)	(3,287)	(16,842)
Unrestricted Net Assets		
Beginning of the Period	<u>49,816</u>	<u>66,658</u>
Unrestricted Net Assets		
End of the Period	<u>\$ 46,529</u>	<u>\$ 49,816</u>

See accompanying notes to the financial statements

**THE BOARD OF ADMINISTRATION
UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT**

**Statement of Cash Flows
For the year ended December 31,2008**

Cash Flows from Operating Activities	2008	2007
Licence Fees	\$ 36,200	\$ 27,800
Interest on Investments	2,239	3,492
Surveys	-	(2,725)
Audit Fees	(3,400)	(3,120)
Graduation and Examination	(1,565)	-
Honoraria - Registrar	(10,000)	(10,000)
Honoraria - Board Members	(5,886)	(7,521)
Miscellaneous Expenses	(1,484)	(1,916)
Board Meetings	(3,831)	(5,194)
Communications	(2,826)	(1,371)
Conferences	(3,489)	(5,844)
Office Supplies and Postage	(1,127)	(1,160)
Legal Fees	(4,312)	(8,206)
Net Cash provided by (used in) Operating Activities	519	(15,765)
Cash Flows from Investing Activities		
Purchases of Guaranteed Investment Certificates	(33,466)	(38,186)
Maturities of Guaranteed Investment Certificates	31,232	48,582
Net Cash provided by (used in) Investing Activities	(2,234)	10,396
Net (Decrease) in Cash	(1,715)	(5,369)
Cash, beginning of the period	19,877	25,246
Cash, end of the period	\$ 18,162	\$ 19,877
<i>See accompanying notes to the financial statements</i>		

1) Nature of Operations

The Funeral Directors and Embalmers Act established The Board of Administration (The Board) to licence and regulate Funeral Directors and Embalmers and to prescribe the courses of training and instruction for articling students.

2) Significant Accounting Policies:

a. General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not-for-profit organizations.

b. New Accounting Policies Adopted

Effective April 1, 2008 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

i. Sections 3862 and 3863 Financial Instruments - Disclosures and Presentation

The CICA has issued two new standards, CICA 3862: *Financial Instruments - Disclosures* and CICA 3863: *Financial Instruments - Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. CICA eliminated the requirement for not-for-profit entities to adopt these sections. The Board has continued to apply Section 3861 "*Financial Instruments - Disclosure and Presentation*" in place of sections 3862 and 3863.

ii. Section 1535 Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. The adoption of this revised standard had no material impact on the Board's financial statements for the year ended December 31, 2008. (note 6)

c. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and net assets, respectively. All other financial instruments are subsequently measured at amortized cost. The financial assets and liabilities of the Board are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent measurement
Cash	Held for trading	Fair value
Interest Receivable	Loans and receivables	Amortized Cost
Investments	Held for trading	Fair value
Accounts Payable and Accrued Liabilities	Other financial liabilities	Amortized Cost

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Changes in fair value on the financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in the statement of changes in unrestricted net assets until realized, at which time they are recorded in the statement of operations.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to settle a financial asset or financial liability as at the reporting date.

Due to the redeemable nature of cash, carrying value is considered to be fair value.

The carrying values of short-term investments approximate their fair values due to the relatively short period to maturity. The carrying values of long-term investments approximate their fair values based on recent investment transactions.

The fair values of interest receivable and accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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 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.

e. Revenue Recognition

The Board recognizes revenue for Funeral Home Licences and Funeral Director and Embalmer 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.

f. Contributed Services

During the year, the Province of Manitoba provided the services of administrative and accounting staff to the Board at no cost. Because of the difficulty in estimating the fair value of such services, no contributed services are recognized in these financial statements.

g. Future Accounting Policy Changes

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 *Disclosures of Allocated Expenses by Not-For-Profit Organizations*.

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 *Cash Flow Statements* applicable to NFPOs; and
- make Section 1751 *Interim Financial Statements* applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new section are:

- a requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- a requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective January 1, 2009 and will only require additional disclosure in the financial statements.

3) Investments

Investments are invested in Guaranteed Investment Certificates (GICs) with various maturities and interest rates as follows:

	<u>2008</u>	<u>2007</u>
i.) CIBC Flexible GIC	\$33,466	
Maturity Date: January 9, 2009		
Interest Rate 3.25%		
ii.) CIBC Cashable Escalating Rate GIC		\$16,232
Maturity Date: January 5, 2010		
Interest Rate 3.10% , cashable at option of holder		
iii.) CIBC Cashable Escalating Rate GIC		15,000
Maturity Date: January 5, 2009		
Interest Rate 3.50%, cashable at option of holder		
iv.) CIBC Non-Cashable Escalating Rate GIC	21,954	21,954
Maturity Date: January 5, 2010		
Interest Rate 3.40 %		
	<u>\$55,420</u>	<u>\$53,186</u>

4) The Public Sector Compensation Disclosure Act

In accordance with Section 2 of *The Public Sector Compensation Disclosure Act*, the following summarizes compensation paid during the year ended December 31, 2008:

- ii. No individual received compensation of \$50,000 or more;
- iii. The Board has no employees;
- iv. The aggregate amount paid to Board members was:

	2008	2007
Honoraria, Board Members	\$5,886	\$7,303
Honoraria, Registrar	\$10,000	\$10,000

5) Related Party Transactions

The Board is related in terms of common ownership 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.

6) Capital Management

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operations. Capital consists only of the unrestricted net assets in the amount of \$46,529 (2007 - \$49,816). The Board's capital management policy is to maintain sufficient capital to meet its objectives. The Board is not subject to externally imposed capital requirements. There are no changes in the Board's approach to capital management during the period.

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 Provincial Auditor of the Province 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.

**ORIGINAL SIGNED BY:
LAURA MCDUGALD-WILLIAMS**

**ORIGINAL SIGNED BY:
SCOTT J.B. LAMONT**

Laura McDougald-Williams
Treasurer, Board of Governors

Scott J. B. Lamont, FCGA, MBA
Vice-President (Administration & Finance)

May 15, 2009



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 statement of financial position of Brandon University as at March 31, 2009, and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2009, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

**Original document signed by:
Carol Bellringer**

Winnipeg, Manitoba
May 15, 2009

Carol Bellringer, FCA, MBA
Auditor General

Brandon University

Statement of Financial Position as at March 31, 2009

ASSETS

	2009	2008
Current Assets		
Cash and short term investments (note 3)	\$ 13,142,217	\$ 5,594,254
Accounts receivable	1,749,472	3,547,530
Inventory (note 8)	423,438	439,053
Prepaid expenses	<u>244,510</u>	<u>256,320</u>
	<u>15,559,637</u>	<u>9,837,157</u>
Capital Assets and Collections (notes 2F and 9)	<u>42,058,128</u>	<u>43,112,450</u>
	<u>\$ 57,617,765</u>	<u>\$ 52,949,607</u>

LIABILITIES & NET ASSETS

	2009	2008
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,196,789	\$ 2,856,323
Deferred income	215,044	289,183
Deferred contributions (note 10)	2,872,174	3,226,643
Current portion of long term debt (note 12)	<u>118,181</u>	<u>111,002</u>
	<u>6,402,188</u>	<u>6,483,151</u>
Long Term Liability		
Unfunded employee future benefits (note 16)	1,002,000	950,000
Mortgages payable (note 12)	<u>1,196,941</u>	<u>1,315,122</u>
	<u>2,198,941</u>	<u>2,265,122</u>
Deferred Capital Contributions (note 10)	<u>4,384,488</u>	<u>-</u>
Unamortized Deferred Capital Contributions (note 10)	<u>31,562,664</u>	<u>32,987,937</u>
Net Assets		
Unrestricted net assets	3,064,778	1,891,465
Internally restricted net assets (note 7)	824,363	623,541
Investment in capital assets and collections	<u>9,180,343</u>	<u>8,698,391</u>
	<u>13,069,484</u>	<u>11,213,397</u>
	<u>\$ 57,617,765</u>	<u>\$ 52,949,607</u>

Approved by the Brandon University
Board of Governors on June 25, 2009

Brandon University

Statement of Changes in Net Assets for the year ended March 31, 2009

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2009	Total 2008
Balance, beginning of year	\$ 1,891,465	\$ 623,541	\$ 8,262,026	\$ 10,777,032	\$ 9,704,594
Restatement (note 18)	<u> </u>	<u> </u>	<u>436,365</u>	<u>436,365</u>	<u>282,240</u>
Restated balance, beginning of year	1,891,465	623,541	8,698,391	11,213,397	9,986,834
Excess of revenues over expenses	1,853,152			1,853,152	1,220,067
Direct increases to net assets					
Donations of capital assets			2,935	2,935	6,496
Transfers					
Internally funded					
Capital asset additions	(1,445,936)		1,445,936		
Capital asset disposals (net)	65,677		(65,677)		
Amortization	1,012,244		(1,012,244)		
Repayment of long term debt	(111,002)		111,002		
Allocation to internally restricted net assets	(347,489)	347,489			
Internally restricted net asset purchases	<u>146,667</u>	<u>(146,667)</u>	<u> </u>	<u> </u>	<u> </u>
Balance, end of year	\$ <u>3,064,778</u>	\$ <u>824,363</u>	\$ <u>9,180,343</u>	\$ <u>13,069,484</u>	\$ <u>11,213,397</u>

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

Brandon University

Statement of Operations for the Year Ended March 31, 2009

	2009	2008
Revenues		
Tuition fees and other student fees	\$ 8,997,478	\$ 9,670,205
Grants		
Council on Post-Secondary Education	32,152,858	30,373,696
Province of Manitoba	446,354	519,296
Government of Canada	1,804,324	2,200,760
Sales of goods and services	6,978,244	6,328,444
Brandon University Foundation	1,961,971	1,895,921
Amortization of deferred capital contributions	2,067,960	2,250,301
Gain on disposal of capital assets	94,915	
Interest income	259,352	249,337
Miscellaneous	<u>770,379</u>	<u>1,449,205</u>
	<u>55,533,835</u>	<u>54,937,165</u>
Expenses		
Salaries - academic	18,714,007	18,135,906
Salaries - support	12,749,806	12,109,102
Benefits	5,241,585	4,516,366
Travel	1,831,216	1,597,369
Supplies and consumable expenses	6,815,987	8,104,433
Major renovations	742,364	1,925,693
Property taxes	143,911	139,546
Utilities	1,080,962	1,092,180
Cost of goods sold	1,965,131	1,893,074
Scholarships and bursaries	1,155,250	1,073,185
Interest on long term debt	105,585	112,306
Amortization expense	3,080,203	3,015,333
Loss on disposal of capital assets	<u>54,676</u>	<u>2,605</u>
	<u>53,680,683</u>	<u>53,717,098</u>
Excess of revenues over expenses	<u>\$ 1,853,152</u>	<u>\$ 1,220,067</u>

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

Brandon University

Statement of Cash Flow for the Year Ended March 31, 2009

	2009	2008
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	\$ 1,853,152	\$ 1,220,067
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,067,960)	(2,250,301)
Amortization of capital assets	3,080,203	3,015,333
Loss on disposal of capital assets	40,247	2,633
Increase/(decrease) in non-cash operating working capital	<u>1,789,315</u>	<u>(1,241,218)</u>
	<u>4,694,957</u>	<u>746,514</u>
Cash Provided By (Used In) Investing Activities		
Capital asset additions	(2,092,410)	(2,901,603)
(Purchase)/sale of short term investments	(7,169,774)	1,469,591
Proceeds on disposal of capital assets	<u>26,308</u>	<u>3,257</u>
	<u>(9,235,876)</u>	<u>(1,428,755)</u>
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(111,002)	(104,282)
Capital contributions received	<u>5,030,110</u>	<u>1,084,526</u>
	<u>4,919,108</u>	<u>980,244</u>
Increase in cash and cash equivalents	378,189	298,003
Cash and cash equivalents, beginning of year	<u>3,677,837</u>	<u>3,379,834</u>
Cash and cash equivalents, end of year	<u>\$ 4,056,026</u>	<u>\$ 3,677,837</u>
Cash and Cash Equivalents		
Cash	\$ 3,069,327	\$ 2,737,338
Cash equivalents	<u>986,699</u>	<u>940,499</u>
	<u>\$ 4,056,026</u>	<u>\$ 3,677,837</u>

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

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

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 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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

B. Revenue Recognition

Operating grants are recognized as revenue in the period received. 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. Deferred contributions are externally restricted non-capital contributions which are deferred 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 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.

C. Capital Grants

The University entered into promissory notes with the Provincial Government, for the the construction of a capital asset 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 related funding from COPSE, over the terms of the promissory notes, to offset the principal payments and interest expense is excluded from the statement of operations.

D. Short Term Investments

Short term investments are recorded at fair value and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University. Short term investments are classified as held for trading. 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. The valuation of publicly traded investments is based on quoted market bid prices at the close of business as of March 31, 2009.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

E. Brandon University Foundation

Funds transferred from the Brandon University Foundation to the University are recorded as revenue in the period they were received by the University.

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.

F. 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
Computer equipment	5 years
Vehicles	5 years
Library collections	10 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.

G. Inventories

Inventories are measured at the lower of cost and net realizable value. When circumstances which previously caused an inventory to be written down below cost no longer exists, the amount of the write-down will be reversed.

H. 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 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 (EARS�).

The accounts of the Brandon University Retirement Plan do not form part of the financial statements of the University. The Auditor General audits the financial statements of the Plan.

I. Employee Future Benefits

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 employee future 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 future benefits earned by employees is determined by an actuary using the projected benefit method pro rated on

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

service and management's best estimates for the discount rate for liabilities, the rate of salary escalation and the retirement 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.

The transitional obligation arising from the adoption of the accounting standard was fully recognized as at the adoption date of April 1, 2000. Subsequent actuarial gains or losses are fully recognized in the year immediately following the year in which they arise.

J. 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 and severance and retiring allowances. Actual results could differ from these estimates.

K. Financial Instruments

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

Initially, all financial assets and liabilities must be recorded on the Statement of Financial Position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of: held-for-trading; loans and receivables; held-to-maturity; available-for-sale or other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net earnings. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

The University has classified its cash and short term investments as held-for-trading which is measured at fair market value, receivables as loans and receivables which are measured at amortized cost and its accounts payable and accrued liabilities and mortgages payable as other liabilities, which are measured at amortized cost.

L. Future Accounting Policy Changes

Disclosure and Presentation of Financial Instruments

The CICA has issued two new standards, Sections 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation. These new standards are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of risks.

These new sections, which were effective January 1, 2008, would require additional disclosure in the financial statements. However, the CICA subsequently amended these sections to eliminate the requirement for non-publicly accountable enterprises to adopt these sections. These entities are permitted to continue to apply Section 3861 Financial Instruments - Disclosures and Presentation in place of sections 3862 and 3863. An entity that does so must disclose this fact.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 Disclosures of Allocated Expenses by Not-for-Profit Organizations.

CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a NFPO to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Cash Flow Statements, Section 1540 applicable to NFPOs; and
- make Interim Financial Statements, Section 1751, applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

CICA 4430 Capital Assets Held by Not-For-Profit Organizations was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

CICA 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840.

New standard CICA 4470 Disclosure of Allocated Expenses by Not-For-Profit Organizations establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

3. Cash and Short Term Investments

Cash and short term investments are summarized as follows:

	2009	2008
Cash	\$ 3,069,327	\$ 2,737,338
Short term investments	<u>10,072,890</u>	<u>2,856,916</u>
	<u>\$ 13,142,217</u>	<u>\$ 5,594,254</u>

The fair market value of the short term investments is \$10,072,890 (2008 - \$2,856,916).

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

4. Financial Instruments

Fair Value

The fair value of cash and short term investments, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short term nature. The determination of the fair value of mortgages payable is not practical due to their underlying terms and conditions.

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.

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.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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.

ii) Liquidity Risk

Liquidity risk is the risk that 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 funds of the University are invested so that maturity dates coincide with cash requirements. As well the University has access to a short-term line of credit with CIBC that is designed to ensure sufficient funds are available as required.

iii) Credit Risk

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

	Carrying Amount	
	2009	2008
Financial assets held for trading:		
Cash and short term investments	\$13,142,217	\$ 5,594,254
Loans and receivables:		
Accounts receivable	<u>1,749,472</u>	<u>3,547,530</u>
Totals	<u>\$14,891,689</u>	<u>\$ 9,141,784</u>

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

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

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.

5. Capital Management

The capital of Brandon University is comprised of its deferred contributions, unamortized deferred capital contributions and net assets.

The long term objective of the University is to manage the capital in such a way as to protect the value of the investments.

Restricted contributions for non-capital and capital purposes are received with externally imposed stipulations. The University has complied with the externally imposed stipulations of any capital grants or donations received and to those placed on deferred contributions.

	2009	2008
Total Liabilities	\$ 5,728,955	\$ 5,521,630
Total Net Assets & Deferred Contributions	\$ 47,504,322	\$ 47,427,977
Debt to capital ratio	12.06 %	11.64 %

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor had there been any changes in what the University considers to be its capital

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.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

The Foundation follows the deferral method of accounting for contributions. The investments of the Foundation are recorded at fair market value. The financial position of the Foundation as at December 31 is summarized as follows:

Statement of Financial Position

	2008	2007
Assets	\$ <u>34,304,979</u>	\$ <u>35,328,651</u>
Liabilities	\$ <u>698,040</u>	\$ <u>1,215,938</u>
Deferred contributions	<u>7,536,627</u>	<u>6,697,881</u>
Net Assets		
Unrestricted and internally restricted net assets	74,090	229,700
Endowment funds	<u>25,996,222</u>	<u>27,185,132</u>
	<u>26,070,312</u>	<u>27,414,832</u>
Total Liabilities and Net Assets	\$ <u>34,304,979</u>	\$ <u>35,328,651</u>

Statement of Operations

	2008	2007
Revenue		
Realized income/(loss)	\$ (65,715)	\$ 2,262,558
Unrealized loss	<u>(3,616,285)</u>	<u>(2,095,233)</u>
Net investment income/(loss)	(3,682,000)	167,325
Donations	5,183,577	1,290,106
Other contributions	<u>215,845</u>	<u>145,940</u>
	<u>1,717,422</u>	<u>1,603,371</u>
Expense		
Grants to Brandon University	1,016,721	903,272
Scholarships and bursaries	828,343	802,572
Campaign expenses	9,574	36,854
Other expenses	<u>33,090</u>	<u>51,244</u>
	<u>1,887,728</u>	<u>1,793,942</u>
Net loss for the year	\$ <u>(170,306)</u>	\$ <u>(190,571)</u>

The net result of the transactions from January 1, 2009 to March 31, 2009 was a loss of \$205,765 (2008 - \$269,901 loss) and an unrealized investment loss of \$984,833 (2008 - \$774,738 loss).

The value of outstanding pledges to the Foundation as at March 31, 2009 is \$860,544 (2008 - \$544,109). These will be recorded as revenue in the Foundation when received.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

7. Internally Restricted Net Assets

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

	Opening Balance	Current Provision	Purchases	2009 Closing Balance
Ancillary Services	\$ 493,222	\$ 168,885	\$ (1,247)	\$ 660,860
Mail/Print services	(26,439)	10,000		(16,439)
Presidential robes		5,976		5,976
Telephone replacement	142,469	152,628	(145,420)	149,677
Vehicle replacement	<u>14,289</u>	<u>10,000</u>	<u></u>	<u>24,289</u>
	<u>\$ 623,541</u>	<u>\$ 347,489</u>	<u>\$ (146,667)</u>	<u>\$ 824,363</u>

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:

	2009 Cost of Sales	2008	2009 Carrying Values	2008
Bookstore	\$ 1,361,444	\$ 1,312,375	\$ 357,116	\$ 362,067
Food Services	655,874	595,778	40,207	40,613
Print Shop	<u>52,127</u>	<u>33,053</u>	<u>26,115</u>	<u>36,373</u>
	<u>\$ 2,069,445</u>	<u>\$ 1,941,206</u>	<u>\$ 423,438</u>	<u>\$ 439,053</u>

9. Capital Assets and Collections

	2009 Accumulated Cost Amortization	2009 Net Book Value	2008 Accumulated Cost Amortization	2008 Net Book Value
Land	\$ 498,680	\$ 498,680	\$ 498,680	\$ 498,680
Buildings	64,358,695 (33,692,752)	30,665,943	64,275,916 (32,467,722)	31,808,194
Furniture & equipment	19,407,141 (12,352,610)	7,054,531	19,002,509 (11,951,335)	7,051,174
Library collections	9,157,221 (6,513,894)	2,643,327	8,616,921 (6,055,231)	2,561,690
Collections	<u>1,195,647</u>	<u>1,195,647</u>	<u>1,192,712</u>	<u>1,192,712</u>
	<u>\$ 94,617,384</u>	<u>\$ 42,058,128</u>	<u>\$ 93,586,738</u>	<u>\$ 43,112,450</u>

Capital asset additions during the year included donations in kind in the amount of \$2,935 (2008- \$6,496).

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

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:

	2009 Deferred Contributions	2009 Unamortized Deferred Capital Contributions	2008 Deferred Contributions	2008 Unamortized Deferred Capital Contributions
Balance, beginning of year as restated (Note 18)	\$ 3,226,643	\$ 32,987,937	\$ 2,865,905	\$ 34,160,208
Contributions received	11,468,862		9,222,102	
Transfers to revenue				
Tuition, grants and contributions	(6,796,156)		(7,783,334)	
Amortization of assets acquired from capital assets		(2,067,960)		(2,250,301)
Transferred to acquire capital assets	<u>(642,687)</u>	<u>642,687</u>	<u>(1,078,030)</u>	<u>1,078,030</u>
Balance, end of year	<u>\$ 7,256,662</u>	<u>\$ 31,562,664</u>	<u>\$ 3,226,643</u>	<u>\$ 32,987,937</u>
Balance consists of:				
Research	\$ 2,163,827		\$ 2,652,952	
Special programs	<u>708,347</u>		<u>573,691</u>	
Deferred contributions	2,872,174		3,226,643	
Deferred capital contributions	<u>4,384,488</u>			
	<u>\$ 7,256,662</u>		<u>\$ 3,226,643</u>	

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.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

An actuarial valuation of the plan was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2007. The results of this valuation have been extrapolated by them to December 31, 2008. The next actuarial valuation is required as at December 31, 2010 and will be completed in 2011.

The defined benefit obligation has been calculated pursuant to CICA Handbook section 3461, using the projected unit credit actuarial method 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.

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

	(in thousands of dollars)	
	December 31 2008	December 31 2007
Accrued Benefit Obligation		
Actuarial present value of accrued pension benefits, beginning of year	\$ 96,125	\$ 91,657
Interest accrued on benefits	5,508	5,248
Benefits accrued	3,962	3,562
Benefits paid	(4,614)	(4,342)
Actuarial gain	846	
Plan amendments	<u>5,814</u>	<u> </u>
Actuarial present value of accrued pension benefits, end of year	<u>\$ 107,641</u>	<u>\$ 96,125</u>

	(in thousands of dollars)	
	December 31 2008	December 31 2007
Plan Assets		
Fair value, beginning of year	\$ 103,956	\$ 103,318
Actual return on plan assets (net of expenses)	(17,528)	1,747
Employer contributions	2,139	1,655
Employee contributions	1,588	1,494
Transfers from other plans	235	84
Benefits paid	<u>(4,614)</u>	<u>(4,342)</u>
Fair value, end of year	<u>\$ 85,776</u>	<u>\$ 103,956</u>

	(in thousands of dollars)	
	December 31 2008	December 31 2007
Pension Liability		
Accrued benefit obligation	\$ (107,641)	\$ (96,125)
Plan assets	<u>85,776</u>	<u>103,956</u>
Plan surplus/(deficit)	(21,865)	7,831
Unamortized plan amendments	5,814	
Unamortized net actuarial (gains)/losses	<u>16,051</u>	<u>(7,831)</u>
Pension liability	<u>\$ -</u>	<u>\$ -</u>

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

	(in thousands of dollars)	
	December 31	December 31
Pension Liability		
Pension liability, beginning of year	-	-
Employer contributions	(2,139)	(1,655)
Net benefit plan expense	<u>2,139</u>	<u>1,655</u>
Pension, Liability, end of year	<u>\$ -</u>	<u>\$ -</u>
	(in thousands of dollars)	
	December 31	December 31
	2008	2007
Current service cost, net of employee contributions	\$ 2,139	\$ 1,984
Interest accrued on benefits	5,508	5,248
Expected return on plan assets	(5,959)	(5,909)
Amortization of actuarial loss	451	4,162
Decrease in valuation allowance	<u>-</u>	<u>(3,830)</u>
Net benefit plan expense	<u>\$ 2,139</u>	<u>\$ 1,655</u>
Significant Long Term Actuarial Assumptions		
Discount rate	5.75 %	5.75 %
Expected rate of return on assets	5.75 %	5.75 %
Rate of general salary increase	4.0 %	4.0 %

The unamortized net actuarial losses will be amortized over the expected average remaining service life which is 10 years, starting in the 2009-10 fiscal year.

As a result of negotiations in the collective agreement between Brandon University and the Brandon University Faculty Association (BUFA) the plan improved the normal form of the pension for members who have a spouse at retirement, increased the maximum pension from \$1722 per year of credited service to \$1975 per year of credited service and increased member contributions by 0.5% of salary. These plan amendments are reflected in the pension obligation as at December 31, 2008.

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 allows 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, if applicable, and any funding deficits will have to be funded over a maximum of 15 years. The next going-concern valuation will be performed as at December 31, 2010 and will be completed in 2011.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

12. Long Term Liabilities

	2009	2008
<u>Mortgages Payable</u>		
Darrach Hall & Flora Cowan Hall Canada Mortgage and Housing Corporation 5 1/8% mortgage, \$41,608 combined principal and interest payable semi-annually July 1 and January 1 to 2012.	\$ 263,565	\$ 330,682
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.	<u>1,051,557</u>	<u>1,095,442</u>
	1,315,122	1,426,124
Current portion of long term debt	<u>118,181</u>	<u>111,002</u>
	<u>\$ 1,196,941</u>	<u>\$ 1,315,122</u>
Interest expense	<u>\$ 105,585</u>	<u>\$ 112,306</u>
Principal payments in the next five years are as follows:		
2010	\$ 118,181	
2011	\$ 125,852	
2012	\$ 134,050	
2013	\$ 101,217	
2014	\$ 65,745	

13. 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.

14. 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.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

15. 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 \$25,349 for the year ended March 31, 2009 (2008 - \$32,752).

16. Employee Future 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 four years. The most recent actuarial valuation was as at March 31, 2009 with the next valuation due at March 31, 2013.

The accrued benefit liability for employee future benefits is reported in the University's Statement of Financial Position under accounts payable and accrued liabilities.

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

	2009	2008
Accrued benefit liability	\$ 1,016,000	\$ 893,000
Accrued benefit obligation	<u>1,002,000</u>	<u>950,000</u>
Unamortized actuarial (gain)/loss	\$ <u>14,000</u>	\$ <u>(57,000)</u>
Net benefit cost	\$ 151,000	\$ 105,000
Employer's contributions	28,000	93,000
Benefits paid	28,000	(58,000)

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

	2009	2008
Discount rate (accrued benefit obligation)	7.0%	5.5%
Rate of compensation increase (weighted average)	5.3%	5.4%

17. Disclosure and Presentation of Financial Instruments

The University continues to apply Section 3861 Financial Instruments - Disclosure and Presentation in place of Sections 3862 and 3863.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2009

18. Restatement

The calculation of building amortization has been adjusted to a 50 year straight line basis. Previously, the calculation had been a combination of straight line and declining balance. As a result of this adjustment, to restate all prior periods for a total adjustment to capital assets and collections of \$2,440,522, the following adjustments have been made retroactively:

	Unamortized Deferred Capital Contributions	
	2008	2007
Balances, as previously reported March 31	\$30,983,780	\$32,156,051
Adjustment to unamortized deferred capital contributions	<u>2,004,157</u>	<u>2,004,157</u>
Restated balances, March 31	<u><u>\$32,987,937</u></u>	<u><u>\$34,160,208</u></u>

	Investment in Capital Assets	
	2008	2007
Balances, as previously reported March 31	\$ 8,262,026	\$ 7,259,192
Adjustment to internally funded capital assets	<u>436,365</u>	<u>282,240</u>
Restated balances, March 31	<u><u>\$ 8,698,391</u></u>	<u><u>\$ 7,541,432</u></u>

19. Change in Accounting Policy

In prior years, actuarial gains and losses related to the determination of the expense for the pension liability were recognized in the year they occurred. This fiscal year, actuarial gains and losses will be deferred and amortized over the expected average remaining service life (EARS�) of active employees of active employees covered by the plan. EARS� for the Brandon University Pension Plan is 10 years. This change in accounting policy is applied prospectively as it is not practicable to determine the cumulative effect on prior periods.

20. Comparative Figures

Comparative figures for the year ended March 31, 2008 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2009.



KPMG LLP
Chartered Accountants
Suite 2000 – One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the statement of financial position of CancerCare Manitoba as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. 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.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Signed “**KPMG LLP**”

Chartered Accountants

Winnipeg, Canada

May 29, 2009

CANCERCARE MANITOBA

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009			2008	
	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	Total	Total
Assets					
Current assets:					
Cash	\$ 9,680,494	\$ —	\$ 11,675	\$ 9,692,169	\$ 6,873,853
Restricted cash (note 4)	2,000,000	—	—	2,000,000	—
Short-term investments	1,488,565	—	202,360	1,690,925	4,219,360
Due from Manitoba Health (note 5)	2,620,442	—	—	2,620,442	3,166,482
Accounts receivable (note 6)	68,932	—	5,927,031	5,995,963	7,360,828
Inter-fund accounts	(2,175,539)	1,943,360	232,179	—	—
Prepaid expenses	654,254	—	—	654,254	480,940
Vacation entitlements receivable	1,932,497	—	—	1,932,497	1,883,043
	16,269,645	1,943,360	6,373,245	24,586,250	23,984,506
Restricted cash (note 4)	1,825,687	—	—	1,825,687	—
Retirement entitlement obligation receivable (note 7)	1,419,400	—	—	1,419,400	1,419,400
Investments	4,733,306	—	2,550,921	7,284,227	4,189,876
Capital assets (note 8)	—	62,238,652	973,144	63,211,796	65,004,747
	\$ 24,248,038	\$ 64,182,012	\$ 9,897,310	\$ 98,327,360	\$ 94,598,529

	2009				2008	
	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	Total	Total	Total
Liabilities, Deferred Contributions and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 12,426,191	\$ 5,623	\$ 335	\$ 12,432,149	\$ 10,785,687	
Due to Manitoba Health (note 5)	2,974,655	—	—	2,974,655	1,998,136	
Deferred contributions:						
Expenses of future periods [note 9(a)]	2,976,346	—	—	2,976,346	1,849,144	
	18,377,192	5,623	335	18,383,150	14,632,967	
Deferred contributions - capital assets [note 9(b)]	—	64,015,940	—	64,015,940	65,505,228	
Retirement entitlement obligations (note 16)	3,294,572	—	—	3,294,572	2,742,612	
	21,671,764	64,021,563	335	85,693,662	82,880,807	
Fund balances:						
Invested in capital assets (note 10)	—	160,449	973,144	1,133,593	1,718,884	
Externally restricted (note 11)	—	—	7,359,044	7,359,044	5,202,545	
Internally restricted	2,000,000	—	1,564,787	3,564,787	1,901,888	
Unrestricted	576,274	—	—	576,274	2,894,405	
	2,576,274	160,449	9,896,975	12,633,698	11,717,722	
Commitments (note 13)						
Contingencies (note 14)						
	\$ 24,248,038	\$ 64,182,012	\$ 9,897,310	\$ 98,327,360	\$ 94,598,529	

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, 2009, with comparative figures for 2008

	2009			2008	
	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	Total	Total
Revenue:					
Manitoba Health (note 15)	\$ 88,625,200	\$ —	\$ —	\$ 88,625,200	\$ 83,996,263
Other recoveries	1,416,258	—	—	1,416,258	835,935
Grants (note 17)	—	—	16,143,569	16,143,569	11,508,965
Amortization of deferred contributions (note 9)	—	5,622,103	—	5,622,103	5,694,263
	90,041,458	5,622,103	16,143,569	111,807,130	102,035,426
Expenses:					
Compensation	37,803,377	—	7,770,363	45,573,740	40,051,038
Medical remuneration	13,968,786	—	—	13,968,786	10,474,817
Building occupancy	1,460,988	—	—	1,460,988	1,022,895
Amortization of capital assets	—	5,622,103	502,888	6,124,991	6,230,441
General administration	3,154,828	—	—	3,154,828	2,887,828
Equipment rentals and maintenance	1,774,057	—	86,918	1,860,975	1,766,876
Supplies and other departmental expenses	4,014,356	—	6,360,507	10,374,863	9,175,514
Drugs	25,642,668	—	—	25,642,668	27,728,326
Referred-out services	2,795,655	—	106,985	2,902,640	2,570,321
	90,614,715	5,622,103	14,827,661	111,064,479	101,908,056
Excess (deficiency) of revenue over expenses before the undernoted	(573,257)	—	1,315,908	742,651	127,370
Investment income [note 9(a)]	—	—	173,325	173,325	860,247
Excess (deficiency) of revenue over expenses	(573,257)	—	1,489,233	915,976	987,617
Fund balances, beginning of year	3,309,980	—	8,407,742	11,717,722	10,730,105
Capital asset transfer [note 2(a)]	(415,575)	415,575	—	—	—
Investment in capital assets transferred to deferred contributions related to capital assets [note 2(a)]	255,126	(255,126)	—	—	—
Fund balances, end of year	\$ 2,576,274	\$ 160,449	\$ 9,896,975	\$ 12,633,698	\$ 11,717,722

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009			2008	
	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	Total	Total
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	\$ (573,257)	\$ —	\$ 1,489,233	\$ 915,976	\$ 987,617
Amortization of capital assets	—	5,622,103	502,888	6,124,991	6,230,441
Amortization of deferred contributions related to capital assets	—	(5,622,103)	—	(5,622,103)	(5,694,263)
Unrealized gain on investments	(128,101)	—	(50,331)	(178,432)	(77,281)
Investment income transferred to deferred contributions - expenses of future periods	661,184	—	—	661,184	—
Decrease in retirement entitlement obligation receivable	—	—	—	—	227,260
Investment in capital assets transferred to deferred contributions related to capital assets	255,126	(255,126)	—	—	—
Change in non-cash operating working capital (note 18)	4,543,043	5,623	(237,548)	4,311,118	(6,643,737)
Increase in retirement entitlement obligations	551,960	—	—	551,960	381,756
	5,309,955	(249,503)	1,704,242	6,764,694	(4,588,207)
Investing activities:					
Inter-fund transfers	1,136,326	276,005	(1,412,331)	—	—
Additions to capital assets	—	(4,159,317)	(172,723)	(4,332,040)	(4,288,428)
Purchase of investments	(3,787,536)	—	(1,325,038)	(5,112,574)	(3,195,365)
Proceeds on disposal of investments	3,514,020	—	1,211,070	4,725,090	2,500,539
Change in investment classification	(2,025,455)	—	(502,980)	(2,528,435)	1,716,861
	(1,162,645)	(3,883,312)	(2,202,002)	(7,247,959)	(3,266,393)
Financing activities:					
Increase in restricted cash	(3,825,687)	—	—	(3,825,687)	—
Deferred contributions related to capital assets	—	2,749,440	—	2,749,440	3,717,293
Deferred contributions related to expenses of future periods	1,849,393	—	—	1,849,393	1,039,381
Transfer to deferred contributions related to capital assets	(1,383,375)	1,383,375	—	—	—
	(3,359,669)	4,132,815	—	773,146	4,756,674
Increase (decrease) in cash and short-term investments	787,641	—	(497,760)	289,881	(3,097,926)
Cash and short-term investments, beginning of year	10,381,418	—	711,795	11,093,213	14,191,139
Cash and short-term investments, end of year	\$ 11,169,059	\$ —	\$ 214,035	\$ 11,383,094	\$ 11,093,213
Cash and short-term investments are comprised of:					
Cash	\$ 9,680,494	\$ —	\$ 11,675	\$ 9,692,169	\$ 6,873,853
Short-term investments	1,488,565	—	202,360	1,690,925	4,219,360
Cash and short-term investments, end of year	\$ 11,169,059	\$ —	\$ 214,035	\$ 11,383,094	\$ 11,093,213

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Notes to Financial Statements

Year ended March 31, 2009

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 generally accepted accounting principles.

(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. In fiscal 2009, the organization internally restricted \$2,000,000 for future expansion.

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

Effective April 1, 2008, the organization transferred the General Fund's balance of capital assets (\$9,401,607), deferred contributions related to capital assets (\$8,986,032) and invested in capital assets fund balance (\$415,575) to the Capital Fund in order to consolidate all capital asset activity within the Capital Fund. During fiscal 2009, the General Fund received \$255,126 in funding for the invested in capital assets fund balance, which was transferred to the Capital Fund as deferred contributions related to capital assets.

The Clinical, Basic Research and Special Projects Fund reports grants received for specific clinical and basic research projects 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.

(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.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Significant accounting policies (continued):

Restricted and unrestricted investment income is recognized as revenue of the appropriate fund in the year in which the income was earned, unless transferred to deferred contributions related to expenses of future periods. Investment income includes interest income, change in unrealized gains or (losses) on investments and realized gains 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:

All financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available for sales; or (e) other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in investment income. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in fund balances.

The organization has designated cash, restricted cash, short-term investments and investments as held-for-trading; due from Manitoba Health, accounts receivable, vacation entitlements receivable, and retirement entitlement obligation receivable as loans and receivables; and accounts payable and accrued liabilities and due to Manitoba Health as other liabilities. The organization has neither available-for-sale nor held-to-maturity instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations and changes in fund balances as incurred.

(d) Investments:

Short-term and long-term investments (investments) are classified as held-for-trading and are carried at fair value. Fair value of investments is determined based on period end quoted market prices. Unrealized gains or losses on investments, representing the change in the difference between the fair value and the cost of investments at the beginning and end of each year, are reflected in investment income in the statement of operations and changes in fund balances.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Significant accounting policies (continued):

(e) 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.

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.

(f) 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.

(g) Future employee 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.

(h) Deferred contributions:

Debt owing to the Province of Manitoba and 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.

(i) 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.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Recent accounting pronouncements issued and not yet applied:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the organization's fiscal year ending March 31, 2010. The organization is in the process of determining the impact that these standards will have on its financial reporting upon adoption on April 1, 2009.

(a) Financial Instruments - Disclosures and Presentation:

Sections 3862 - *Financial Instruments - Disclosures* and 3863 - *Financial Instruments - Presentation* were to replace the existing Section 3861 - *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose this fact.

(b) Not-for-Profit Organizations:

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470 - *Disclosures of Allocated Expenses by Not-for-Profit Organizations*, was issued. Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expense among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of the treatment of internal and external restrictions on net assets; and improved guidance related to the application of the GAAP hierarchy, capital assets standards and statement of cash flows.

4. Restricted cash:

As at March 31, 2009, the organization has restricted cash of \$2,000,000 (2008 – nil) for future expansion and \$1,825,687 (2008 - nil) for future payment of retirement entitlement obligations.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. 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.

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.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Manitoba Health funding (continued):

At March 31, 2009, the organization had a balance of \$2,974,655 (2008 - \$1,998,136) payable to Manitoba Health, representing repayment of 2008 out-of-globe medical remuneration and 2009 Provincial Oncology Drug Program costs and a balance of \$2,620,442 (2008 - \$3,166,482) receivable from Manitoba Health as follows:

	2009	2008
Out-of-globe 2008/2009	\$ 881,938	\$ —
Out-of-globe 2007/2008	—	908,326
Colorectal screening program	343,844	—
Wait time funding	792,988	350,163
Approved capital funding	555,092	1,778,936
Other	46,580	129,057
	<u>\$ 2,620,442</u>	<u>\$ 3,166,482</u>

6. Accounts receivable:

			2009	2008
	General Fund	Clinical, Basic Research and Special Projects Fund	Total	Total
CancerCare Manitoba Foundation Inc. (note 17)	\$ —	\$ 4,399,620	\$ 4,399,620	\$ 5,019,338
Winnipeg Regional Health Authority	—	275,862	275,862	136,614
Government of Canada	—	107,923	107,923	57,563
University of Manitoba	—	183,198	183,198	102,190
University Medical Group	—	—	—	1,537,232
Other	68,932	960,428	1,029,360	507,891
	<u>\$ 68,932</u>	<u>\$ 5,927,031</u>	<u>\$ 5,995,963</u>	<u>\$ 7,360,828</u>

7. 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, 2009, based on an actuarial estimate, the retirement entitlement obligations are estimated to be approximately \$3,294,572 (2008 - \$2,742,612) for which the organization has recorded retirement entitlement obligations on the statement of financial position (note 16).

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

7. Retirement entitlement obligation receivable (continued):

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 (2008 - \$1,419,400) and has no specific terms of repayment.

The fair value of the retirement entitlement obligation receivable from Manitoba Health approximates its carrying value as the interest component is comparable to current market rates.

8. Capital assets:

		2009		2008
	Cost	Accumulated amortization	Net book value	Net book value
<i>Capital Fund:</i>				
Building	\$ 60,762,927	\$ 11,957,834	\$ 48,805,093	\$ 50,320,883
Equipment	30,668,588	19,352,718	11,315,870	13,380,555
Construction in progress (note 13)	2,117,689	—	2,117,689	—
	93,549,204	31,310,552	62,238,652	63,701,438
<i>Clinical, Basic Research and Special Projects Fund:</i>				
Equipment	3,013,840	2,040,696	973,144	1,303,309
	\$ 96,563,044	\$ 33,351,248	\$ 63,211,796	\$ 65,004,747

Interest capitalized during construction was nil (2008 - \$39,334).

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions:

(a) Expenses of future periods:

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

	2009	2008
Balance, beginning of year	\$ 1,849,144	\$ 1,887,505
Add amount received related to future periods	1,849,393	1,039,381
Add General Fund investment income transferred to deferred contributions - expenses of future periods	661,184	—
Less amounts transferred to deferred contributions - capital assets	(1,383,375)	(1,077,742)
	<u>\$ 2,976,346</u>	<u>\$ 1,849,144</u>

During 2009, the organization elected to transfer unrestricted investment income in the General Fund of \$661,184 (2008 – nil) to deferred contributions - expenses of future periods.

(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.

	2009	2008
Balance, beginning of year	\$ 65,505,228	\$ 66,404,456
Additional contributions received	2,749,440	3,717,293
Add amounts transferred from deferred contributions - expenses of future periods	1,383,375	1,077,742
Less amounts amortized to revenue	(5,622,103)	(5,694,263)
	<u>\$ 64,015,940</u>	<u>\$ 65,505,228</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions (continued):

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

	2009	2008
Unamortized capital asset contributions used to purchase capital assets	\$ 63,189,461	\$ 65,079,933
Unspent contributions	826,479	425,295
	<u>\$ 64,015,940</u>	<u>\$ 65,505,228</u>

Unamortized capital contributions of \$64,015,940 (2008 - \$65,505,228) 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:

	2009	2008
Bearing interest at prime less 0.50 percent, repayable in monthly instalments of \$28,765, plus interest	\$ 2,817,259	\$ 3,156,746
Bearing interest at prime less 0.50 percent, repayment terms to be established	1,739,093	—
Bearing interest at prime less 0.50 percent, repayment terms to be established	169,567	—
	<u>\$ 4,725,919</u>	<u>\$ 3,156,746</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions (continued):

Unamortized capital contributions of \$64,015,940 (2008 - \$65,505,228) 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 guaranteed and funded by Manitoba Health. No further funding is expected to be received with respect to these obligations and no revenue or expense is recorded in connection with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2009	2008
6.25% maturing March 31, 2020, repayable in monthly instalments of \$76,754, plus interest	\$ 10,208,333	\$ 11,129,386
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly instalments of \$50,439, plus interest	7,868,421	8,473,684
4.80% maturing November 30, 2016, repayable in monthly instalments of \$50,000, plus interest	4,600,000	5,200,000
	\$ 22,676,754	\$ 24,803,070

During 2005, the organization established arrangements for a bridge facility of non-revolving demand loans to a maximum of \$15,000,000 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 the prime rate, 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 \$4,725,919 of this facility as of March 31, 2009 (2008 - \$3,156,746).

10. Invested in capital assets:

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

	2009	2008
Capital assets	\$ 63,211,796	\$ 65,004,747
Amounts financed by:		
Unamortized deferred contributions	(64,015,940)	(65,505,228)
Inter-fund and working capital	1,937,737	2,219,365
	\$ 1,133,593	\$ 1,718,884

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

10. Invested in capital assets (continued):

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

	2009	2008
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	\$ 5,622,103	\$ 5,694,263
Amortization of capital assets	(6,124,991)	(6,230,441)
	<u>\$ (502,888)</u>	<u>\$ (536,178)</u>
Invested in capital assets:		
Purchase of capital assets	\$ 4,332,040	\$ 4,288,428
Amounts funded by:		
Deferred contributions	(2,749,440)	(3,717,293)
Inter-fund and working capital	(281,628)	646,965
Amount transferred from deferred contributions - expenses of future periods	(1,383,375)	(1,077,742)
	<u>\$ (82,403)</u>	<u>\$ 140,358</u>

11. Externally restricted fund balances:

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

	2009	2008
Restricted for research projects, education purposes and other specific purposes	\$ 7,359,044	\$ 5,202,545

12. Fair value of financial instruments:

The fair value of cash, restricted cash, due from Manitoba Health, accounts receivable, vacation entitlements receivable, accounts payable and accrued liabilities and due to Manitoba Health approximates their carrying value because of the relatively short period to maturity of the instruments.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

13. Commitments:

The organization has committed to spend US \$17,464,800 over a two year period commencing in 2009 to purchase four linear accelerators and the related training and software. These expenditures will be debt financed, with loan payments, principal and interest to be provided by Manitoba Health. In 2009, the organization made a deposit on the purchase of the linear accelerators of US \$1,418,850 (CDN \$1,739,094) which is recorded as construction in progress (note 7). As at March 31, 2009, the organization's remaining commitment is US\$16,045,950.

In addition, the organization has committed to purchase a CT scanner at a cost of \$920,200.

14. 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, 2009.

15. Economic dependence:

The organization received approximately 79 percent (2008 - 82 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

16. Employee future benefits:

(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

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

16. Employee future benefits (continued):

(iii) retire at or after age 65; or

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

The organization undertook an actuarial valuation of the accrued retirement entitlements as at March 31, 2009. The significant actuarial assumptions adopted in measuring the organization's accrued retirement entitlements include mortality, disability and withdrawal rates, a discount rate of 6.7 percent (2008 - 5.50 percent) and a rate of salary increase of 3.5 percent plus age-related merit/promotion scale (2008 - rate of salary increase of 3.5 percent plus age related merit/promotion scale). The actuarial valuation established the retirement entitlement obligations in the amount of \$3,294,572 (2008 - \$2,742,612) (note 6).

(b) 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, Section 3461.

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.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

16. Employee future benefits (continued):

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, 2007, reported that the Plan had a solvency deficiency. This 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.

Actual contributions to the Plan made during the year by the organization on behalf of its employees amounted to \$2,493,132 (2008 - \$2,150,506) and are included in the statement of operations and changes in fund balances. Contribution rates increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE.

Some of the employees of the organization are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for organization employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the Civil Service Superannuation Plan by the organization and its employees. No contributions were made during 2009 or 2008 by the organization to the Civil Service Superannuation Plan on behalf of its employees.

17. CancerCare Manitoba Foundation Inc.:

The organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2009, net resources of CCMF Inc. amounted to \$28,665,850, of which \$9,039,278 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 \$5,166,967 (2008 - \$5,470,144) to the organization which are recorded in grant revenue in the statement of operations and changes in fund balances.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2009

18. Change in non-cash operating working capital:

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

	2009	2008
<i>General Fund</i>		
Due from Manitoba Health	\$ 546,040	\$ 2,924,259
Accounts receivable	1,587,927	(854,037)
Prepaid expenses	(173,314)	(24,969)
Vacation entitlements receivable	(49,454)	(65,590)
Accounts payable and accrued liabilities	1,655,325	(9,962,548)
Due to Manitoba Health	976,519	1,890,498
	4,543,043	(6,092,387)
<i>Capital Fund</i>		
Accounts payable and accrued liabilities	5,623	(89,972)
<i>Clinical, Basic Research and Special Projects Fund</i>		
Accounts receivable	(223,062)	(464,973)
Accounts payable and accrued liabilities	(14,486)	3,595
	(237,548)	(461,378)
	\$ 4,311,118	\$ (6,643,737)

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Le Centre culturel franco-manitobain

We have audited the statement of financial position of Le Centre culturel franco-manitobain as at March 31, 2009, and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Office of the Auditor General

Winnipeg, Manitoba
May 28, 2009

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Financial Position

March 31 **2009** 2008

Assets

Current Assets

Cash and bank	\$ 511,673	\$ 12,425
Grants receivable	100,212	109,498
Accounts receivable	83,404	71,840
Accounts receivable - Province of Manitoba (Note 11)	25,891	25,891
Inventory	5,507	3,729
Prepaid expenses	12,117	36,224
	738,804	259,607

Non-Current Assets

Capital assets (Note 4)	60,905	34,117
Deferred charges	2,604	4,442
	63,509	38,559
	\$ 802,313	\$ 298,166

Liabilities and Fund Balances

Current Liabilities

Bank indebtedness (Note 5)	\$ -	\$ 84,820
Accounts payable and accrued liabilities	611,167	86,970
Deferred contributions (Note 6)	3,924	18,399
Rental and damage deposits	21,850	29,475
	636,941	219,664

Deferred contributions related to capital assets (Note 7)	57,170	29,552
	694,111	249,216

Commitments (Note 8)

Fund Balances

Unrestricted Funds		
Operations	219,825	89,003
Cultural Programs	(115,357)	(44,618)
Invested in capital assets	3,734	4,565
	108,202	48,950
	\$ 802,313	\$ 298,166

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Operations and Changes in Fund Balances

For the year ended March 31						2009	2008
	Operations	Cultural Programs	Capital	Fund Raising	Total	Total	
Revenue							
Administration fees	\$ 782	\$ -	\$ -	\$ -	\$ 782	\$ 349	
Admission fees	-	53,767	-	-	53,767	36,734	
Bar	97,910	-	-	-	97,910	34,081	
Bingos	-	-	-	-	-	3,000	
Commissions	686	848	-	-	1,534	728	
Corporate sponsorship and donations	2,868	33,125	-	-	35,993	19,557	
Grants							
Government of Canada	-	177,025	-	-	177,025	176,615	
Government of Manitoba	436,600	19,500	32,432	-	488,532	544,686	
Miscellaneous	2,500	33,391	-	-	35,891	27,229	
Amortization of deferred contributions	-	-	14,658	-	14,658	7,911	
Interest	5,505	-	-	-	5,505	5,573	
Miscellaneous (Note 13)	94,784	15,133	-	-	109,917	83,300	
Rent (Note 12)	267,899	-	-	-	267,899	232,808	
Sale of office supplies and other	12,262	-	-	-	12,262	10,015	
Technical services	76,457	-	-	-	76,457	59,944	
	998,253	332,789	47,090	-	1,378,132	1,242,530	
Expenses							
Amortization of capital assets	-	-	15,489	-	15,489	9,181	
Catering and bar	52,740	-	-	-	52,740	44,064	
Operations (Note 9)	814,691	403,528	-	-	1,218,219	1,054,971	
Repairs (Note 10)	-	-	32,432	-	32,432	124,986	
	867,431	403,528	47,921	-	1,318,880	1,233,202	
Excess (deficiency) of revenue over expenses for the year							
	130,822	(70,739)	(831)	-	59,252	9,328	
Fund balances, beginning of year							
	89,003	(44,618)	4,565	-	48,950	39,622	
Fund balances, end of year							
	\$ 219,825	\$ (115,357)	\$ 3,734	\$ -	\$ 108,202	\$ 48,950	

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	2009	2008
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	\$ 59,252	\$ 9,328
Amortization of capital assets	15,489	9,181
Amortization of deferred charges	1,838	1,838
Amortization of deferred contributions related to capital assets	(14,658)	(7,911)
Net change in non-cash working capital items		
Grants receivable	9,286	(16,735)
Accounts receivable	(11,564)	(23,668)
Inventory	(1,779)	270
Prepaid expenses	24,107	(13,539)
Accounts payable and accrued liabilities	524,197	33,100
Deferred contributions	(14,475)	12,340
Rental and damage deposits	(7,625)	8,975
	<u>584,068</u>	<u>13,179</u>
Cash Flows from Financing and Investing Activities		
Purchase of capital assets	(42,276)	-
Contributions related to capital assets	(42,276)	-
	<u>-</u>	<u>-</u>
Increase in cash and bank for the year	584,068	13,179
Bank indebtedness, beginning of year	(72,395)	(85,574)
Cash and bank (bank indebtedness), end of year	\$ 511,673	\$ (72,395)
Represented by		
Cash and bank	\$ 511,673	\$ 12,425
Bank indebtedness	<u>-</u>	<u>(84,820)</u>
	\$ 511,673	\$ (72,395)

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

1. General Information

Le Centre culturel franco-manitobain 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. Change in Accounting Policy

Capital Disclosures - Effective April 1, 2008, CCFM adopted CICA Section 1535 Capital Disclosures which establishes standards for disclosing information about an entity's capital and how it is managed (See note 15).

3. Accounting Policies

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations established by the Canadian Institute of Chartered Accountants (CICA) using the deferral method of accounting.

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 contributions in the statement of financial position.

Catering and bar services, hall, office and other rentals, technical services and miscellaneous revenue are recognized as revenue when the services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Financial Instruments

The corporation's financial instruments consist of cash and bank, grants receivable, accounts receivable, accounts receivable - Province of Manitoba, bank indebtedness, and accounts payable and accrued liabilities.

All transactions related to financial instruments are recorded on a settlement date basis.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

3. Accounting Policies (continued)

Financial Instruments (continued)

The corporation has designated its financial instruments as follows:

Cash and bank and bank indebtedness are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in the statement of operations.

Grants receivable, accounts receivable and accounts receivable - Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Inventory

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

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%

Use of Building

The use of the building is accounted for as described in Note 12.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting policies 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.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

3. Accounting Policies (continued)

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the corporation, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation - On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The corporation elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations - In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The corporation continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

4. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technical equipment	\$ 161,306	\$ 130,140	\$ 136,932	\$ 122,348
Computer equipment	124,008	121,959	124,008	121,081
Kitchen equipment	14,107	10,813	14,107	9,989
Cash registers	5,200	5,000	5,200	4,950
Furniture and fixtures	16,735	10,543	11,673	9,099
Security system	30,420	18,261	17,580	15,221
Maintenance equipment	26,411	20,566	26,411	19,106
	\$ 378,187	\$ 317,282	\$ 335,911	\$ 301,794
Net book value		\$ 60,905		\$ 34,117

5. Bank Indebtedness

The corporation has a line of credit with a maximum of \$100,000 bearing interest at prime rate. The line of credit is secured by a general security agreement. At March 31, 2009, the line of credit had a balance of nil before deduction of outstanding cheques.

6. Deferred Contributions

Deferred contributions represent unspent resources received during the year related to matching expenses of subsequent periods.

	2009	2008
Balance, beginning of year	\$ 18,399	\$ 6,059
Grants and other amounts received during the year		
Operations Fund	1,000	12,500
Capital Fund	74,708	124,987
Less amounts recognized as revenue during the year		
Operations Fund	(15,475)	(160)
Capital Fund (Note 10)	(32,432)	(124,987)
Transfer to capital assets (Note 7)	(42,276)	-
Balance, end of year	\$ 3,924	\$ 18,399

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

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:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 29,552	\$ 37,463
Grants received during the year	42,276	-
Amount amortized to revenue	<u>(14,658)</u>	<u>(7,911)</u>
Balance, end of year	<u>\$ 57,170</u>	<u>\$ 29,552</u>

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%. The line of credit will provide temporary financing to reimburse costs related to preliminary stages of Le Cercle Molière theatre construction. The line of credit is secured by a general security agreement. At March 31, 2009, the line of credit was unutilized.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

9. Operations Fund and Cultural Programs Fund Expenses

	2009			2008
	Operations	Cultural Programs	Total	Total
Advertising and promotion	\$ 4,127	\$ 36,240	\$ 40,367	\$ 27,438
Bad debts	-	-	-	2,094
Bank charges and interest	4,716	-	4,716	3,405
Employment contracts	9,620	43,384	53,004	27,262
Equipment purchases	6,333	-	6,333	7,795
Equipment rental and maintenance	104,646	20,632	125,278	76,366
Insurance and permits	22,604	2,519	25,123	22,651
Meetings and travel	6,677	23,816	30,493	24,760
Miscellaneous	-	2,307	2,307	5,145
Office expenses	20,262	13,894	34,156	19,460
Pension	8,051	3,632	11,683	12,600
Professional fees	25,247	-	25,247	26,992
Salaries and benefits (Note 13)	423,115	179,071	602,186	584,518
Service contracts	-	59,165	59,165	57,269
Supplies	48,031	18,868	66,899	18,653
Training	1,176	-	1,176	1,539
Utilities and outside maintenance (Note 13)	130,086	-	130,086	137,024
	\$ 814,691	\$ 403,528	\$ 1,218,219	\$ 1,054,971

10. Capital Fund Expenses

	2009	2008
Asbestos removal and renovation of main building	\$ -	\$ 73,583
Material	3,500	9,735
Repairs and maintenance	28,932	41,668
	\$ 32,432	\$ 124,986

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

11. 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.

12. 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.

13. Centre du Patrimoine

The capital costs of this archival centre were funded equally by the Governments of Canada and Manitoba. Ownership of the corporation is that of the Province of Manitoba. The corporation is operated by La Société historique de Saint-Boniface (SHSB).

Le Centre culturel franco-manitobain (CCFM) pays utility and maintenance costs related to the archival centre. Those utility and maintenance costs are recorded in utilities and salaries and benefits expenses (Note 9). CCFM recovers the utility and maintenance costs from the SHSB. Those recoveries are recorded in miscellaneous revenue and amount to \$45,747 in 2009 (\$49,416 in 2008).

14. Financial 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 accounts receivable.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

14. Financial Risk Management (continued)

The corporation's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Grants receivable	\$ 100,212	\$ 109,498
Accounts receivable	83,404	71,840
Accounts receivable - Province of Manitoba	25,891	25,891
	<u>\$ 209,507</u>	<u>\$ 207,229</u>

Accounts receivable: The corporation is not exposed to significant credit risk as the receivable is 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.

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.

Fair Value

The carrying values of cash and bank, bank indebtedness, grants receivable, accounts receivable, accounts receivable - Province of Manitoba 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.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2009

15. Capital Management

The corporation considers its capital to be comprised of its Fund Balances Invested in Capital Assets in the amount of \$3,734 (\$4,565 in 2008) and its Unrestricted Fund Balances, which include its Operations Fund Balance totalling \$219,825 (\$89,003 in 2008) and Cultural programs Fund Balance totalling \$(115,357) (\$(44,618) in 2008). There have been no changes to what the corporation considers to be its capital since the previous period.

The Board's capital management policy is to maintain sufficient capital to cover its costs of operations and to meet its objectives. As a not-for-profit entity, the corporation's operations are reliant on revenues generated annually. The corporation has accumulated unrestricted funds over its history, which are included in the Operations Fund balance in the Statement of Operations and Changes in Fund Balances. A portion of the accumulated unrestricted 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 remaining unrestricted funds are available for the use of the corporation at the Board's discretion.

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

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.

Restricted Funds

Capital - Involves external 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 Capital Fund representing the corporation's net investment in capital assets.

Fundraising - Includes transactions related to fundraising activities. The fund balance must be used to subsidize cultural activities and is included in the interfund transfers.

16. Comparative Amounts

Certain comparative amounts have been restated to conform to the current year's presentation.



BDO Dunwoody LLP
Chartered Accountants
and Advisors

480 Saskatchewan Ave W
Portage la Prairie Manitoba Canada R1N 0M4
Telephone (204) 857-2856
Telefax (204) 239-1664
www.bdo.ca

Auditors' Report

**To the Directors of
Child and Family Services of Central Manitoba Inc.**

We have audited the non-consolidated statement of financial position of **Child and Family Services of Central Manitoba Inc.** as at March 31, 2009, and the non-consolidated statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2009 and the results of its operations and the changes in cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Portage la Prairie, Manitoba
April 28, 2009

Child and Family Services of Central Manitoba Inc.
Non-consolidated
Statement of Financial Position

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2009	2008
Assets							
Current Assets							
Cash	\$ 136,817	\$ -	\$ -	\$ -	\$ -	\$ 136,817	\$ 168,617
Investments	102,000	-	-	-	-	102,000	99,270
Accounts receivable (note 1)	239,364	348,239	-	-	-	587,603	446,058
Prepaid expenses	22,954	-	-	-	-	22,954	21,064
	501,135	348,239	-	-	-	849,374	735,009
Capital Assets (note 2)	-	-	-	-	783,026	783,026	568,470
Deferred Severance/Retirement Entitlement (note 3)	88,602	-	-	-	-	88,602	104,030
	\$ 589,737	\$ 348,239	\$ -	\$ -	\$ 783,026	\$ 1,721,002	\$ 1,407,509
Liabilities and Fund Balances							
Current Liabilities							
Bank indebtedness (note 4)	\$ 141,127	\$ -	\$ -	\$ -	\$ -	\$ 141,127	\$ 165,290
Accounts payable and accrued liabilities	144,813	37,640	-	-	-	182,453	164,437
Accrued vacation pay entitlement	138,461	-	-	-	-	138,461	142,849
Payable to Child and Family Service of Central Manitoba Foundation Inc.	968	-	-	-	-	968	-
Working capital advance	-	220,000	-	-	-	220,000	103,400
Interfund balances	(17,878)	11,017	-	6,861	-	-	-
	407,491	268,657	-	6,861	-	683,009	575,976
Accrued Severance/Retirement Entitlement Payable (note 3)	406,691	-	-	-	-	406,691	382,769
Deferred Contributions (note 5)	-	-	-	-	490,230	490,230	344,493
	814,182	268,657	-	6,861	490,230	1,579,930	1,303,238
Fund Balances							
Invested in net capital assets	-	-	-	-	292,796	292,796	223,977
Externally restricted	-	79,582	-	(6,861)	-	72,721	35,920
Unrestricted	(224,445)	-	-	-	-	(224,445)	(155,626)
	(224,445)	79,582	-	(6,861)	292,796	141,072	104,271
Commitments (note 6)							
Contingencies (note 10)							
	\$ 589,737	\$ 348,239	\$ -	\$ -	\$ 783,026	\$ 1,721,002	\$ 1,407,509

On behalf of the Board:

_____ Director

_____ Director

Child and Family Services of Central Manitoba Inc.
Non-consolidated
Statement of Operations and Changes in Fund Balances

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2009	2008
Revenue							
Province of Manitoba	\$ -	\$ 1,939,298	\$ -	\$ -	\$ -	\$ 1,939,298	\$ 1,571,795
General Child and Family Services Authority	2,477,400	-	65,000	78,900	-	2,621,300	2,549,500
Amortization of deferred contributions (note 5)	-	-	-	-	32,053	32,053	14,792
Other	135,020	12,562	-	-	-	147,582	72,748
	<u>2,612,420</u>	<u>1,951,860</u>	<u>65,000</u>	<u>78,900</u>	<u>32,053</u>	<u>4,740,233</u>	<u>4,208,835</u>
Expenses							
Salaries and benefits	2,182,600	-	66,175	44,603	-	2,293,378	2,280,413
Dakota Ojibway Child and Family Services and Metis Child and Family Services	-	-	-	-	-	-	13,179
Travel and other field service costs	94,491	67,152	7,981	-	-	169,624	158,878
Office maintenance	69,869	-	-	-	-	69,869	61,507
Office operations	187,123	-	-	-	-	187,123	112,973
Service support	37,982	-	-	-	-	37,982	51,011
Other support	70,308	-	-	-	-	70,308	73,279
Ward care expenses	-	1,847,907	-	39,191	-	1,887,098	1,514,075
Amortization of capital assets	-	-	-	-	41,942	41,942	22,764
Recovery of expenditures from Dakota Ojibway Child and Family Services and Metis Child and Family Services	-	-	-	-	-	-	(13,179)
	<u>2,642,373</u>	<u>1,915,059</u>	<u>74,156</u>	<u>83,794</u>	<u>41,942</u>	<u>4,757,324</u>	<u>4,274,900</u>
Excess (deficiency) of revenue over expenses before deficit funding	(29,953)	36,801	(9,156)	(4,894)	(9,889)	(17,091)	(66,065)
Deficit funding	29,953	-	9,156	4,894	9,889	53,892	65,759
Excess (deficiency) of revenue over expenses	-	36,801	-	-	-	36,801	(306)
Fund balances, beginning of year	(155,626)	42,781	-	(6,861)	223,977	104,271	104,577
Interfund transfers (note 7)	(68,819)	-	-	-	68,819	-	-
Fund balances, end of year	\$ (224,445)	\$ 79,582	\$ -	\$ (6,861)	\$ 292,796	\$ 141,072	\$ 104,271

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

Child and Family Services of Central Manitoba Inc.
Non-consolidated
Statement of Cash Flows

For the year ended March 31,	2009	2008
Cash provided by (used in) Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 36,801	\$ (306)
Adjustments for		
Amortization of capital assets	41,942	22,764
Amortization of deferred contributions	(32,053)	(14,792)
Amortization of current costs and deferred severance/retirement entitlement	61,502	109,477
Gain on disposal of capital assets	-	(2,000)
	<u>108,192</u>	<u>115,143</u>
Changes in non-cash operating working capital		
Accounts receivable	(12,776)	(40,753)
Payable to Child and Family Services of Central Manitoba Foundation Inc.	968	-
Receivable from General Child and Family Services Authority	24,665	(14,400)
Receivable from Department of Family Services and Housing	(153,434)	87,210
Prepaid expenses	(1,890)	(89)
Accounts payable and accrued liabilities	18,016	(23,835)
Accrued vacation pay entitlement	(4,388)	(16,556)
	<u>(20,647)</u>	<u>106,720</u>
Cash provided by (used in) Investing and Financing Activities		
Additions to capital assets	(256,498)	(13,428)
Increase in investments	(2,730)	(4,970)
Restricted contributions received	177,790	-
Proceeds on disposal of capital assets	-	2,000
Proceeds from additional working capital advance	116,600	-
Accrued severance/retirement benefit	(22,152)	(24,403)
Change in bank indebtedness	(24,163)	(24,008)
	<u>(11,153)</u>	<u>(64,809)</u>
Increase (decrease) in cash during the year	<u>(31,800)</u>	<u>41,911</u>
Cash, beginning of year	<u>168,617</u>	<u>126,706</u>
Cash, end of year	<u>\$ 136,817</u>	<u>\$ 168,617</u>
Additional information		
Interest received	\$ 10,125	\$ 16,477

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2009

Nature of Business

The Agency is incorporated under the laws of Manitoba and its primary business purpose is providing child and family services to those in need in the Central Region of Manitoba. The Agency is a registered charitable agency under the Income Tax Act.

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain 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 period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

The most significant estimates included in these non-consolidated financial statements are the deferred severance/retirement entitlement, its amortization and the accrued severance/retirement entitlement payable as calculated actuarially. Actual results could differ from the estimates used.

Fund Accounting

The Agency follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Central Program Support Fund.

Revenues and expenses directly related to children in care are reported in the Ward Care Fund.

Revenues and expenses directly related to children not in care are reported in the Family Support Fund.

Revenues and expenses related directly to the In Home Support Program are reported in the Family Support Innovations Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Agency's capital assets.

Revenue Recognition

Restricted contributions are deferred and recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Central Program Support Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2009

Financial Instruments

The Agency utilizes various financial instruments. Unless otherwise noted, it is management's opinion the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The fair values of cash, accounts receivable and accounts payable approximate their carrying value because of the short-term maturity of these instruments.

The Agency classifies its financial instruments into one of the following categories based on the purpose for which the item was acquired. The accounting policy for each category is as follows.

Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-for-trading - This category is comprised of cash and short-term investments. They are carried in the balance sheet at the fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Other financial liabilities - Other financial liabilities include accounts payable, accrued severance/benefits obligation, other accrued liabilities, and bank indebtedness. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Investments

Investments are recorded at fair value and are comprised of guaranteed investment certificates \$102,000 (2008 - \$99,270) with effective interest rates of 3.20% to 4.40% (2008 - 4.35%), with maturity dates of June 2009 to June 2010 (2008 - June 2008). Interest is received annually and upon maturity.

Child and Family Services of Central Manitoba Inc. Summary of Significant Accounting Policies

For the year ended March 31, 2009

Capital Assets

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows.

Buildings	2%
Leasehold improvements	10%
Furniture and equipment	20%

Amortization expense is reported in the Capital Fund.

Contributed Services

Volunteers contribute numerous hours annually to assist the Agency in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Vacation Entitlement

Vacation entitlement is recorded in the period that the service to which it relates is provided. Accrued vacation entitlement is recorded to the extent that a vacation entitlement liability exists at the period end.

Funding for the vacation entitlement is accrued in the period that the vacation entitlement is accrued. To the extent that this vacation entitlement funding has not been received by the period end, it is recorded as a receivable from the Department of Family Services.

Defined Contribution Pension Plan

The Agency's pension plan is administered by the Municipal Employee's Benefit Program (MEBP).

During the year, the Agency made contributions of \$69,386 (2008 - \$85,740) with respect to this plan.

During the year, the pension plan was transferred to the Municipal Employee's Benefit Program (MEBP) from the previous United Way administered plan.

Severance/Retirement Entitlement

Severance/retirement entitlement is recorded in the period the service to which it relates is provided. Accrued severance/retirement is recorded to the extent that a severance/retirement liability exists at the period end. At the date of the last actuarial valuation, March 31, 2008, the economic assumptions used to determine benefit obligations and periodic expenses were a discount rate of 5.5% and future salary increases of 1.79%.

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2009

The net present value of the liability as at April 1, 2000, being the date at which the Agency became liable for the severance/retirement entitlement has been recorded as a deferred severance/retirement entitlement and is being amortized to expense on the straight-line basis over 10 years, being the average number of years until the original employee group became entitled to an amount.

Plan amendments are recorded as a deferred severance/retirement entitlement when a new Union contract is signed that improves the benefit. Any amendment is amortized over the average number of years until the employee group would become entitled to a benefit and included in severance/retirement expense in the Central Program Support Fund.

During the year \$22,152 (2008 - \$24,403) was paid out to retiring employees.

Capital Disclosures

The Agency considers its capital to be its unrestricted, restricted net assets, and amounts invested in capital assets. The Agency's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide child and family services to the community in the Central Region of Manitoba. Annual budgets are developed and monitored to ensure the Agency's capital is maintained at an appropriate level.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Agency, are as follows.

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Agency is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Cash Flow Statements

Section 1540 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Agency is currently assessing the impact of the new standard.

Child and Family Services of Central Manitoba Inc. Summary of Significant Accounting Policies

For the year ended March 31, 2009

Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Agency is currently assessing the impact of the new standard.

Disclosure of Related Party Transactions by Not-for-Profit Organizations

Section 4460 includes modifications to the scope of the standards. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Agency is currently assessing the impact of the new standard.

Child and Family Services of Central Manitoba Inc.

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2009

1. Accounts Receivable

	2009		2008	
	Central Program Support Fund	Ward Care Fund	Total	Total
Department of Family Services and Housing				
Vacation pay receivable	\$ 138,461	\$ -	\$ 138,461	\$ 142,846
Secondments	7,105	-	7,105	6,981
Children in care billings	-	340,399	340,399	166,354
Deficit funding	53,892	-	53,892	65,759
Other items receivable	-	-	-	4,483
	<u>199,458</u>	<u>340,399</u>	<u>539,857</u>	<u>386,423</u>
General Authority				
Funding receivable	-	5,540	5,540	5,205
Tupper Street Resource Centre	6,590	-	6,590	31,590
	<u>6,590</u>	<u>5,540</u>	<u>12,130</u>	<u>36,795</u>
Other				
Parent receivables and secondments	5,712	2,300	8,012	8,682
GST and interest	21,654	-	21,654	14,158
Rebates and other	5,950	-	5,950	-
	<u>33,316</u>	<u>2,300</u>	<u>35,616</u>	<u>22,840</u>
	<u>\$ 239,364</u>	<u>\$ 348,239</u>	<u>\$ 587,603</u>	<u>\$ 446,058</u>

2. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 8,172	\$ -	\$ 8,172	\$ 8,172
Buildings	984,003	388,551	595,452	550,228
Furniture and equipment	13,155	11,790	1,365	2,985
Leasehold improvements	212,439	34,402	178,037	7,085
	<u>\$ 1,217,769</u>	<u>\$ 434,743</u>	<u>\$ 783,026</u>	<u>\$ 568,470</u>

Child and Family Services of Central Manitoba Inc.

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2009

3. Severance/Retirement Entitlement

Changes in the deferred severance/retirement entitlement and accrued severance/retirement entitlement payable are as follows.

	2009		2008	
	Deferred Severance/ Retirement Entitlement	Accrued Severance/ Retirement Entitlement Payable	Deferred Severance/ Retirement Entitlement	Accrued Severance/ Retirement Entitlement Payable
Balance, March 31, 2008	\$ 104,030	\$ (382,769)	\$ 119,458	\$ (313,123)
Paid during the year	-	22,152	-	24,403
Current cost	-	(46,074)	-	(94,049)
Amortization	(15,428)	-	(15,428)	-
Balance, March 31, 2009	\$ 88,602	\$ (406,691)	\$ 104,030	\$ (382,769)

4. Bank Indebtedness

The Agency has an operating line of credit authorized to a maximum of \$425,000, which is due on demand and bears interest at the bank's prime rate minus 0.50% calculated and payable monthly. It is secured by a line of credit agreement.

5. Deferred Contributions Relating to Capital Assets

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions relating to the Agency's furniture and equipment, building and leasehold improvements.

Changes in the deferred contributions balance reported in the Capital Fund are as follows.

	2009	2008
Balance, beginning of year	\$ 344,493	\$ 359,285
Add contributions received in the year	177,790	-
Less amount recognized as revenue in the year	32,053	14,792
Balance, end of year	\$ 490,230	\$ 344,493

Child and Family Services of Central Manitoba Inc. Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2009

6. Commitments

The Agency leases office premises and certain equipment under operating leases, which expire between 2010 and 2014. The following is a schedule of approximate future minimum lease payments due in each of the next five years under these leases.

2010	\$	110,800
2011		97,700
2012		69,700
2013		50,700
2014		46,900
Thereafter		<u>7,000</u>
	\$	<u>382,800</u>

7. Interfund Transfers

During the year, \$68,819 was transferred to the Capital Fund to fund the net purchases of capital assets acquired during the year.

8. Related Party Transactions

During the year, the following transactions took place.

The Agency received program funding of \$36,627 (2008 - \$32,755) from Child and Family Services of Central Manitoba Foundation Inc.

The Agency is involved with the Tupper Street Family Resource Centre Inc. (TSFC), an incorporated entity created for the assistance of young parents in the Central Manitoba Region, through participation in the start up and policy-making processes. As at March 31, 2009, the Agency had an amount of \$6,590 (2008 - \$31,590) included in accounts receivable from the Department of Family Services and Housing for assistance with this Centre.

During the year, a partnership agreement was signed whereby, Child and Family Services of Central Manitoba Agency Inc., would lease a building on Tupper Street, Portage la Prairie for \$3,500 per month, which is included in note 6. In turn, several other organizations, including the TSFC, sublet space for \$1,900 per month. The Agency is committed to the lease for 5 years ending May 2013.

The transactions above 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 parties involved.

Child and Family Services of Central Manitoba Inc.

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2009

9. Controlled Organization Not Consolidated

Child and Family Services of Central Manitoba Inc. controls Child and Family Services of Central Manitoba Foundation Inc. which is operated for the purpose of receiving donations to enhance the lives of underprivileged children not in ward care in the Central Region of Manitoba and to promote well-being and happiness. The Foundation is incorporated under the laws of the Province of Manitoba and is a registered Public Foundation under the Income Tax Act. Child and Family Services of Central Manitoba Inc.'s Board of Directors serves as the Board of Directors for Child and Family Services of Central Manitoba Foundation Inc. in accordance with the bylaws of Child and Family Services of Central Manitoba Foundation Inc.

Child and Family Services of Central Manitoba Foundation Inc. has not been consolidated in the Child and Family Services of Central Manitoba Inc.'s financial statements. Financial summaries of the unconsolidated entity as at March 31, 2009 and 2008 and for the years then ended are as follows. These numbers are based upon the unaudited financial statements of the Foundation.

Child and Family Services of Central Manitoba Foundation Inc.

Financial position

	2009	2008
Total assets	\$ 534,800	\$ 521,119
Total liabilities	38,777	42,223
Total net assets	496,023	478,896
	\$ 534,800	\$ 521,119

Results of operations

	2009	2008
Total revenue	\$ 81,366	\$ 80,158
Total expenses	64,239	73,562
Excess of revenue over expenses	\$ 17,127	\$ 6,596

Cash flows

	2009	2008
Cash provided by (used in) operations	\$ 2,321	\$ (1,980)
Cash provided by (used in) investing and financing activities	(10,394)	1,601
Decrease in cash	\$ (8,073)	\$ (379)

Child and Family Services of Central Manitoba Inc.

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2009

10. Contingencies

There is a potential claim against the Agency with respect to issues arising out of a roofing project. Management has denied any liability for this matter. The ultimate outcome of this matter can not be reasonably determined at this time. The loss, if any, will be charged to operations when the amount is known.

Subsequent to year end, a claim was made by an employee against the Agency alleging wrongful termination. Management has offered the terminated employee compensation in accordance with the contract signed by both parties when the individual was hired. Management is of the opinion that they will not experience a loss in excess of this amount. Any additional amount, if necessary, will be charged to operations in the period the amount becomes known.



BDO Dunwoody LLP
Chartered Accountants
and Advisors

148 - 10th Street
Brandon Manitoba Canada R7A 4E6
Telephone: (204) 727-0671
Telefax: (204) 726-4580
www.bdo.ca

Auditors' Report

**To the Board of Directors of
Child & Family Services of Western Manitoba**

We have audited the statement of financial position of **Child & Family Services of Western Manitoba** as at **March 31, 2009** and the statement of surplus and operations for the year then ended. 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.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2009** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
May 8, 2009

Child and Family Services of Western Manitoba Statement of Financial Position - Consolidated

March 31	2009	2008
Assets		
Current Assets		
Cash	\$ 681,517	\$ 1,085,240
Term deposits	535,599	518,753
Accounts receivable	679,051	271,310
Due from Province of Manitoba - vacation and severance pay	434,000	453,534
Prepaid expenses	14,016	-
Discounted certificates	9,771	9,478
	<u>2,353,954</u>	<u>2,338,315</u>
Capital Assets (Note 2)	1,864,936	1,844,820
	<u>\$ 4,218,890</u>	<u>\$ 4,183,135</u>
Liabilities and Members' Equity		
Current Liabilities		
Deferred revenue (Note 3)	\$ 15,917	\$ 149,110
Working capital advance (Note 5)	174,700	174,700
Accounts payable	162,439	184,948
Vacation and severance pay accrual	655,677	591,024
Current portion of long-term debt (Note 6)	566,747	602,149
Funds held in trust	18,826	13,384
Employees' Trust Certificates	9,771	9,478
	<u>1,604,077</u>	<u>1,724,793</u>
Long-term debt (Note 6)	-	-
Special Allowance Trust Fund	157,804	151,149
	<u>1,761,881</u>	<u>1,875,942</u>
Surplus		
Operating Fund	450,283	569,951
Capital Fund	1,298,189	1,242,671
Trust Fund	708,537	494,571
	<u>2,457,009</u>	<u>2,307,193</u>
	<u>\$ 4,218,890</u>	<u>\$ 4,183,135</u>

Child and Family Services of Western Manitoba Statement of Financial Position - Operating Fund

March 31	2009	2008
Assets		
Current Assets		
Cash	\$ 297,471	\$ 910,409
Term deposits	12,543	12,068
Accounts receivable	666,028	269,992
Due from Province of Manitoba - vacation and severance pay	434,000	453,534
Prepaid expenses	14,016	-
	1,424,058	1,646,003
Liabilities and Members' Equity		
Current Liabilities		
Deferred revenue	\$ 15,917	\$ 149,110
Working capital advance (Note 5)	174,700	174,700
Accounts payable	127,481	161,218
Vacation and severance pay accrual	655,677	591,024
	973,775	1,076,052
Surplus (deficit)		
Internally Restricted Surplus	418,417	-
Central Program Support	15,688	281,731
Resource Centre	(173)	6
Family Support Services & Brandon Avenue Projects	(13,477)	50,505
Child Maintenance	-	174,552
Residential Care	(35,776)	28,404
Early Learning Canada	2,691	5,370
Adoptive Families Project	(1,337)	(5,791)
Parenting Skills Project	2,714	2,714
Parenting Child Centres	2,411	2,411
Pre-school Enrichment	6	6
Victoria Day Care	31,212	4,775
Child Abuse Project	24,559	24,558
Healthy Child Manitoba Programming	711	710
Parent Child Home Program	2,637	-
	450,283	569,951
	\$ 1,424,058	\$ 1,646,003

Child and Family Services of Western Manitoba Statement of Financial Position - Capital Fund

March 31	2009	2008
Assets		
Capital Assets (Note 2)	\$ 1,864,936	\$ 1,844,820
Liabilities and Members' Equity		
Current Liabilities		
Current portion of long-term debt (Note 6)	566,747	602,149
Long-term debt (Note 6)	-	-
	566,747	602,149
Surplus		
Investment in capital assets, per schedule	1,298,189	1,242,671
	\$ 1,864,936	\$ 1,844,820

Child and Family Services of Western Manitoba Statement of Financial Position - Trust Fund

March 31	2009	2008
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Assets

Current Assets

Cash	\$ 384,046	\$ 174,831
Term deposits	523,056	506,685
Accounts receivable	13,023	1,318
Discounted certificate	9,771	9,478
	\$ 929,896	\$ 692,312

Liabilities and Members' Equity

Current Liabilities

Funds held in trust - clients	\$ 18,826	\$ 13,384
Discounted certificate	9,771	9,478
Trust accounts payable	34,958	23,730
	63,555	46,592

Special Allowance Trust Fund

	157,804	151,149
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	221,359	197,741
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Surplus

Surplus - White gift fund	2,304	3,086
Surplus - Staff gift fund	4,583	4,953
Surplus - Sun fund	11,748	13,950
Surplus - Facility account	490,668	411,604
Surplus - Holding account	24,882	22,407
Surplus - Endowment fund	120,764	-
Surplus - Training	53,988	38,507
Surplus - Special Projects	(400)	64
	708,537	494,571
	\$ 929,896	\$ 692,312

Child and Family Services of Western Manitoba Statement of Surplus (Deficit) - Operating Fund

March 31	2009	2008
Internally Restricted Surplus Funds		
Surplus, beginning of year	\$ -	-
Transfer from other programs	418,417	-
Surplus, end of year	<u>\$ 418,417</u>	<u>-</u>
Central Program Support		
Surplus, beginning of year	\$ 281,731	\$ 78,451
Surplus (deficit) for year	(119,058)	203,280
Surplus transfer to Internally Restricted Surplus	(146,985)	-
Surplus, end of year	<u>15,688</u>	<u>\$ 281,731</u>
Resource Centre		
Surplus, beginning of year	\$ 6	\$ 4
Surplus for year	(179)	2
Surplus, end of year	<u>\$ (173)</u>	<u>\$ 6</u>
Family Support Service & Brandon Avenue Projects		
Surplus, beginning of year	\$ 50,505	\$ 121,674
Surplus (deficit) for year - Family Support Services	(11,904)	(77,619)
Surplus (deficit) for year - Brandon Avenue Project	(4,280)	6,450
Surplus transfer to Internally Restricted Surplus	(47,798)	-
Surplus, end of year	<u>\$ (13,477)</u>	<u>\$ 50,505</u>
Child Maintenance Operations		
Surplus, beginning of year	\$ 174,552	\$ 129,175
Surplus for year	49,082	45,377
Surplus transfer to Internally Restricted Surplus	(223,634)	-
Surplus, end of year	<u>\$ -</u>	<u>\$ 174,552</u>
Residential Care		
Surplus, beginning of year	\$ 28,404	\$ 7,044
Surplus (deficit) for year	(64,180)	21,360
Surplus, end of year	<u>\$ (35,776)</u>	<u>\$ 28,404</u>
Early Learning Canada		
Surplus, beginning of year	\$ 5,370	5,371
Deficit for year	(2,679)	(1)
Surplus, end of year	<u>\$ 2,691</u>	<u>5,370</u>

Child and Family Services of Western Manitoba Statement of Surplus (Deficit) - Operating Fund

March 31	2009	2008
Adoptive Families Project		
Deficit, beginning of year	\$ (5,791)	\$ (5,791)
Surplus for year	<u>4,454</u>	<u>-</u>
Deficit, end of year	<u><u>\$ (1,337)</u></u>	<u><u>\$ (5,791)</u></u>
 Parenting Skills Project		
Surplus, beginning of year	<u>\$ 2,714</u>	<u>\$ 2,714</u>
Surplus, end of year	<u><u>\$ 2,714</u></u>	<u><u>\$ 2,714</u></u>
 Brandon Early Years Team		
Surplus, beginning of year	<u>\$ -</u>	<u>\$ -</u>
Surplus, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Parent Child Centres		
Surplus, beginning of year	<u>\$ 2,411</u>	<u>\$ 2,411</u>
Surplus for year	<u>-</u>	<u>-</u>
Surplus, end of year	<u><u>\$ 2,411</u></u>	<u><u>\$ 2,411</u></u>
 Pre-school Enrichment		
Surplus, beginning of year	<u>\$ 6</u>	<u>\$ -</u>
Surplus (deficit) for year	<u>-</u>	<u>6</u>
Surplus, end of year	<u><u>\$ 6</u></u>	<u><u>\$ 6</u></u>
 Victoria Daycare		
Surplus, beginning of year	<u>\$ 4,775</u>	<u>\$ 17,309</u>
Surplus (deficit) for year	<u>26,437</u>	<u>(12,534)</u>
Surplus, end of year	<u><u>\$ 31,212</u></u>	<u><u>\$ 4,775</u></u>
 Child Abuse Project		
Surplus, beginning of year	<u>\$ 24,558</u>	<u>\$ 1</u>
Surplus for year	<u>1</u>	<u>24,557</u>
Surplus, end of year	<u><u>\$ 24,559</u></u>	<u><u>\$ 24,558</u></u>

Child and Family Services of Western Manitoba Statement of Surplus (Deficit) - Operating Fund

March 31	2009	2008
Healthy Child Manitoba Programming		
Surplus, beginning of year	\$ 710	\$ 710
Surplus for year	<u>1</u>	<u>-</u>
Surplus, end of year	<u><u>\$ 711</u></u>	<u><u>\$ 710</u></u>
Parent Child Home Program		
Surplus, beginning of year	\$ -	\$ -
Surplus for year	<u>2,637</u>	<u>-</u>
Surplus, end of year	<u><u>\$ 2,637</u></u>	<u><u>\$ -</u></u>

Child and Family Services of Western Manitoba Statement of Investment in Capital Assets - Capital Fund

March 31	2009	2008
Investment in Capital Assets, beginning of year	\$ 1,242,671	\$ 1,229,307
Principal payments on mortgage made by Operating Fund	35,402	29,666
Capital assets purchased by Operating Fund and Trust Fund	145,591	101,441
	1,423,664	1,360,414
Amortization for the year	125,475	117,743
Investment in Capital Assets, end of year	\$ 1,298,189	\$ 1,242,671

Child and Family Services of Western Manitoba Statement of Surplus (Deficit) - Trust Fund

March 31	2009	2008
White Gift Fund		
Surplus, beginning of year	\$ 3,086	\$ 3,022
Surplus for year	(782)	-
Transfer to Other Trust Accounts	-	64
	<u>2,304</u>	<u>3,086</u>
Surplus, end of year	<u>\$ 2,304</u>	<u>\$ 3,086</u>
Staff Gift Fund		
Surplus, beginning of year	\$ 4,953	\$ 5,148
Surplus (deficit) for year	(370)	(195)
	<u>4,583</u>	<u>4,953</u>
Surplus, end of year	<u>\$ 4,583</u>	<u>\$ 4,953</u>
Sun Fund		
Surplus, beginning of year	\$ 13,950	\$ 11,748
Surplus for year	(2,202)	2,202
	<u>11,748</u>	<u>13,950</u>
Surplus, end of year	<u>\$ 11,748</u>	<u>\$ 13,950</u>
Facility Fund Operations		
Surplus, beginning of year	\$ 411,604	\$ 370,091
Surplus for year	79,064	41,513
	<u>490,668</u>	<u>411,604</u>
Surplus, end of year	<u>\$ 490,668</u>	<u>\$ 411,604</u>
Holding Account Operations		
Surplus, beginning of year	\$ 22,407	\$ 21,022
Surplus (deficit) for year	2,475	1,385
	<u>24,882</u>	<u>22,407</u>
Surplus, end of year	<u>\$ 24,882</u>	<u>\$ 22,407</u>
Endowment Fund		
Surplus, beginning of year	\$ -	\$ -
Surplus for year	120,764	-
	<u>120,764</u>	<u>-</u>
Surplus, end of year	<u>\$ 120,764</u>	<u>\$ -</u>

Child and Family Services of Western Manitoba Statement of Surplus (Deficit) - Trust Fund

March 31	2009	2008
Training		
Surplus, beginning of year	\$ 38,507	\$ 38,507
Surplus for year	<u>15,481</u>	<u>-</u>
Surplus, end of year	<u><u>\$ 53,988</u></u>	<u><u>\$ 38,507</u></u>
Special Projects		
Surplus, beginning of year	\$ 64	\$ 64
Surplus for year	<u>(464)</u>	<u>-</u>
Surplus, end of year	<u><u>\$ (400)</u></u>	<u><u>\$ 64</u></u>

Child and Family Services of Western Manitoba Statement of Operations - Combined - Operating Fund

For the year ended March 31	2009	2008
Revenue		
Grant revenue	\$ 6,348,456	\$ 5,679,347
Fees - Province of Manitoba	1,221,809	1,251,812
Operating revenue	747,567	921,983
Fees	912,079	907,027
Brandon School Division	12,800	20,076
Foundation	94,034	77,778
Miscellaneous	134,797	89,584
	<u>9,471,542</u>	<u>8,947,607</u>
Expenses, per schedule	<u>9,410,225</u>	<u>8,598,260</u>
Surplus (deficit) before transfer to Capital Fund	61,317	349,347
Transfer to Capital Fund	<u>180,993</u>	<u>138,477</u>
Change in surplus (deficit) for year	<u>\$ (119,676)</u>	<u>\$ 210,870</u>

Child and Family Services of Western Manitoba
Schedule of Expenditures - Combined - Operating Fund

For the year ended March 31	2009	2008
Salaries, fees and related expenses	\$ 5,705,806	\$ 5,222,533
Field service	203,164	200,262
Office operation	373,080	350,075
Professional services	62,262	67,455
Staff development	50,355	8,521
Board expenses	11,663	10,763
Other expenses	194,515	250,974
Other centres	76,712	72,537
Program expenditures	508,763	555,350
Child maintenance expenditures	2,223,905	1,859,790
	<hr/>	
	\$ 9,410,225	\$ 8,598,260

Child and Family Services of Western Manitoba Statement of Operations - Combined - Trust Fund

For the year ended March 31	2009	2008
Revenue		
Staff contributions	\$ 2,944	\$ 1,849
Charitable donations	3,760	3,930
Culture and heritage	5,000	5,000
Grant revenue - federal	4,002	2,152
CFS Foundation grant	31,239	39,982
Interest	19,151	19,354
Rent	86,388	82,629
Community campaign	18,996	23,153
Memberships	1,630	465
Endowment bequests	120,764	-
Training programs - fees	16,645	5,820
	<u>310,519</u>	<u>184,334</u>
Expenditures		
Gift purchases	4,095	2,044
Camp fees	35,402	38,738
Office	1,694	1,415
Miscellaneous	392	(45)
Salaries	7,503	6,735
Transportation	2,716	2,709
CFS Supplements	-	41,350
Property taxes	19,129	18,430
Community campaign expenses	18,151	21,072
Training program - program costs	814	6,981
	<u>89,896</u>	<u>139,429</u>
Surplus for year	<u>\$ 220,623</u>	<u>\$ 44,905</u>

Child and Family Services of Western Manitoba Summary of Significant Accounting Policies

March 31, 2009

**Due from Province of
Manitoba - Vacation Pay**

The amount receivable represents future grant revenue from the Province of Manitoba that will be used to fund earned vacation pay by employees that has been recorded as a liability at March 31.

Investments

Investment are recorded as the lower of cost or market value. The market value of all investments held equals their cost at March 31.

Capital Assets

Capital assets purchased by the Operating Fund are recorded as a transfer to the Capital Fund with the amounts being recorded at cost in the Capital Fund. Assets purchased are recorded as an increase in capital assets and an increase in investment in capital assets. For assets that have been purchased through a debt obligation, the cost has been recorded as an increase in capital assets in the Capital Fund with the debt obligation being recorded as a liability in the Capital Fund. As the loan is repaid, the principal component of the loan payments paid by the Operating Fund is recorded as a transfer to the Capital Fund in the Operating Fund and an increase in investment in capital assets in the Capital Fund.

Amortization is recorded on a straight-line basis as a decrease in investment in capital assets in accordance with the following rates:

Buildings	2.5%
Equipment	5%
Furniture	5%
Automobiles - First 12 months	30%
- After	15%

Fund Accounting

Child and Family Services of Western Manitoba follows the restricted method of accounting for contributions.

The Operating Fund accounts for the program delivery and administration activities.

The Capital Fund records the assets, liabilities, revenues and expenses related to Child and Family Services of Western Manitoba's property, plant and equipment.

The Trust Fund reports resources held in trust for purposes outside of normal program delivery and administration purposes. Investment income and money received by the Trust Fund is reported as revenue in the Trust Fund and expenses relating directly to the trust funds are recorded as expenses in the Trust Fund.

Child and Family Services of Western Manitoba Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments

The organization's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The entity has classified its cash and short-term investments as held-for-trading, receivables as loans and receivables and its accounts payable and accrued liabilities as other liabilities, which are measured at amortized cost.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

Revenue Recognition

This organization 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.

Child and Family Services of Western Manitoba Summary of Significant Accounting Policies

March 31, 2009

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Financial Statement Presentation by Not for Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Disclosure of Related Party Transactions by Not for Profit Organizations

Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Disclosure of Allocated Expenses by Not for Profit Organizations

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Capital Assets Held by Not for Profit Organizations

Section 4430 has been amended to provide additional guidance with respect to the appropriate use of the exemption from recognizing capital assets for smaller entities. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Cash Flow Statements

Section 1540 was amended to include not-for-profit organizations within its scope. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Child and Family Services of Western Manitoba Notes to the Financial Statements

March 31, 2009

1. Entity Definition

The organization is a registered charity providing family services in Western Manitoba. Any surplus it may generate is non-taxable.

2. Capital Assets

	2009			2008	
	Cost	Accumulated Amortization	Net Value	Net Value	
800 MacTavish Avenue					
Building and land	\$ 812,774	\$ (199,371)	\$ 613,403	\$ 631,347	
Office equipment and furniture	341,854	(266,572)	75,282	69,642	
Other Centres					
Building and land	1,064,119	(323,340)	740,779	764,882	
Equipment	74,750	(49,374)	25,376	29,113	
2227 Brandon Avenue					
Building and land	215,209	(147,980)	67,229	71,949	
Equipment	40,096	(32,917)	7,179	9,184	
Cypress House					
Building and land	136,402	(69,883)	66,519	69,198	
Equipment	35,703	(34,528)	1,175	2,961	
7th Street House					
Building and land	76,370	(47,860)	28,510	30,021	
Equipment	19,741	(19,741)			
Automobiles	621,521	(382,037)	239,484	166,523	
	<u>\$ 3,438,539</u>	<u>\$ (1,573,603)</u>	<u>\$ 1,864,936</u>	<u>\$ 1,844,820</u>	

Child and Family Services of Western Manitoba Notes to the Financial Statements

March 31, 2009

3. Bank Indebtedness

The Royal Bank account carries an overdraft limit of \$350,000 and carries interest at prime. As at March 31, 2009, the unused credit facility was \$350,000. The overdraft limit is secured by a comfort letter from the Province of Manitoba.

4. Deferred Revenue

Deferred contributions consists of contributions received for operating purposes and unexpended funds. The following is a summary of changes to this account:

	2009	2008
Balance, beginning of year	\$ 149,110	\$ 55,264
Contributions deferred	2,500	149,110
Deferred revenue recognized in year	(135,693)	(55,264)
Balance, end of year	<u>\$ 15,917</u>	<u>\$ 149,110</u>

5. Working Capital Advance

Working Capital Advance has been provided to the Agency by the Province of Manitoba. The Province provides the advance for child maintenance expenditures. The advance is non-interest bearing and is repayable at the time that the agency is no longer providing services on behalf of the Department of Family Services and Housing

6. Long Term Debt

	2009	2008
Royal Trust demand mortgage, repayable at \$5,878 monthly including interest at 7.65%, secured by land and building, matures 2021	\$ 566,747	\$ 602,149
Current portion	<u>566,747</u>	<u>602,149</u>
	<u>\$</u>	<u>\$</u>

7. Commitments

The organization leases office equipment under operating leases. Minimum lease payments due in the next five years are as follows:

2009	-	\$ 6,498
2010	-	3,249
2011	-	
2012	-	
2013	-	

Child and Family Services of Western Manitoba

Notes to the Financial Statements

March 31, 2009

8. 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 are 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, 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 entity is not 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 are the result of GST that is refundable. The credit risk is minimal.

9. Capital

The organization considers its capital to be its net assets. The organization's objectives when managing its capital are to safeguard its ability as a going concern so it can continue to provide family services in Western Manitoba. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

10. Economic Dependence

Child and Family Services of Western Manitoba is economically dependent upon the Provincial Government of Manitoba for funding.

Child and Family Services of Western Manitoba Notes to the Financial Statements

March 31, 2009

11. Statement of Cash Flows

A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements. The organization paid \$33,290 (2008 - \$40,865) in interest on long-term debt in the year.

12. Comparative Figures

Certain number of the comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.



Rapport des vérificateurs

L'Assemblée législative du Manitoba
Le Bureau des gouverneurs du **Collège universitaire de Saint-Boniface**

Nous avons vérifié le bilan du **Collège universitaire de Saint-Boniface** au 31 mars 2009 et les états de l'évolution des soldes de fonds, des résultats, et des flux de trésorerie pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction du **Collège universitaire de Saint-Boniface**. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière du **Collège universitaire de Saint-Boniface** au 31 mars 2009, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

BDO Dunwoody s.r.l.

Comptables agréés

Winnipeg (Manitoba)
Le 4 mai 2009

Collège universitaire de Saint-Boniface

Bilan

Au 31 mars	2009	2008
	000 \$	000 \$

Actif

Actif à court terme

Encaisse (note 4)	-	182
Placements à court terme (note 5)	885	2 290
Comptes à recevoir et autres actifs	5 850	5 029
	6 735	7 501

Placements à long terme (note 5)	17 054	16 852
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Immobilisations (note 6)	13 197	12 346
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	36 986	36 699
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Passif et soldes de fonds

Passif à court terme

Découvert bancaire (note 4)	316	-
Comptes à payer et frais courus	3 437	3 557
Revenus reportés	386	406
Contributions reportées (note 7)	1 044	1 121
	5 183	5 084

Engagements (note 9)

Soldes de fonds

Non grevés d'affectations	865	1 284
Affectations d'origine interne (note 10)	8 748	8 709
Investis en immobilisations	13 197	12 346
Fonds de dotation (note 11)	8 993	9 276
	31 803	31 615
	36 986	36 699

Approuvé par le Bureau des gouverneurs du Collège universitaire de Saint-Boniface :

_____ Président

_____ Rectrice

Collège universitaire de Saint-Boniface État de l'évolution des soldes de fonds

Pour l'exercice terminé le 31 mars

	Non grevés d'affectations 000 \$	Affectations d'origine interne (note 10) 000 \$	Investis en immobilisations 000 \$	Fonds de dotation 000 \$	2009 000 \$	2008 000 \$
Solde, au début de l'exercice	1 284	8 709	12 346	9 276	31 615	31 317
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	(150)	-	621	(283)	188	298
Transfert au (du) fonds d'affectation d'origine interne (note 10)						
Revenus - intérêts	(146)	146	-	-	-	-
Projets stratégiques	78	(78)	-	-	-	-
Campagne de levée de fonds/ appariement des dons	29	(29)	-	-	-	-
	(39)	39	-	-	-	-
Virements interfonds						
Achats d'immobilisations	(230)	-	230	-	-	-
Changement net de l'exercice	(419)	39	851	(283)	188	298
Solde, à la fin de l'exercice	865	8 748	13 197	8 993	31 803	31 615

Les notes afférentes font partie intégrante de ces états financiers.

Collège universitaire de Saint-Boniface

État des résultats

Pour l'exercice terminé le 31 mars	2009	2008
	000 \$	000 \$
Revenus		
Subventions		
Provincial	13 415	11 343
Fédéral	5 577	4 804
Droits de scolarité	3 464	3 379
Autres revenus	1 966	1 791
Dons	600	646
Produits financiers	(1 047)	322
	<u>23 975</u>	<u>22 285</u>
Dépenses		
Salaires et avantages sociaux	16 559	15 100
Matériel et autres	4 998	4 725
Amortissement	712	783
Services publics	580	615
Déplacements et conférences	674	521
Bourses et prix	264	243
	<u>23 787</u>	<u>21 987</u>
Excédent des revenus sur les dépenses pour l'exercice	<u>188</u>	<u>298</u>

Collège universitaire de Saint-Boniface

État des flux de trésorerie

Pour l'exercice terminé le 31 mars	2009	2008
	000 \$	000 \$
Flux de trésorerie liés aux activités d'exploitation		
Excédent des revenus sur dépenses pour l'exercice	188	298
Éléments hors caisse		
Amortissement des immobilisations	712	783
	900	1 081
Variations d'éléments du fonds de roulement		
Comptes à recevoir et autres actifs	(821)	(985)
Comptes à payer et frais courus	(120)	(106)
Revenus reportés	(20)	(117)
Contributions reportées	(77)	143
	(138)	16
Flux de trésorerie liés aux activités d'investissement		
Achats d'immobilisations	(1 563)	(574)
Diminution des placements	1 203	784
	(360)	210
Augmentation (diminution) nette	(498)	226
Encaisse (découvert bancaire), au début de l'exercice	182	(44)
Encaisse (découvert bancaire), à la fin de l'exercice	(316)	182

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

1. Autorité et objectifs

Le **Collège universitaire de Saint-Boniface** (CUSB) est constitué en corporation dans la province du Manitoba depuis 1871. Le CUSB est régi par son Bureau des gouverneurs sous l'autorité de la *Loi sur le Collège universitaire de Saint-Boniface*, C.P.L.M. cC150.2.

Le CUSB est un organisme de bienfaisance enregistré et bénéficie à ce titre de l'exonération d'impôt sur le revenu prévue à l'article 149 de la *Loi de l'impôt sur le revenu*.

Le capital du CUSB est composé des fonds suivants : fonds non grevés d'affectations; fonds d'affectations d'origine interne; fonds investis en immobilisations; et fonds de dotation. Il n'y a eu aucun changement à ce que le CUSB considère être son capital depuis l'année précédente.

Le CUSB a pour objectifs de répondre aux besoins éducatifs des collectivités francophones du Manitoba et du Canada et de favoriser leur mieux-être sur les plans linguistique, culturel, économique et social. Pour atteindre ces objectifs, il offre, en français, une vaste gamme de possibilités en matière d'éducation et de recherche.

Le CUSB gère son capital afin de s'assurer qu'il maintient les ressources nécessaires pour satisfaire ses objectifs. Le CUSB veille aussi à maintenir les ressources nécessaires pour satisfaire ses obligations telles que les dépenses générales et administratives, les réparations majeures et l'achat des immobilisations requises.

2. Modification des conventions comptables

Le 1^{er} avril 2008, le CUSB a adopté une condition du chapitre 1535 du manuel de l'ICCA, « Gestion du capital », qui exige la divulgation des objectifs, des politiques et des processus appliqués par le CUSB pour gérer ses actifs nets. (Voir les notes 1 et 11)

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées

Méthode de comptabilité

Les présents états financiers ont été dressés conformément aux principes comptables généralement reconnus du Canada. Le CUSB a adopté la méthode de comptabilité par fonds, et a comptabilisé les apports selon la méthode de comptabilité par fonds affectés. Les apports affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel les dépenses relatives sont engagées. Les apports non affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel ils sont reçus.

Il existe trois fonds principaux au CUSB : le Fonds de fonctionnement général, le Fonds de dotation et le Fonds des immobilisations.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées (suivi)

Méthode de comptabilité (suivi)

Fonds de fonctionnement général

Le Fonds de fonctionnement général couvre la prestation des programmes et les activités administratives. Il est constitué des ressources non affectées et des subventions de fonctionnement affectées. Il s'étend notamment aux opérations et aux activités suivantes :

- Secteur universitaire;
- École technique et professionnelle;
- Éducation permanente;
- Institut Joseph-Dubuc;
- Centre de recherche qui comprend le Centre d'études franco-canadiennes de l'Ouest et les apports affectés à la recherche;
- Fonds administratif qui comprend des projets spéciaux et certaines opérations administratives, soit les activités relatives à l'informatique et aux résidences ainsi qu'à des fins particulières autres que l'acquisition et le développement d'immobilisations;
- Les affectations d'origine interne.

Fonds de dotation

Le Fonds de dotation est constitué des apports destinés par exemple aux bourses et prix pour les étudiants et étudiantes. Les produits financiers générés par ces ressources sont comptabilisés dans le Fonds de dotation.

Fonds des immobilisations

Le Fonds des immobilisations représente les actifs nets du CUSB qui ne sont pas disponibles pour d'autres buts parce qu'ils ont été investis en immobilisations.

Immobilisations

Les immobilisations acquises par le CUSB sont comptabilisées au coût, alors que celles qui sont reçues en dons sont comptabilisées à leur juste valeur marchande à la date du don. Les immobilisations font l'objet d'un amortissement linéaire en fonction de leur durée de vie utile estimative, laquelle est établie comme suit :

Immeubles et améliorations	60 ans
Équipement et ameublement	10 ans
Équipement informatique et logiciels	5 ans

L'amortissement est comptabilisé dans le Fonds des immobilisations.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées (suivi)

Les acquisitions relatives à la bibliothèque (livres, périodiques, vidéodisques numériques, disques compacts, etc.) sont cataloguées et imputées à l'exercice au cours duquel ces acquisitions ont lieu. La collection de livres rares, dont la plupart constituent des dons, est inventoriée et assurée; toutefois, ces livres rares ne sont ni comptabilisés à titre d'immobilisations ni amortis. Une évaluation de la valeur des collections n'est pas disponible.

Le CUSB reçoit quelquefois des dons en nature qui sont comptabilisés à leur juste valeur lorsque celle-ci peut faire l'objet d'une estimation raisonnable. Toutefois, ces dons en nature ne sont pas amortis. La valeur des dons reçus en nature au cours de l'exercice terminé le 31 mars 2009 a été d'environ 13 000 \$, et la valeur de ceux qui ont été reçus antérieurement n'a pas été jugée significative.

Inventaires

Les achats de fournitures sont imputés à l'exercice au cours duquel ces achats ont lieu, et la valeur des inventaires à la fin de l'exercice n'est pas comptabilisée, car elle est jugée négligeable. Le CUSB n'exploite pas de librairie, et ses services alimentaires sont donnés à contrat au secteur privé.

Instruments financiers

Les instruments financiers du CUSB comprennent l'encaisse, les placements, les comptes à recevoir, le découvert bancaire, les comptes à payer et les frais courus.

Les justes valeurs de l'encaisse ou découvert bancaire, des comptes à recevoir et des comptes à payer et frais courus se rapprochent de leurs valeurs comptables en raison des échéances à court terme de ces instruments.

Les justes valeurs des placements à court terme et à long terme sont estimées soit d'après le cours du marché pour des émissions similaires, soit d'après le taux actuel prévu pour des dettes similaires garanties par le gouvernement, de même échéance.

Le CUSB classe ses instruments financiers comme suit :

- L'encaisse et les placements à court et à long termes sont classés comme actifs financiers détenus à des fins de transactions et sont reportés au bilan à la juste valeur avec les intérêts, les dividendes, les gains et les pertes réalisés et non réalisés comptabilisés sous la rubrique « Produits financiers » dans l'état des résultats.
- Les comptes à recevoir sont classés comme prêts et créances. Ces instruments financiers sont comptabilisés à leur coût.
- Le découvert bancaire et les comptes à payer et frais courus sont classés comme autres passifs financiers. Ces passifs financiers sont comptabilisés à leur coût amorti.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées (suivi)

Les coûts des transactions liées aux instruments financiers sont portés aux dépenses à mesure qu'ils sont engagés selon leur date de transaction.

Le CUSB n'a fait l'acquisition d'aucun produit financier dérivé, que ce soit à titre d'instruments de couverture des risques de change ou de taux d'intérêt ou pour gérer les positions de change.

Conversion de devises étrangères

Les montants relatifs à l'achat et à la vente de placements ainsi qu'aux revenus de dividendes et intérêts dans une devise étrangère sont convertis en dollars canadiens au taux de change en vigueur à la fin de l'année. Les actifs et les passifs monétaires détenus dans une devise étrangère sont convertis en dollars canadiens au taux de change en vigueur à la fin de l'année. Les pertes ou les gains réalisés ou non réalisés sur des placements détenus dans une devise étrangère sont comptabilisés sous la rubrique « Produits financiers » dans l'état des résultats.

Constatation des revenus

Les apports affectés au fonctionnement général sont comptabilisés dans le Fonds de fonctionnement général, à titre de revenus pour l'exercice financier au cours duquel les dépenses visées ont été engagées ou, selon le cas, au cours duquel l'activité ou le projet visé a pris fin. Tous les autres apports affectés sont comptabilisés à titre de revenus soit du Fonds de dotation, soit du Fonds d'immobilisations, selon le cas.

Les apports non affectés sont comptabilisés dans le Fonds de fonctionnement général à titre de revenus pour l'exercice financier au cours duquel ils ont été reçus.

Les apports destinés à la dotation sont comptabilisés à titre de revenus du Fonds de dotation. Quant aux produits financiers générés par les ressources du Fonds de dotation, peu importe que ceux-ci aient été affectés ou non, ils sont comptabilisés à titre de revenus du Fonds de dotation.

Tous les autres produits financiers qui ne sont pas générés par les ressources du Fonds de dotation sont comptabilisés à titre de revenus du Fonds de fonctionnement général.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées (suivi)

Fonds grevés d'affectations d'origine interne

Le Bureau des gouverneurs a établi des provisions pour divers besoins, situations et événements connus et imprévus. Ces provisions résultent de transferts de fonds non affectés du Fonds de fonctionnement général.

Chaque année, le Bureau décide de majorer ces provisions ou d'y effectuer des retraits. Une politique du Bureau régit la procédure relative à l'établissement, à la majoration et à la suppression de telles provisions et aux retraits qui en sont faits.

Main-d'œuvre bénévole

Des bénévoles consacrent chaque année des centaines d'heures à collaborer aux programmes et aux activités du CUSB. Les états financiers n'en rendent pas compte, car malgré la valeur considérable de ce travail bénévole, il est très difficile d'en établir la juste valeur marchande.

Emploi des estimations

Selon les principes comptables généralement reconnus du Canada, la préparation des états financiers exige que la direction établisse des estimations et formule des hypothèses qui affectent la valeur de l'actif et du passif en date des états financiers, et la valeur des revenus et des dépenses de l'exercice en cours. Les résultats réels pourraient différer des meilleures estimations faites par la direction, au fur et à mesure que des informations supplémentaires seront disponibles.

Nouvelles prises de position en comptabilité

Les nouvelles prises de position en comptabilité qui ont été publiées mais qui ne sont pas encore en vigueur et qui ont une conséquence possible pour le CUSB sont les suivantes :

Fondements conceptuels des états financiers

Le chapitre 1000 du manuel de l'ICCA, Fondements conceptuels des états financiers, a été modifié afin de mettre l'accent sur la capitalisation des coûts qui répondent réellement à la définition d'un actif au lieu de se focaliser sur le principe de rapprochement des revenus et des dépenses.

Ces modifications entrent en vigueur pour les exercices débutant à partir du 1^{er} octobre 2008. L'incidence de ces nouvelles normes sur les états financiers du CUSB reste à déterminer.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

3. Sommaire des principales politiques comptables et des méthodes de présentation utilisées (suivi)

Instruments financiers - Informations à fournir et présentation

Le 15 octobre 2008, l'ICCA a reporté indéfiniment, pour les organismes sans but lucratif, l'application de nouvelles normes traitant certaines informations et présentations d'instruments financiers. L'application de ces normes doit permettre aux utilisateurs et aux utilisatrices des états financiers de comprendre l'importance et l'effet des instruments financiers sur la situation financière, la performance et les flux de trésorerie de l'organisation. Le CUSB a choisi de reporter l'application de ces normes.

En décembre 2008, le Conseil des normes comptables (CNC) et le Conseil sur la comptabilité dans le secteur public (CCSP) ont publié conjointement un appel à commentaires pour solliciter des commentaires sur l'avenir de l'information financière des organismes sans but lucratif (OSBL). Les deux Conseils étudient la possibilité que les OSBL suivent les Normes internationales d'information financière (IFRS), les normes relatives aux entreprises à capital fermé ou les normes du secteur public. Jusqu'à ce qu'une stratégie soit déterminée et en vigueur, les OSBL continueront à appliquer les normes comptables courantes.

Le CUSB continue à suivre les développements dans ces domaines et à évaluer les implications des changements potentiels des normes de l'information financière.

Présentation des états financiers des organismes sans but lucratif

Le chapitre 4400 du manuel de l'ICCA, « Présentation des états financiers des organismes sans but lucratif », a été modifié :

- afin d'éliminer l'obligation de traiter les actifs nets investis en immobilisations comme un composant séparé des soldes de fonds. Maintenant, les organismes sans but lucratif peuvent présenter ces montants comme un composant séparé des soldes de fonds, s'ils le désirent;
- afin de clarifier que les revenus et les dépenses doivent être identifiés et présentés sur une base brute quand une organisation sans but lucratif agit en tant que principal dans les transactions;
- pour rendre le chapitre 1540, « États des flux de trésorerie », applicable aux organismes sans but lucratif; et
- pour rendre le chapitre 1751, « États financiers intermédiaires », applicable aux organismes sans but lucratif qui préparent des états financiers intermédiaires selon les principes comptables généralement reconnus.

Ces normes entrent en vigueur pour les années fiscales commençant à partir du 1^{er} avril 2009. L'incidence de ces nouvelles normes sur les états financiers reste à être déterminée.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

4. Découvert bancaire

Le découvert bancaire en date du 31 mars 2009 est de 316 000 \$ en raison des chèques en circulation. Le CUSB dispose d'une marge de crédit d'un montant autorisé de 3 000 000 \$ portant des intérêts au taux préférentiel plus 0,25 %. Le CUSB n'utilise pas sa marge de crédit en date du 31 mars 2009.

5. Placements

	2009	2008
	000 \$	000 \$
À court terme		
Encaisse et titres à revenus fixes à court terme	885	2 290
À long terme		
Titres à revenus fixes à long terme	11 871	11 366
Actions canadiennes	3 096	3 083
Actions américaines	1 099	1 213
Actions étrangères	976	1 178
Autres	12	12
	17 054	16 852
	17 939	19 142

Les titres à revenus fixes à long terme portent des intérêts variant de 4 % à 10 % (de 4 % à 10 % en l'année 2008) et venant à échéance entre le 19 mai 2010 et le 31 décembre 2053 (le 15 juin 2009 et le 31 décembre 2053 en l'année 2008).

6. Immobilisations

			2009	2008
	Coût	Amortissement cumulé	Valeur comptable nette	Valeur comptable nette
	000 \$	000 \$	000 \$	000 \$
Immeubles et améliorations	18 640	7 747	10 893	9 952
Équipement et ameublements	5 138	3 276	1 862	1 950
Équipement informatique et logiciels	5 982	5 540	442	444
	29 760	16 563	13 197	12 346

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

7. Contributions reportées

Les contributions reportées sont constituées des apports qui ont été reçus aux fins d'activités et de projets particuliers, et des affectations d'origine externe qui n'ont pas encore été dépensées. Le tableau ci-dessous présente sommairement l'évolution des contributions reportées :

	2009	2008
	000 \$	000 \$
Solde, au début de l'exercice	1 121	978
Apports reçus	2 000	970
Virements aux revenus	(2 077)	(827)
Changement net de l'exercice	(77)	143
Solde, à la fin de l'exercice	1 044	1 121

8. Obligations relatives aux avantages sociaux et au régime de pension des employés

Les obligations relatives aux avantages sociaux futurs, sauf le régime de pension, se rapportent à l'assurance vie et invalidité et à l'assurance médicale et dentaire des employés. Il s'agit de régimes d'assurance privés dont les primes sont assumées conjointement par le CUSB et ses employés. Le CUSB administre en outre son propre régime d'assurance invalidité de courte durée, dont il assume les frais à titre de congés pour cause de maladie ou d'accident. Les dépenses relatives aux congés sabbatiques et d'étude du personnel enseignant sont comptabilisées dans l'exercice au cours duquel ces congés sont pris. Le CUSB comptabilise les congés annuels à venir de tous les membres de son personnel, ainsi que les congés administratifs.

Le régime de pension du CUSB est un régime à cotisations déterminées, et les cotisations patronales qu'il y verse constituent sa seule obligation, car il n'encourt aucune responsabilité quant au rendement des placements effectués dans le cadre du régime.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

9. Engagements

Location d'équipement

Le CUSB est locataire de pièces d'équipement inhérentes à ses activités. Les dates d'expiration des contrats de location visés s'échelonnent sur les cinq prochains exercices financiers. Les loyers ainsi exigibles s'élèvent à moins de 80 000 \$ par année.

Autoassurance

Le CUSB est membre du Mécanisme d'assurance réciproque pour les universités canadiennes (CURIE), une coopérative d'autoassurance qui comprend au-delà de quarante universités et collèges canadiens. CURIE assure les dommages à la propriété, la responsabilité civile et les risques d'erreur et d'omission. Si les primes perçues et les réserves cumulées sont insuffisantes pour couvrir les dépenses et les réclamations des membres, le CUSB pourrait se voir dans l'obligation de payer des sommes additionnelles.

10. Soldes des fonds d'affectations d'origine interne

	Début de l'exercice	Opérations majorations	Retraits	Fin de l'exercice
	000 \$	000 \$	000 \$	000 \$
Bourses et prix	2 207	38	-	2 245
Campagne de levée de fonds/ appariement des dons	1 101	17	(29)	1 089
Projets stratégiques	1 256	20	(78)	1 198
Projets d'immobilisations importantes	1 704	29	-	1 733
Financement de transition de programmes et de services	2 441	42	-	2 483
	8 709	146	(107)	8 748

Selon la politique en vigueur, les fonds d'affectations d'origine interne portent l'intérêt au taux annuel de l'indice des prix à la consommation de 1,7 % (1,6 % en 2007-2008). Cette mesure vise à protéger les soldes contre les effets de l'inflation.

Les fonds d'affectations d'origine interne comprennent des soldes de fonds non affectés du Fonds de fonctionnement général qui font l'objet d'une affectation d'origine interne par le Bureau des gouverneurs.

Les principales catégories et la nature des affectations d'origine interne sont les suivantes :

Bourses et prix - les produits financiers générés par le solde de ce fonds sont destinés à augmenter le montant annuellement disponible pour l'attribution des bourses aux étudiants et aux étudiantes qui proviennent des fonds d'affectations d'origine externe du Fonds de dotation ainsi que des subventions et des dons annuels.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

10. Soldes des fonds d'affectations d'origine interne (suivi)

Campagne de levée de fonds/appariement des dons - ces fonds sont prévus pour suppléer, au besoin, aux ressources disponibles, dans le cadre de l'organisation d'une importante campagne de financement et au programme d'appariement de dons et de contributions.

Projets stratégiques - ces fonds sont destinés à combler la différence entre les montants requis et les ressources disponibles dans le but de compléter des projets ou d'entamer des projets de nature stratégique mais de courte durée. Quoique non exhaustives, les catégories de projets suivantes ont été retenues :

- a) recherche : les fonds destinés à suppléer au Fonds de fonctionnement général pour effectuer les projets de recherche entrepris par les professeurs et les professeures;
- b) bibliothèque : les fonds destinés à suppléer au Fonds de fonctionnement général pour l'achat de matériel documentaire nécessaire dans le but d'appuyer l'enseignement et la recherche;
- c) recrutement, marketing, encadrement de la clientèle étudiante, soutien linguistique, programme de sécurité et autres projets de fonctionnement : les fonds destinés à suppléer, de façon ponctuelle, aux besoins de base dans une situation où les ressources disponibles sont insuffisantes.

Projets d'immobilisations importantes - ces fonds sont destinés au financement des étapes préliminaires de projets d'agrandissement des espaces physiques du CUSB, à la contribution d'une partie des coûts en capital d'un projet ou à l'acquisition de futures immobilisations.

Financement de transition de programmes et de services - ces fonds sont destinés au maintien de certains programmes ou services pour une période de courte durée, touchés par une baisse dans le financement accordé par les gouvernements ou un retrait partiel ou total d'un financement donné.

11. Fonds de dotation

Le Fonds de dotation est considéré comme étant totalement constitué d'affectations d'origine externe et est destiné à l'attribution de bourses et de prix aux étudiants et aux étudiantes. Le Fonds de dotation comprend les dons qui font l'objet d'une affectation d'origine externe et dont le don principal doit être maintenu à perpétuité. Le revenu de placement généré par le Fonds de dotation doit être utilisé en accord avec les diverses intentions exprimées par les donateurs.

Dans le cadre de ses responsabilités fiduciaires, le CUSB s'assure que tous les fonds accompagnés de restrictions qui ont été reçus sont dépensés aux fins pour lesquels ils ont été donnés. Le CUSB a établi une politique visant à protéger la valeur réelle des fonds de dotation. Le montant du revenu pouvant être dépensé est limité et un montant est ajouté pour la préservation du capital.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

12. Gestion des risques financiers

Le CUSB, dans le cours normal de ses activités, est exposé à différents risques, notamment le risque de crédit, du marché et des variations aux taux d'échange. L'objectif du CUSB en matière de gestion des risques est de favoriser l'optimisation du rapport risque-rendement, à l'intérieur de limites définies, en appliquant des stratégies, des politiques ainsi que des processus de gestion et de contrôle des risques intégrés à l'ensemble des activités du CUSB.

Risque de crédit

Le risque de crédit est le risque de perte couru par le CUSB lorsqu'une contrepartie à un instrument financier ne réussit pas à respecter ses obligations contractuelles. Le CUSB est exposé principalement au risque de crédit au niveau des placements et des comptes à recevoir.

L'exposition maximale du CUSB au risque de crédit, qui ne tient compte d'aucune garantie ni d'autres améliorations des termes de crédit, est la suivante :

	2009	2008
	000 \$	000 \$
Placements	17 939	19 142
Comptes à recevoir - inscriptions et autres	493	418
Comptes à recevoir - subventions	5 193	4 488
	23 625	24 048

Il y a concentration du risque au niveau des placements lorsqu'une portion importante du portefeuille est constituée de placements dans des valeurs présentant des caractéristiques semblables ou sensibles aux mêmes facteurs économiques, politiques ou autres. Les énoncés de la politique et des procédures de placements du CUSB, qui sont revus chaque année, spécifient les placements admissibles ainsi que les lignes directrices et les restrictions concernant chaque catégorie de placements admissibles, de manière à réduire le risque. Le CUSB contrôle la santé financière de ses placements de manière continue avec l'aide de son comité de finances, son sous-comité de placements et de ses conseillers en placements.

Le CUSB n'est pas exposé au risque de crédit significatif pour les comptes à recevoir – subventions parce qu'ils sont principalement recevables du gouvernement.

Le CUSB n'est pas exposé au risque de crédit significatif puisque les comptes à recevoir – inscriptions et autres viennent d'une grande base de clients et le paiement est typiquement entièrement acquitté lorsqu'il est dû. Le CUSB a établi une provision pour créances douteuses qui représente son évaluation des pertes de crédit potentielles. La provision pour créances douteuses est fondée sur les évaluations et les hypothèses de la gestion concernant les conditions de marché courantes, l'analyse des clients et les tendances historiques de paiement.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers

Au 31 mars 2009

12. Gestion des risques financiers (suivi)

Risque du marché

Le risque du marché correspond au risque de variation de la juste valeur d'instruments financiers découlant d'une fluctuation des paramètres affectant cette valeur, notamment les taux d'intérêt, les taux de change et leur volatilité.

Les titres négociables détenus par le CUSB sont soumis aux risques du marché. La valeur de ces instruments financiers fluctuera selon l'évolution des cours du marché ou des facteurs influant sur la valeur des placements qui les sous-tendent, tels que les taux d'intérêt, l'indice des prix à la consommation, l'incertitude économique, les modifications législatives, et la conjoncture politique à l'échelle nationale et internationale.

Risque de change

Les fluctuations de la valeur du dollar canadien par rapport aux devises étrangères se répercuteront sur la valeur, en dollars canadiens, de tout titre négociable détenu par le CUSB. Ces fluctuations pourraient réduire, voire effacer, tout rendement obtenu sur des titres étrangers. La position de change pourrait accroître la volatilité des investissements étrangers par rapport aux investissements canadiens.

13. Chiffres comparatifs

Certains chiffres de l'année précédente ont été modifiés afin de refléter les changements apportés à la présentation de l'année courante.

Collège universitaire de Saint-Boniface

Cédula détaillée du bilan par fonds

Au 31 mars

	Fonctionnement général 000 \$	Immobilisations 000 \$	Dotation 000 \$	2009 000 \$	2008 000 \$
Actif					
Actif à court terme					
Encaisse (note 4)	-	-	-	-	182
Placements à court terme (note 5)	784	-	101	885	2 290
Comptes à recevoir et autres actifs	5 726	-	124	5 850	5 029
	6 510	-	225	6 735	7 501
 Placements (note 5)	 8 984	 -	 8 070	 17 054	 16 852
 Immobilisations (note 6)	 -	 13 197	 -	 13 197	 12 346
 Interfonds	 (698)	 -	 698	 -	 -
	14 796	13 197	8 993	36 986	36 699
Passif et soldes de fonds					
Passif à court terme					
Découvert bancaire (note 4)	316	-	-	316	-
Comptes à payer et frais courus	3 437	-	-	3 437	3 557
Revenus reportés	386	-	-	386	406
Contributions reportées (note 7)	1 044	-	-	1 044	1 121
	5 183	-	-	5 183	5 084
 Engagements (note 9)					
 Soldes de fonds					
Non grevés d'affectations	865	-	-	865	1 284
Affectations d'origine interne (note 10)	8 748	-	-	8 748	8 709
Investis en immobilisations	-	13 197	-	13 197	12 346
Fonds de dotation (note 11)	-	-	8 993	8 993	9 276
	9 613	13 197	8 993	31 803	31 615
	14 796	13 197	8 993	36 986	36 699

Collège universitaire de Saint-Boniface

Cédula détaillée des résultats par fonds

Pour l'exercice terminé le 31 mars

	Fonctionnement				
	général	Immobilisations	Dotation	2009	2008
	000 \$	000 \$	000 \$	000 \$	000 \$
Revenus					
Subventions					
Provincial	12 372	1 043	-	13 415	11 343
Fédéral	5 287	290	-	5 577	4 804
Droits de scolarité	3 464	-	-	3 464	3 379
Autres revenus	1 951	-	15	1 966	1 791
Dons	-	-	600	600	646
Produits financiers	(453)	-	(594)	(1 047)	322
	<u>22 621</u>	<u>1 333</u>	<u>21</u>	<u>23 975</u>	<u>22 285</u>
Dépenses					
Salaires et avantages sociaux	16 559	-	-	16 559	15 100
Matériel et autres	4 876	-	122	4 998	4 725
Amortissement	-	712	-	712	783
Services publics	580	-	-	580	615
Déplacements et conférences	668	-	6	674	521
Bourses et prix	88	-	176	264	243
	<u>22 771</u>	<u>712</u>	<u>304</u>	<u>23 787</u>	<u>21 987</u>
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	(150)	621	(283)	188	298

Collège universitaire de Saint-Boniface
Cédula détaillée des résultats du fonds de fonctionnement général

Pour l'exercice terminé le 31 mars

	Universitaire 000 \$	École technique et professionnelle 000 \$	Éducation permanente 000 \$	Fonds administratif 000 \$	Institut Joseph- Dubuc 000 \$	Centre de recherche 000 \$	2009 000 \$	2008 000 \$
Revenus								
Subventions								
Provincial	8 109	3 048	70	1 145	-	-	12 372	11 329
Fédéral	943	479	204	2 781	466	414	5 287	4 588
Droits de scolarité	2 290	583	543	48	-	-	3 464	3 379
Autres revenus	248	57	739	744	92	71	1 951	1 785
Produits financiers	-	-	-	(453)	-	-	(453)	223
	11 590	4 167	1 556	4 265	558	485	22 621	21 304
Dépenses								
Salaires et avantages sociaux	9 409	3 520	1 337	2 016	86	191	16 559	15 100
Matériel et autres	1 872	556	192	1 644	355	257	4 876	4 563
Services publics	302	60	12	206	-	-	580	615
Déplacements et conférences	195	89	66	151	117	50	668	521
Bourses et prix	64	27	-	(3)	-	-	88	64
	11 842	4 252	1 607	4 014	558	498	22 771	20 863
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	(252)	(85)	(51)	251	-	(13)	(150)	441



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télocopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

**To the Directors of
COMMUNITIES ECONOMIC DEVELOPMENT FUND**

We have audited the statement of financial position of the **COMMUNITIES ECONOMIC DEVELOPMENT FUND** as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 14, 2009

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Financial Position

March 31 **2009** 2008

Assets

Current Assets

Cash	\$ 138,765	\$ 266,042
Trust deposits - Province of Manitoba	513,295	281,197
Due from the Province of Manitoba (Note 3)	2,350,535	1,970,351
Accounts receivable	124,393	55,611
Property held for resale	4,425	4,513
Prepaid expenses	4,361	4,707

3,135,774 2,582,421

Loans receivable (Note 4) **20,755,975** 21,261,404

Capital assets (Note 5) **1,088,355** 105,638

\$ 24,980,104 **\$ 23,949,463**

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 487,631	\$ 717,741
Interest payable to the Province of Manitoba	525,352	512,697

1,012,983 1,230,438

Commitments (Note 6)

Accrued pension liability **1,994,336** 1,895,420

Advance by the Province of Manitoba (Note 7) **21,972,785** 20,823,605

\$ 24,980,104 **\$ 23,949,463**

Approved on behalf of the Board:

_____ Director

_____ Director

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Loan interest		
TEAM	\$ -	\$ 136
Business program	755,523	771,127
Fisheries program	1,097,595	1,243,137
Investment income	48,358	52,086
	<u>1,901,476</u>	<u>2,066,486</u>
Cost of Funds		
Interest paid to the Province of Manitoba		
Business program	573,726	530,052
Life insurance	79,933	77,924
Trust line of credit	68,817	107,596
Fisheries program	549,071	616,693
Other	-	13,001
	<u>1,271,547</u>	<u>1,345,266</u>
Gross margin	629,929	721,220
Operating expenditures (Page 17)	<u>1,972,644</u>	<u>1,629,197</u>
	(1,342,715)	(907,977)
Other income - administration fees	<u>108,992</u>	<u>100,414</u>
Deficiency of revenue over expenditures before provision for doubtful loans	(1,233,723)	(807,563)
Provision for doubtful loans - regular operations	<u>280,832</u>	<u>706,893</u>
Deficiency of revenue over expenditures before subsidy due from the Province of Manitoba	(1,514,555)	(1,514,456)
Subsidy due from the Province of Manitoba	<u>1,514,555</u>	<u>1,514,456</u>
Excess of revenue over expenditures for the year	<u>\$ -</u>	<u>\$ -</u>

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Deficiency before subsidy	\$ (1,514,555)	\$ (1,514,456)
Adjustments for		
Amortization of capital assets	8,316	6,019
Provision for doubtful loans	280,832	706,893
	<u>(1,225,407)</u>	<u>(801,544)</u>
Accounts receivable	(68,782)	50,683
Accrued interest receivable	(51,748)	(61,419)
Prepaid expenses	346	9,283
Accounts payable	(230,110)	(345,427)
Accrued interest payable	12,655	107,499
Accrued pension liability	98,916	129,824
	<u>(1,464,130)</u>	<u>(911,101)</u>
Cash Flows from Financing Activities		
(Increase) decrease - Due from the Province of Manitoba	(380,184)	134,552
Increase (decrease) - Advance by the Province of Manitoba	1,149,180	(213,702)
Subsidy - Province of Manitoba	1,514,555	1,514,456
	<u>2,283,551</u>	<u>1,435,306</u>
Cash Flows from Investing Activities		
Loans receivable, net of repayments	549,599	(239,977)
Purchase/construction of capital assets	(1,032,189)	(96,822)
Property held for resale	88	366
Trust deposits	(232,098)	(273,571)
	<u>(714,600)</u>	<u>(610,004)</u>
Net increase (decrease) in cash and cash equivalents	104,821	(85,799)
Cash and cash equivalents, beginning of year	547,239	633,038
Cash and cash equivalents, end of year	\$ 652,060	\$ 547,239
Represented by		
Cash	\$ 138,765	\$ 266,042
Trust deposits - Province of Manitoba	513,295	281,197
	<u>\$ 652,060</u>	<u>\$ 547,239</u>
Supplementary Information		
Interest paid	\$ (1,197,282)	\$ (1,199,851)
Interest received	1,800,738	2,180,387

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2009

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Financial Instruments

The Fund recognizes and measures financial assets and financial liabilities on the Statement of Financial Position when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, loans and receivables, held-to-maturity, available for sale or other financial liabilities.

Transaction costs for financial instruments are capitalized and then amortized over the term of the instrument using the effective interest rate method.

The corporation classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

<u>Assets/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Trust deposits	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Due to/from related parties	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments (continued)

- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment. Loans considered uncollectible are written-off. Recoveries on loans previously written-off are taken into income. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.

Allowance for Doubtful Loans

Business Loan 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 Loan 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.

Revenue Recognition

Interest on loans is recorded as income on an accrual basis except for loans which are 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 of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2009

Pension Expense and Obligation

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 Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. The current pension expense 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 actuarially every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent actuarial valuation as at December 31, 2007 indicated the accrued liability is in line with the obligation forecast in the report.

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.

The total liability as at March 31, 2009 amounts to \$1,994,336 (2008 - \$1,895,420).

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%

Future Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Fund, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Fund is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2009

Future Accounting

Pronouncements (continued) Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Fund is currently assessing the impact of the new standard.

Disclosure of Related Party Transactions by Not-for-Profit Organizations

Section 4460 has been amended to make the language in Section 4460 consistent with related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Fund is currently assessing the impact of the new standard.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

1. Nature of the Fund

The Communities Economic Development 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 objective of the Fund was set to encourage economic development in Northern Manitoba, to act as a lending authority in the fishing industry in the Province of Manitoba and to provide financial assistance to Aboriginal people in the Province outside the City of Winnipeg. The Business and Fisheries Loan Programs are administered under the C.E.D.F. Act.

2. Change in Accounting Policy

On April 1, 2008, the Fund adopted Section 1535, "Capital Disclosures". This Section requires that an entity disclose information that enables the users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosure of any externally imposed capital requirements and the consequences of non-compliance. The adoption of this Section required that information on capital management be included in the notes to the financial statements. This disclosure has been made in Note 12, Capital Management.

3. Due from the Province of Manitoba

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of \$2,350,535 (2008 - \$1,970,351) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	<u>2009</u>	<u>2008</u>
Department of Aboriginal and Northern Affairs		
Subsidy (refundable)	\$ 188,429	\$ (248,032)
Order in Council pending	107,281	258,244
Pension (unfunded)	1,973,284	1,876,021
Pension (funded)	16,141	18,718
Severance accrual (unfunded)	65,400	65,400
	<u>\$ 2,350,535</u>	<u>\$ 1,970,351</u>

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

4. Loans Receivable

	2009	2008
Business Loan Program		
- Interest rates applied range from 4.125% to 5.5%		
Principal	\$ 11,189,982	\$ 11,849,346
Accrued interest	793,581	700,878
	11,983,563	12,550,224
Allowance for doubtful loans (Note 8)	2,050,981	2,019,245
	9,932,582	10,530,979
Fisheries Loan Program		
- Interest rates applied range from 4.125% to 5.25%		
Principal	12,904,372	12,665,450
Accrued interest	1,050,348	1,091,302
	13,954,720	13,756,752
Allowance for doubtful loans (Note 8)	3,131,327	3,026,327
	10,823,393	10,730,425
	\$ 20,755,975	\$ 21,261,404

The following schedule provides the gross amount of loans together with the loan allowances:

	Gross Loan Balances	2009 Total Allowance	Gross Loan Balances	2008 Total Allowance
Business Loan Program				
Impaired	\$ 2,340,180	\$ 1,607,266	\$ 2,340,180	\$ 1,571,687
Performing	9,643,381	443,715	10,210,042	447,558
	\$ 11,983,561	\$ 2,050,981	\$ 12,550,222	\$ 2,019,245
Fisheries Loan Program				
Impaired	\$ 3,131,327	\$ 3,131,327	\$ 3,026,327	\$ 3,026,327
Performing	10,823,393	-	10,730,425	-
	\$ 13,954,720	\$ 3,131,327	\$ 13,756,752	\$ 3,026,327

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

5. Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 148,640	\$ 115,847	\$ 32,793	\$ 13,156
Building	931,236	4,656	926,580	-
Land	92,482	-	92,482	92,482
Parking Lot	73,000	36,500	36,500	-
Total	\$ 1,245,358	\$ 157,003	\$ 1,088,355	\$ 105,638

6. Commitments

Loan Commitments

	2009	2008
Undisbursed balance of approved loans	\$ 1,578,621	\$ 467,280

7. Advance by the Province of Manitoba

	2009	2008
Business Loan Program (Note 9)	\$ 11,261,380	\$ 10,705,422
Fisheries Loan Program (Note 9)	9,711,405	10,118,183
Building mortgage	1,000,000	-
	\$ 21,972,785	\$ 20,823,605

The Fund obtains capital 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. 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 3/4%. At year end, the Fund's instruments bore rates ranging from 4.10% to 5.75% with a weighted cost of capital of 4.56%.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

8. Allowance for Doubtful Loans

The change in the allowance is accounted for as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Specific</u>	<u>Non-Specific</u>	<u>Total</u>	<u>Total</u>
Business Loan Program				
Balance, beginning of year	\$ 1,571,687	\$ 447,558	\$ 2,019,245	\$ 1,739,027
Provision for the year	<u>179,675</u>	<u>(3,843)</u>	<u>175,832</u>	<u>706,893</u>
	1,751,362	443,715	2,195,077	2,445,920
Loans written-off	<u>(144,096)</u>	<u>-</u>	<u>(144,096)</u>	<u>(426,675)</u>
Balance, end of year	<u>\$ 1,607,266</u>	<u>\$ 443,715</u>	<u>\$ 2,050,981</u>	<u>\$ 2,019,245</u>

Fisheries Loan Program

Balance, beginning of year	\$ 3,026,327	\$ 3,140,168
Provision for the year	<u>105,000</u>	<u>-</u>
	3,131,327	3,140,168
Loans written-off	<u>-</u>	<u>(113,841)</u>
Balance, end of year	<u>\$ 3,131,327</u>	<u>\$ 3,026,327</u>

The provision for fish loan losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2009 by \$374,081 (2008 - \$266,810).

	<u>2009</u>	<u>2008</u>
Loan Loss Provision		
Per accounts	\$ 3,131,327	\$ 3,026,327
Per net present value calculation	<u>(2,757,246)</u>	<u>(2,759,517)</u>
	<u>\$ 374,081</u>	<u>\$ 266,810</u>

The commercial fishing industry is cyclical in nature and as a result, no adjustment has been made to the loan loss provision as at March 31, 2009.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

9. Loan Programs

Business Loan Program

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, 2008". The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

Advances from the Business Loans Program are accounted for as follows:

	<u>2009</u>	<u>2008</u>
Advances, beginning of year	\$ 12,887,269	\$ 11,737,235
Loan advances	2,590,197	1,687,381
Loan advance repayments	(1,950,543)	(406,925)
Loan write-offs	(107,281)	(130,422)
	<u>13,419,642</u>	<u>12,887,269</u>
Unfunded allowance, beginning of year	2,181,847	1,830,354
Provision for doubtful loans	175,832	706,893
Write-offs (Order in Council approved)	(199,417)	(355,400)
	<u>2,158,262</u>	<u>2,181,847</u>
Net balance, end of year (Note 7)	<u>\$ 11,261,380</u>	<u>\$ 10,705,422</u>

Fisheries Loan Program

Advances to the Fisheries Loan Program are accounted for as follows:

	<u>2009</u>	<u>2008</u>
Advances, beginning of year	\$ 13,240,135	\$ 14,279,620
Loan advance repayments	(301,778)	(1,012,243)
Loan (write-offs)	(95,641)	(27,242)
	<u>12,842,716</u>	<u>13,240,135</u>
Unfunded allowance, beginning of year	3,121,952	3,149,194
Provision for doubtful loans	105,000	-
Write-offs (Order in Council approved)	(95,641)	(27,242)
	<u>3,131,311</u>	<u>3,121,952</u>
Net balance, end of year (Note 7)	<u>\$ 9,711,405</u>	<u>\$ 10,118,183</u>

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

10. Loan Act Authority

Amounts authorized for advances under "The Loan Act, 2008" are as follows:

	<u>2009</u>
Per Schedule A of "The Loan Act, 2008"	\$ 5,150,100
Per Schedule B of "The Loan Act, 2007"	<u>8,149,912</u>
Direct loans	13,300,012
Authority used	<u>6,850,000</u>
Unused Loan Act capital available	<u>\$ 6,450,012</u>

11. Economic Dependence

The ongoing operations of the Communities Economic Development Fund depends on obtaining adequate financing and funding. The Fund is dependent upon the Province of Manitoba for funding of operations.

12. Capital Management

The Fund considers its capital to be comprised of advances from the Province of Manitoba. There has been no change to what the Fund considers to be its capital since the prior period.

The Fund manages its capital to ensure it retains sufficient cash resources to enable it to carry out its strategic plan. The Fund endeavours to manage its subsidy from the Province of Manitoba within \$1,500,000 on an annual basis.

13. Contingency

The Fund has been named as a defendant in a statement of claim. At the time of preparation of these financial statements, the outcome of this claim is not determinable and, accordingly, no provision for settlement (if any) has been recorded in these financial statements. Settlement amounts (if any) will be charged to operations in the year of settlement.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2009

14. 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 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 \$20,755,975 (\$21,261,404 in 2008).

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 \$21,269,270 (\$21,542,601 in 2008) in interest bearing deposits and loans receivable at March 31, 2009. 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.

Fair Value

The carrying values of cash, trust deposits amounts due from the Province of Manitoba, advances, accounts receivable and accounts payable and accrued liabilities and interest payable to the Province of Manitoba approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The fair value of loans receivable are not practical to determine due to the limited amount of comparable market information available and the uncertainty of the timing of cash flows of the loans. The carrying value of the accrued pension liability approximates the fair value as an annual calculation and update of the liability is done.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Schedule of Operating Expenditures

For the year ended March 31	2009	2008
Amortization of capital assets	\$ 49,472	\$ 6,019
Building expenses	47,408	62,986
Collection costs	177,632	35,811
Communications	41,148	44,277
Credit reports	2,617	1,986
Directors' fees and expenses	60,023	56,616
Government vehicles	14,086	31,598
Insurance	4,529	1,535
Legal costs	151,563	5,582
Mortgage interest	41,856	-
NFDC	51,556	19,898
Office supplies and expenses	29,389	19,687
Pension	184,262	180,609
Professional fees	72,125	25,500
Rent and utilities	68,276	97,062
Repairs and maintenance	4,529	-
Salaries and benefits	872,958	934,967
Sundry	22,321	20,570
TEAM	23,815	23,635
Travel	53,079	60,859
	<hr/>	<hr/>
	\$ 1,972,644	\$ 1,629,197



Agriculture, Food
and Rural Initiatives
The Co-operative Loans and Loans
Guarantee Board
901C-401 York Avenue
Winnipeg MB R3C 0P8
Phone: (204) 945-8850
Fax: (204) 948-2362

June 15, 2009

The Co-operative Loans and Loans Guarantee Board
Responsibility for Financial Reporting

The accompanying Schedule of Loan Guarantee Transactions, and other financial information in the Annual Report for the year ended March 31, 2009, 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 of Loan Guarantees.

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 Loan Guarantee Transactions of the Board in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

Dori Gingera-Beauchemin
Secretary of the Board



AUDITORS' REPORT

On the Schedule of Loan Guarantee Transactions

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

We have audited the schedule of loan guarantee transactions of The Co-operative Loans and Loans Guarantee Board as at March 31, 2009. This financial information is the responsibility of the Board's management. Our responsibility is to express an opinion on this schedule based on our audit.

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

In our opinion, this schedule presents fairly, in all material respects, the loan guarantee transactions of the Board as at March 31, 2009, in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
September 3, 2009

The Co-operative Loans and Loans Guarantee Board

Schedule of Loan Guarantee Transactions for the year ended March 31, 2009

	Amounts Outstanding at March 31, 2008 \$	Additions \$	Cancellations \$	Amounts Outstanding at March 31, 2009 \$
Loan Guarantees: (Note 3)				
S M W Workers Co-op Ltd.	55,000		55,000	0
Lakeview Consumer Cooperative Ltd.	30,000	0	6,000	24,000
	<u>85,000</u>	<u>0</u>	<u>61,000</u>	<u>24,000</u>

Approved by the Board:

_____ Chairperson

_____ Secretary

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2009

1. Nature of Operations

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

2. Accounting Policies

- a) Loan guarantees are stated at the amount guaranteed.
- b) 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 2009 is estimated at \$4678 (2008 - \$6,920) with another \$2107 (2008 - \$2,255) 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.
- c) In the event of a default on a loan guarantee, the Province of Manitoba is responsible for the payout of the guaranteed amount.

3. Loan Guarantees

a) S M W Workers Co-op Ltd.

On March 15, 1999, the Board approved an offer of a ten-year loan guarantee for S M W Workers Co-op Ltd. of \$120,000. The loan guarantee was to reduce by \$12,000 per year, beginning on July 31, 2000. The Assiniboine Credit Union Limited and the S M W Workers Co-op Ltd. accepted the loan guarantee, in July 1999.

On June 25, 2002, the Board approved a new \$110,000 loan guarantee to replace the outstanding \$96,000 loan guarantee. The Minister of Industry, Trade and Mines approved the new loan guarantee on June 27, 2002. The Assiniboine Credit Union Limited and the S M W Workers Co-op Ltd. accepted the loan guarantee, on January 7, 2003. The loan guarantee shall reduce by \$11,000 per year beginning February 4, 2004.

On May 6, 2008, the lender returned its original copy of the guarantee and having advised that it had released its interest. This guarantee has been cancelled effective on the date of the notice from the lender.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2009

3. Loan Guarantees (Continued)

b) Lakeview Consumer Co-op Ltd.

On December 19, 2006, the Board approved a \$30,000 loan guarantee. The Winnipeg River Brokenhead Community Futures Development Corporation accepted the loan guarantee and signed an agreement with Lakeview Consumer Co-op Ltd dated March 5, 2007. The loan guarantee shall reduce by \$6,000 per year beginning on May 3, 2008.

The Co-op ceased operation on September 12th, 2008 and the lender subsequently advised that the loan had not been repaid. The amount to be paid out in respect of this guarantee is not determinable at this time. The amount could be from \$0 to \$24,000 plus interest.

4. Loan Act Authority

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

Authority	Outstanding Expenditure Authority
The Loan Act, 2008 (Schedule B)	
Guarantees	\$3,500,000
Less: Amounts committed by the Board	24,000
	<hr/>
	\$3,476,000

5. Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to The Co-operative Loans and Loans Guarantee Board members and of individual compensation paid to board members or staff where such compensation exceeds \$50,000 per year. For the period from April 1, 2008 to March 31, 2009, The Co-operative Loans and Loans Guarantee Board paid Board members an aggregate of \$ 0 (2008 \$395). This amount is included in Note 2 b).



Agriculture, Food
and Rural Initiatives
The Cooperative Promotion Board
1129 Queens Avenue
Brandon MB R7A 1L9
Phone: (204) 726-6410
Fax: (204) 726-6260

May 7, 2009

The Cooperative Promotion Board

Responsibility for Financial Reporting

The accompanying financial statements and other financial information in the Annual Report for the year ended March 31, 2009 are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the annual Report conforms to these financial statements.

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 Office of the Auditor General is to perform an independent examination of the financial statements of the Board in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

Mona Cornock
Secretary of the Board

AUDITORS' REPORT

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

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2009, the General Account statement of revenue and expense and fund balance and the Commercial Fishing Account statement of revenue and expense and fund balance for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 11, 2009

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	\$ 325,403	\$ 346,124
Account Receivable	508	508
Total Current Assets	<u>325,911</u>	<u>346,632</u>
Commercial Fishing Account		
Current Assets		
Cash (Note 3)	72,285	70,941
Total Current Assets	<u>72,285</u>	<u>70,941</u>
Investments (Note 4)	523	507
Total Commercial Fishing Account	<u>72,808</u>	<u>71,448</u>
Total Assets	<u>\$ 398,719</u>	<u>\$ 418,080</u>

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts Payable - General Account	<u>\$ 3,500</u>	<u>\$ 9,411</u>
Fund Balances		
General Account - Contributed Capital	128,800	128,800
General Account	193,611	208,421
Commerical Fishing Account (Note 5)	72,808	71,448
	<u>395,219</u>	<u>408,669</u>
Total Liabilities and Fund Balances	<u>\$ 398,719</u>	<u>\$ 418,080</u>

Approved on behalf of the Board:

Secretary

Member

The Cooperative Promotion Board

General Account Statement of Revenue and Expense and Fund Balance for the year ended March 31, 2009

	2009	2008
Revenue		
Interest	\$ 8,076	\$ 13,151
Administrative expenses paid for by the Province of Manitoba (Note 2f)	<u>27,389</u>	<u>19,200</u>
Total Revenue	<u>35,465</u>	<u>32,351</u>
Expense		
Grants, (Schedule 1)	<u>21,975</u>	<u>11,100</u>
General and administrative		
Annual Report	212	750
Board members' remuneration	1,100	1,044
Board members' meals and travel	948	1,083
Membership Fee	800	756
Miscellaneous	61	21
Professional Fees	2,789	2,823
Administrative expenses (Note 2f)	<u>22,390</u>	<u>19,200</u>
	<u>28,300</u>	<u>25,677</u>
Total Expense	<u>50,275</u>	<u>36,777</u>
Excess of Expense over Revenue	(14,810)	(4,426)
Fund Balance, beginning of year	<u>208,421</u>	<u>212,847</u>
Fund Balance, end of year	<u><u>\$ 193,611</u></u>	<u><u>\$ 208,421</u></u>

The Cooperative Promotion Board

Commercial Fishing Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue		
Interest	\$1,345	\$2,496
Dividend	<u>15</u>	<u>-</u>
Total Revenue	<u>1,360</u>	<u>2,496</u>
Expense		
Grants (Schedule 1)	<u>0</u>	<u>2,500</u>
Total Expense	<u>0</u>	<u>2,500</u>
Excess of Revenue (under) over Expense	1,360	(4)
Fund Balance, beginning of year	<u>71,448</u>	<u>71,452</u>
Fund Balance, end of year	<u>\$72,808</u>	<u>\$71,448</u>

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2009

1. **Nature and Objectives of the Board**

The Cooperative Promotion Board (the Board) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The Board 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 Agriculture, Food and Rural Initiatives administers the activities of the Board.

General Account

The General Account funds controlled by the Board 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 Board when the Cooperative Promotion Trust Act came into force, and assets acquired by the Board.

The objectives of the Board 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. **Accounting Policies**

a) General

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b) New Accounting Policies

Effective April 1, 2008 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 Capital Disclosure

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

The Cooperative Promotion Board

Notes to the Financial Statements for the year ended March 31, 2009

c) **Financial Instruments**

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial instruments of the Board consist of cash, accounts receivable, investments and accounts payable.

The Board has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the redeemable nature of this financial asset, carrying value is considered to be fair value.

Investments are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the lack of an active market, cost is considered to be fair value.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

It is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximates their carrying values due to their short-term nature.

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 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.

e) **Future Accounting Policy Changes**

Disclosure and Presentation of Financial Instruments

The CICA has issued two new standards, Sections 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*. The new standards are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The Cooperative Promotion Board

Notes to the Financial Statements for the year ended March 31, 2009

These new sections, which were effective April 1, 2008, would require additional disclosure in the financial statements. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These entities are permitted to continue to apply Section 3861 *Financial Instruments - Disclosure and Presentation* in place of sections 3862 and 3863. An entity that does so must disclose this fact.

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 *Disclosures of Allocated Expenses by Not-for-Profit Organizations*.

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions; and
- make Section 1540 *Cash Flow Statements* applicable to NFPOs.

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related Party Transactions*.

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

f) Revenue Recognition

Interest Revenue – Interest revenue earned from cash balances on hand is recorded on an accrual basis.

Administrative Expenses Paid For by the Province of Manitoba – The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2009 is estimated at \$22,390 (2008-\$18,760) with another \$4,999 (2008-\$440) 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.

The Cooperative Promotion Board

Notes to the Financial Statements for the year ended March 31, 2009

3. Cash

General Account

The cash balance for the General Account includes \$321,174 (2008 - \$333,099) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.4% effective March 31, 2009. 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 .65% effective March 31, 2009. Interest is paid monthly.

4. <u>Investments, Commercial Fishing Account</u>	<u>2009</u>	<u>2008</u>
Assiniboine Credit Union – Surplus Shares	\$523	\$507

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated \$41,724 to the Board 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 available at March 31, 2009 is \$72,808 (2008 - \$71,448).

6. Statement of Cash Flows

A statement of cash flows has not been presented in these financial statements, as no additional information would be provided by its inclusion.

7. 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 exceeds \$50,000 per year. For the period of April 1, 2008 to March 31, 2009, the Cooperative Promotion Board paid Board members an aggregate of \$1,361. No individuals received compensation greater than \$50,000.

8. Commitments

As of March 31, 2009, the Board has approved grants in the amount of \$22,500, 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.

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2009

9. **Capital Disclosures**

The Board's objective when managing its capital is to maintain sufficient capital to cover its costs of operations. The Board's capital consists of Contributed Capital, the General Account Fund Balance as well as the Commercial Fishing Account Fund Balance.

The Board meets its capital objectives through interest revenue earned.

The Board is subject to externally imposed capital requirements as imposed by Section 4(6) of The Act. This Section requires that the Board maintain a minimum realizable value of \$129,000, essentially the amount of the Contributed Capital. The Board complied with the externally imposed capital requirements during the year.

The Cooperative Promotion Board**SCHEDULE 1**

Schedule of Grants
for the year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
General Account		
Canadian Community Investment Network Coop	-	\$ 2,000
Western Feed Grain Development Co-op	\$ 1,714	-
MOMA Trade	2,500	-
Manitoba Cooperative Association Inc	6,000	5,700
Dr J.G. Carlberg	-	2,500
Lakeview Crocus Co-op	-	900
Elton Energy Co-op	1,242	-
Devco training (June Session)	2,782	-
CCA & CCCM 2008 congress	2,966	-
CWCF 2008 Conference	3,570	-
Direct Farm marketing / Prairie Fruit Growers Ass.(PFGA)	1,201	-
	<u>\$ 21,975</u>	<u>\$ 11,100</u>
Commercial Fishing Account		
Northwest Cooperative Fisheries Ltd.	\$ -	\$ 2,500
	<u>\$ 21,975</u>	<u>\$ 13,600</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Responsibility for Financial Statements

The management of the Council on Post-Secondary Education is responsible for the financial reporting process that produces the financial statements and accompanying notes. The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

The Council is responsible for overseeing management's performance of its financial reporting responsibilities. The statements are audited by the Auditor General of Manitoba, whose opinion is included herein.

In order to fulfill this responsibility, management maintains systems of internal control over the financial reporting process designed to provide assurance that relevant and reliable financial information is produced.

**“Original signed by
Margaret McDonald”**

Margaret McDonald, CGA
Chief Financial Officer

**“Original signed by
Sid Rogers”**

Sid Rogers
Secretary to the Council

July 9, 2009
Winnipeg, Manitoba



AUDITORS' REPORT

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

We have audited the statement of financial position of The Council on Post-Secondary Education as at March 31, 2009, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Council on Post-Secondary Education as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
July 9, 2009

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Financial Position As at March 31, 2009

	2009	2008
ASSETS		
Current Assets:		
Cash	\$ 264,343	\$ 335,417
Accounts receivable, Province of Manitoba	1,265,915	746,108
	<u>1,530,258</u>	<u>1,081,525</u>
Long-term Receivable:		
Province of Manitoba (Note 4)	1,169,701	1,242,934
Capital Assets (Note 6)	<u>34,389</u>	<u>24,467</u>
Total Assets	<u>\$ 2,734,348</u>	<u>\$ 2,348,926</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 106,638	\$ 228,461
Grants payable	1,165,000	614,908
	<u>1,271,638</u>	<u>843,369</u>
Long-term Liabilities:		
Provision for employees' severance benefits (Note 7)	118,375	106,539
Provision for employer's share of employees' pension benefits (Note 8)	1,065,560	1,138,793
	<u>1,183,935</u>	<u>1,245,332</u>
Total Liabilities	<u>2,455,573</u>	<u>2,088,701</u>
Net Assets		
Investment in Capital Assets	34,389	24,467
Unrestricted Net Assets	244,386	235,758
	<u>278,775</u>	<u>260,225</u>
	<u>\$ 2,734,348</u>	<u>\$ 2,348,926</u>

Contractual Obligations (Note 9)

Approved on Behalf of the Council

THE COUNCIL ON POST- SECONDARY EDUCATION

Statement of Operations

For the year ended March 31, 2009

	2009	2008
Revenues:		
Province of Manitoba grants:		
Department of Advanced Education and Literacy	\$ 507,480,744	\$ 495,575,064
Other	1,541,900	395,907
Interest	16,375	26,608
Total Revenues	509,039,019	495,997,579
Expenses:		
Operating grants	434,592,584	399,072,184
Support programs	1,473,765	1,216,769
College Expansion Initiative grants	31,277,827	29,218,397
Post Secondary Strategic grants	1,110,800	1,839,700
Equipment and Renovations grants	7,986,600	17,313,100
Major Capital grants	5,084,000	21,485,898
Access grants	8,582,800	7,665,300
Tuition Rebate grants	12,975,991	12,918,634
Inter-Provincial Training Agreement	4,501,451	3,881,320
Administrative and Other, Schedule 1	1,434,651	1,392,545
Total Expenses	509,020,469	496,003,847
Excess (Deficiency) of Revenues over Expenses	\$ 18,550	\$ (6,268)

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Changes in Net Assets
For the year ended March 31, 2009

	2009			2008
	Investment in Capital Assets	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	\$ 24,467	\$ 235,758	\$260,225	\$266,493
Excess (Deficiency) of Revenues over Expenses	-	18,550	18,550	(6,268)
Inter-fund Transfers:				
Capital Purchases	20,035	(20,035)	-	-
Amortization	(10,113)	10,113	-	-
Balance, End of Year	<u>\$34,389</u>	<u>\$244,386</u>	<u>\$278,775</u>	<u>\$260,225</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Cash Flows For the year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Cash Provided by (Used In) Operating Activities:		
Excess (Deficiency) of Revenues over Expenses	\$ 18,550	\$ (6,268)
Amortization	<u>10,113</u>	<u>10,371</u>
	28,663	4,103
Net Change in Non-Cash Working Capital Items:		
(Increase) in accounts receivable	(519,807)	(406,762)
(Decrease) Increase in accounts payable and accrued liabilities	(121,823)	136,248
Increase (Decrease) in grants payable	<u>550,092</u>	<u>(312,918)</u>
	(62,875)	(579,329)
Cash Provided by (Used In) Financing Activities:		
Decrease (Increase) in long-term receivable – Province of Manitoba	73,233	(68,242)
Increase (Decrease) in provision for employees' severance benefits	11,836	(1,404)
(Decrease) Increase in provision for employer's share of employees' pension benefits	<u>(73,233)</u>	<u>68,242</u>
	11,836	(1,404)
Cash Used In Investing Activities:		
Purchase of capital assets	<u>(20,035)</u>	<u>-</u>
(Decrease) in Cash for the Year	(71,074)	(580,733)
Cash, beginning of year	<u>335,417</u>	<u>916,150</u>
Cash, end of year	<u>\$ 264,343</u>	<u>\$ 335,417</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Schedule of Administrative and Other Expenses
For the year ended March 31, 2009

	2009	2008
Amortization	\$ 10,113	\$ 10,371
Automobile and traveling	56,161	58,605
Capital Review	66,204	-
Commission on Tuition	62,900	-
Communication data strategy	71,962	44,950
Computer operating and lease costs	43,568	37,703
Course and membership fees	12,076	7,742
Furniture and equipment	3,981	4,258
Meetings-Council	4,273	5,174
Miscellaneous grants	4,700	33,861
Office rental	53,731	52,074
Postage and telephone	14,594	16,448
Printing and stationery supplies	21,049	24,152
Professional fees	33,371	62,128
Remuneration for Council members	41,132	41,112
Repairs and maintenance	-	572
Salaries and employee benefits	851,155	969,988
Subscriptions and books	1,498	1,680
Sundry	82,183	21,727
Total administrative and other expenses	<u>\$ 1,434,651</u>	<u>\$ 1,392,545</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements for the year ended March 31, 2009

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 in accordance with Canadian generally accepted accounting principles using accounting standards for not-for-profit organizations.

B. **Grant Payments**

Operating, support program, college expansion initiative, tuition rebate, access, and strategic initiatives grants reflect payments 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.

C. **Revenue Recognition**

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

Notes to Financial Statements for the year ended March 31, 2009

D. 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 recognized in the year they are incurred.

E. 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 recognized in the year they are incurred.

F. Capital Assets

Capital assets are recorded at cost. 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
Computer Software	4 years
Machinery and Equipment	10 years
Computer Equipment	4 years

G. Measurement Uncertainty

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 period. Actual results could differ from these estimates.

H. Financial Instruments

Initially, all financial assets and liabilities must be recorded on the balance sheet at fair value. Subsequent measurement is determined by the initial classification of each financial asset and liability. All financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale or (e) other liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income (loss). Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in net assets.

The Council on Post-Secondary Education's financial instruments consist of cash, accounts receivable, long-term receivable, accounts payable, accrued liabilities and grants payable. The Council has designated cash as held-for-trading, accounts receivable and long-term receivable as loans and receivables, accounts payable and accrued liabilities, and grants payable as other liabilities.

Notes to Financial Statements for the year ended March 31, 2009

I. Future Accounting Policy Changes

Disclosure and Presentation of Financial Instruments

The CICA has issued two new standards, CICA 3862 “Financial Instruments – Disclosures” and CICA 3863 Financial Instruments – Presentation” which are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These new standards, which were effective April 1, 2008, would require additional disclosure in the financial statements. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities, and rate-regulated enterprises to adopt these sections. These entities are permitted to apply CICA 3861 “Financial Instruments - Disclosure and Presentation” in place of sections 3862 and 3863. An entity that does so must disclose this fact.

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 “Disclosures of Allocated Expenses by Not-for-Profit Organizations.”

CICA 4400 “Financial Statement Presentation by Not-For-Profit Organizations” was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a NFPO to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Cash Flow Statements, Section 1540 applicable to NFPOs; and
- make Interim Financial Statements, Section 1751, applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

CICA 4430 “Capital Assets Held by Not-For-Profit Organizations” was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

CICA 4460 “Disclosure of Related Party Transactions by Not-For-Profit Organizations” was amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840.

New standard CICA 4470 “Disclosure of Allocated Expenses by Not-For-Profit Organizations” establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

**Notes to Financial Statements
for the year ended March 31, 2009**

3. Change in Accounting Policies

Capital Disclosures

Section 1535, Capital Disclosures, establishes standards for disclosing information about an entity's capital to enable an evaluation of the entity's objectives, policies and processes for managing capital. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. Adoption of this new standard has resulted in additional note disclosure (Note 11).

Disclosure and Presentation of Financial Instruments

The Council continues to apply Section 3861 *Financial Instruments - Disclosure and Presentation* in place of Sections 3862 and 3863.

4. Long-term Receivable – Province of Manitoba

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

Severance Pay	\$ 104,141	\$ 104,141
Pension	<u>1,065,560</u>	<u>1,138,793</u>
	<u>\$ 1,169,701</u>	<u>\$ 1,242,934</u>

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 \$1,065,560 (2008 - \$1,138,793) and has recorded revenue (expense) for the year ended March 31, 2009 equal to its pension expense (recovery) of (\$16,474) (2008 - \$123,388). The Province will make payments on the receivable when it is determined that the cash is required to discharge the related pension obligations.

5. Financial Instruments

Fair Value

The fair values of accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities. The fair value of the long-term receivable approximates its carrying value because the annual interest accretion is funded.

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements for the year ended March 31, 2009

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 and accounts receivable. The majority of the balance of the long-term 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, accounts receivable and long-term receivable. The credit risk on cash is considered low as the counterparty is a high credit quality institution. The credit risk on accounts receivables and the long-term receivable is considered low because the counterparty is the Province of Manitoba.

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

	Carrying Amount	
	2009	2008
Financial Assets Held-For-Trading:		
Cash	\$264,343	\$335,417
Loans and Receivables:		
Accounts Receivable	1,265,915	746,108
Long-term Receivable – Province of Manitoba	1,169,701	1,242,934
	<u>\$2,699,959</u>	<u>\$2,324,459</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements for the year ended March 31, 2009

6. Capital Assets

	2009		
	Cost	Accumulated Amortization	Net Book Value
Furniture	\$ 60,157	\$ 56,287	\$ 3,870
Leasehold Improvements	42,760	17,539	25,221
Computer Software	5,590	3,494	2,096
Office Equipment	10,685	10,057	628
Computer Equipment	25,422	22,848	2,574
	<u>\$ 144,614</u>	<u>\$ 110,225</u>	<u>\$ 34,389</u>

	2008		
	Cost	Accumulated Amortization	Net Book Value
Furniture	\$ 59,089	\$ 53,653	\$ 5,436
Leasehold Improvements	25,019	14,150	10,869
Computer Software	5,590	2,096	3,494
Office Equipment	10,685	9,437	1,248
Computer Equipment	24,196	20,776	3,420
	<u>\$ 124,579</u>	<u>\$ 100,112</u>	<u>\$ 24,467</u>

7. Severance Benefits

Provision for Employees' Severance Benefits

	2009	2008
Balance at beginning of year	\$ 106,539	\$ 107,943
Benefits accrued	4,378	4,709
Interest accrued on obligations	7,458	7,568
Benefits paid	<u>-</u>	<u>(13,681)</u>
Balance at end of year	<u>\$ 118,375</u>	<u>\$ 106,539</u>

Severance Benefit Expenses

	2009	2008
Current service costs	\$ 4,378	\$ 4,709
Interest costs	<u>7,458</u>	<u>7,568</u>
Total	<u>\$ 11,836</u>	<u>\$ 12,277</u>

An actuarial valuation of the severance obligations as at March 31, 2005 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used were a rate of return of 7% (2008 – 7%), inflation 2.5% (2008 – 2.5%) and salary rate increases of 3.25% (2008 – 3.25%). The liability has been extrapolated to March 31, 2009 using a formula provided by the actuary.

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements for the year ended March 31, 2009

8. Pension Benefits

Provision for Employer's Share of Employees' Pension Benefits

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	\$ 1,138,793	\$ 1,070,551
Actuarial (gain)	(128,733)	-
Benefits accrued	41,069	47,552
Interest accrued on obligations	71,190	75,836
Benefits paid	<u>(56,759)</u>	<u>(55,146)</u>
Balance at end of year	<u>\$ 1,065,560</u>	<u>\$ 1,138,793</u>

Net Pension Benefit Expense (Recovery)

	<u>2009</u>	<u>2008</u>
Current service costs, net of employee contributions	\$ 41,069	\$ 47,552
Interest costs	71,190	75,836
Amortization of actuarial gain	<u>(128,733)</u>	<u>-</u>
Net Pension Benefit Expense (Recovery)	<u>\$ (16,474)</u>	<u>\$ 123,388</u>

An actuarial valuation of the pension obligations as at December 31, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used were a rate of return of 7% (2008 – 7%), inflation 2.5% (2008 – 2.5%), salary rate increases of 3.25% (2008 – 3.25%) and post retirement indexing at 2/3 of the inflation rate. The liability has been extrapolated to March 31, 2009 using a formula provided by the actuary.

9. Contractual Obligations

The Council on Post-Secondary Education has approved incremental funding to be provided in fiscal years 2009/10 to 2012/13 for the following new programs:

System Restructuring Envelope	\$ 300,000
Strategic Program Envelope	<u>1,322,800</u>
Total	<u>\$ 1,622,800</u>

10. 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.

**Notes to Financial Statements
for the year ended March 31, 2009**

11. Capital Disclosures

The Council's capital is comprised of its net assets, which include Unrestricted Net Assets and Investment in Capital Assets. The Council manages its capital through an approved operating budget. The Council has been successful in achieving a balanced budget by restricting spending to within the funded amounts. The Council is not subject to any externally imposed capital requirements.

The Council's Statement of Changes in Net Assets sets out the balances in Unrestricted Net Assets and the Investment in Capital Assets at the beginning and end of the year.

12. Economic Dependence

The Council is economically dependent on funding received from the Province of Manitoba.



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télécopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Members of CROWN CORPORATIONS COUNCIL

We have audited the balance sheet of **CROWN CORPORATIONS COUNCIL** as at December 31, 2008 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by

Chartered Accountants

Winnipeg, Manitoba
February 20, 2009

CROWN CORPORATIONS COUNCIL

BALANCE SHEET

	December 31	
	2008	2007
	(thousands of dollars)	
ASSETS		
Current:		
Cash	\$ 608	\$ 513
Accounts receivable	6	9
	<u>614</u>	<u>522</u>
Capital assets (note 4)	-	1
	<u>\$ 614</u>	<u>\$ 523</u>

LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

Current:		
Accounts payable and accrued liabilities	\$ 146	\$ 102
Levies received in advance	112	162
Due to Manitoba Crown Corporations (note 3)	<u>141</u>	<u>78</u>
	399	342
Retirement allowances and other benefits payable (notes 2 (e) and 5)	<u>215</u>	<u>180</u>
	614	522
Reserve reflecting net investment in capital assets	-	1
	<u>\$ 614</u>	<u>\$ 523</u>

Approved by the Board

Original Signed by
Chairman

(see accompanying notes)

Original Signed by
Director

CROWN CORPORATIONS COUNCIL**STATEMENT OF INCOME AND RESERVE****REFLECTING NET INVESTMENT IN CAPITAL ASSETS**

	December 31	
	2008	2007
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	\$ 721	\$ 706
Interest	8	12
	<u>729</u>	<u>718</u>
Expenses		
Salaries and benefits (notes 2(e) and 5)	529	522
Board remuneration and expenses	78	77
Rent	78	76
Professional fees	10	9
Automobile expense	8	8
Communications	7	7
Office supplies and printing	7	7
Equipment rental and maintenance	4	2
Industry conferences	3	2
Insurance and miscellaneous	2	1
Professional development	2	1
Depreciation	1	5
Travel	1	6
	<u>730</u>	<u>723</u>
Excess (deficit) of income over expenses	(1)	(5)
Reserve reflecting net investment in capital assets, beginning of year	1	6
Reserve reflecting net investment in capital assets, end of year	<u>\$ -</u>	<u>\$ 1</u>

(see accompanying notes)

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. Nature of organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those principles considered particularly significant for the Council.

a) Financial Instruments

The Council utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis.

The Council classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

<u>Assets/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to Manitoba Crown Corporations	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transition costs are expensed as incurred.

b) Recoveries of expenses from Crown corporations

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

c) Reserve reflecting the net investment in capital assets

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's capital assets.

d) Capital Assets

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

e) Retirement allowances and other employee future benefits

The Council 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. In addition, adjustments arising from plan amendment, changes in assumptions, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The cost for the year was \$23,100 (2007 - \$23,800).

In addition, one employee is entitled 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 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.

f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual amounts could differ from those estimates.

g) New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Council, are as follows:

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Council is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Cash Flow Statements

Section 1540 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Council is currently assessing the impact of the new standard.

Interim Financial Statements

Section 1751 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Council is currently assessing the impact of the new standard.

Financial Instruments - Disclosures and Presentation

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Council is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Council is currently assessing the impact of the new standard.

3. Due to Manitoba Crown corporations

These amounts are non-interest bearing and represent a retroactive adjustment to levies based on Council's actual expenses.

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

4. Capital assets

These are comprised entirely of office furniture and equipment and computer equipment.

	December 31	
	2008	2007
	(in thousands of dollars)	
Cost		
Office furniture and equipment	\$ 59	\$ 61
Computer equipment	<u>44</u>	<u>46</u>
	<u>\$103</u>	<u>\$107</u>
Accumulated depreciation		
Office furniture and equipment	\$ 59	\$ 60
Computer equipment	<u>44</u>	<u>46</u>
	<u>\$103</u>	<u>\$106</u>
Net book value	<u>\$ 0</u>	<u>\$ 1</u>

5. Retirement allowances and enhanced pension benefits

The Council measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at December 31 of each year. The most recent actuarial valuation report for the retirement allowance was at December 31, 2008 and the most recent finalized and approved actuarial valuation report for the enhanced pension benefits was at December 31, 2004. The December 31, 2007 actuarial valuation for the enhanced pension benefits was not approved as of the date of this report.

(a) Information about the Council's retirement allowance benefit plan is as follows:

	2008	2007
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	110	100
Current service cost	4	4
Interest cost	7	6
Experience loss on triennial adjustment	0	0
Accrued benefit obligation, December 31	<u>121</u>	<u>110</u>
Unamortized transitional amount, December 31	<u>(5)</u>	<u>(10)</u>
Accrued retirement allowance, December 31	<u>116</u>	<u>100</u>

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

The Council's retirement allowance expense consists of the following:

	2008	2007
	\$	\$
Current service costs	4	4
Interest cost	7	5
Accrued earned interest	(3)	(1)
Experience loss on triennial adjustment	0	0
Amortization of transitional amount	5	5
Total retirement allowance expense	13	13

The significant actuarial assumptions adopted in measuring the Council's retirement allowance obligation are as follows:

	2008	2007
	%	%
Benefit costs for the year ended December 31		
Discount rate	6.50	6.50
Rate of compensation increase	4.00	4.00

(b) Information about the Council's enhanced pension benefit plan is as follows:

	2008	2007
	\$	\$
Accrued benefit obligation and accrued pension liability		
Balance, beginning of year	80	64
Current service cost	14	11
Interest cost	6	5
Experience gain on triennial adjustment	0	0
Accrued benefit obligation and accrued pension liability, December 31	100	80

The Council's enhanced pension expense (income) consists of the following:

	2008	2007
	\$	\$
Current service costs	14	11
Interest cost	6	5
Experience gain on triennial adjustment	0	0
Employee contributions	(2)	(2)
Total enhanced pension expense	18	14

The significant actuarial assumptions adopted in measuring the Council's pension obligation are as follows:

	2008	2007
	%	%
Benefit costs for the year ended December 31		
Discount rate	6.50	6.50
Rate of compensation increase	4.00	4.00

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

6. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2010 to annual basic rental payments of approximately \$35,400 and annual common area and operating costs of approximately \$36,800.

The lease payments excluding annual common area and operating costs are as follows:

<u>Year</u>	<u>Base Rent</u>
2009	\$35,379
2010	<u>\$11,793</u>
	<u>\$47,172</u>

7. Statement of cash flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

8. Capital Management

The Council considers its capital to comprise its Reserve reflecting net investment in capital assets. There have been no changes to what the Council considers to be its capital since the previous period.

The Council manages its capital to break even with the reserve reflecting funding of unamortized balance capital assets owned by the Council.

AUDITORS' REPORT

To the Member of
Diagnostic Services of Manitoba Inc.

We have audited the statement of financial position of **Diagnostic Services of Manitoba Inc.** as at March 31, 2009 and the statements of operations, net assets and cash flows for the year then ended. 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.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,
May 25, 2009.

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

	2009	2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	1,486	1,756
Accounts receivable <i>[note 3]</i>	11,204	7,256
Prepaid expenses	220	24
Vacation pay recoverable from		
Manitoba Health	21	21
Regional Health Authorities of Manitoba	5,551	3,667
Total current assets	18,482	12,724
Capital assets, net <i>[note 4]</i>	45,752	37,533
Pre-retirement benefits recoverable <i>[note 5]</i>	8,308	6,838
	72,542	57,095
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities <i>[note 6]</i>	11,033	10,492
Current portion of obligations under capital lease <i>[note 7]</i>	348	254
Accrued vacation pay	5,844	3,896
Total current liabilities	17,225	14,642
Accrued pre-retirement benefits <i>[note 11[b]]</i>	8,524	7,044
Obligations under capital lease <i>[note 7]</i>	977	885
Deferred contributions <i>[note 8]</i>	44,236	33,382
Total liabilities	70,962	55,953
Commitments <i>[note 9]</i>		
Net assets	1,580	1,142
	72,542	57,095

See accompanying notes

On behalf of the Board:

Director

Director

Diagnostic Services of Manitoba Inc.

STATEMENT OF OPERATIONS

[Expressed in thousands of dollars]

Year ended March 31

	2009	2008
	\$	\$
REVENUE		
Manitoba Health operating income	5,327	3,902
Investment income	46	99
Recoveries from Regional Health Authorities of Manitoba	63,470	49,069
Recognition of deferred contributions [note 8]		
Capital - amortization	4,331	2,407
Expenses	99	259
	<u>73,273</u>	<u>55,736</u>
EXPENSES		
Direct operating [note 10]	68,383	52,912
Amortization of capital assets	4,452	2,521
	<u>72,835</u>	<u>55,433</u>
Excess of revenue over expenses for the year	<u>438</u>	<u>303</u>

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF NET ASSETS

[Expressed in thousands of dollars]

Year ended March 31

	2009		2008	
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
	<i>[note 12]</i>			
Net assets, beginning of year	37	1,105	1,142	839
Excess of revenue over expenses (expenses over revenue) for the year	(121)	559	438	303
Purchase of capital assets	190	(190)	—	—
Net assets, end of year	106	1,474	1,580	1,142

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF CASH FLOWS

[Expressed in thousands of dollars]

Year ended March 31

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	438	303
Add (deduct) items not involving cash		
Amortization of capital assets	4,452	2,521
Amortization of deferred contributions related to capital assets	(4,331)	(2,407)
Recognition of deferred contributions related to expenses	(99)	(259)
	460	158
Net change in non-cash working capital balances related to operations	(1,445)	(4,931)
Deferred contributions received - future expenses	355	289
Cash used in operating activities	(630)	(4,484)
INVESTING ACTIVITIES		
Increase (decrease) in accounts payable related to capital assets	(2,084)	3,581
Acquisition of capital assets	(12,671)	(13,825)
Cash used in investing activities	(14,755)	(10,244)
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	14,929	13,773
Increase in capital lease obligations, net of repayments	186	1,139
Cash provided by financing activities	15,115	14,912
Net increase (decrease) in cash and cash equivalents during the year	(270)	184
Cash and cash equivalents, beginning of year	1,756	1,572
Cash and cash equivalents, end of year	1,486	1,756

See accompanying notes

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

1. NATURE OF BUSINESS

Diagnostic Services of Manitoba Inc. ["DSM"] is a not-for-profit organization incorporated under the laws of Manitoba on the 20th of December 2002. The Minister of Health is the sole member of the corporation. DSM was created with the intention of providing lab services throughout the province of Manitoba, and imaging services within the rural environment. Currently DSM is in a period of transition which will culminate in the transfer of all staff and assets with respect to the operations described above to DSM.

Effective April 1, 2005, agreements were signed with 11 Regional Health Authorities of Manitoba ["RHAs"] and 7 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 7 non-devolved facilities to transfer to DSM all unionized staff, existing lab assets and contracts of the facilities and outline the provision of services between the signators. Pursuant to the agreement, employees, contracts and assets have been transferred and costs specified in the agreement recovered from the RHAs or Facilities.

Effective November 1, 2007, DSM entered into an agreement with 10 Regional Health Authorities to transfer to DSM all unionized staff, existing diagnostic services assets and contracts of the facilities and outline the provision of service between signators.

Pursuant to the agreement all assets and contracts have been transferred at costs specified in the agreement. Consistent with the terms of the agreement, staff will be transferred in the upcoming year.

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.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations as follows:

[a] Basis for accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and 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.

[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/software	20%
Furniture and equipment	10%
Equipment under capital lease	10%

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

[e] Pre-retirement benefits

The costs of pre-retirement benefits earned by employees are charged to expense 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.

[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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

[g] Financial instruments

The Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3861, "Financial Instruments – Disclosure and Presentation" requires that all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, available-for-sale financial assets, loans and receivables, and other financial liabilities.

DSM's financial assets and financial liabilities are measured as follows:

- Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in excess of revenue over expenses for the year. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.
- Accounts receivable, vacation pay and pre-retirement benefits recoverable from Manitoba Health and the RHAs are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities, accrued vacation pay and accrued pre-retirement benefits are classified as other financial liabilities. These liabilities are recorded at their amortized cost using the effective interest rate method.

The fair value of these financial instruments approximates the carrying value. It is management's opinion that DSM is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

During the previous year, DSM disclosed that it had intended to adopt the CICA Handbook Section 3862, "Financial Instruments – Disclosure", Section 3863, "Financial Instruments – Presentation", and Section 1535, "Capital Disclosures". However, during the current year adoption of Sections 3862 and 3863 was not required if Section 3861 was maintained. As such, management has not adopted these standards in the financial statements and has continued to use Section 3861. Note 15 outlines the additional disclosures required upon adopting Section 1535.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2009 \$	2008 \$
Due from Manitoba Health	364	612
Due from RHAs	10,068	5,992
Other	772	652
	<u>11,204</u>	<u>7,256</u>

4. CAPITAL ASSETS

Capital assets consist of the following:

	2009		Net book value
	Cost \$	Accumulated amortization \$	\$
Computer hardware/software	3,150	1,259	1,891
Furniture and equipment	23,261	6,067	17,194
System software-in-progress	25,225	—	25,225
Equipment under capital lease	1,677	235	1,442
	<u>53,313</u>	<u>7,561</u>	<u>45,752</u>

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

	2008		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer hardware/software	3,126	630	2,496
Furniture and equipment	18,670	2,364	16,306
System software-in-progress	17,555	—	17,555
Equipment under capital lease	1,290	114	1,176
	40,641	3,108	37,533

System software-in-progress will not be amortized until such time as it becomes available for use.

5. PRE-RETIREMENT BENEFITS RECOVERABLE

	2009	2008
	\$	\$
Pre-retirement benefits recoverable from		
Manitoba Health	113	111
RHAs	<u>8,195</u>	<u>6,727</u>
	<u>8,308</u>	<u>6,838</u>

Pre-retirement benefits recoverable from Manitoba Health are recovered as benefits are provided and are guaranteed by the Province of Manitoba.

The amount recorded as a receivable for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement 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 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 liabilities.

Pre-retirement benefits recoverable from the RHAs will be repaid as benefits are provided.

The pre-retirement benefits recoverable is a financial instrument and has been classified as loans and receivables, and is valued at amortized cost using the effective interest rate method. The carrying value of the pre-retirement benefits recoverable approximates its fair value, because the annual interest accretion is funded.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2009 \$	2008 \$
Accounts payable and accrued liabilities	6,154	5,597
Due to Manitoba Health	5	—
Due to RHAs	4,874	4,895
	<u>11,033</u>	<u>10,492</u>

7. OBLIGATIONS UNDER CAPITAL LEASE

The acquisition of electron microscopes and the installation of the liquid chromatograph tandem mass spectrometer were financed through separate leasing agreements. The leases have implicit rates of interest in the range of 5% - 6.5%, and are repayable in fixed blended monthly amounts of approximately \$21. The obligations will be fully paid in June 2012 and May 2014, respectively.

In December 2008, DSM entered into another lease contract for the acquisition and installation of a toxicology screening system in one of their facilities. The lease has an implicit rate of interest of 5.671%, and is repayable in fixed blended monthly payments of \$7. The lease contract expires February 28, 2014.

The following is a schedule of future minimum annual lease payments under capital leases, together with the balance of the obligations:

	\$
2010	348
2011	347
2012	347
2013	255
2014	228
Balance	25
	<u>1,550</u>
Less interest	(225)
	<u>1,325</u>
Less current portion	(348)
	<u>977</u>

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2009 \$	2008 \$
Deferred contributions		
Expenses	612	356
Capital	43,624	33,026
	<u>44,236</u>	<u>33,382</u>

[a] Deferred contributions, future expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for DSM's 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.

Deferred contributions, future expenses consist of the following:

	2009 \$	2008 \$
Balance, beginning of year	356	326
Deferred contributions received	355	289
Recognized in revenue	(99)	(259)
Balance, end of year	<u>612</u>	<u>356</u>

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

[b] Deferred contributions, capital

Deferred capital 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.

	2009 \$	2008 \$
Balance, beginning of year	33,026	8,689
Debt assumed by the Province of Manitoba	9,000	11,813
Deferred contributions received	5,929	1,960
Deferred contributions transferred	—	12,971
Amounts amortized to revenue	(4,331)	(2,407)
Balance, end of year	43,624	33,026

Debt that has been incorporated in deferred contributions includes \$9,000 of a committed term facility that is now held by the Province of Manitoba. This facility is available by way of prime based loans, bearing interest at prime minus 1.25%.

9. COMMITMENTS

[a] Lease payments

Future aggregate minimum annual lease payments under the terms of the operating lease agreements for office facilities are as follows:

	\$
2010	211
2011	213
2012	213
2013	107
	744

In addition, pursuant to the agreements dated April 1, 2006 and November 1, 2007, DSM entered into leases with the RHAs for premises totalling \$4,296 per year. These leases have no expiry dates.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

[b] Radiology Information System and Picture Archiving and Communication System ["RIS/PACS"]

Manitoba Health has approved \$41,569 in relation to the RIS/PACS project. As custodian of \$6,559 of funding for the Provincial RIS/PACS project, DSM may enter into commitments with respect to project requirements. These commitments are fully funded by the province.

10. DIRECT OPERATING EXPENSES

Direct operating expenses consist of the following:

	2009 \$	2008 \$
Salaries and benefits	60,088	48,217
Communications	1	6
Equipment	2,514	386
External consulting	92	285
Grants	51	—
Insurance	87	52
Interest on capital lease obligations	63	70
Lab and diagnostic supplies	17	10
Legal and audit	164	76
Meetings	23	22
Miscellaneous	10	8
Printer, paper and office supplies	71	61
Recruitment	167	115
Rent	4,487	3,097
Staff training and development	321	325
Telephone	25	17
Travel	202	165
	<u>68,383</u>	<u>52,912</u>

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

11. EMPLOYEE FUTURE BENEFITS

[a] 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"].

HEPP is a multi-employer, defined benefit pension plan. Employer contributions made to the plan during the year by DSM and expensed amounted to \$2,892 [2008 - \$2,414]. The most recent actuarial value of the plan as at January 1, 2009 indicates the plan is fully funded.

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 benefits

DSM has a commitment to provide pre-retirement leave benefits for employees that 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 the retirement date.

DSM measures its accrued obligation for the pre-retirement benefits as at March 31 of each year. The most recent actuarial valuation report was as at March 31, 2009.

During the current year, the pre-retirement obligation incurred (recoverable) amounted to \$467 [2008 - \$553] and has been recorded as an expense of the period. An offsetting recovery of \$416 [2008 - \$438] with respect to transferred employees has also been recorded.

The significant actuarial assumptions adopted in measuring DSM's pre-retirement benefit obligation are as follows:

	2009 %	2008 %
Discount rate	6.70	5.50
Rate of base compensation increase	3.50	3.50

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

12. INVESTED IN CAPITAL ASSETS

Change in net assets invested in capital assets is calculated as follows:

	2009 \$	2008 \$
[a] Surplus (deficit)		
Amortization of capital assets	(4,452)	(2,521)
Amounts funded by deferred capital contributions, amortized to revenue	4,331	2,407
	(121)	(114)
[b] Purchase of capital assets		
Acquisition	12,671	26,796
Amounts funded by:		
Accounts payable	(1,497)	(3,581)
Deferred contributions	(10,598)	(21,925)
Capital lease obligations	(386)	(1,139)
	190	151
Change in net assets	69	37

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

13. 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

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 Manitoba Health and the RHAs:

	2009 \$	2008 \$
Salaries and benefits	56,035	44,851
Equipment	2,506	432
External consulting	37	174
Insurance	56	33
Lab and diagnostic supplies	17	10
Legal and audit	58	11
Meeting	1	—
Printer, paper and office supplies	18	6
Recruitment	56	75
Rent	4,304	2,958
Staff training and development	217	215
Telephone	3	1
Travel	114	95
	63,422	48,861

14. 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.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2009

15. CAPITAL MANAGEMENT

In managing capital, DSM focuses on liquid resources available for operations. DSM's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the annual budget. As at March 31, 2009, DSM has met its objective of having sufficient liquid resources to meet its current obligations.

16. SUBSEQUENT EVENT

Effective April 1, 2009, DSM entered into an agreement with Westman Regional Laboratory Services ["WRL"] and Brandon Regional Health Authority to assign the responsibilities to DSM with respect to the management and operation of diagnostic laboratory services. Similar to the prior agreements with the 11 RHAs in the province, WRL will transfer to DSM all lab staff, existing assets and contracts of the facilities and outline the provision of service between signatories.

17. FUTURE CHANGES IN ACCOUNTING POLICIES

The CICA has issued revisions to the 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes include making the disclosure of net assets invested in capital assets optional; making CICA Handbook Section 1540, "Cash Flow Statements", applicable to not-for-profit organizations; and requiring the reporting of revenues and expenses on a gross basis in the statement of operations unless not required by other guidance. A new section, CICA Handbook Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations", was included in the revisions which requires certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009, with earlier adoption permitted. Management is assessing the impact of these revisions and the timing for their adoption. However, the impact will be limited to reclassification of figures in the financial statements and additional disclosures.

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted 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 July 17, 2009. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Economic Innovation and Technology Council are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated 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.

Economic Innovation and Technology Council has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

John Clarkson
Vice-Chairperson

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2009 and the statements of revenue, expenditure and funds retained, project revenue and expenditures and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Office of the Auditor General

Winnipeg, Manitoba
July 17, 2009

Economic Innovation and Technology Council

Balance Sheet

Exhibit A

As at March 31 2009 2008

Assets

Current

Funds on deposit		
Minister of Finance		
Cash	\$ 8,711	\$ 6,458
Term deposits (and accrued interest)	75,497	
Accounts receivable		
Province of Manitoba	350	2,257
Other	52,125	41,129
Prepaid expenses	2,200	934
	138,883	50,778

Investment in Manitoba Technology Centre Ltd. (Note 5)	1	1
	\$ 138,884	\$ 50,779

Liabilities

Current

Accounts payable and accrued liabilities		
Province of Manitoba	\$ 2,913	\$ 8,834
Other	58,475	10,000
Unearned project receipts	50,041	-
	111,429	18,834

Equity

Funds retained (Exhibit B)	27,455	31,945
	\$ 138,884	\$ 50,779

See accompanying notes to the financial statements.

Economic Innovation and Technology Council Statements of Revenue, Expenditure, Other Comprehensive Income and Funds Retained

Exhibit B

Year Ended March 31 2009 2008

Revenue		
Government of Canada, program grant	\$	\$ 68,083
Sundry	<u>1,238</u>	<u>15,000</u>
	<u>1,238</u>	<u>83,083</u>
Expenditure		
Operating expenses (Schedule 1)	<u>5,728</u>	<u>73,736</u>
(Deficiency) surplus of revenue over expenditure and other comprehensive income (loss)	<u>\$ (4,490)</u>	<u>\$ 9,347</u>
Funds retained, beginning of year	\$ 31,945	\$ 22,598
(Deficiency) surplus of revenue over expenditure and other comprehensive income (loss)	<u>(4,490)</u>	<u>9,347</u>
Funds retained, end of year (Exhibit A)	<u>\$ 27,455</u>	<u>\$ 31,945</u>

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Statement of Project Revenues and Expenditures

Exhibit C

Year Ended March 31

2009

2008

Receipts (by Program/Project)

Life Science Initiatives		
Contribution from Province of Manitoba (Note 6)	\$ 7,500	\$ 35,000
Program sponsors		
Knowledge Based Initiatives		
Contribution from Province of Manitoba (Note 6)		6,825
Program sponsors		15,530
Energy and Climate Change Initiatives		
Contribution from Province of Manitoba (Note 6)	274,857	277,072
Science and Technology Initiatives		
Contribution from Province of Manitoba (Note 6)		28,077
Targeted Geoscience Initiatives		
Contribution from Government of Canada	<u>124,500</u>	<u>67,900</u>
	<u>406,857</u>	<u>430,404</u>

Expenditure (by Program/Project)

Life Science Initiatives	7,500	35,000
Knowledge Based Initiatives		22,355
Energy and Climate Change Initiatives	274,857	277,072
Science and Technology Initiatives		28,077
Targeted Geoscience Initiatives	<u>124,500</u>	<u>67,900</u>
	<u>406,857</u>	<u>430,404</u>
Excess of revenues over expenditures retained	\$ -	\$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Statement of Cash Flows

Exhibit D

Year Ended March 31	2009	2008
Increase (decrease) in cash and funds on deposit		
Operating		
(Deficiency) surplus of Council operations revenue over expenditure (Exhibit B)	\$ (4,490)	\$ 9,347
Net changes in non-cash working capital balances		
Accounts receivable	(9,089)	(1,848)
Prepaid expenses	(1,266)	(41)
Accounts payable and accrued liabilities	42,554	391
Unearned project receipts	<u>50,041</u>	<u>(12,501)</u>
Net increase (decrease) in cash	<u>77,750</u>	<u>(4,652)</u>
Cash and Funds on deposit, beginning of year	<u>6,458</u>	<u>11,110</u>
Cash and Funds on deposit, end of year	<u>\$ 84,208</u>	<u>\$ 6,458</u>

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2009

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. Change in accounting policies

Effective April 1, 2008 the Council adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, *Capital Disclosures*

Section 1535 establishes standards for disclosing information about an Council's capital and how it is managed. These standards require an Council to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, *Financial Instruments – Disclosures*

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments – Disclosure and Presentation*. The new standards require an Council to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863, *Financial Instruments – Presentation*

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments – Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Council's yearend financial statements.

3. Significant accounting policies

a) Basis of reporting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2009

3. Significant accounting policies (continued)

b) Cash and funds on deposit

Cash and funds on deposit include cash on hand, Term deposits, balances with the Minister of Finance and short-term deposits with original maturities of three months or less.

c) Use of estimates

In preparing the Council'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 period. Actual results could differ from these estimates.

d) Revenue recognition

Revenue is recognized as program expenditures are incurred.

e) Comprehensive income

The Council has not recognized any adjustments through other comprehensive income for the year ended March 31, 2009. Because the Council has no items related to other comprehensive income, comprehensive income is equivalent to net income.

f) Capital disclosures

The Council's capital consists of funds retained from operations.

The Council's capital management policy is to maintain sufficient capital to meet its objectives through its retained earnings by managing transfers of surplus funds to the Province of Manitoba; meet short-term capital needs with working capital advances from the Province of Manitoba; and meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Council's approach to capital management during the period.

The Council is not subject to externally imposed capital requirements.

4. Financial instruments and financial risk management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2009

4. Financial instruments and financial risk management (continued)

The financial assets and liabilities of the Council are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash and funds on deposit	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investment in related party	Available for sale	Cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statements of revenue, expenditure and funds retained in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statements of revenue, expenditure and funds retained for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the statements of revenue, expenditure and funds retained.

Fair value of financial instruments

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The fair value of the investment in related party cannot be reliably measured as there is no quoted market price available, and therefore, it is not disclosed.

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 consist principally of cash and term deposits and accounts receivable.

The maximum exposure of the Council to credit risk at March 31, 2009 is:

Cash and funds on deposit	\$ 84,208
Accounts receivable	52,125
Receivable from the Province of Manitoba	350
	<u>\$ 136,683</u>

Cash and funds on deposits: The Council is not exposed to significant credit risk as the cash and term deposits are primarily held by the Minister of Finance.

Receivable from the Province of Manitoba: The Council is not exposed to significant credit risk as the receivable is from the Province of Manitoba.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2009

4. Financial instruments and financial risk management (continued)

Accounts receivable: The Council is not exposed to significant credit risk as the receivables are from the Government of Canada and payment in full is typically collected when it is due. The Council 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. Consistent with the previous year, there is no allowance for doubtful accounts as all receivables are expected to be collected.

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.

5. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of \$25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of \$875,000, and 1 Class B Special Preferred Share with a paid-up capital value of \$1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of \$75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2009

5. Investment in Manitoba Technology Centre Ltd. (continued)

Class A Special Preferred Shares

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of \$875,000 divided by 1,500,000 or \$.5833 per share. As part of the Unanimous Shareholders Agreement, ETL was committed to contributing \$1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 2002.

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at \$1.00 per share.

Effective May 31, 2002, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;
2. MTC continues to occupy premises owned by the Province of Manitoba; and
3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of \$25 for \$434,200.

A gain of \$434,175 resulting from this redemption was recorded.

6. 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.

Economic Innovation and Technology Council

Schedule 1

Schedule of Expenses

Year Ended March 31

2009

2008

National Research Council - Industrial Research Assistance Program	\$	\$
Professional fees	5,728	68,083
Purchased services		5,588
		65
	<hr/>	<hr/>
	\$ 5,728	\$ 73,736



THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

To the Directors of First Nations of Northern Manitoba Child and Family Services Authority

We have audited the statement of financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2009 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
July 10, 2009

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Statement of Financial Position

March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 1,701,506	\$ 1,000,183
Accounts receivable from the Province	719,163	906,911
Working capital receivable from agencies	203,000	128,000
Accounts receivable	88,681	113,357
Prepaid expenses	58,741	15,135
	<u>2,771,091</u>	<u>2,163,586</u>
EQUIPMENT (Notes 3, 5)	<u>91,506</u>	<u>97,331</u>
	<u>\$ 2,862,597</u>	<u>\$ 2,260,917</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 770,490	\$ 679,965
Working capital payable to the Province	203,000	128,000
Deferred income	167,452	-
	<u>1,140,942</u>	<u>807,965</u>
NET ASSETS		
Unrestricted	343,807	64,279
Internally restricted (Note 6)	783,107	788,107
Externally restricted (Note 7)	503,235	503,235
Invested in equipment	91,506	97,331
	<u>1,721,655</u>	<u>1,452,952</u>
	<u>\$ 2,862,597</u>	<u>\$ 2,260,917</u>
LEASE COMMITMENT (Note 9)		

ON BEHALF OF THE BOARD

Director

Director

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Statement of Changes in Net Assets

Year Ended March 31, 2009

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Equipment	2009	2008
NET ASSETS - BEGINNING OF YEAR	\$ 64,279	\$ 788,107	\$ 503,235	\$ 97,331	\$ 1,452,952	\$ 1,155,782
Excess of revenue over expenses	319,617	-	-	(50,914)	268,703	297,170
Interfund transfers	305,000	(305,000)	-	-	-	-
Transfer of surplus	(300,000)	300,000	-	-	-	-
Purchase of Assets	(45,089)	-	-	45,089	-	-
NET ASSETS - END OF YEAR	<u>\$ 343,807</u>	<u>\$ 783,107</u>	<u>\$ 503,235</u>	<u>\$ 91,506</u>	<u>\$ 1,721,655</u>	<u>\$ 1,452,952</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Statement of Revenues and Expenses

Year Ended March 31, 2009

	2009	2008
REVENUE		
Province of Manitoba - Authority Funding	\$ 13,462,493	\$ 12,540,879
Interest	43,316	77,002
Other	4,664	834
	<u>13,510,473</u>	<u>12,618,715</u>
EXPENSES		
Annual general meeting	20,038	13,642
Audit	4,500	3,562
Bad debts	-	4,092
Bank and service fees	840	638
Board expenses	9,836	2,804
Board honorarium	37,900	15,200
Changes for children	259,032	186,876
Communications	32,187	12,831
Family innovation fund	13,736	-
IT support	6,119	6,119
Insurance	13,904	11,243
Joint training unit	96,741	88,095
Memberships and subscriptions	3,035	2,010
Miscellaneous	5,770	25,274
Office supplies	20,731	10,917
Payments to agencies	10,751,449	10,328,402
Payments to authorities	120,644	247,888
Payroll processing	2,198	1,654
Postage and courier	1,444	1,188
Printing and stationery	1,515	2,390
Professional fees	246,311	124,914
Recruitment costs	3,774	7,484
Rent	57,977	47,115
Repatriation	5,418	-
Salaries and benefits	1,112,046	884,485
Small equipment and repairs	5,539	1,501
Staff development	19,091	10,567
Strategic planning	-	8,918
Transition	-	98,013
Travel	339,081	143,442
	<u>13,190,856</u>	<u>12,291,264</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>319,617</u>	<u>327,451</u>
OTHER EXPENSES		
Amortization	(50,914)	(30,016)
Loss on disposal of assets	-	(265)
	<u>(50,914)</u>	<u>(30,281)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 268,703</u>	<u>\$ 297,170</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

**Statement of Cash Flows
Year Ended March 31, 2009**

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 268,703	\$ 297,170
Items not affecting cash:		
Amortization	50,914	30,016
Loss on disposal of assets	-	265
	<u>319,617</u>	<u>327,451</u>
Changes in non-cash working capital:		
Accounts receivable	212,424	(61,385)
Accounts payable and accrued liabilities	90,525	(344,561)
Deferred income	167,452	-
Prepaid expenses	(43,606)	212
	<u>426,795</u>	<u>(405,734)</u>
Cash flow from (used by) operating activities	<u>746,412</u>	<u>(78,283)</u>
INVESTING ACTIVITY		
Purchase of equipment	(45,089)	(78,890)
INCREASE (DECREASE) IN CASH FLOWS	<u>701,323</u>	<u>(157,173)</u>
CASH - BEGINNING OF YEAR	<u>1,000,183</u>	<u>1,157,356</u>
CASH - END OF YEAR	<u>\$ 1,701,506</u>	<u>\$ 1,000,183</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 840</u>	<u>\$ 77,002</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

1. DESCRIPTION OF OPERATIONS

The First Nations of Northern Manitoba Child and Family Services Authority (Northern 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 Northern 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 Nation, 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 Northern Authority is exempt from income taxes under Section 149(1)(l) 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 Authorities Act came into force upon proclamation. Proclamation occurred 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. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008, the Agency adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital, and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, Financial Instruments - Disclosures

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments - Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863, Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments - Disclosure and Presentation, unchanged.

The three standards listed above have no impact on the recognition, measurement or presentation of financial instruments in the Agency's financial statements for the year ended March 31, 2009.

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles.

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 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.

Equipment

Equipment is initially 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.

Computer equipment	3 years
Computer software	5 years
Equipment	5 years
Furniture and fixtures	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Authority funding from the Province of Manitoba is recognized when earned.

Capital disclosures

The Authority's capital consists of net assets provided by operations.

The Authority's capital management policy is to maintain sufficient capital in net assets to meet its objectives, meet short term capital needs through working capital advances from the Province of Manitoba; and meet long term capital needs through long term debt with the Province of Manitoba. There were no changes in the Authority's approach to capital management during the 2008/09 year.

The Authority is not subject to externally imposed capital requirements.

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

4. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on a financial instrument's classification.

Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value, with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Authority are classified and measured as follows:

<u>Financial asset/liability</u>	<u>Category</u>	<u>Subsequent measurement</u>
Cash	Held for trading	Fair value
Accounts receivable from the Province	Loans and receivable	Amortized cost
Working capital receivable from agencies	Loans and receivable	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Working capital payable to the Province	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of earnings and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of earnings and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they would be recorded in the statement of earnings and retained earnings.

Fair value of financial instruments

The fair value of accounts receivable from the Province, working capital receivable from agencies, accounts receivable, accounts payable and accrued liabilities and working capital payable to the Province approximates their carrying values due to their relatively short term maturity.

Financial risk management

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

(continues)

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

4. 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 Authority to credit risk consist principally of cash, cash equivalents and receivables.

The maximum exposure of the Authority to credit risk as of March 31, 2009, is:

Accounts receivable from the Province	\$ 719,163
Working capital receivable from agencies	203,000
Accounts receivable	88,681
	<u>\$ 1,010,844</u>

Receivables: The Authority is not exposed to significant credit risk since the receivables are with agencies and Province of Manitoba. An allowance for doubtful accounts was not recorded as of March 31, 2009.

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 balancing its cash flow requirements through its available working capital payable and its cash balance. Regular determinations of the Authority's working capital payable and cash requirements are reviewed by the Province of Manitoba to ensure that adequate funding is available as required to enable the Authority to meet its obligations as they come due.

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 net earnings or the fair values of its financial instruments. The significant market risks the Authority 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

The interest rate risk 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 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 financial instruments denominated in foreign currency.

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

5. EQUIPMENT

	<u>2009</u>		<u>2008</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 77,272	\$ 53,023	\$ 63,339	\$ 29,587
Computer software	11,317	8,465	10,214	6,311
Equipment	98,308	53,991	78,267	36,334
Furniture and fixtures	43,343	23,255	33,330	15,587
	<u>\$ 230,240</u>	<u>\$ 138,734</u>	<u>\$ 185,150</u>	<u>\$ 87,819</u>
Net book value	<u>\$ 91,506</u>		<u>\$ 97,331</u>	

During the year ended March 31, 2009, the Authority incurred the following capital expenditures:

	<u>2009</u>	<u>2008</u>
Computer equipment	\$ 13,932	\$ 34,025
Computer software	1,104	-
Equipment	20,041	28,648
Furniture and fixtures	10,012	16,217
	<u>\$ 45,089</u>	<u>\$ 76,883</u>

6. INTERNALLY RESTRICTED NET ASSETS

The Board approved the following internal restrictions:

	<u>2009</u>	<u>2008</u>
Copier replacement	\$ 9,270	\$ 9,270
Furniture replacement	9,270	9,270
Transitional expenses to Northern location	50,600	50,600
Winnipeg projects	57,339	57,339
Communication strategy	-	100,000
Statistical development	-	100,000
Agency development work	-	105,000
CME report contract	-	25,000
Executive assistant term position	-	50,000
Furniture, computers and equipment	16,900	55,000
Repatriation	35,000	35,000
Authority and agency development	300,000	-
Joint training unit	79,905	79,905
Family support innovations	224,823	111,723
	<u>\$ 783,107</u>	<u>\$ 788,107</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2009

7. 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 Northern Authority and to assist Family Service Agencies in extending their operations and have the ability to accept the scheduled transfer of cases.

8. ECONOMIC DEPENDENCE

First Nations of Northern Manitoba Child and Family Services Authority is solely dependent on the Province of Manitoba for revenue to fund its operations.

9. LEASE COMMITMENT

The Authority has entered into a five year lease for one of their premises that expires on January 31, 2012. Under the lease, the Authority is required to pay a base annual rent of \$39,963.

Auditors' Report

To the Board of Directors of First Nations of Southern Manitoba Child and Family Services Authority:

We have audited the statement of financial position of First Nations of Southern Manitoba Child and Family Services Authority as at March 31, 2009 and the statements of revenues and expenses and the related schedules for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

July 20, 2009

Meysen Norris Perry LLP

Chartered Accountants

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2009

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Repatriation Fund</i>	<i>Total 2009</i>	<i>Total 2008</i>
Assets					
Current					
Cash and short term investments	1,076,253	-	-	1,076,253	576,966
Accounts receivable	5,060,649	-	-	5,060,649	4,707,274
Prepaid expenses and deposits	18,292	-	-	18,292	5,539
	6,155,194	-	-	6,155,194	5,589,779
Capital assets (Note 3)	-	447,973	-	447,973	362,737
Due from agencies (Note 4)	2,306,320	-	-	2,306,320	2,084,500
Interfund advances	-	-	240,869	240,869	248,475
	8,461,514	447,973	240,869	9,150,356	8,285,491
Liabilities					
Current					
Accounts payable and accruals	1,644,175	-	-	1,644,175	2,507,591
Deferred revenue (Note 5)	2,517,489	-	-	2,517,489	2,396,701
	4,161,664	-	-	4,161,664	4,904,292
Deferred revenue (Note 5)	1,702,761	-	-	1,702,761	334,694
Due to Province of Manitoba (Note 4)	2,306,320	-	-	2,306,320	2,084,500
Interfund advances	240,869	-	-	240,869	248,475
	8,411,614	-	-	8,411,614	7,571,961
Net Assets					
Unrestricted	49,900	-	-	49,900	102,318
Invested in capital assets	-	447,973	-	447,973	362,737
Restricted	-	-	240,869	240,869	248,475
	49,900	447,973	240,869	738,742	713,530
	8,461,514	447,973	240,869	9,150,356	8,285,491

Approved on behalf of the board

Director

Director

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Revenues and Expenses
For the year ended March 31, 2009

				2009 Excess (Deficiency) of Revenues over Expenses	2008 Excess (Deficiency) of Revenues over Expenses
	Revenues	Other Revenues	Expenses		
Operating Fund (Schedule 1)	33,849,507	63,630	(33,710,342)	202,795	70,070
Capital Fund (Schedule 2)	-	-	(134,977)	(134,977)	(110,598)
Repatriation Program (Schedule 3)	-	-	(42,606)	(42,606)	(21,555)
	33,849,507	63,630	(33,867,925)	25,212	(62,083)

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

First Nations of Southern Manitoba Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

1. Incorporation and operations

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.

Operations

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 Organization 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.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

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.

Measurement uncertainty

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

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.

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2009

2. **Accounting policies** *(Continued from previous page)*

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the First Nations of Southern Manitoba Child and Family Services 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. Three funds are maintained: Operating Fund, Capital Fund, Repatriation Fund.

The Operating Fund is used to account for all revenue and expenditure related to general and ancillary operations of the First Nations of Southern Manitoba Child and Family Services Authority.

The Capital Fund is used to account for all capital assets of the organization and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Repatriation Fund is a restricted fund used to account for monies for specific purposes.

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 is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the year.

Recent accounting pronouncements

Financial instruments deferral of section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations*. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2009

2. Accounting policies (Continued from previous page)

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 *Capital Assets Held by Not-for-profit Organizations* has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow not-for-profit organizations to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

Disclosure of allocated expenses by non-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 *Disclosure of Allocated Expenses by Not-for-profit Organizations* requires disclosure by not-for-profit organizations that allocate fundraising and general support expenses to other functions of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

Financial instruments

Held for trading:

The Authority has classified cash and short-term deposits as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables:

The Authority has classified accounts receivable and advances as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Other financial liabilities:

The Authority has classified accounts payable and accruals and due to Province of Manitoba as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2009

2. Accounting policies (Continued from previous page)

Comprehensive income (loss)

The Authority does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period.

3. Capital assets

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Computer equipment	706,651	388,985	317,666	219,770
Furniture and fixtures	196,851	77,122	119,729	129,366
Leasehold improvements	15,112	4,534	10,578	13,601
	<u>918,614</u>	<u>470,641</u>	<u>447,973</u>	<u>362,737</u>

4. Due from Agencies/Due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of \$2,306,320, 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.

	2009	2008
Animikii-Ozoon CFS	406,890	406,890
Child and Family All Nations Coordinated Response Network	538,400	538,400
Dakota Ojibway CFS	393,510	393,510
Sandy Bay CFS	158,700	158,700
Southeast CFS	362,000	362,000
West Region CFS	225,000	225,000
Peguis CFS	221,820	-
	<u>2,306,320</u>	<u>2,084,500</u>

5. 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.

First Nations of Southern Manitoba Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

6. Income taxes payable

The Authority is registered as a non-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. 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.

7. Commitments

The Authority has entered into various lease agreements with estimated minimum annual payments as follows:

2010	1,090,105
2011	1,090,105
2012	1,050,784
2013	1,037,677
2014	1,011,490

8. 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.

9. Statement of cash flows

The statement of cash flows has not been prepared as the source and use of cash is readily apparent from the financial statements.

10. Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern, so that it can continue with the improvement of the financial situation of families through the provision of services and information on a range of financial issues.

The Authority 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.

The Authority monitors capital quarterly through Board of Directors meetings. During the year, the Authority's strategy is to protect the capital through managing revenues and expenses as well as through maintaining a balanced investment portfolio. The strategy remained unchanged from prior year.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 1 - Statement of Operations and Net Assets - Operating Fund
For the year ended March 31, 2009

	2009	2008
Revenues		
Province of Manitoba - Department of Family Services and Housing Division	33,839,008	30,193,897
First Nations of Northern Manitoba Child and Family Services Authority	6,860	120,644
Other	3,639	73,001
	33,849,507	30,367,542
Expenses		
Personnel		
Recruitment	9,211	2,903
Salaries, wages and benefits	1,344,763	987,322
Training and education	19,138	17,299
Travel	26,202	29,218
	1,399,314	1,036,742
Office operations		
Interest and bank charges	2,907	2,364
Supplies	41,194	37,609
Telephone, fax and internet	22,392	22,986
	66,493	62,959
Office and building		
Insurance	16,948	14,274
Rent	148,439	118,239
	165,387	132,513
Other Authority		
Agency governance support	95,250	-
Agency reviews	152,113	-
Agency strategy and communication meetings	41,062	33,472
Annual meeting	5,620	11,207
Board training and meeting expenses	30,537	19,689
Changes for children initiatives	471,796	873,788
Common table costs	-	293,537
Differential response initiatives	12,564	-
Information technology support	126,290	169,476
Joint training unit	596,198	-
Non-recoverable expenses	4,553	-
Office of the standing committee	126,011	16,545
Professional fees	20,394	27,316
Public relations	-	4,536
	1,722,388	1,449,566
Agency support		
Agency central support	29,092,890	26,675,805
Agency family support innovations fund	269,700	253,000
	29,362,590	26,928,805
Other Program Support		
Golden Eagle program support	994,170	811,754

Continued on next page

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 1 - Statement of Operations and Net Assets - Operating Fund
For the year ended March 31, 2009

Continued from previous page

	2009	2008
Other Income		
Interest	29,680	73,579
Goods and Service Tax	23,950	21,268
Office space rental	10,000	10,000
	63,630	104,867
Excess of revenues over expenses	202,795	70,070
Net assets, beginning of year	102,318	166,025
Inter-fund transfers	(255,213)	(135,777)
Net assets, end of year	49,900	102,318

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 2 - Statement of Operations and Net Assets - Capital Fund
For the year ended March 31, 2009

	2009	2008
Expenses		
Amortization	124,363	110,598
Other income		
Loss on donation of capital asset	10,614	-
Deficiency of revenues over expenses	(134,977)	(110,598)
Net assets, beginning of year	362,737	366,348
Inter-fund transfers	220,213	106,987
Net assets, end of year	447,973	362,737

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 3 - Statement of Operations and Net Assets - Repatriation Fund
For the year ended March 31, 2009

	2009	2008
Expenses		
Office	202	-
Salaries, wages and benefits	42,404	21,555
Deficiency of revenues over expenses	(42,606)	(21,555)
Net assets, beginning of year	248,475	241,240
Inter-fund transfers	35,000	28,790
Net assets, end of year	240,869	248,475

AUDITORS' REPORT

To the Board of Directors of
The General Child and Family Services Authority

We have audited the statement of financial position of the General Child and Family Services Authority as at March 31, 2009 and the statements of revenues and expenses, fund balances and cash flow for the year then ended. These financial statements are the responsibility of the authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2009 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 8, 2009

CHARTERED ACCOUNTANTS

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	TOTAL 2009	TOTAL 2008
ASSETS					
CURRENT ASSETS					
Cash and short term deposits	\$ 1,421,219	\$ -	\$ -	\$ 1,421,219	\$ 248,826
Accounts receivable	172,681	-	60,482	233,163	689,248
Advance receivable	-	-	116,600	116,600	-
Prepaid expenses	8,732	-	-	8,732	5,575
	1,602,632	-	177,082	1,779,714	943,649
CAPITAL ASSETS (Note 5)	-	53,168	-	53,168	65,834
	\$ 1,602,632	\$ 53,168	\$ 177,082	\$ 1,832,882	\$ 1,009,483

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 131,287	\$ -	\$ 60,482	\$ 191,769	\$ 122,647
Working capital advances (Note 4)	-	-	116,600	116,600	-
Deferred contributions (Note 6)	826,063	-	-	826,063	383,758
	957,350	-	177,082	1,134,432	506,405

DEFERRED CONTRIBUTIONS
RELATING TO CAPITAL
ASSETS (Note 6)

-	44,094	-	44,094	65,834
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FUND BALANCES

Internally restricted (Note 8)	400,000	-	-	400,000	-
Unrestricted	245,282	9,074	-	254,356	437,244
	645,282	9,074	-	654,356	437,244

\$ 1,602,632	\$ 53,168	\$ 177,082	\$ 1,832,882	\$ 1,009,483
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APPROVED ON BEHALF OF THE BOARD:

Director_____
Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2009

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2009	2008
REVENUE					
Province of Manitoba					
Operating grant	\$ 1,898,308	\$ -	\$ -	\$ 1,898,308	\$ 839,349
Transition grant (Note 6(ii))	-	-	-	-	12,037
Transition grant relating to capital assets (Note 6(iii))	-	26,851	-	26,851	20,399
Agency grants (Note 7)	-	-	7,656,090	7,656,090	7,322,109
Miscellaneous grants	110,611	-	-	110,611	643,871
Interest and other	26,862	-	-	26,862	6,170
	2,035,781	26,851	7,656,090	9,718,722	8,843,935
EXPENSES					
Agency allocations (Note 7)	-	-	7,656,090	7,656,090	7,322,109
Amortization	-	26,851	-	26,851	20,399
Board expenses and meetings	14,112	-	-	14,112	5,865
Board Governance	8,439	-	-	8,439	-
Insurance	3,368	-	-	3,368	993
Interest and bank charges	786	-	-	786	479
Miscellaneous grant expenses	175,059	-	-	175,059	187,146
Office and miscellaneous	104,253	-	-	104,253	39,037
Professional services	184,003	-	-	184,003	78,694
Rent	76,720	-	-	76,720	46,679
Telephone	18,790	-	-	18,790	12,050
Training and development	221,639	-	-	221,639	132,668
Travel	13,170	-	-	13,170	19,795
Utilities	1,045	-	-	1,045	-
Wages and benefits	997,285	-	-	997,285	679,909
	1,818,669	26,851	7,656,090	9,501,610	8,545,823
EXCESS OF REVENUE OVER EXPENSES					
	\$ 217,112	\$ -	\$ -	\$ 217,112	\$ 298,112

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2009

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2009	2008
Balance, beginning of year	\$ 437,244	\$ -	\$ -	\$ 437,244	\$ 139,132
Additions to capital assets	(9,074)	9,074	-	-	-
Excess of revenue over expenses	217,112	-	-	217,112	298,112
Balance, end of year	\$ 645,282	\$ 9,074	\$ -	\$ 654,356	\$ 437,244

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 217,112	\$ 298,112
Adjustments for		
Amortization	26,851	20,399
Recognition of deferred contributions	(449,284)	(146,192)
Amortization of deferred contributions relating to capital assets	(26,851)	(20,399)
	(232,172)	151,920
Changes in the following		
Accounts receivable	456,085	(508,604)
Advance receivable	(116,600)	-
Prepaid expenses	(3,157)	(1,568)
Accounts payable and accrued liabilities	69,122	78,110
Working capital advances	116,600	-
	289,878	(280,142)
INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	(14,185)	(37,359)
Receipt of deferred contributions	896,700	462,802
	882,515	425,443
CHANGE IN CASH AND SHORT TERM DEPOSITS	1,172,393	145,301
CASH AND SHORT TERM DEPOSITS, beginning of year	248,826	103,525
CASH AND SHORT TERM DEPOSITS, end of year	\$ 1,421,219	\$ 248,826

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

1. ORGANIZATION

The General Child and Family Services Authority (the "Authority") was established November 24, 2003 under The Child and Family Services Authorities Act. The authority is a non-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, Churchill Child and Family Services, Winnipeg Child and Family Services Branch and Rural and Northern Services Branch (Interlake, Eastman, Parkland, Northern).

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008, the Authority adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (See disclosure in Note 3)

Section 3862 Financial Instruments - Disclosures

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments – Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed. (See disclosure in Note 10)

Section 3863 Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments – Disclosure and Presentation, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Authority's year end financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

(a) Fund accounting

The authority records its activities in the following funds:

(i) Operating fund

This fund accounts for the activity relating to the principal activity of the authority (Note 1).

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Transition fund

The Province of Manitoba has provided one-time transition funding in support of the restructuring of the child and family services system, as initiated under the Aboriginal Justice Inquiry - Child Welfare Initiative. Funding is to be used to support the resource transfer process and the development of the corporate infrastructure of the authority and mandated child and family services agencies under the jurisdiction of the authority. The resource transfer process involves the transfer of cases from agencies under the jurisdiction of the authority to the Metis Child and Family Services Authority, Northern First Nations Child and Family Services Authority, and First Nations of Southern Manitoba Child and Family Services Authority. All contributions to this fund are externally restricted for this purpose.

(iii) 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) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives based on the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer software	3 years	Straight line
Furniture and fixtures	5 years	Straight line
Leaseholds	5 years	Straight line

(d) Income taxes

The authority is a non-profit entity and is exempt from income taxes.

(e) Capital disclosures

The Authority's capital management policy is to maintain sufficient capital to meet its objectives through its fund balances by managing transfers of surplus funds to the Province of Manitoba; meet short-term capital needs with working capital advances from the Province of Manitoba; and meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Authority's approach to capital management during the period.

The Authority is not subject to externally imposed capital requirements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments - recognition and measurement

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Authority has designated its financial instruments as follows:

Cash and short term deposits are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

Accounts receivable and advance receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate and method.

Accounts payable and accrued liabilities and working capital advances are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of earnings and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of earnings and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the statement of earnings and retained earnings.

(g) Fair value of financial instruments

The fair value of accounts receivable, advance receivable, accounts payable and accrued liabilities and working capital advances approximates their carrying values due to their short-term maturity.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. WORKING CAPITAL ADVANCES

Working capital advances are provided to the Authority's agencies through the Province of Manitoba. The Province has approved the advance based on two twelfths of the yearly expenditures an agency invoices Family Services and Housing for child maintenance. The advance is non-interest bearing and is repayable at the time that the agency no longer is providing services on behalf of the department.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2009	2008
Computer software	\$ 18,475	\$ 6,587	\$ 11,888	\$ 5,853
Furniture and fixtures	40,265	20,655	19,610	25,717
Leaseholds	74,791	53,121	21,670	34,264
	\$ 133,531	\$ 80,363	\$ 53,168	\$ 65,834

6. DEFERRED CONTRIBUTIONS

Deferred contributions in the operating fund relate to various grants from the Province of Manitoba and the Children's Aid Foundation. The balance continuities are as follows:

(i) Deferred contributions

	2009	2008
Beginning balance	\$ 378,647	\$ 50,000
Add contributions:		
Province of Manitoba	896,700	454,400
Children's Aid Foundation	-	8,402
	1,275,347	512,802
Less: amounts amortized to revenue	449,284	134,155
Ending balance	\$ 826,063	\$ 378,647

Deferred contributions in the transition fund relate to a one-time grant from the Province of Manitoba for transition funding. The balance continuities are as follows:

(ii) Deferred contributions

	2009	2008
Beginning balance	\$ 5,111	\$ 54,510
Less: - amounts transferred from deferred contributions to capital assets (Note 6(iii))	5,111	37,362
- amounts recognized as revenue in the year	-	12,037
Ending balance	\$ -	\$ 5,111

(iii) Deferred contributions relating to capital assets

	2009	2008
Beginning balance	\$ 65,834	\$ 48,871
Add contributions:		
Amounts transferred from deferred contributions (Note 6(ii))	5,111	37,362
	70,945	86,233
Less: amounts amortized to revenue	26,851	20,399
Ending balance	\$ 44,094	\$ 65,834

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

7. AGENCY GRANTS

The authority received funding from the Province of Manitoba in the amount of \$7,656,090 (2008 - \$7,322,109) to be allocated to the agencies under its jurisdiction. The Agency grants were allocated as follows:

<u>Child and Family Services Division</u>				
<u>Agency</u>	<u>Child Protection Branch</u>	<u>Strategic Initiatives Branch</u>	<u>Total 2009</u>	<u>Total 2008</u>
Child and Family Services of Central Manitoba	\$ 2,739,782	\$ -	\$ 2,739,782	\$ 2,675,659
Child and Family Services of Western Manitoba	4,667,108	-	4,667,108	4,402,550
Jewish Child and Family Services	237,600	-	237,600	232,600
Churchill Regional Health Authority	11,600	-	11,600	11,300
Total	\$ 7,656,090	\$ -	\$ 7,656,090	\$ 7,322,109

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the authority.

8. INTERNALLY RESTRICTED

In 2009, the Authority internally restricted \$400,000 to be used as follows:

	<u>Operating Fund</u>
Critical Incident Stress Management Project	\$ 40,000
After Care Program - Pilot Project	50,000
Staff Engagement Initiatives	27,000
Youth Engagement Initiatives	40,000
Youth Retreat in partnership with VOICES	20,000
Recruitment & Retention Initiatives	25,000
All Agency Staff Summit	20,000
Life Book Project	25,000
Age of Majority Celebrations	21,000
Research Project related to Children in Foster Care	20,000
French Language Services Plan Review	15,000
Children Transitioning out of Care Fund	97,000
	\$ 400,000

These internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

9. LEASE COMMITMENTS

The Authority has entered into an agreement to lease premises at 180 King Street until November 30, 2012. Occupancy charges for the year ending March 31, 2010 are estimated to be \$74,185 (2009 - \$64,165).

10. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

In the normal course of operations the Authority is exposed to various financial risks. The financial risk management objectives and policies are as follows:

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 short term deposits, accounts receivable and advance receivable.

The maximum exposure of the Authority to credit risk at March 31, 2009 is:

Cash and short term deposits	\$ 1,421,219
Accounts receivable	233,163
Advance receivable	116,600
	<hr/> \$ 1,770,982 <hr/>

Cash and short term deposits: The Authority is not exposed to significant credit risk as the cash and term deposits are primarily held by a financial institution.

Accounts receivable and advance receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advance receivable are with related entities and consists of a large client base and payment in full is typically collected when it is due. 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 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 at 2009 was \$nil (2008 - \$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.

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 funds on deposit.

The interest rate risk on short term deposits are considered to be low because of their short-term nature.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year classifications.



HELEN BETTY OSBORNE MEMORIAL FOUNDATION

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Helen Betty Osborne Memorial Foundation are the responsibility of the Board of Trustees and have been prepared in accordance with Canadian generally accepted accounting principles. In the Board of Trustees' opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating the Board's best judgment regarding all necessary estimates and all other data available up to June 19, 2009. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Trustees maintain 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 Auditor General of Manitoba is to express an independent, professional opinion on whether the financial statements of Helen Betty Osborne Memorial Foundation are fairly stated in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of the Board of Trustees,

Diane Carriere
Chairperson
Helen Betty Osborne Memorial Foundation

June 19, 2009

2ND FLOOR 405 BROADWAY AVENUE, WINNIPEG, MB R3C 3L6 | 204.945.3909 | F.
HELENBETTYOSBORNEFOUNDATION.CA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba and
To the Board of Trustees of the Helen Betty Osborne Memorial Foundation

We have audited the statement of financial position of The Helen Betty Osborne Memorial Foundation as at March 31, 2009, and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many charitable organizations, the Foundation derives funds from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these donations was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses and net assets at the end of the year.

In our opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009, and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Office of the Auditor General

Winnipeg, Manitoba
June 19, 2009

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Total</u> <u>2009</u>	<u>Total</u> <u>2008</u>
ASSETS					
CURRENT ASSETS					
Cash and bank	\$ 76,720	-	43,946	120,666	70,432
Short-term investments	-	-	213,554	213,554	208,215
Accrued interest receivable	-	268	-	268	1,274
Accounts receivable	3,404	-	-	3,404	1,667
Inventory (Note 2(c))	<u>2,861</u>	<u>-</u>	<u>-</u>	<u>2,861</u>	<u>-</u>
	<u>\$ 82,985</u>	<u>268</u>	<u>257,500</u>	<u>340,753</u>	<u>281,588</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 599	-	-	599	-
Deferred contributions (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,214</u>
	<u>599</u>	<u>-</u>	<u>-</u>	<u>599</u>	<u>23,214</u>
NET ASSETS					
Restricted	-	268	-	268	-
Endowment	-	-	257,500	257,500	257,500
Unrestricted	<u>82,386</u>	<u>-</u>	<u>-</u>	<u>82,386</u>	<u>874</u>
	<u>82,386</u>	<u>268</u>	<u>257,500</u>	<u>340,154</u>	<u>258,374</u>
	<u>\$ 82,985</u>	<u>268</u>	<u>257,500</u>	<u>340,753</u>	<u>281,588</u>

APPROVED BY THE BOARD:

Director

Director

**THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2009**

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2009	Total 2008
REVENUE					
Province of Manitoba operating grant (Note 7)	\$ 80,000	-	-	80,000	-
Book sales	7,759	-	-	7,759	-
Donations and fundraising	75,541	-	-	75,541	74,466
Investment income (Note 4)	-	4,333	-	4,333	8,056
Restricted contributions (Note 3)					
Bursaries and scholarships	-	104,400	-	104,400	53,600
Project	-	26,544	-	26,544	15,962
	<u>163,300</u>	<u>135,277</u>	<u>-</u>	<u>298,577</u>	<u>152,084</u>
EXPENSES					
Bursaries and scholarships	-	123,500	-	123,500	77,000
Cost of book sales	314	-	-	314	-
Fundraising	66,080	-	-	66,080	61,310
Project	-	26,903	-	26,903	16,263
	<u>66,394</u>	<u>150,403</u>	<u>-</u>	<u>216,797</u>	<u>154,573</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	96,906	(15,126)	-	81,780	(2,489)
NET ASSETS, BEGINNING OF YEAR	874	-	257,500	258,374	210,863
Endowment fund contribution	-	-	-	-	50,000
Inter-fund transfers (Note 9)	<u>(15,394)</u>	<u>15,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 82,386</u>	<u>268</u>	<u>257,500</u>	<u>340,154</u>	<u>258,374</u>

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 81,780	(2,489)
Endowment fund contribution	<u>-</u>	<u>50,000</u>
	81,780	47,511
Change in non-cash working capital:		
Accrued interest receivable	1,006	31
Accounts receivable	(1,737)	1,294
Inventory	(2,861)	-
Accounts payable and accrued liabilities	599	(4,294)
Deferred contributions	<u>(23,214)</u>	<u>(9,891)</u>
	<u>55,573</u>	<u>34,651</u>
FINANCING AND INVESTING ACTIVITIES		
Investments	<u>(5,339)</u>	<u>(8,086)</u>
INCREASE IN CASH	50,234	26,565
CASH, BEGINNING OF YEAR	<u>70,432</u>	<u>43,867</u>
CASH, END OF YEAR	<u><u>\$ 120,666</u></u>	<u><u>70,432</u></u>
ADDITIONAL INFORMATION:		
Interest received	\$ 5,339	8,087

1. ACCOUNTING ENTITY

The Helen Betty Osborne Memorial Foundation is incorporated under The Helen Betty Osborne Memorial Foundation Act, which received royal assent on December 15, 2000. The Foundation is a registered charitable organization exempt from income taxes under the provisions of the Income Tax Act of Canada.

The legislated purpose of the Foundation is to receive donations of real and personal property, including cash; to provide financial assistance to aboriginal persons residing in Manitoba who are enrolled in post secondary studies in Manitoba; and to promote the memory of Helen Betty Osborne.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue Recognition

The Foundation follows the deferral method in 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 they are received or receivable, and when collectability is reasonably assured. Endowment contributions are recognized as direct increases in net assets. Investment income earned is restricted for bursary or scholarship purposes and is recognized on a time proportionate basis.

(c) Inventory

Inventory is stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out/ average cost method.

(d) Fund Accounting

The Regulation of The Helen Betty Osborne Memorial Foundation Act directs that scholarships, bursaries and grants may be paid from the fund as long as the fund will contain at least \$57,500 after the capital in question has been withdrawn from the fund. If the fund contains less than \$57,500, the Foundation may only provide scholarships, bursaries and grants using income earned from the fund. The Foundation maintains the following funds:

- The Unrestricted Fund, which reports the general activities of the Foundation, including administration.
- The Restricted Fund, which reports the revenues and expenses related to bursaries and scholarships and other special projects.
- The Endowment Fund, which reports the investments and grants received is subject to externally imposed restrictions stipulating that the resources be maintained permanently.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) New Accounting Policies

Effective April 1, 2008 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 Capital Disclosure

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

The entity has continued to apply Section 3861 "Financial Instruments - Disclosure and Presentation" in place of Sections 3862 and 3863.

Section 3031 Inventories

Section 3031, Inventories, replacing Section 3030, Inventories. It provides more guidance on the measurement and disclosure requirements for inventories. The adoption of Section 3031 did not have an impact on the recognition, measurement or presentation of inventory in the entity's year-end financial statements.

(f) Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recoded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Foundation are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash and funds on deposit	Held for trading	Fair value
Accrued interest receivable	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Deferred contributions	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial Instruments (Continued)

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets until realized, at which time they recorded in the statement of operations.

Fair value of financial instruments

The fair values of cash, short-term investments, accrued interest receivable, accounts receivable, accounts payable and deferred contributions approximates their carrying values due to their short-term maturity.

(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 and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

(h) Capital Management

The Foundation's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Foundation's capital consists unrestricted, restricted and endowment funds.

The Foundation's capital management policy is to:

- Maintain sufficient capital to meet its objectives through its net assets by managing contributions from government entities, private organizations and individuals.
- Meet short-term capital needs with ongoing management of cash on hand and short-term investments.
- Meet long-term capital needs through allocation of revenue to the endowment fund.

The Foundation is not subject to externally imposed capital requirements.

There were no changes in the foundation's approach to capital management during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These new sections, which were effective April 1, 2008, would require additional disclosure in the financial statements. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These entities are permitted to continue to apply Section 3861 Financial Instruments - Disclosure and Presentation in place of sections 3862 and 3863. An entity that does so must disclose this fact.

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 Disclosures of Allocated Expenses by Not-for-Profit Organizations.

CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 Cash Flow Statements applicable to NPO's; and
- make Section 1751 Interim Financial Statements applicable to NPO's that prepare interim financial statements in accordance with GAAP.

Section 4430 Capital Assets Held by Not-For-Profit Organizations was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

New Section CICA 4470 Disclosure of Allocated Expenses by Not-For-Profit Organizations establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Future Accounting Policy Changes (Continued)

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These changes in accounting policies, which will be adopted effective April 1, 2009 will only require additional disclosures in the financial statements and will not have any impact on the the results of operation or financial position.

(j) Donated Services

The Foundation is economically dependent on the Province of Manitoba. No amount has been reflected in the financial statements for the Foundation's audit fees, certain expenses of trustees and other administrative services provided by the Province of Manitoba.

(k) Donations in Kind

Various individuals or organizations donate items that are used in the fundraising activities of the Helen Betty Osborne Memorial Foundation. These donations in kind have been included in the revenues and expenses where the fair value can be reasonably estimated except for design and marketing services provided by Cats in the Bag Design in the amount of \$5,500 for March 31, 2009 (2008 - \$7,750).

3. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for scholarship or bursary purposes or other externally funded projects. Changes in the deferred contributions balance are as follows:

	2009	2008
Balance, beginning of year	\$ 23,214	33,105
Add: Investment revenue restricted for scholarship purposes	4,333	8,056
Restricted contributions		
Bursaries and scholarships (Note 6)	104,400	53,600
Project	1,900	6,070
GST rebate	<u>360</u>	<u>302</u>
Subtotal	134,207	101,133
Deduct current year:		
Amounts recognized as restricted contributions		
Bursaries and scholarships	104,400	53,600
Project	25,474	16,263
Amounts recognized as investment income	<u>4,333</u>	<u>8,056</u>
Balance, end of year	<u>\$ -</u>	<u>23,214</u>

4. INVESTMENT INCOME

	2009	2008
Total investment income recognized as revenue	<u>\$ 4,333</u>	<u>8,056</u>

5. CONTRACTUAL COMMITMENTS

During the fiscal year ended March 31, 2009, the Foundation has entered into a contractual arrangement with Planners Plus to organize the May 2009 Gala Dinner. A commitment of \$6,600 exists under this arrangement for the 2010 fiscal year.

6. FUNDING COMMITMENT RESTRICTED TO SPECIFIC BURSARIES

During the fiscal year ended March 31, 2009, the Government of Canada provided a funding commitment of \$45,000 to be used for bursaries and scholarships. An amount of \$40,500 was received for March 31, 2009 and a hold back amount of \$4,500 will be received in the next fiscal year upon the completion of final reports.

7. UNRESTRICTED FUNDING COMMITMENT

During the fiscal year ended March 31, 2009, the Government of Manitoba provided a funding commitment of \$180,000 to be used for general operating purposes. An amount of \$80,000 was received for March 31, 2009 and the remainder of the grant will be received in payments of \$60,000 in 2009/10 and \$40,000 in 2010/11, upon the terms of the agreement being met.

8. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

The requirement under the Public Sector Compensation Disclosure Act for an annual public disclosure be made of individual compensation in an amount exceeding \$50,000 annually to any officer or employee of the Foundation is not necessary. All staff, Trustees and the Chairperson to the Board of Trustees are volunteers and receive no compensation for their services.

9. INTERFUND TRANSFERS

An interfund transfer of \$15,394 has been made from the unrestricted fund to the restricted fund to cover the unfunded expenses of the restricted fund.

10. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télécopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Members of
INSURANCE COUNCIL OF MANITOBA

We have audited the statement of financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
April 21, 2009

***BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario
BDO Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario***

INSURANCE COUNCIL OF MANITOBA

Statement of Financial Position

March 31	2009	2008
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Assets

Current Assets

Cash and bank	\$ 78,778	\$ 35,923
Short-term investments (Note 3)	274,010	236,862
Interest receivable	22,358	42,726
Prepaid expenses	11,476	14,625
	386,622	330,136

Long-term investments (Note 4)	844,219	787,290
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Capital assets (Note 6)	86,139	34,203
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	\$ 1,316,980	\$ 1,151,629
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 39,506	\$ 23,367
Deferred revenue	162,272	152,905
	201,778	176,272

Net Assets

Information Technology Reserve (Note 7)	200,000	100,000
Unrestricted net assets	915,202	875,357
	1,115,202	975,357
	\$ 1,316,980	\$ 1,151,629

On behalf of the Council:

_____ Member

_____ Member

INSURANCE COUNCIL OF MANITOBA

Statement of Operations and Changes in Net Assets

For the year ended March 31	2009	2008
Revenue		
Licences (Note 5)	\$ 739,087	\$ 690,105
Other	48,748	65,841
Interest income	48,191	48,579
Examinations	48,807	45,397
Change in market value of investments	(4,439)	5,024
	<u>880,394</u>	<u>854,946</u>
Expenses		
Advertising, dues and subscriptions	2,507	4,569
Amortization	23,465	10,877
Bad debts	-	7,500
Bank charges and interest	1,021	618
Computer consulting fees	35,963	37,750
Conferences	21,448	9,924
Council	33,000	24,375
Equipment leases	6,824	6,317
Insurance	11,456	10,564
Meetings and travel	28,749	23,301
Office and equipment rental	22,627	23,466
Postage and courier	16,702	16,531
Professional fees	47,438	32,133
Recruiting and human resource	17,267	15,440
Rent	65,159	60,610
Salaries and benefits	390,331	359,530
Telephone and Internet	10,131	7,660
Training	6,461	1,251
	<u>740,549</u>	<u>652,416</u>
Excess of revenue over expenses for the year	139,845	202,530
Net assets, beginning of year	875,357	706,916
Change in accounting policy	-	5,911
Transfer to Information Technology Reserve (Note 7)	(100,000)	(40,000)
Net assets, end of year	\$ 915,202	\$ 875,357

INSURANCE COUNCIL OF MANITOBA

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Net income for the year	\$ 139,845	\$ 202,530
Amortization	23,465	10,877
Change in fair value of investments held for trading	4,439	(5,024)
Changes in non-cash working capital balances		
Accounts receivable	-	1,145
Interest receivable	20,368	(13,230)
Prepaid expenses	3,149	1,711
Accounts payable and accrued liabilities	16,139	(25,911)
Deferred revenue	9,367	14,361
	<u>216,772</u>	<u>186,459</u>
Cash Flows from Investing Activities		
Purchase of capital assets	(75,329)	(10,359)
Proceeds on sale of investments	175,034	276,192
Purchase of investments	(236,474)	(297,254)
	<u>(136,769)</u>	<u>(31,421)</u>
Increase in cash and cash equivalents for the year	80,003	155,038
Cash and cash equivalents, beginning of year	272,785	117,747
Cash and cash equivalents, end of year	\$ 352,788	\$ 272,785
Represented by		
Cash and bank	\$ 78,778	\$ 35,923
Short-term investments	274,010	236,862
	<u>\$ 352,788</u>	<u>\$ 272,785</u>

INSURANCE COUNCIL OF MANITOBA

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments

The Council utilizes various financial instruments. 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 and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis except for investments which are recorded on a trade date basis.

The Council classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

<u>Assets/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Short-term investments	Held for trading	Fair value
Long-term investments	Held for trading	Fair value
Accounts payable	Other financial liabilities	Fair value

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transition costs are expensed as incurred.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Furniture and fixtures	20 % diminishing balance basis
Computer hardware	30 % diminishing balance basis
Computer software	30 % diminishing balance basis
Website development costs	30 % diminishing balance basis

INSURANCE COUNCIL OF MANITOBA

Summary of Significant Accounting Policies

March 31, 2009

**Information Technology
Reserve**

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

License fees are recognized as income over the term of the license 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.

**New Accounting
Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Council, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Council is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Goodwill and Intangible Assets - Section 3064 incorporates guidance to clarify the recognition of intangible assets and address and recognition and measurement of internally developed intangible assets. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Council is currently assessing the impact of the new standards.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2009

1. 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*.

2. Employee Benefits

The Council matches employee RRSP contributions. Employees may contribute up to 5.1 percent on the first \$35,400 of earnings and up to 7 percent on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSP's for the year ended March 31, 2009 were \$15,319 (\$16,495 in 2008).

3. Short-term Investments

	<u>2009</u>	<u>2008</u>
Bank of Montreal Money Market Fund	<u>\$ 274,010</u>	<u>\$ 236,862</u>

The fair value of the short-term investment approximates the carrying value.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2009

4. Long-term Investments

		2009		2009		2008
		Cost		Fair Value		Fair Value
Province of Manitoba Portfolio Allocation Notes, Series 1	\$	35,000	\$	31,315	\$	30,479
Manitoba Builder Bonds, 3.25%, due June 15, 2008		-		-		49,910
Manitoba Builder Bonds, 4.25%, due June 15, 2008		-		-		59,844
Maple Trust GIC, 4.20%, due March 10, 2009		-		-		35,063
Canadian Western Bank GIC, 4.45%, due August 4, 2009		30,000		32,800		30,029
AGF Trust Company GIC, 4.89%, due August 4, 2009		32,266		33,890		32,253
AGF Trust Company GIC, 4.175%, due October 20, 2009		60,000		70,842		62,948
Manitoba Builder Bonds, 3.70%, due June 15, 2010		100,000		112,372		102,685
Manitoba Builder Bonds, 4.60%, due June 15, 2010		161,300		163,828		161,412
Wells Fargo Fin Canada, 3.60%, due June 28, 2010		43,000		42,067		42,549
Manitoba Hydro Bonds 4.35%, due June 15, 2011		50,000		57,056		49,944
AGF Trust Company GIC, 4.82%, due November 7, 2011		60,688		63,644		60,663
Bank of Montreal GIC, 4.50%, due June 14, 2012		-		-		69,511
TD Mortgage Corp GIC, 4.65%, due June 25, 2012		50,000		49,984		-
Maple Trust GIC, 4.65%, due June 25, 2012		50,000		49,984		-
NTL BK of CDA GIC, 4.83%, due June 24, 2013		75,000		74,975		-
Advisor's Advantage Trust GIC, 4.8%, due June 24, 2013		20,038		20,031		-
TD Mortgage Corp GIC, 3.65%, due March 18, 2014		41,436		41,431		-
	\$	808,728	\$	844,219	\$	787,290

The investments are classified as held for trading and are recorded at fair market value. The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

5. 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 percent of license and other fees and 15 percent of examination fees to the OSIM. These amounts are not included in the financial statements. In 2009, this amount is \$620,942 (\$597,609 in 2008).

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2009

6. Capital Assets

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 99,642	\$ 86,930	\$ 12,712	\$ 91,551	\$ 82,486	\$ 9,065
Furniture & fixtures	48,442	40,896	7,546	48,252	39,056	9,196
Computer hardware	138,192	95,561	42,631	98,497	82,555	15,942
Website development costs	27,353	4,103	23,250	-	-	-
	\$ 313,629	\$ 227,490	\$ 86,139	\$ 238,300	\$ 204,097	\$ 34,203

7. Transfer to Information Technology Reserve

In 2009, the Council adopted a motion to internally restrict an additional \$100,000 of accumulated net assets into the Information Technology Reserve. The reserve is accumulating for future upgrades to the Council's information technology system.

	2009	2008
Information Technology Reserve, beginning of year	\$ 100,000	\$ 60,000
Transfer from unrestricted net assets	100,000	40,000
Information Technology Reserve, end of year	\$ 200,000	\$ 100,000

8. Commitments

The Council leases equipment and office premises under the provisions of operating leases which expire up to November 2011. Commitments to expiry are as follows:

2010	\$ 69,452
2011	24,537

9. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

LEAF RAPIDS TOWN PROPERTIES LTD. AUDITED FINANCIAL STATEMENTS FOR MARCH 31, 2009 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008 ARE INCLUDED AS A PROXY.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted 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.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Company are safeguarded.

The Board of Directors is responsible for the review and approval of all financial statements and for overseeing management's performance of its financial reporting responsibilities.

The responsibility of the Auditor General of Manitoba is to express an independent professional opinion on these financial statements.

Chairperson

General Manager

August 20, 2008, except for Note 12 which is as of November 21, 2008



AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Leaf Rapids Town Properties Ltd.

We have audited the balance sheet of Leaf Rapids Town Properties Ltd. as at March 31, 2008, and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba

August 20, 2008, except as to Note 12 which is as of November 21, 2008

LEAF RAPIDS TOWN PROPERTIES LTD.

Balance Sheet

March 31 **2008** **2007**

Assets

Current Assets

Cash and short term deposits	\$ 57,292	\$ 361,026
Accounts receivable (Note 6)	419,231	31,904
GST receivable	4,198	1,583
Prepaid expenses	49,605	26,818
	<u>530,326</u>	<u>421,331</u>

Developed lots held for resale 1 1

Note receivable (Note 2) - 1

Capital assets (Note 3) 1 1

\$ 530,328 \$ 421,334

Liabilities and Shareholder's Deficit

Current Liabilities

Accounts payable and accrued liabilities	\$ 136,216	\$ 75,260
Corporation capital tax payable	-	938
Deferred revenue	2,752	6,061
	<u>138,968</u>	<u>82,259</u>

Long-term debt (Note 4) 1,498,577 1,498,577

1,637,545 1,580,836

Shareholder's Deficit

Share capital (Note 5)	2,621,100	2,621,100
Deficit	(3,728,317)	(3,780,602)
	<u>(1,107,217)</u>	<u>(1,159,502)</u>

\$ 530,328 \$ 421,334

On behalf of the Board:

_____ Director

_____ Director

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Operations and Deficit

For the year ended March 31	2008	2007
Revenue		
Grant - Minister of Finance (Note 11)	\$ 400,000	\$ -
Rentals	369,214	425,455
Administrative expenses paid for by the Province of Manitoba	104,187	71,450
Cost recoveries	2,298	2,471
	<u>875,699</u>	<u>499,376</u>
Expenses		
Property taxes	145,567	118,066
Janitorial	119,467	111,993
Utilities	116,066	112,001
Administrative expenses	104,187	71,450
Whitewater Inn	96,255	107,294
Repairs and maintenance	89,430	75,911
Insurance	67,527	58,717
Professional fees	23,541	14,185
Snow removal	11,733	10,930
Property improvements	9,191	81,596
Vehicle and travel	7,521	6,817
Supplies and office	3,801	5,760
Telephone	3,798	3,802
Salaries and benefits	3,082	3,056
Sundry	940	2,678
Suwannee Way assistance	-	31,200
Bad debts	-	563
Penalties and interest	-	156
	<u>802,106</u>	<u>816,175</u>
Income (loss) and comprehensive income before other items	<u>73,593</u>	<u>(316,799)</u>
Other Items		
Corporation capital tax	-	(938)
Interest income (expense) - net (Note 7)	(34,715)	14,837
	<u>(34,715)</u>	<u>13,899</u>
Income (loss) and comprehensive income before gain from prior write down of assets	<u>38,878</u>	<u>(302,900)</u>
Gain from Prior Write Down of Assets		
Gain from prior write down of note receivable (Note 2)	1,907	11,945
Gain from prior write down of prepaid expenses	11,500	12,866
	<u>13,407</u>	<u>24,811</u>
Net income (loss) and comprehensive income for the year	52,285	(278,089)
Deficit, beginning of year	(3,780,602)	(3,502,513)
Deficit, end of year	\$ (3,728,317)	\$ (3,780,602)

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

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Cash Flows

For the year ended March 31	2008	2007
Cash Flows from Operating Activities		
Net income (loss) and comprehensive income for the year	\$ 52,285	\$ (278,089)
Changes in non-cash working capital balances:		
Accounts receivable	(387,327)	(23,811)
GST receivable	(2,615)	1,304
Note receivable	1	-
Prepaid expenses	(22,787)	(9,949)
Accounts payable and accrued liabilities	60,956	12,897
Corporation capital tax payable	(938)	(229)
Deferred revenue	(3,309)	2,014
Decrease in cash and cash equivalents during the year	(303,734)	(295,863)
Cash and cash equivalents, beginning of year	361,026	656,889
Cash and cash equivalents, end of year	\$ 57,292	\$ 361,026
Represented by		
Cash	\$ 56,530	\$ 169,554
Short term Investments	762	191,472
	\$ 57,292	\$ 361,026

LEAF RAPIDS TOWN PROPERTIES LTD.

Summary of Significant Accounting Policies

March 31, 2008

Use of Estimates	Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make estimates and assumptions which can affect the reported balances of assets, liabilities, disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the period in which they become known.
Developed Lots	Developed lots held for resale were written down, in a previous year, to a nominal value of \$1. Property taxes and any other related costs are charged to operations.
Administrative Support	The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of the services of support staff are estimated and included in the financial statements.
Income Taxes	These financial statements do not reflect any provision for corporation income taxes as the Company considers itself to be exempt from tax under Section 149(1)(d) of the Income Tax Act of Canada.
Revenue Recognition	Grant revenue is recognized over the period which it relates. Rental and interest revenue is recognized on an accrual basis when earned. Revenue from the Province for administrative expenses is recognized as the related expense is incurred.
Capital Assets	Capital assets are stated at cost, less accumulated amortization and write downs. Certain capital assets were written down in 2000 to their net realizable value. As well, in 2002, land, building and equipment were written down to reflect the reduction in their useful lives as explained in note 9. Accordingly, there is no amortization for 2008.

LEAF RAPIDS TOWN PROPERTIES LTD.

Summary of Significant Accounting Policies

March 31, 2008

Financial Instruments

The Company's financial instruments consist of cash and short term deposits, accounts receivable, GST receivable, note receivable, accounts payable and accrued liabilities, and long-term debt.

Due to the redeemable nature of cash, carrying value is considered to be fair value.

The fair value of the short term deposits, accounts receivable, GST receivable, note receivable and accounts payable and accrued liabilities approximates their carrying values due to their short term maturity.

The fair value of the long-term debt is not practical to determine due to its underlying terms and conditions.

The Company is exposed to credit risk on the accounts receivable from its customers. An allowance for doubtful accounts has been established by the Company, based upon factors surrounding the credit risk of specific customers, historical records and other information.

New Accounting Policies

Effective April 1, 2007 the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1506, Accounting Changes - Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Company's financial statements for the year ended March 31, 2008.

LEAF RAPIDS TOWN PROPERTIES LTD. Summary of Significant Accounting Policies

March 31, 2008

New Accounting Policies (continued)

Section 1530, Comprehensive Income - Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represent the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Company has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the Company has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, Financial Instruments - Recognition and Measurement - Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company is required to designate its financial instruments into one the following five categories: held for trading; available for sale; held to maturity; loans and receivable; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has designated its financial instruments as follows:

Cash and short term deposits are classified as financial assets held for trading and are measured at fair value and gains and losses recognized in net earnings. These financial assets are recorded at values that approximate their fair values.

Accounts receivable, GST receivable and the note receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

LEAF RAPIDS TOWN PROPERTIES LTD. Summary of Significant Accounting Policies

March 31, 2008

New Accounting Policies (continued)

Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest method.

The adoption of this revised standard had no material impact on the company's financial statements for the year ended March 31, 2008.

Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: *Financial Instruments - Disclosures* and CICA 3863: *Financial Instruments - Presentation*, which enhances the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks:

The CICA has also issued a new standard, CICA 1535: *Capital Disclosures*, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

March 31, 2008

1. Nature of Operations

Leaf Rapids Town Properties Ltd. was incorporated in 1971 under the Manitoba Companies Act. It was charged with the responsibility for the planning, design and development of the community of Leaf Rapids. Since the completion of the development, the Company has managed, leased and operated its physical assets and properties in Leaf Rapids.

2. Note Receivable

In 2001, the Company provided financing to the Leaf Rapids Community Development Corporation for the renovations to the dental clinic. Effective March 31, 2002, the terms of the repayment were renegotiated. The note receivable was written down in 2002 by \$49,687 to reflect the uncertainty regarding the ultimate collection due to the mine closure, as explained in note 9. The Company continued to collect based on the terms shown below for the past fiscal year. As such, the 2002 write down has been adjusted as of March 31, 2008 to reflect a \$nil outstanding balance. This adjustment is reflected as a gain from prior write down on the statement of operations and deficit.

	2008	2007
Note receivable, non-interest bearing, repayable in monthly installments of \$995, due May, 2007	\$ -	\$ 1

3. Capital Assets

	2008			2007	
	Cost	Accumulated Write Down	Accumulated Amortization	Net Book Value	Net Book Value
Commercial Properties					
Land	\$ 478,766	\$ 478,765	\$ -	\$ 1	\$ 1
Buildings	1,627,110	561,919	1,065,191	-	-
Equipment	14,246	4,110	10,136	-	-
Non-Commercial Properties					
Land	414,692	414,692	-	-	-
Buildings	4,701,479	-	4,701,479	-	-
Other Property					
Land	82,301	82,301	-	-	-
Buildings	857,752	321,652	536,100	-	-
Equipment	201,311	60,217	141,094	-	-
	\$ 8,377,657	\$ 1,923,656	\$ 6,454,000	\$ 1	\$ 1

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

March 31, 2008

4. Long-term Debt

Long-term debt payable to the Province of Manitoba consists of \$1,498,577 in 10% income debentures, secured by a floating charge on all assets of the Company. Annual installments against this debt are determined based on one-half of the prior year's cash flow from operations. Cash flow is defined as net income from operations, plus amortization expense, less the installment amount paid in the year.

Interest expense is recorded as an accrual each year, based on the required annual installment that becomes due and payable subsequent to each fiscal year. If the required annual installment exceeds 10% of the outstanding long-term debt, the amount of the required annual installment in excess of 10% of the outstanding long-term debt is applied against the outstanding long-term debt principal and the remainder is recorded as interest expense. If the required annual installment is less than 10% of the outstanding debt, the full amount of the installment is recorded as interest expense. The difference between that recorded interest expense and the 10% of the long-term debt is not recorded and is non-cumulative. For the year ended March 31, 2008, the accrued interest expense amounted to \$38,878. The difference between the interest expense of \$38,878 and 10% of the long-term debt is \$110,980.

5. Share Capital

Authorized:

40,000 common shares, not to exceed \$40,000
26,210 8.15% non-cumulative, redeemable, preferred
voting shares, not to exceed \$2,621,000 with a
redemption price of \$100 per share

The issued capital is as follows:

	2008	2007
100 common shares	\$ 100	\$ 100
26,210 preferred shares	2,621,000	2,621,000
	<u>\$ 2,621,100</u>	<u>\$ 2,621,100</u>

Ownership: All issued shares are held by the Minister of Finance of the Province of Manitoba.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

March 31, 2008

6. Accounts Receivable

	2008	2007
Trade	\$ 100,642	\$ 113,315
Grant - Minister of Finance	400,000	-
Allowance for doubtful accounts	(81,411)	(81,411)
	<u>\$ 419,231</u>	<u>\$ 31,904</u>

7. Interest income (expense) - net

	2008	2007
Interest Income - short term deposits held by Province of Manitoba	\$ 4,163	\$ 14,837
Interest Expense - Income Debenture to Province of Manitoba	(38,878)	-
	<u>\$ (34,715)</u>	<u>\$ 14,837</u>

8. Related Party Transactions

All issued shares of the Company are held by the Minister of Finance of the Province of Manitoba. In addition, the long-term debt and related interest described in the long-term debt note are payable to the Province of Manitoba. The interest income is earned on short term deposits held by the Province of Manitoba. The Company also has the following balances with the Province of Manitoba and its agencies reflected in these financial statements as at March 31, 2008. These transactions and balances are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

	2008	2007
Short term deposits	\$ 762	\$ 191,472
Accounts receivable	2,472	839
Accounts payable	9,994	31,391

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

March 31, 2008

9. Write Down of Assets to Net Realizable Value

The viability of the Company was dependant on the ongoing successful operation of the Ruttan Mine. Based on information known in 2000, existing ore reserves were expected to continue for another four years. Accordingly, in 2000, management wrote down certain capital assets to reflect this uncertainty. In 2000, the Company determined the net realizable value of the Town Centre land to be \$100,000, the equivalent of the maximum price it would receive should it sell the land. Accordingly in 2000, the Town Centre land was written down by \$123,996. The industrial park land, the mobile home park land, the Town Centre buildings and the commercial buildings were written down in 2000 to estimated future cash flows from operations. The cost of these assets was written down in 2000 by \$1,064,414.

On October 29, 2001, the owner of the Ruttan Mine announced that the mine would be shutting down in May, 2002. A number of alternatives are currently being reviewed by the Town of Leaf Rapids for the utilization of the mine and/or the utilization of available housing in the Town. The ongoing viability of the Company will depend on the outcome of the implementation of the alternatives currently being reviewed.

In 2002, the cost of land, buildings and equipment has been written down by \$320,554 to reflect the reduction in their useful lives due to the closing of the Ruttan Mine. As well, due to the mine closure and the effect on the economy of Leaf Rapids, the following allowances and asset write downs, totaling \$101,013 have been made as of March 31, 2008:

- a) The allowance for doubtful accounts receivable balance as of March 31, 2008 is \$81,411 to reflect the uncertainty of the ultimate collection of the accounts receivable.
- b) The carrying value of maintenance inventory reflects a write down of \$19,602.

10. Going Concern

The accompanying financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Operating revenues have continued to drop since the closure of the Ruttan Mine in May, 2002. While the Company's severe cash flow problems have been alleviated with the additional funding provided by the Province, the Company continues to review their financial position and the long term plans for the Company.

11. Government Grants

The Minister of Finance is authorized to make payments of up to \$1,900,000 from the Mining Community Reserve to Leaf Rapids Town Properties Ltd. to support it's continued operations consisting of \$400,000 in the 2008 fiscal year and \$500,000 in each of the following three years.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements

March 31, 2008

12. Subsequent Event

In February 2008, the Province of Manitoba had recommended that the long-term debt (income debenture) in the amount of \$1,498,577 be written off. The actual write off did not occur during the year and Leaf Rapids Town Properties Ltd. has subsequently obtained a shareholder's resolution on October 20, 2008 to recommend that the income debenture be written off from Leaf Rapids Town Properties Ltd. records after the Province has written off their investment in the income debenture. On November 21, 2008, the Minister of Finance approved the write off of the Province's investment effective as of March 31, 2009.

13. Contingency

The Company has been named in a legal action. No provision has been made as at March 31, 2008 as the final result is uncertain. Should any loss result from the resolution of this claim, it will be charged to operations in the year of resolution.

14. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.



AUDITORS' REPORT

**To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba**

We have audited the balance sheet of Legal Aid Manitoba as at March 31, 2009 and the statements of revenue and expense, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of Legal Aid Manitoba's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2009 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 31, 2009

**Legal Aid Manitoba
Balance Sheet
as at March 31**

ASSETS	2009	2008
Current Assets		
Cash	\$ 2,496,588	\$ 1,804,400
Short term investment	1,400,000	-
Client accounts receivable, net (Note 3)	192,588	150,956
Receivable from the Province of Manitoba	4,043,300	5,918,000
Receivable from the Government of Canada	-	148,797
Other receivables, net (Note 4)	142,069	66,711
Prepaid expenses	182,716	202,152
	8,457,261	8,291,016
Capital Assets (Note 5)	320,796	346,743
Long-term receivable - charges on land, net (Note 6)	757,549	726,238
Long-term receivable - severance - Province of Manitoba (Note 7)	716,166	716,166
Long-term receivable - pension - Province of Manitoba (Note 14)	13,244,586	12,063,756
	<u>\$ 23,496,358</u>	<u>\$ 22,143,919</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,110,061	\$ 4,351,454
Accrued vacation pay	951,364	892,488
Deferred revenue from clients	417,888	421,058
Deferred contribution from Province of Manitoba	30,000	-
	5,509,313	5,665,000
Severance liability (Note 8)	1,637,600	1,533,709
Provision for employee pension benefits (Note 14)	13,244,586	12,063,756
	14,882,186	13,597,465
Net Assets		
Invested in Capital Assets	320,796	346,743
Restricted Net Assets	78,559	78,559
Unrestricted Net Assets	2,705,504	2,456,152
	3,104,859	2,881,454
	<u>\$ 23,496,358</u>	<u>\$ 22,143,919</u>

Approved by the Council

Chairperson

Council Member



**Legal Aid Manitoba
Statement of Revenue and Expense
for the year ended March 31**

	2009	2008
Revenue		
Province of Manitoba (Note 9)	\$ 21,286,572	\$ 20,750,223
Manitoba Law Foundation (Note 10)	4,009,943	3,290,634
Contributions from clients	973,985	850,293
Recoveries from third parties	686,340	435,517
Government of Canada	1,875	15,775
Judgment costs and settlements	134,690	89,580
Interest income	21,522	69,470
Other	7,222	8,723
	<u>\$ 27,122,149</u>	<u>\$ 25,510,215</u>
Expense		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	\$ 7,895,270	\$ 7,941,564
Duty counsel services	1,032,273	696,933
Transcripts	68,812	77,487
	<u>8,996,355</u>	<u>8,715,984</u>
Community Law Centres, Schedule 1	11,526,065	10,199,725
Public Interest Law Centre, Schedule 1	881,060	642,314
University Law Centre, Schedule 1	122,521	103,017
General and Administrative, Schedule 1	5,372,743	4,850,259
	<u>\$ 26,898,744</u>	<u>\$ 24,511,299</u>
Excess of Revenue over Expense	<u>\$ 223,405</u>	<u>\$ 998,916</u>

Legal Aid Manitoba
Statement of Changes in Net Assets
for the year ended March 31

	2009			2008
	Invested in Capital Assets	Restricted Net Assets (Note 15)	Unrestricted Net Assets	Total
Balance, Beginning of Year	\$ 346,743	\$ 78,559	\$ 2,456,152	\$ 2,881,454
Restricted Net Assets Expenses	-	-	-	-
Excess of Revenue over Expense	(98,322)	-	321,727	998,916
Capital Asset Additions	72,375	-	(72,375)	-
Balance, end of the year	\$ 320,796	\$ 78,559	\$ 2,705,504	\$ 3,104,859



**Legal Aid Manitoba
Statement of Cash Flow
for the year ended March 31**

	2009	2008
Cash Flow Provided by (Used In) Operating Activities:		
Excess of Revenue over Expense	\$ 223,405	\$ 998,916
Add items not affecting cash		
Amortization	98,322	86,665
Bad debt expense	227,500	138,105
Changes in working capital:		
Client accounts receivable	(142,866)	(62,532)
Province of Manitoba receivable	1,874,700	(1,818,000)
Government of Canada receivable	73,025	176,037
Other receivables	(177,441)	(58,867)
Prepaid expenses	19,436	61,592
Accounts payable and accrued vacation pay	(182,517)	104,894
Deferred revenue	(3,170)	12,510
Deferred contribution from Province of Manitoba	30,000	-
Charges on land	20,278	61,536
Long-term funding commitments - pension	(1,180,830)	(1,011,976)
Severance liability	103,891	98,509
Provision for employee pension benefits	1,180,830	1,011,976
	<u>2,164,563</u>	<u>(200,635)</u>
Cash Flow Provided by (Used In) Investing Activities:		
Purchase of short term investment	(1,400,000)	-
Purchase of capital assets	(72,375)	(81,933)
	<u>(1,472,375)</u>	<u>(81,933)</u>
Net Increase (Decrease) in Cash for the Year	692,188	(282,568)
Cash - Beginning of Year	1,804,400	2,086,968
Cash - End of Year	<u>\$ 2,496,588</u>	<u>\$ 1,804,400</u>

**Legal Aid Manitoba
Schedule of Expenses
for the year ended March 31**

	Community Law Centres		Public Interest Law Centre		University Law Centre		General and Administrative		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,213	\$ 28,912	\$ 30,213	\$ 28,912
Amortization	66,857	56,564	3,548	3,314	900	390	27,017	26,397	98,322	86,665
Bad debts	-	-	-	-	-	-	227,500	138,105	227,500	138,105
Bank charges	-	-	-	-	-	-	2,565	2,140	2,565	2,140
Collection costs	-	-	-	-	-	-	17,494	9,525	17,494	9,525
Computer costs	2,428	10,778	692	1,965	5,720	1,391	37,442	41,465	46,282	55,599
Council expenses	-	-	-	-	-	-	147,584	122,480	147,584	122,480
Duty counsel	174,266	132,470	4,220	904	-	-	2,998	1,240	181,484	134,614
Equipment maintenance	92,291	96,567	9,454	8,839	353	-	56,231	65,532	158,329	170,938
Expert witnesses and consultants	-	-	61,157	13,775	-	-	-	-	61,157	13,775
File disbursements	283,914	272,891	232,462	189,931	1,327	811	23,424	26,226	541,127	489,859
Library	64,384	49,880	12,901	8,801	134	-	6,152	8,255	83,571	66,936
Meetings	22,848	27,757	5,214	630	265	-	25,489	41,369	53,816	69,756
Office expenses	209,255	190,254	13,664	14,355	7,321	3,785	114,556	103,119	344,796	311,513
Office relocation	3,345	3,011	-	-	-	-	-	933	3,345	3,944
Pension (note 14)	-	-	-	-	-	-	1,429,141	1,296,456	1,429,141	1,296,456
Premise costs	693,687	626,258	26,152	23,260	1,771	45	177,218	159,627	898,828	809,190
Professional fees	100,808	102,279	10,176	7,335	590	-	110,618	146,691	222,192	256,305
Salaries, benefits and levy	9,371,144	8,260,629	483,411	350,584	93,516	88,677	2,670,307	2,369,454	12,618,378	11,069,344
Severance benefits	-	-	-	-	-	-	165,145	172,539	165,145	172,539
Staff development	163,525	110,985	5,994	5,018	-	7	11,569	19,338	181,088	135,348
Staff recruitment	37,353	56,942	136	624	1,435	-	4,581	5,291	43,505	62,857
Telephone	103,808	96,246	6,227	7,200	3,187	1,979	56,103	44,857	169,325	150,282
Transcripts	25,446	11,991	-	-	63	-	-	-	25,509	11,991
Travel	110,706	94,223	5,652	5,779	5,939	5,932	29,396	20,308	151,693	126,242
TOTAL	\$ 11,526,065	\$ 10,199,725	\$ 881,060	\$ 642,314	\$ 122,521	\$ 103,017	\$ 5,372,743	\$ 4,850,259	\$ 17,902,389	\$ 15,795,315



**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

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) General

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b) New Accounting Policies

Effective April 1, 2008 the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Sections 3862 and 3863 Financial Instruments – Disclosures and Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. CICA eliminated the requirement for not-for-profit entities to adopt these sections. The Corporation has continued to apply Section 3861: Financial Instruments – Disclosure and Presentation in place of sections 3862 and 3863.

Section 1535 Capital Disclosures

Section 1535 established standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2009 (note 16).

Section 1400 General Standards of Financial Statement Presentation

Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of these changes have no impact on the Legal Aid Manitoba's financial statements.

Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

c) Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of Legal Aid Manitoba are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash	Held for trading	Fair value
Short term investment	Held for trading	Fair value
Client accounts receivable	Loans and receivables	Amortized cost
Receivable from Province of Manitoba	Loans and receivables	Amortized cost
Receivable from Government of Canada	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Long-term receivables:		
- Charges on land	Loans and receivables	Amortized cost
- Severance – Province of Manitoba	Loans and receivables	Amortized cost
- Pension – Province of Manitoba	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued vacation	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of revenue and expense for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets until realized, at which time they are recorded in the statement of revenue and expense.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Corporation would receive or pay to settle a financial asset or financial liability as at the reporting date.

Due to the redeemable nature of cash and short term investment, carrying value is considered to be fair value.

The fair values of the client accounts receivable, receivable from the Province of Manitoba, receivable from the Government of Canada, other receivables and accounts payable and accrued vacation pay approximates their carrying values due to their short-term maturity.



Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

The fair value of the long-term receivable – Charges on land approximates the carrying value because it is estimated from an analysis of expected recoveries based on recent experience and discounted to reflect the time value of money.

The fair value of the long-term receivable from the Province of Manitoba-severance approximates its carrying value as the receivable includes an interest component as described in Note 7.

The fair value of the long-term receivable from the Province of Manitoba-pension approximates its carrying value as the receivable includes an interest component as described in Note 14.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Financial Asset/Liability	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$ 2,496,588	\$ 2,496,588	\$ 1,804,400	\$ 1,804,400
Short term investment	1,400,000	1,400,000	-	-
Client accounts receivable	192,588	192,588	150,956	150,956
Receivable from Province of Manitoba	4,043,300	4,043,300	5,918,000	5,918,000
Receivable from Government of Canada	-	-	148,797	148,797
Other receivables	142,069	142,069	66,711	66,711
Long-term receivables:				
– Charge on land	757,549	757,549	726,238	726,238
– Severance – Province of Manitoba	716,166	716,166	716,166	716,166
– Pension – Province of Manitoba	13,244,586	13,244,586	12,063,756	12,063,756
Accounts payable	4,110,061	4,110,061	4,351,454	4,351,454
Accrued vacation	951,364	951,364	892,488	892,488

Financial risk management – overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity 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.

**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

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, term deposits and accounts receivable.

The maximum exposure of Legal Aid Manitoba to credit risk at March 31, 2009 is:

Cash and short term investment	\$ 3,896,588
Client accounts receivable	192,588
Receivable from the Province of Manitoba	4,043,300
Other receivables	142,069
Long-term receivables:	
– Charge on land	757,549
– Severance – Province of Manitoba	716,166
– Pension – Province of Manitoba	13,244,586
	\$ 22,992,846

Cash and short term investment: The Corporation is not exposed to significant credit risk as the cash and short term investment are held by a large financial banking institution.

Clients accounts receivable includes clients that contribute toward the cost of their case under the agreements to pay and expanded eligibility 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.

Receivables from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

Other receivables includes court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is not exposed to significant credit risk related to court costs as 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.

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 for the remainder.



**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

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.

Liquidity risk

Liquidity risk is the risk that Legal Aid Manitoba will not be able to meet its financial obligations as they come due.

Legal Aid Manitoba 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.

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, short term investment and accounts payable.

The interest rate risk is considered to be low on cash and short term investment because of their 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.

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 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.

e) Future Accounting Policy Changes

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 *Disclosures of Allocated Expenses by Not-for-Profit Organizations*.

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;

**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

- make Section 1540 *Cash Flow Statements* applicable to NFPOs; and
- make Section 1751 *Interim Financial Statements* applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

f) 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.

g) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by Legal Aid Manitoba based on the clients' ability to pay.

- i) **Agreements to Pay**
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 certificate is signed.
- ii) **Expanded Eligibility**
Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case up to a maximum of \$250. The revenue and receivable are recognized based on the date of the lawyer's billing.



Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

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. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

h) **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.

i) **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 and 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.

j) **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. Legal Aid Manitoba is a non-matching employer. Under provisions of *The Civil Service Superannuation Act* non-matching employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed. 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 needed is recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

3. Client Accounts Receivable, net

	2009	2008
Agreements to Pay	\$ 57,974	\$ 57,281
Expanded Eligibility	411,211	364,395
	<u>469,185</u>	<u>421,676</u>
Less: Allowance for Doubtful Accounts	276,597	270,720
Clients Accounts Receivable, net	<u>\$ 192,588</u>	<u>\$ 150,956</u>

4. Other Receivables, net

	2009	2008
Court Costs	\$ 205,390	\$ 233,624
Child and Family Services Agencies	31,131	11,304
Employment and Income Assistance	78,371	22,618
Employee Advances, GST Recoverable and Miscellaneous	27,194	28,883
	<u>342,086</u>	<u>296,429</u>
Less: Allowance for Doubtful Accounts	200,017	229,718
Other Receivables, net	<u>\$ 142,069</u>	<u>\$ 66,711</u>

5. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and Office Equipment	\$ 232,691	\$ 92,001	\$ 218,728	\$ 69,430
Computer Hardware and Software	194,032	122,113	198,589	114,732
Leasehold Improvements	314,736	206,549	274,253	168,140
Work in Progress	-	-	7,475	-
	<u>\$ 741,459</u>	<u>\$ 420,663</u>	<u>\$ 699,045</u>	<u>\$ 352,302</u>
Net Book Value		<u>\$ 320,796</u>		<u>\$ 346,743</u>



Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

6. Charges on Land, net

	2009	2008
Charges on Land	\$ 1,432,197	\$ 1,452,475
Less: Allowance for Doubtful Accounts	674,648	726,237
Charges on Land, net	\$ 757,549	\$ 726,238

7. Long-term Receivable - Severance Benefits

The amount recorded as a receivable from the Province 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, Legal Aid 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 immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2009 by Ellement & Ellement Ltd., Consulting Actuaries. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2009 was \$1,637,600 (2008 - \$1,533,709). The report provides a formula to update 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 nine years of service and that the employee is retiring from the Corporation.

Significant long-term actuarial assumptions used in the March 31, 2009 valuation, and in the determination of the March 31, 2009 present value of the accrued severance benefit obligation were:

Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

Annual rate of return	
Inflation component	2.50%
Real rate of return	4.00%
	6.50%
Assumed salary increase rates	
Annual productivity increase	0.75%
Annual general salary increase	2.50%
	3.25%

9. Revenue from the Province of Manitoba

	2009	2008
Grant	\$ 11,473,617	\$ 11,541,814
Salaries and other payments	8,861,749	8,322,630
Health and post secondary education tax levy	195,210	171,777
Employer portion of employee benefits	755,996	714,002
	\$ 21,286,572	\$ 20,750,223

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

10. Revenue from The Manitoba Law Foundation

	2009	2008
Statutory Grant	\$ 3,743,943	\$ 3,021,134
Public Interest Law Centre	180,000	180,000
University Law Centre	86,000	89,500
	\$ 4,009,943	\$ 3,290,634

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, 2009, there were no funds remaining from these grants.



**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

11. Commitments

a) Lease

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2010	\$	686,679
2011		687,029
2012		471,356
2013		120,229
2014		40,603
Thereafter		-
	\$	<u>2,005,896</u>

b) Private Bar

Estimated total commitments for future billings on outstanding Legal Aid Certificates amount to \$2,284,000 as at March 31, 2009 (2008 - \$1,550,000).

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

	Fees	Disbursements	2009 Total	2008 Total
Legal Aid Certificates	\$ 7,227,316	\$ 667,954	\$ 7,895,270	\$ 7,941,564
Duty Counsel	1,032,273	-	1,032,273	696,933
Transcripts and Other	-	68,812	68,812	77,487
Total	<u>\$ 8,259,589</u>	<u>\$ 736,766</u>	<u>\$ 8,996,355</u>	<u>\$ 8,715,984</u>

The Management Council declared a hold back holiday for all certificates processed during the fiscal year April 1, 2008 - March 31, 2009. Certificates issued in this fiscal year were not subject to a hold back.

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 every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent valuation was completed as at March 31, 2009 by Ellement & Ellement Ltd., Consulting Actuaries.

Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009

	2009	2008
Balance at beginning of year	\$ 12,063,756	\$ 11,051,780
Benefits accrued	573,555	532,517
Interest accrued on benefits	937,650	763,939
Benefits paid	(248,311)	(284,480)
Experience (Gain) Loss	(82,064)	-
Balance at end of year	<u>\$ 13,244,586</u>	<u>\$ 12,063,756</u>

The Corporation's pension costs consist of the following:

	2009	2008
Benefits accrued	\$ 573,555	\$ 532,517
Interest accrued on benefits	937,650	763,939
Experience (Gain) Loss	(82,064)	-
	<u>\$ 1,429,141</u>	<u>\$ 1,296,456</u>

The key actuarial assumptions were a rate of return of 6.50% (2004 – 6.50%), 2.50% inflation (2004 – 2.50%), salary rate increases of 4.25% (2004 – 4.25%) 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, 2009 using a formula provided by the actuary.

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 \$13,244,586 (2008 - \$12,063,756), and has recorded revenue for 2008/09 equal to its increase in the unfunded pension liability during the year of \$1,180,830 (2008 - \$1,011,976). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

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 (2008 - \$12,548) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is \$78,559.

16. Capital Management

Legal Aid Manitoba's objective when managing capital is to maintain sufficient capital to cover its costs of operations.

Legal Aid Manitoba's capital consists of the total of the various net asset balances in the amount of \$3,104,859 (2008 – \$2,881,454).



**Legal Aid Manitoba
Notes to Financial Statements
for the year ended March 31, 2009**

Legal Aid Manitoba is not subject to externally imposed capital requirements.

There were no changes in Legal Aid Manitoba's approach to capital management during the period.

17. 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 Legal Aid Manitoba is disclosed in a separate statement.

18. Legal Aid Manitoba Application System (LAMAS)

A new software application system was installed and implemented fiscal 2006/07 at a cost of \$764,850. The system was paid for by the Department of Justice and therefore, a capital asset has not been recorded in these financial statements.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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

June 23, 2009

Original signed by

Jim Lewis
Vice President,
Finance & Administration



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

We have audited the balance sheet of the Manitoba Agricultural Services Corporation as at March 31, 2009, the statements of operations and funds retained and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by

Office of the Auditor General

Winnipeg, Manitoba
June 23, 2009

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

CONSOLIDATED BALANCE SHEET

as at March 31, 2009 (in thousands)

	2009	2008
ASSETS		
Cash	\$ 2,764	\$ 1,619
Investments <i>(Notes 4(B) & 8)</i>	380,982	268,158
Accounts receivable <i>(Note 9)</i>	52,169	37,973
Prepaid expenses	99	100
Loans receivable <i>(Note 10)</i>	309,477	288,769
Real estate	501	758
Property and equipment <i>(Note 13)</i>	272	290
	\$ 746,264	\$ 597,667
LIABILITIES AND FUNDS RETAINED		
Reinsurance premiums payable <i>(Notes 14 & 15)</i>	\$ 6,265	\$ 4,435
Claims payable <i>(Note 16)</i>	35,566	29,230
Accounts payable and accrued liabilities <i>(Note 17)</i>	13,811	12,588
Provision for losses on guaranteed loans <i>(Note 23)</i>	15,146	13,240
Advances from the Province of Manitoba <i>(Note 19)</i>	346,394	324,698
Deferred revenue <i>(Note 20)</i>	272	290
Funds retained	328,810	213,186
	\$ 746,264	\$ 597,667

Approved by the Board:

Original signed by

John S. Plohman
Chair

Original signed by

Frieda Krpan
Vice Chair

CONSOLIDATED STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2009 (in thousands)

	2009	2008
REVENUE:		
Insurance premiums		
Insured producers	\$ 98,588	\$ 73,235
Government of Canada	71,769	55,225
Province of Manitoba	47,846	36,815
	218,203	165,275
Interest from loans	20,385	20,453
Other contributions – Government of Canada	24,605	7,609
Other contributions – Province of Manitoba	45,513	55,392
Investment income	7,624	10,449
Real estate and other income	824	681
Reinsurance recoveries (Notes 14 & 15)	(138)	-
Total revenue	317,016	259,859
EXPENSES:		
Insurance indemnities and compensation payments (Note 21)	70,272	88,829
Reinsurance premiums (Notes 14 & 15)	33,494	25,232
Interest on borrowed funds	17,709	18,574
Provision for credit losses (Note 12)	3,778	116
Provision for guaranteed loan losses (Note 23)	2,286	1,131
Young farmer incentives	1,825	1,737
Loan interest concession (Note 11)	1,716	221
Farmland school tax rebates	25,121	29,199
Other program payments	24,766	16,528
Administrative expenses (Schedule 1)	20,425	18,785
Total expenses	201,392	200,352
Net income and comprehensive income for the year	115,624	59,507
Funds retained, beginning of year	213,186	153,679
Funds retained, end of year (Schedule 2)	\$ 328,810	\$ 213,186

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2009 (in thousands)

	2009	2008
Cash provided by (used for)		
Operating activities		
Net income and comprehensive income for the year		
Income before investment income	\$ 108,000	\$ 49,058
Investment income	7,624	10,449
	115,624	59,507
Items not involving cash		
Change in provisions and allowances	4,134	465
Loan interest concession	1,469	221
Gain on disposal of real estate	(133)	(70)
Amortization of property and equipment	94	94
Loans disbursed	(94,201)	(69,541)
Loan principal received	69,556	81,372
Changes in:		
Accounts receivable	(14,660)	(15,331)
Prepaid expenses	1	(7)
Loans receivable	420	353
Reinsurance premiums payable	1,830	1,379
Claims payable	6,336	16,819
Accounts payable and accrued liabilities	1,507	1,266
Deferred revenue	(18)	(15)
Cash provided by operating activities	91,959	76,512
Investing activities		
Sale of investments	34,821	27,771
Net proceeds on sale of real estate	390	132
Purchase of property & equipment	(76)	(79)
Cash provided by investing activities	35,135	27,824
Financing activities		
Advances borrowed from (repaid to) the Province of Manitoba	21,696	(1,780)
Cash provided by (used for) financing activities	21,696	(1,780)
Net increase in cash and equivalents	148,790	102,556
Cash and equivalents, beginning of year	196,544	93,988
Cash and equivalents, end of year	\$ 345,334	\$ 196,544
Cash and equivalents comprised of the following:		
Investments	\$ 380,982	\$ 268,158
Investments with terms greater than 90 days	(38,412)	(73,233)
Investments with terms of 90 days or less	342,570	194,925
Cash	2,764	1,619
	\$ 345,334	\$ 196,544

NOTES TO FINANCIAL STATEMENTS

as at March 31, 2009 (tabular amounts in thousands of dollars)

1. Authority And Purpose

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 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 for the agricultural industry.

2. Basis Of Reporting

MASC's financial statements are presented in accordance with Canadian generally accepted accounting principles.

3. Changes In Accounting Policies

On April 1, 2008, MASC adopted three new sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook, namely: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation. Section 3862 and 3863 consist of a comprehensive series of disclosures and presentation requirements applicable to financial instruments. They revise and enhance the disclosure requirements set out in Section 3861, Financial Instruments – Disclosure and Presentation, and carry forward unchanged its presentation requirements. Section 1535 consists of comprehensive disclosure requirements related to MASC's objectives, policies and processes for managing capital including required disclosures of externally imposed capital requirements.

The application of the aforementioned standards only impacted MASC's disclosures included in the financial statements.

4. Significant Accounting Policies

(A) Programs

Under the provisions of the applicable legislation, MASC delivers lending, insurance and other programs and services. For financial accounting purposes, all programs are treated as separate operations and are accounted for separately.

(B) 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*.

(C) Property and Equipment and Amortization

Property and equipment are reported at cost less accumulated amortization. Property and equipment are amortized on a straight-line basis over their estimated useful life, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Software Development	8 years
Leasehold Improvements	remaining term of lease

(D) Pensions

MASC employees are pensionable under *The Civil Service Superannuation Act*.

Effective April 1, 1998, the former Manitoba Crop Insurance Corporation (MCIC) became a fully funded matching employer. Upon the formation of the Manitoba Agricultural Services Corporation (MASC), the current pension obligations to the Civil Service Superannuation Board (CSSB) for former MCIC employees continued to be matched by MASC.

Prior to amalgamation, the Manitoba Agricultural Credit Corporation (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 the amalgamation on September 1, 2005, that includes future cost of living adjustments based on an actuarial valuation. The Province of Manitoba provides funding for this liability (Note 9). Details of the provision for the pension benefits are outlined in Note 18. Actuarial gains (losses) are recorded in the statement of operations in the fiscal year the actuarial valuation is completed.

As a matching employer, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation. MASC's matching contributions for 2008/09 totalled \$637,724.

(E) Vacation and Severance Pay

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 MASC's best estimate. Actuarial gains (losses) on severance pay are recorded in the statement of operations in the fiscal year the actuarial valuation is completed.

(F) Provision for Losses on Loans and Loan Guarantees

The provision for loan losses is determined annually, through a review of individual accounts. The provision represents management's best estimate of probable losses on receivables. 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.

The provisions for losses on loan guarantees are determined annually by a review of each guarantee program. The provisions represent management's best estimate of probable claims against the guarantees. Such provisions are intended to cover principal; accrued and unpaid interest; and any additional amounts that are recoverable by the lender.

Current year provisions for losses on loans and loan guarantees are charged as expenses to provision for credit losses and provision for guaranteed loan losses, respectively. Actual loan accounts that have been written off and guaranteed claims paid are charged to the appropriate provision once all security has been realized and all other collection efforts have been exhausted.

(G) Real Estate Acquired in Settlement of Loans

Real estate that is acquired through foreclosure and voluntary transfers of titles in the settlement of loans is recorded at the lower of the recorded value of the loan or the appraised value of the real estate at acquisition date. Real estate is reported net of a provision for a decline in real estate values.

(H) Real Estate Under Long-Term Lease

Real estate that was acquired for the purpose of providing long-term leases to producers through the Land Lease Program is recorded at cost.

Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

Loans and receivables

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

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

MASC uses the effective interest method to recognize interest income or expense which includes discounts recognized on loans with concessionary terms. Transaction costs related to all financial instruments are expensed as incurred.

Fair Value of Financial Instruments

Certain financial instruments are valued at cost, with adjustments for any applicable allowance for doubtful accounts. This applies to investments, accounts receivable (excluding receivables related to pension and severance pay liabilities), reinsurance premiums payable, claims payable, accounts payable and accrued liabilities (excluding pension and severance pay liabilities). Cost approximates fair market value for these instruments due to their short-term nature.

The carrying values of MASC's pension and severance pay liabilities are based on actuarial valuations adjusted over time for the effect of interest and payouts since the valuations were performed. The carrying value of these liabilities approximates their fair values as the interest component is comparable to current market rates. The carrying values of the related pension and severance receivables approximates their fair values as their carrying values are derived from the related pension and severance liabilities.

Differences between the book value and the fair value of loans receivable and advances from the Province of Manitoba are caused by deviations between the interest rate at the time of the original loan and the current interest rate for the same loan product.

While fair value amounts are designed to represent estimates of the amounts at which assets and liabilities could be exchanged in a current transaction between arm's length willing parties, MASC normally holds all of its loans receivable and amounts received from the Province of Manitoba to their maturity date. Consequently, the fair values presented are estimates derived by taking into account changes in interest rates and may not be indicative of net realizable value. Furthermore, as many of MASC's financial instruments lack an available trading market, the fair value of loans with fixed rates are estimated using a discounted cash flow model with discount rates that are based on current market interest rates for similar types of loans. For loans receivable, the discount rate is MASC's current lending rates for similar loan products, and for advances from the Province of Manitoba, MASC's current borrowing rate for similar loan products is used.

The fair value of the provision for losses on guaranteed loans has also been calculated using a discounted cash flow model using the current Bank of Canada Treasury Bill rate as the discount rate.

The book values and the fair values for each category of financial instruments are presented in the table that follows:

	AS AT MARCH 31, 2009			AS AT MARCH 31, 2008		
	FINANCIAL ASSETS/ LIABILITIES AT COST OR AMORTIZED COST	ESTIMATED FAIR VALUE	FAIR VALUE GREATER (LESS THAN) BOOK VALUE	FINANCIAL ASSETS/ LIABILITIES AT COST OR AMORTIZED COST	ESTIMATED FAIR VALUE	FAIR VALUE GREATER (LESS THAN) BOOK VALUE
Financial assets:						
Loans receivable	\$ 342,211	\$ 373,236	\$ 31,025	\$ 317,986	\$ 340,975	\$ 22,989
Financial liabilities:						
Advances from the Province of Manitoba	346,394	365,661	19,267	324,698	347,863	23,165
Provision for losses on guaranteed loans	\$ 15,146	\$ 14,580	\$ (566)	\$ 13,240	\$ 11,460	\$ (1,780)

5. Wildlife Damage Compensation Program

MASC administers the Wildlife Damage Compensation Program, which pays producers for 80% of damage to agricultural crops and related products caused by waterfowl or wildlife (big game animals), and the injury or death of domestic livestock caused by natural predators. Compensation and all administrative expenses are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

6. 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 of 70% of the school tax paid on farmland in 2008. The rebate was increased from 65% in 2007. The program provides a three-year time frame for claiming rebates. Recorded rebate payments of \$25,121,000 include a provision of \$3,154,000 for 2008 rebates that had not yet been applied for and a reduction in the amount of prior year provisions of \$5,082,000. A provision of \$1,142,000 remains for prior year rebates that remain unclaimed. The Province of Manitoba pays for the full cost of the Farmland School Tax Rebate Program.

7. Other Programs

Inspection Services

In support of Manitoba's agricultural sector, MASC provides inspection services at a reasonable cost (i.e. on a breakeven basis). These services encompass: grain audits for cash advances issued by the Canadian Wheat Board, field inspections in support of the ALUS Program, 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 \$152,100 in 2008/09.

Manitoba Agriculture Weather Service Consortium

In March 2005, MASC became responsible for the administration of the Manitoba Agriculture Weather Service Consortium. The purpose of this initiative is to establish a network of weather stations, which will provide the regional weather data that is required to forecast pest and plant disease outbreaks and moisture conditions for crop production. A total of \$137,000 in administrative expenses was incurred for the year ended March 31, 2009 (2008 – \$216,000). Funding for this project was provided to MASC by the Manitoba Association of Agricultural Societies.

ALUS – An Ecological Goods and Services Research Project – Manitoba

In December 2005, MASC became responsible for the administration of ALUS (Alternative Land Use Services) which is a pilot project in the RM of Blanshard. The goal of the project is to test and evaluate the concept of paying producers for specified land management practices that are determined to produce/maintain environmental benefits. Producer payments and administrative expenses totalled \$288,000 (2008 - \$298,000) and \$17,000 (2008 - \$24,000), respectively. Funding was provided by Keystone Agricultural Producers (KAP).

Assiniboine Valley Producers Flood Assistance Program

In May 2007, MASC became responsible for the administration of the Assiniboine Valley Producers Flood Assistance Program. The purpose of the program is to provide assistance to agricultural producers along the Assiniboine River between the Shellmouth Reservoir and Brandon, for flood losses starting in 2005 that are attributable to the interaction of unexpected rainfall and the operation of the Shellmouth dam. At March 31, 2008, \$1,827,000 was expensed as an estimate of the total cost of this program. Actual costs were determined to be \$1,649,000 (\$1,583,000 in program payments and \$66,000 in administrative expenses). This resulted in a net recovery of \$178,000 for the year ended March 31, 2009. Program funding was provided by the Manitoba Government.

(I) 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: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy”, provides for the cost sharing of AgriInsurance premiums. Premiums for standard crop loss programs are shared between insured producers (40%), the Government of Canada (36%) and the Province of Manitoba (24%).

In addition to the general premium sharing noted above, alternative premium sharing arrangements apply for basic Excess Moisture Insurance (EMI), the EMI Zero Deductible Option and the Fall Frost Insurance pilot program.

(J) 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 AgriInsurance Agreement referred to in Section (I) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60%) and the Province of Manitoba (40%).

(K) Use of Estimates

Preparing MASC's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results may differ from these estimates. Significant estimates are made by management in the following balances: accounts receivable, loans receivable, claims payable, accounts payable and the provision for losses on guaranteed loans.

(L) Financial Instruments

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

Classifications

MASC has designated its financial instruments as follows:

Held for trading:	Cash
Held to maturity:	Investments
Loans and receivables:	Accounts receivable
	Loans receivable
Other liabilities:	Reinsurance premiums payable
	Claims payable
	Accounts payable and accrued liabilities
	Advances from the Province of Manitoba
	Provision for losses on guaranteed loans

Held for trading

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

Manitoba Ruminant Assistance Program

In March 2008, MASC became responsible for the administration of the Manitoba Ruminant Assistance Program. The program is being funded by the Government of Manitoba for the purpose of providing short-term financial assistance to Manitoba ruminant producers to help sustain the livestock industry during a period of high feed costs and weak market prices. Program payments are based on the higher of a participant's 2005 or 2006 eligible net sales of ruminant livestock. A provision of \$14,700,000 was accrued at March 31, 2008 for the estimated cost of the program. Actual compensation payments and administrative expenses were \$12,405,000 and \$170,000, respectively; for a total cost of \$12,575,000. This resulted in a net recovery of \$2,125,000 for the year ended March 31, 2009.

Manitoba Bovine TB Mustering Compensation Program

In April 2008, MASC became responsible for the administration of the Manitoba Bovine TB Mustering Compensation Program. The program is being funded by the Government of Manitoba for the purpose of providing for the cost of gathering animals for the Canadian Food Inspection Agency (CFIA) testing for bovine tuberculosis (TB). Starting in 2006, compensation payments totalled \$235,400 with administrative expenses of \$10,000 to March 31, 2009.

Manitoba Forage Assistance Program

In September 2008, MASC became responsible for the administration of the Manitoba Forage Assistance Program. The purpose of the program is to provide financial assistance for the transport of feed and livestock for farmers affected by excess moisture and drought conditions. Funding is provided 60% by the Government of Canada and 40% by the Province of Manitoba (as an AgriRecovery initiative). Recorded program payments of \$1,800,000 include a provision for remaining payments of \$760,000. Recorded administrative expenses of \$200,000 include a provision of \$112,000 for the processing of the remaining payments.

Manitoba Livestock Feed Assistance Program

In March 2009, MASC became responsible for the administration of the Manitoba Livestock Feed Assistance Program. The purpose of the program is to provide assistance to livestock producers in the Interlake/Westlake area who were short of feed due to excess moisture conditions in 2008. Funding is provided 60% by the Government of Canada and 40% by the Province of Manitoba (as an AgriRecovery initiative). A provision of \$15,200,000 has been set up, comprised of \$14,800,000 for program payments and \$400,000 for administrative expenses.

Manitoba Forage Restoration Assistance Program

In March 2009, MASC became responsible for the administration of the Manitoba Forage Restoration Assistance Program. The purpose of the program is to provide assistance to forage producers in the Interlake/Westlake area in order to restore forage crops damaged by excess moisture in 2008. Funding is provided 60% by the Government of Canada and 40% by the Province of Manitoba (as an AgriRecovery initiative). A provision of \$10,284,000 has been set up, comprised of \$9,884,000 for program payments and \$400,000 for administrative expenses.

8. Investments

MASC's investments as of March 31, 2009 consist of the following:

INVESTMENT MATURITY TERMS	AVERAGE INTEREST RATE	LENDING PROGRAMS	AGRIINSURANCE PROGRAM	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	OTHER PROGRAMS	2009 TOTAL	2008 TOTAL
1 year	0.652%	\$ 6,935	331,892	32,456	2,138	261	\$ 373,682	\$ 258,158
2 years	3.874%	—	—	2,700	—	—	2,700	2,700
3 years	4.180%	—	—	1,500	—	—	1,500	2,700
4 years	4.474%	—	—	3,100	—	—	3,100	1,500
5 years	—	—	—	—	—	—	—	3,100
	0.720%	\$ 6,935	331,892	39,756	2,138	261	\$ 380,982	\$ 268,158

9. Accounts Receivable

MASC's accounts receivable as of March 31, 2009 consist of the following:

	LENDING PROGRAMS	AGRIINSURANCE PROGRAM	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	OTHER PROGRAMS	2009 TOTAL	2008 TOTAL
Insured producers	\$ –	3,200	1,147	–	–	\$ 4,347	\$ 2,138
Government of Canada	–	7,381	–	–	16,379	23,760	4,691
Province of Manitoba	5,917	4,933	–	2,108	10,537	23,495	29,675
Accrued investment interest	8	232	158	3	–	401	1,225
Reinsurance receivable	–	11	–	–	–	11	149
Other	21	134	–	–	–	155	95
	\$ 5,946	15,891	1,305	2,111	26,916	\$ 52,169	\$ 37,973

Receivables from the Province of Manitoba related to:

Pension liability

The Province of Manitoba has accepted responsibility for funding the Manitoba Agricultural Services Corporation's pension liability (for pensionable service earned by employees of the former Manitoba Agricultural Credit Corporation prior to amalgamation on September 1, 2005) and related expense which includes an interest component. The Manitoba Agricultural Services Corporation has therefore recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of \$5,917,000 as of March 31, 2009 (2008 – \$6,212,000), and has recorded a reduction in revenue for 2008/09 equal to the related pension expense reduction of \$295,000 (2008 – increase of \$428,000). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

The carrying value of the receivable approximates its fair value as the interest component described above is comparable to current market rates.

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 the Manitoba Agricultural Services Corporation, an amount equal to its share of the current year's expense for vacation pay entitlements. As of March 31, 2009 the receivable for vacation pay liability was \$169,000 (2008 – \$169,000).

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 the Manitoba Agricultural Services Corporation 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 when it is determined that the cash is required to discharge the related severance pay liabilities. As of March 31, 2009, the receivable for severance pay liability was \$429,000 (2008 – \$429,000).

The carrying value of the receivable approximates its fair value as the interest component described above is comparable to current market rates.

10. Loans Receivable

MASC's loans receivable as of March 31, 2009 consist of the following:

		2009			2008
		REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL	TOTAL
Amounts are due over the following terms:					
1 year	Accrued interest	\$ 7,176	\$ 1,628	\$ 8,804	\$ 9,215
	Arrears	7,512	5,072	12,584	13,957
	Prepayments	(6,899)	(841)	(7,740)	(8,888)
	Regular instalments	27,214	7,587	34,801	41,728
		35,003	13,446	48,449	56,012
2 years	Regular instalments	18,041	7,223	25,264	30,429
3 years	Regular instalments	17,195	8,712	25,907	29,603
4 years	Regular instalments	16,773	14,922	31,695	20,460
5 years	Regular instalments	16,178	15,374	31,552	19,205
Over 5 years	Regular instalments	138,568	40,776	179,344	162,277
		241,758	100,453	342,211	317,986
Less: Unamortized discount on loans with concessionary interest rates			1,690	1,690	221
		241,758	98,763	340,521	317,765
Less: Provisions for impaired loans (<i>Note 10</i>)		13,033	18,011	31,044	28,996
		\$ 228,725	\$ 80,752	\$ 309,477	\$ 288,769

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

A portion of the loans receivable will be paid through funding for the Young Farmer Rebate (YFR) Program that is provided by the Province of Manitoba. Clients earn the rebate in equal payments over the first five years of the loan. Over the next five years, YFR will provide approximately \$5.7 million in payments towards the loan receivable balance.

Terms of Loans Receivable

All loans have fixed rates, with an interest rate breakdown as follows:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
2.0% and lower	\$ 100	\$ 3,090	\$ 3,190	\$ 386
2.01% to 3.0%	-	30,828	30,828	5,286
3.01% to 4.0%	2,318	4,199	6,517	1,017
4.01% to 5.0%	3,286	6,283	9,569	5,470
5.01% to 6.0%	23,267	37,173	60,440	56,657
6.01% to 7.0%	162,399	18,546	180,945	184,283
7.01% to 8.0%	47,682	324	48,006	60,901
More than 8.0%	2,706	10	2,716	3,986
Average rate is 5.995%	\$ 241,758	\$ 100,453	\$ 342,211	\$ 317,986

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

Loans maturities are as follows:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
Less than 5 years	\$ 37,482	\$ 28,891	\$ 66,373	\$ 85,991
5 years to up to 10 years	49,759	59,768	109,527	75,012
10 years to up to 15 years	71,132	6,769	77,901	78,250
15 years to up to 20 years	61,242	4,653	65,895	58,194
20 years to up to 25 years	22,143	372	22,515	20,539
	\$ 241,758	\$ 100,453	\$ 342,211	\$ 317,986

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

Impaired 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 below provides the amount of impaired loans and the specific provisions for credit losses on these loans as of March 31, 2009.

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
Total loans	\$ 18,671	\$ 15,216	\$ 33,887	\$ 38,483
Less: Specific provision	6,191	7,931	14,122	13,940
	\$ 12,480	\$ 7,285	\$ 19,765	\$ 24,543

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans

A total of \$2,086,000 (2008 – \$2,380,000) of interest on impaired loans was included in revenue for the year ended March 31, 2009.

Loans Receivable by Economic Sector

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
Grains and oilseeds	\$ 131,216	\$ 15,882	\$ 147,098	\$ 138,458
Potatoes	556	694	1,250	1,289
Other crops	8,405	394	8,799	9,520
Cattle	83,942	43,354	127,296	144,690
Hogs	6,901	38,189	45,090	13,024
Poultry	55	51	106	652
Dairy	3,148	406	3,554	3,899
Other	7,535	1,483	9,018	6,454
	\$ 241,758	\$ 100,453	\$ 342,211	\$ 317,986

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

11. Unamortized Discount On Loans With Concessionary Interest

Loans receivable includes loans made under the Manitoba Hog Assistance Loan Program implemented in February 2008, which have an interest concession for the first three years of the eight year amortization period. Interest rates are 2.25% (with an additional 1% discount for young farmers under 40 years of age) for the first year, rising to 4.5% (with the additional 1% discount, if applicable, carried forward) for the next two years. The full amount of the net present value of the interest concessions was expensed when the loans were disbursed and is recorded as interest revenue over the term of the interest concession. The portfolio balance was \$39,861,000 on March 31, 2009 and a present value discount of \$1,690,000 (net of amortization for interest write-back) for the loan interest concessions was applied, reducing the carrying value of the portfolio to \$38,171,000. The present value discount of \$1,690,000 is the net of the total loan interest concession expense of \$1,937,000 (2009 – \$1,716,000 and 2008 – \$221,000) less the present value discount amortization of \$247,000 which was included in interest revenue as of March 31, 2009.

12. Provisions For Credit Losses

The provision for credit losses for the lending program consists of:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
Specific provision	\$ 6,191	\$ 7,931	\$ 14,122	\$ 13,940
General provision	6,842	10,080	16,922	15,056
Ending provision balance	\$ 13,033	\$ 18,011	\$ 31,044	\$ 28,996

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans

The expense for the provision of credit losses of \$3,778,000 (2008 – \$116,000) is made up of \$3,286,000 (2008 – \$15,000) for lending programs and a total of \$492,000 (2008 - \$101,000) for the AgriInsurance and Hail Insurance programs. The change in the provision for credit losses for the lending program is as follows:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009	2008
Beginning provision balance	\$ 14,615	\$ 14,381	\$ 28,996	\$ 29,751
Loans written off	(926)	(312)	(1,238)	(770)
Provision expense (recovery)	(656)	3,942	3,286	15
Ending provision balance	\$ 13,033	\$ 18,011	\$ 31,044	\$ 28,996

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

Loans Past Due But Not Impaired

Loans that are past due but not impaired are generally loans 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 second category. In addition, Stocker Loans, which provide short-term financing for the purchase or retention of feeder cattle, are due at the end of their term, which is generally one year. Any delay in the sale of the cattle at the end of the term may put the loan in arrears; however these loans are normally paid in full once the cattle are sold.

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	2009
Less than 1 year in arrears	\$ 4,862	\$ 3,680	\$ 8,542
1 to 2 years in arrears	3,487	3,319	6,806
Over 2 years in arrears	310	358	668
Total past due	\$ 8,659	\$ 7,357	\$ 16,016

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

13. Property And Equipment

	2009		2008	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Furniture and equipment	\$ 342	\$ 213	\$ 344	\$ 194
Computer hardware	214	151	325	242
Computer software	195	157	189	132
Major software development	2,907	2,907	2,907	2,907
Leasehold improvements	344	302	298	298
	\$ 4,002	\$ 3,730	\$ 4,063	\$ 3,773
Net book value		\$ 272		\$ 290

14. Reinsurance – AgriInsurance Program

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. Surpluses 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.

	CROP REINSURANCE FUND OF CANADA FOR MANITOBA		CROP REINSURANCE FUND OF MANITOBA	
	2009	2008	2009	2008
Opening surplus (deficit)	\$ 2,174	\$ 1,419	\$ 24,193	\$ 23,438
Current year premium contributions (net)*	978	755	978	755
Net book value	\$ 3,152	\$ 2,174	\$ 25,171	\$ 24,193

*Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts of \$6,000 (2008-\$3,000).

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. The private sector reinsurance agreement involves 24 reinsuring companies assuming 90% of losses (including a deemed loss adjustment expense) from 15.0% to 27.5% of AgriInsurance liability (coverage). Reinsurance premiums were \$30,171,000 (2008 – \$22,701,000). Private sector reinsurance recoveries were \$138,000 (2008 – Nil), which was for outstanding prior year claims.

15. Reinsurance – Hail Insurance Program

Starting in 2007/08, MASC entered into a three-year agreement with private sector reinsurers for the Hail Insurance Program. The agreement involves eight reinsuring companies assuming 80% of hail insurance losses (including actual loss adjustment expenses) from 4.25% to 7.00% of hail insurance liability (coverage). Reinsurance premiums were \$1,361,000 (2008 - \$1,022,000) with no reinsurance recoveries in 2009 (2008 – nil).

16. Claims Payable

Claims payable of \$35,566,000 (2008 – \$29,230,000) includes: a provision of \$3,530,000 (2008 – \$3,184,000) for the AgriInsurance Program, which represents the liability associated with unpaid claims and the over-winter deterioration of unharvested crops; a provision of \$4,297,000 (2008 – \$9,823,000) for outstanding Farmland School Tax Rebate payments; a provision of \$539,000 (2008 - \$276,000) for the Wildlife Damage Compensation Program, and provisions of \$25,678,000 (2008 – \$14,946,000) for outstanding payments for Other Programs. Of the \$25,678,000 in Other Programs claims payable, \$25,444,000 relates to the three AgriRecovery initiatives that are outlined at the end of Note 7.

17. Accounts Payable And Accrued Liabilities

Accounts payable at March 31, 2009 include the following:

	LENDING PROGRAMS	AGRIINSURANCE PROGRAM	WILDLIFE DAMAGE COMPENSATION PROGRAM	OTHER PROGRAMS	2009 TOTAL	2008 TOTAL
Province of Manitoba	\$ 105	1,581	-	77	\$ 1,763	\$ 1,623
Accrued vacation pay	-	1,027	-	-	1,027	917
Provision for pension obligations (Note 18)	5,917	18	-	-	5,935	6,225
Provision for severance obligations	-	2,036	-	-	2,036	1,656
Other	441	1,650	29	930	3,050	2,167
	\$ 6,463	6,312	29	1,007	\$ 13,811	\$ 12,588

18. Provision For Employee Pension Benefits

MASC's employees are eligible for defined benefit pensions under The Civil Service Superannuation Act. As outlined in Note 4(D), MASC contributes 50% of the pension disbursements made to retired employees of the former Manitoba Agricultural Credit Corporation (MACC) for service up to September 1, 2005. In addition, MASC has a pension liability for employees whose earnings are out of the scope of the Civil Service Superannuation Fund plan.

Actuarial valuations are to be carried out every three years to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as of December 31, 2007 was conducted by Ellement & Ellement. The key actuarial assumptions were a rate of return of 6.50% (2004 – 6.50%), inflation of 2.5% (2004 – 2.5%), salary rate increases of 3.25% (2004 – 3.25%) and post retirement indexing at two-thirds of the inflation rate. The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2009 using a formula provided by the actuary. The following table provides the calculation of the liability for pension benefits of \$5,935,000 (2008 – \$6,225,000):

	2009	2008
Accrued pension liability – beginning of year	\$ 6,225	\$ 6,124
Experience gain	(439)	
Benefits accrued	4	3
Interest accrued on benefits	398	429
Benefits paid	(253)	(331)
Accrued pension liability – end of year	\$ 5,935	\$ 6,225

19. Advances From The Province Of Manitoba

Following 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 semi-annual, non-callable Province of Manitoba bond rate for a bond with the same term to maturity.

Advances are repayable in equal annual blended instalments of principal and interest, with interest rates ranging from 1% to 8%. The average interest rate of the entire portfolio as of March 31, 2009 was 4.973% (2008 – 5.394%).

MATURITIES OF PRINCIPAL OVER THE FOLLOWING TERMS	2009	2008
1 year	\$ 72,790	\$ 63,566
2 years	44,547	41,455
3 years	44,554	38,327
4 years	40,486	38,106
5 years	29,016	33,800
More than 5 years	115,001	109,444
	\$ 346,394	\$ 324,698

20. Deferred Revenue

Deferred revenue represents administrative subsidies provided by the Government of Canada and the Province of Manitoba and is used to acquire property and equipment. Deferred revenue is recognized as revenue when amortization is recorded on property and equipment.

21. Indemnities

AgriInsurance indemnities of \$57,834,000 (2008 – \$72,433,000) represent \$58,982,000 for the 2008/09 crop year and a reduction of \$1,148,000 as a result of an excess in the estimate of claims payable as of March 31, 2008.

22. Contractual Obligations

MASC has entered into a number of long-term lease agreements. The minimum payments under these leases are as follows:

YEAR ENDING MARCH 31ST	LEASE AGREEMENT AMOUNTS
2010	\$ 122
2011	56
2012	15
2013 and beyond	-
	\$ 193

23. Loan Guarantees And Contingencies

- (A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2009 are shown below.

	CONTINGENT LIABILITY		PROVISION FOR LOSSES	
	2009	2008	2009	2008
Operating Credit Guarantees	\$ 11,156	\$ 10,197	\$ 1,343	\$ 1,629
Manitoba Livestock Associations Loan Guarantees	5,234	5,671	1,308	1,418
Diversification Loan Guarantees	5,254	6,245	788	1,060
Enhanced Diversification Loan Guarantees	58,116	59,551	11,707	9,133
	\$ 79,760	\$ 81,664	\$ 15,146	\$ 13,240

The change in the provision for guaranteed loan losses is as follows:

	2009	2008
Beginning provision balance	\$ 13,240	\$ 12,244
Guaranteed loan claims paid (net)	(302)	-
Provision expense	2,208	996
Ending provision balance	\$ 15,146	\$ 13,240

Rural Entrepreneur Assistance (REA) guaranteed loan claims of \$78,000 (2008 – \$135,000) were added to the \$2,208,000 (2008 – \$996,000) in provision expense for a total cost of \$2,286,000 (2008 – \$1,131,000). (When REA administration was transferred to MASC in 2005, the Manitoba Government agreed to maintain the contingent liability associated with existing and future REA loan guarantees. Therefore, MASC's expenditure for REA is the guaranteed loan claims that are paid by MASC and subsequently recovered from the Province of Manitoba.)

The Operating Credit Guarantee (OCG) Program was introduced on April 1, 2003, replacing the Guaranteed Operating Loan Program. The OCG provides participating lending institutions with a guarantee of 25% of each individual loan made under the program. The maximum allowable loan is \$450,000 for individuals, and \$700,000 available for partnerships, corporations and co-operatives.

The Manitoba Livestock Associations Loan Guarantee Program was introduced in 1991. For each association, MASC provides a 25% guarantee to an association's lending institution with a maximum of \$5,000,000 in loans for each association.

The Diversification Loan Guarantee Program was introduced in December 1995 to provide guarantees on loans made by participating lenders for diversification or farm value-added activities. Under this program, 25% of the private lender's total associated loan portfolio was guaranteed. The maximum allowable individual loan was \$3.0 million.

In 2001, the Diversification Loan Guarantee Program was replaced by the Enhanced Diversification Loan Guarantee Program. Under the new program, guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

- (B) As of March 31, 2009, MASC had approved but not disbursed loans in the amount of \$22,179,566 (2008 – \$15,520,963).
- (C) 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.

24. Capital Management

MASC's objective when managing capital is to maintain sufficient funds to cover current and future insurance and lending related cash outflows, and to fund its other initiatives. MASC's capital consists of its funds retained.

MASC meets its capital objectives through revenues taken in, grants, and advances from the Province of Manitoba and the Government of Canada. *The Manitoba Agricultural Services Corporation Act* establishes MASC's borrowing authority, based on the approval of the Lieutenant Governor in Council.

MASC is not subject to externally imposed capital requirements, however for the AgriInsurance Program, MASC must meet the financial self-sustaining criteria defined by the Government of Canada in its related regulations. The current financial self-sustaining criteria requires that premiums be set so that the AgriInsurance Program can recover from a defined worst case deficit within a specified number of years. MASC's most recent actuarial review (Note 26) indicates that the program meets the financial self-sustaining criteria.

There were no changes in MASC's approach to capital management during the period.

25. Risk Management

Financial instruments comprise the majority of MASC's assets and liabilities. For its lending operations, MASC borrows from the Province of Manitoba at fixed rates and then provides fixed term loans to its clients at rates that earn a reasonable interest rate margin. For its insurance operations, MASC invests the programs' funds retained mainly in short term funds, in order to have sufficient capital available to make insurance payments when losses exceed the current year's premium income.

MASC's risk management policies are designed to identify and analyse risk, to set appropriate risk limits and controls, and to 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 to ensure that the policies are properly carried out. The Board receives confirmation that the risks are being appropriately managed through regular reporting, third party compliance reporting and by reviews conducted by the internal audit department.

MASC has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market 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 MASC to credit risk consist principally of investments, accounts receivable, loans receivable and guarantees on loans.

The maximum exposure of MASC to credit risk at March 31, 2009 is:

Investments	\$ 380,982
Accounts receivable	52,169
Loans receivable	309,477
Loan guarantees	79,760
	<u>\$ 822,388</u>

Investments – MASC is not exposed to significant credit risk as the investments are held by the Province of Manitoba.

Accounts Receivable – MASC is not exposed to significant credit risk as 91% of the accounts receivable is comprised of amounts receivable from the Government of Canada and the Province of Manitoba and payment in full is typically collected when it is due. The remainder of the accounts receivable consists largely of insurance premiums due from 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. March 31 is the final payment deadline. Producers who have not made acceptable arrangements to pay will have their contracts cancelled for the following year. The importance of insurance programs to an ongoing farming operation serves to mitigate the credit risk on insurance premiums.

Loans Receivable – Impairment provisions are provided for losses that have been incurred as of the balance sheet date. Significant changes in the agricultural economy of Manitoba or deterioration in sectors which represent a concentration within the loan portfolio may result in losses that are different from those provided for at the balance sheet date. Management of credit risk is an integral part of MASC's activities and is monitored and managed carefully.

The Board of Directors is responsible for approving and monitoring MASC's tolerance for credit exposures which it does through review and approval of the lending and guarantee program guidelines and setting limits on credit exposures to individual clients. MASC has comprehensive policy and procedure manuals in place for all 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 which fall outside the normal limits set out in the regular loan policies. These special assistance loans have a provision for credit losses that is established at the inception of the program which represents a best estimate of probable losses. In addition, an increased level of monitoring is carried out in an effort to mitigate losses. Special assistance loans make up 29% of the MASC's lending portfolio.

MASC's lending exposure to the various agricultural sectors, as provided in Note 10, is summarized as follows:

Grains/oilseeds	43%
Cattle	37%
Hogs	13%
Dairy	7%
	<u>100%</u>

The Province of Manitoba provides funding for the full amount of loans that are written off; therefore, the risk to MASC is minimal.

Loan Guarantees – MASC also provides loan guarantees to financial institutions. These guarantees encourage the provision of credit that the private lenders consider to be higher risk. Each 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 three separate programs: Livestock Associations Guarantees directed at the cattle industry; and Operating Credit Guarantees (OCG) and Diversification Loan Guarantees (DLG) which are generally available to Manitoba's agricultural industry. MASC's loan guarantee exposure by agricultural sector is summarized below:

	DLG	OCG
Grains/oilseeds	-	52%
Cattle	-	17%
Hogs	48%	11%
Dairy	21%	-
Poultry	7%	1%
Potatoes	5%	13%
Other	19%	6%
	<u>100%</u>	<u>100%</u>

The Province of Manitoba provides funding for all claims on loan guarantees; therefore, the risk to MASC is minimal.

Liquidity Risk

Liquidity risk relates to MASC's ability to access sufficient funds to meet its financial commitments as they fall due.

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 off. Subsequently, MASC has minimal liquidity risk relating to MASC's lending portfolio and its relation to the 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 revenue, which normally exceeds cash requirements. In addition, insurance program funds are retained and invested in short-term investments that are available to pay excess claims. Private sector reinsurance is in place for AgriInsurance and Hail Insurance, providing significant protection against catastrophic losses. If all of the above are exhausted, the AgriInsurance Program has a reinsurance agreement with the Government of Canada and the Province of Manitoba which provides for any additional funding for claim payments. (Notes 14 and 15 provide a summary of the reinsurance programs). Both insurance programs also have the capacity to borrow funds from the Province of Manitoba, if required.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect MASC's income or the fair values of its financial instruments. The significant market risk MASC 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 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. The investments are classified as held to maturity financial instruments and therefore, changes in interest rates do not affect the value of the investments on the financial statements. All of MASC's investments are placed through Manitoba Finance.

Loans Receivable/Advances 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 corresponding borrowing rate. MASC offers only fixed interest rate loans to its clients, which are generally fixed for the full term of the loans. All advances from the Province of Manitoba have fixed interest rates for the full term of the advances. Due to this arrangement, MASC does not incur significant interest rate risk. However, some interest rate risk is involved in MASC's lending policy of allowing prepayment of loans without penalty, given that MASC does not have the ability to prepay its 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.

26. Actuarial Review

An actuarial certification of MASC's AgriInsurance Program was completed by Tillinghast - Towers Perrin, consulting actuaries, in March 2008. The actuarial review concluded that the methodologies used to establish the probable yields for insured crops do not exceed productive capabilities; that the premium rate methodologies are actuarially sound and therefore sufficient to meet expected claim costs over time; and that the program meets the financial self-sustaining criteria as defined by the Government of Canada. Any new programs or program changes require actuarial review prior to implementation.

27. 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.

Interest earned on investments held by the Province of Manitoba amounted to \$7,158,000 (2008 - \$10,134,000). Included in accounts receivable (Note 9) is \$401,000 (2008 - \$1,225,000) of accrued interest related to these investments

28. Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 financial statement presentation.

Schedule 1

CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2009 (in thousands)

	2009	2008
Adjustors' wages, benefits and expenses	\$ 4,824	\$ 4,744
Advertising	302	307
Amortization expense	94	94
Appeal Tribunal	21	28
Audit fees and legal	320	229
Directors' remuneration and expenses	122	141
Furniture and equipment	108	116
Information technology	486	638
Office rental and utilities	1,032	920
Other administrative expenses	592	531
Other administrative recoveries	(623)	(560)
Postage	185	200
Printing and office supplies	209	217
Salaries and employee benefits	12,079	10,490
Telephone	211	216
Travel and vehicle expenses	463	474
Total administrative expenses	\$ 20,425	\$ 18,785
Administrative expenses allocation:		
Lending Programs	\$ 5,146	\$ 4,662
AgriInsurance Program	10,547	10,306
Hail Insurance Program	2,608	2,503
Wildlife Damage Compensation Program	458	407
Farmland School Tax Rebate Program	411	370
Other Programs	1,255	537
Total administrative expenses	\$ 20,425	\$ 18,785

Schedule 2

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2009 (in thousands)

	LENDING PROGRAMS		AGRIINSURANCE PROGRAM		HAIL INSURANCE PROGRAM	
	2009	2008	2009	2008	2009	2008
REVENUE:						
Insurance premiums						
Insured producers	\$ -	\$ -	\$ 76,571	\$ 58,880	\$ 22,017	\$ 14,355
Government of Canada	-	-	71,769	55,225	-	-
Province of Manitoba	-	-	47,846	36,815	-	-
	-	-	196,186	150,920	22,017	14,355
Interest from loans	20,385	20,453	-	-	-	-
Other contributions –						
Government of Canada	-	-	6,327	6,181	-	-
Other contributions –						
Province of Manitoba	5,731	4,387	4,241	4,138	-	-
Investment income	180	872	6,206	7,926	1,119	1,446
Real estate and other income	229	167	-	-	-	-
Reinsurance recoveries (Notes 14 & 15)	-	-	(138)	-	-	-
Total revenue	26,525	25,879	212,822	169,165	23,136	15,801
EXPENSES:						
Insurance indemnities and						
compensation payments (Note 21)	-	-	57,834	72,433	9,916	14,423
Reinsurance premiums (Notes 14 & 15)	-	-	32,133	24,210	1,361	1,022
Interest on borrowed funds	17,709	18,574	-	-	-	-
Provision for credit losses (Note 12)	3,286	15	494	117	(2)	(16)
Provision for guaranteed loan losses (Note 23)	2,286	1,131	-	-	-	-
Young farmer incentives	1,805	1,724	20	13	-	-
Loan interest concession (Note 11)	1,716	221	-	-	-	-
Farmland school tax rebate	-	-	-	-	-	-
Other program payments	-	-	-	-	-	-
Administrative expenses (Schedule 1)	5,146	4,662	10,547	10,307	2,608	2,502
Total expenses	31,948	26,327	101,028	107,080	13,883	17,931
Income (loss) for the year	(5,423)	(448)	111,794	62,085	9,253	(2,130)
Funds retained, beginning of year	(39,764)	(39,316)	221,291	159,206	31,659	33,789
Funds retained, end of year	\$ (45,187)	\$ (39,764)	\$ 333,085	\$ 221,291	\$ 40,912	\$ 31,659

WILDLIFE DAMAGE COMPENSATION PROGRAM (NOTE 5)		FARMLAND SCHOOL TAX REBATE PROGRAM (NOTE 6)		OTHER PROGRAMS (NOTE 7)		TOTAL	TOTAL
2009	2008	2009	2008	2009	2008	2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,588	\$ 73,235
-	-	-	-	-	-	71,769	55,225
-	-	-	-	-	-	47,846	36,815
-	-	-	-	-	-	218,203	165,275
-	-	-	-	-	-	20,385	20,453
1,788	1,428	-	-	16,490	-	24,605	7,609
1,192	952	25,431	29,371	8,918	16,544	45,513	55,392
-	-	101	198	18	7	7,624	10,449
-	-	-	-	595	514	824	681
-	-	-	-	-	-	(138)	-
2,980	2,380	25,532	29,569	26,021	17,065	317,016	259,859
2,522	1,973	-	-	-	-	70,272	88,829
-	-	-	-	-	-	33,494	25,232
-	-	-	-	-	-	17,709	18,574
-	-	-	-	-	-	3,778	116
-	-	-	-	-	-	2,286	1,131
-	-	-	-	-	-	1,825	1,737
-	-	-	-	-	-	1,716	221
-	-	25,121	29,199	-	-	25,121	29,199
-	-	-	-	24,766	16,528	24,766	16,528
458	407	411	370	1,255	537	20,425	18,785
2,980	2,380	25,532	29,569	26,021	17,065	201,392	200,352
-	-	-	-	-	-	115,624	59,507
-	-	-	-	-	-	213,186	153,679
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,810	\$213,186

Management's Responsibility for Financial Reporting

The preparation of the financial statements and other information contained in this Annual Report is the responsibility of management of the Manitoba Arts Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using management's estimates and judgments where appropriate. The financial information shown elsewhere in this Annual Report is consistent with information contained in the financial statements.

Management of the Manitoba Arts Council has developed and maintains accounting systems and internal controls designed to provide reasonable assurance of the reliability of the financial information, and that assets are appropriately accounted for and adequately safeguarded.

The financial statements for the year ended March 31, 2009 have been audited by Magnus & Buffie in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

The Council, through its Audit/Finance/Human Resource Committee, carries out its responsibility for the review and approval of the financial statements and the Annual Report. The Audit/Finance/Human Resource Committee reports to Council who approves these financial statements and the Annual Report prior to release.

Douglas Riske
EXECUTIVE DIRECTOR

Auditors' Report

To the Members of the Council,
Manitoba Arts Council

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2009 and the statements of revenues and expenses and changes in fund balances for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes

assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus and Buffie
CHARTERED ACCOUNTANTS

May 15, 2009

Statement of Financial Position

AS AT MARCH 31, 2009

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2009 TOTAL	2008 TOTAL
Assets				
Current Assets				
Cash and short-term investments (note 4)	\$ 317,963	\$ 0	\$ 317,963	\$ 531,044
Accrued interest income	8,871	0	8,871	7,507
Accounts receivable	25,540	0	25,540	35,677
Prepaid expenses	17,601	0	17,601	9,424
	<u>\$ 369,975</u>	<u>\$ 0</u>	<u>\$ 369,975</u>	<u>\$ 583,652</u>
Recoverable, Province of Manitoba (note 12)	36,000	0	36,000	36,000
Recoverable, Province of Manitoba	0	175,720	175,720	200,000
Long term investments (note 5)	403,000	0	403,000	400,000
Musical instruments	104,796	0	104,796	104,796
Works of visual art	329,995	0	329,995	329,995
Capital assets (note 6)	121,813	0	121,813	68,651
Interfund balances	(204,965)	204,965	0	0
Total Assets	<u>\$ 1,160,614</u>	<u>\$ 380,685</u>	<u>\$ 1,541,299</u>	<u>\$ 1,723,094</u>
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable and accrued liabilities	127,410	0	127,410	106,608
Commitments for grants and programs	478,497	19,965	498,462	519,337
Deferred grant revenue	0	300,720	300,720	200,000
	<u>605,907</u>	<u>320,685</u>	<u>926,592</u>	<u>825,945</u>
Investments in musical instruments and works of visual art	434,791	0	434,791	434,791
	<u>1,040,698</u>	<u>320,685</u>	<u>1,361,383</u>	<u>1,260,736</u>
Fund Balances				
Invested in capital assets	121,813	0	121,813	68,651
Internally restricted (note 8)	0	60,000	60,000	114,000
Unrestricted	-1,897	0	-1,897	279,707
	<u>119,916</u>	<u>60,000</u>	<u>179,916</u>	<u>462,358</u>
Lease Commitment (note 9)				
Total Liabilities and Fund Balances	<u>\$ 1,160,614</u>	<u>\$ 380,685</u>	<u>\$ 1,541,299</u>	<u>\$ 1,723,094</u>

On behalf of Council

CHAIR

EXECUTIVE DIRECTOR

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

Statement of Revenues and Expenses

AS AT MARCH 31, 2009

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2009 TOTAL	2008 TOTAL
Revenues				
Province of Manitoba - Operating Grant (note 10)	\$ 8,483,500	\$ 0	\$ 8,483,500	\$ 8,461,400
Province of Manitoba - Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba - Manitoba Theatre Centre	0	150,000	150,000	0
Deferred Grant Revenue - VANOC	0	75,000	75,000	0
Investment Income	84,925	0	84,925	115,660
Other	143,230	0	143,230	35,000
	8,711,655	1,100,000	9,811,655	9,487,060
Expenses				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	151,000	0	151,000	151,000
Arts Service Organizations	146,500	0	146,500	188,000
Dance Companies	975,500	0	975,500	970,000
Music Organizations	1,218,500	0	1,218,500	1,139,500
Theatre Companies	1,635,000	150,000	1,785,000	1,615,000
Visual Arts Organizations	873,000	0	873,000	813,000
Book Publishers	262,300	0	262,300	262,300
Periodical Publishers	210,000	0	210,000	205,775
	5,471,800	150,000	5,621,800	5,344,575
2010 Vancouver Olympic Games	0	75,000	75,000	0
Touring Grants	329,500	0	329,500	319,500
Presentation Grants	298,036	0	298,036	294,398
Technical Assistance Grants	17,793	0	17,793	10,259
Special Grants	1,000	0	1,000	1,000
Management & Governance	0	35,690	35,690	58,030
	6,118,129	260,690	6,378,819	6,027,762
INDIVIDUALS				
Professional Development Grants	258,136	0	258,136	262,165
Creation and Production Grants	873,642	0	873,642	878,783
Touring Grants	43,400	0	43,400	14,150
Aboriginal Arts Grants	0	87,511	87,511	84,082
	1,175,178	87,511	1,262,689	1,239,180
ARTS DEVELOPMENT				
Residencies	345,092	0	345,092	340,397
ArtsSmarts Projects	57,420	0	57,420	0
Award of Distinction	30,000	0	30,000	30,000
Special Projects	13,484	0	13,484	11,347
Special Opportunities	85,050	0	85,050	123,751
Community Connections	0	151,470	151,470	159,965
Arts Education Initiatives	0	25,000	25,000	20,000
French Language (NB/MB Residency)	0	19,965	19,965	0
ArtsSmarts Grant	0	0	0	30,000
	531,046	196,435	727,481	715,460
	7,824,353	544,636	8,368,989	7,982,402
Arts Program Delivery Expenses (Schedule)	884,160	153,492	1,037,652	761,379
	8,708,513	698,128	9,406,641	8,699,819
Administrative Expenses (Schedule)	694,919	0	694,919	717,417
	9,403,432	698,128	10,101,560	9,461,198
Rescinded Commitments	(7,463)	0	(7,463)	(4,920)
Total expenses	9,395,969	698,128	10,094,097	9,456,278
Excess (Expenses) Revenues for the Year	(684,314)	401,872	(282,442)	30,782

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

Statement of Changes in Fund Balances

AS AT MARCH 31, 2009

	GRANTS & PROGRAM FUND INVESTED IN CAPITAL ASSETS	GENERAL (NOTE 8)	BRIDGES FUND (NOTE 8)	2009 TOTAL	2008 TOTAL
Fund Balances, Beginning of Year	68,651	325,707	68,000	462,358	431,576
Excess (expenses) revenues for the year	(66,104)	(618,210)	401,872	(282,442)	30,782
Additions to capital assets	119,266	(119,266)	0	0	0
Interfund transfer (note 8)	0	409,872	(409,872)	0	0
Fund Balances, End of Year	121,813	(1,897)	60,000	179,916	462,358

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

Notes to Financial Statements

AS AT MARCH 31, 2009

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts 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. Change in Accounting Policies

Effective April 1, 2008, the Council adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1535 Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (See disclosure in Note 3.)

Section 3862 Financial Instruments - Disclosure

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments - Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed. (See disclosure in Note 15.)

Section 3863 Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments - Disclosure and Presentation, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Council's year end financial statements.

3. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(b) 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.

(c) Revenue Recognition

The Council follows the deferral method accounting for revenues. Externally restricted revenues are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted revenues are recognized as revenue in the applicable fund when received or receivable.

(d) Grant Commitments

Grants and program commitments are reflected as expenses when funding is formally approved and

committed by Council. Cancellations of prior years' grant expenses are reflected as rescinded grant commitments.

(e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Office furniture and equipment 5-10 years
Computer hardware and software 3 years

(f) Musical instruments and works of visual art

Musical instruments and works of visual art are shown on the Statement of Financial Position as assets at cost with an offsetting credit to investments in musical instruments and works of visual art. The art bank collection was re-appraised in 2005, at a current market value of \$449,222.00.

(g) Capital Disclosures

The Council's capital management policy is to maintain sufficient capital to meet its objectives through its fund balances by managing its grants and operational expenses against its funding revenue. There were no changes in the Council's approach to capital management during the period.

The Council is not subject to externally imposed capital requirements.

(h) Financial Instruments - recognition and measurement

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities.

(i) Financial assets Held-to-maturity, Loans and Receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Gains and losses are recorded in earnings when the assets are derecognized or impaired, and through the amortization process.

(ii) Available-for-sale financial assets are measured at fair value with gains and losses recognized directly in net assets, except for impairment losses.

(iii) Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in earnings and are included in the category "fair value through earnings." Derivative instruments are classified as fair value through earnings, including those derivatives that are embedded in financial or non-financial contracts are not closely related to the host contracts.

The Council has designated its financial instruments as follows:

Cash and short-term investments, accrued interest income, accounts receivable, recoverable, Province of Manitoba, long term investments, accounts payable and accrued liabilities and commitments for grants and programs are classified as held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial instruments, the carrying values approximate their fair values.

The organization does not have any financial instruments designated as loans and receivables or held-to-maturity investments and other liabilities.

(i) Fair Value of Financial Instruments

The fair value of the recoverable, Province of Manitoba is not practical to determine due to their underlying terms and conditions.

(j) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from these estimates.

4. Cash and Short Term Investments

Cash and short term investments consist of \$30,601 cash (2008 - \$34,097) and a short term investment of \$287,362 (2008 - \$496,947). The short term investment matures April 22, 2009 with a yield of 0.7%.

5. Long Term Investments

	2009		2008	
	COST	MARKET	COST	MARKET
Farm Credit Canada (Due Sept. 15, 2009, yielding 3.3%)	100,000	101,225	100,000	100,645
Golden Credit Card Trust (Due Oct. 15, 2008, yielding 4.159%)	0	0	100,000	102,180
Manitoba Hydro Bonds (Due June 15, 2011, yielding 4.2%)	103,000	106,168	100,000	105,922
Royal Bank of Canada Issuer Extendible Step-Up Med. Term Notes (Yielding 3.20%-4.25%, Maturing September 2006 to September 2010)	100,000	103,179	100,000	101,551
Manulife Bank Investment Savings	100,000	100,925		
	403,000	411,497	400,000	410,298

As the difference between costs and market is insignificant, Council has not adjusted its carrying value to market.

6. Capital Assets

	2009		2008	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Office furniture and equipment	129,105	91,456	37,649	53,141
Computer hardware and software	386,916	302,752	84,164	15,510
	516,021	394,208	121,813	68,651

7. Works of Visual Art

The Manitoba Arts Council moved selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Foundation for the Arts awarded a grant to the Manitoba Arts Council to provide to the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba is currently being negotiated.

8. Interfund Transfers and Internally Restricted Fund Balances

In 2009, the Council members internally restricted \$60,000 to be used as follows:

	GRANTS & PROGRAMS	BRIDGES
French Language Programs		20,000
ArtsSmarts		40,000
	0	60,000

These internally restricted amounts are not available for unrestricted purposes without the approval of the members of Council. In addition, \$409,872 (2008 - \$397,177) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Individual Artists and Arts Development Grants.

9. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2012. The 2009 basic annual rent was \$113,234. The 2010 basic annual rent is estimated to be the same as 2009 (\$113,234). Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

10. Funding Agreement

The funding agreement with the Province of Manitoba established the terms and conditions of funding for five years ended March 31, 2000. During the term of the agreement, Council was entitled to retain proceeds up to \$1,000,000 from the Province of Manitoba. Any proceeds retained in excess of \$1,000,000 except for proceeds exempted in the funding agreement, would have been repaid to the Province of Manitoba on demand. In accordance with this Agreement, there were no proceeds repayable to the Province. As at March 31, 2009, the Council was in discussions with the Province regarding the terms of a new funding agreement.

11. Pension Plan

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The Council participates on a fully funded basis and its contributions of \$13,257 (2008 - \$13,275) represent the total obligations for the year.

12. 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. Any subsequent changes to the severance liability will be the responsibility of Council. As at March 31, 2009, Council recorded a liability of \$34,706 (2008 - \$29,476). This liability is included in accounts payable and accrued liabilities.

13. Statement of Cash Flow

A statement of cash flow is not presented as part of the financial statements as Council has determined that cash flow information is readily determinable from the other financial statements.

14. Economic Dependence

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.

15. Financial Instruments - Risk Management

In the normal course of operations the Council is exposed to various financial risks. The financial risk management objectives and policies are as follows:

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 short-term investments, accrued interest income, accounts receivable and long term investments.

The maximum exposure of the Council to credit risk at March 31, 2009 is:

Cash and short-term investments	\$ 317,963
Accrued interest income	8,871
Accounts receivable	25,540
Long term investments	403,000
	<u>\$ 755,374</u>

Cash and short-term investments and accrued interest income: The Council is not exposed to significant credit risk as these are primarily held by financial institutions and the Province of Manitoba.

Long term investments: The Council is not exposed to significant credit risk as these consist of interest bearing bonds and accounts from financial institutions and Manitoba Hydro, a provincial Crown corporation.

Accounts receivable: The Council is not exposed to significant credit risk as the nature of the accounts receivable is with the Province of Manitoba.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due.

Management monitors the Council's liquidity and is of the opinion that it is unlikely that the Council will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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 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 short-term investments and long term investments.

The interest rate risk on short-term investments are considered to be low because of their short-term nature.

The interest rate risk on long term investments are considered to be low because this consists mainly of fixed interest bearing bonds.

Schedule of Administrative Expenses

FOR THE YEAR ENDED MARCH 31, 2009

	2009 TOTAL	GRANTS & PROGRAMS FUND	2008 TOTAL
Salaries and benefits	\$ 403,355		\$ 449,820
Council meetings	60,040		48,480
Rent	50,608		55,535
Amortization	63,288		21,227
Office supplies, printing and stationery	11,237		17,584
Postage, courier and telephone	13,737		15,781
Staff travel and expenses	28,676		29,129
Insurance and sundry	16,363		7,765
Professional fees	23,224		55,170
Equipment repairs and maintenance	2,389		1,926
Loss on Disposal of Capital Equipment	2,814		0
Total Administrative Expenses	\$ 675,731		\$ 702,417
Other Administrative Expenses (Art Bank Administration)	\$ 19,188		\$ 15,000
	\$ 694,919		\$ 717,417

Schedule of Arts Program Delivery Expenses

FOR THE YEAR ENDED MARCH 31, 2009

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2009 TOTAL	2008 TOTAL
Salaries and benefits	\$ 565,119	\$ 116,893	\$ 682,012	\$ 460,976
Jurors' fees and expenses	97,887	9,054	106,941	84,524
Rent	53,693	9,344	63,037	56,542
Communication	42,371	0	42,371	48,489
Professional Fees	48,079	0	48,079	7,500
Advocacy	26,252	0	26,252	36,444
Community consultations	4,091	10,338	14,429	16,552
Staff travel and expenses	12,742	5,132	17,874	18,773
Postage, courier and telephone	11,275	2,419	13,694	9,160
Office supplies	1,723	312	2,035	1,770
Touring development	20,000	0	20,000	20,025
Sundry	928	0	928	624
	\$ 884,160	\$ 153,492	\$ 1,037,652	\$ 761,379

AUDITORS' REPORT

To the Board of Commissioners
Manitoba Boxing Commission

We have audited the statement of financial position of Manitoba Boxing Commission as at March 31, 2009 and the statement of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commissioners. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many not-for-profit organizations the organization derives revenue from commissions, licenses and permits, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expense, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KWB

KWB CHARTERED ACCOUNTANTS INC.

July 9, 2009

MANITOBA BOXING COMMISSION
STATEMENT OF FINANCIAL POSITION

March 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash	\$ 11,420	\$ 7,192
Property, Plant And Equipment - Note 3	<u> -</u>	<u> -</u>
	<u>\$ 11,420</u>	<u>\$ 7,192</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,725	\$ 3,555
Performance bond deposits	<u>2,000</u>	<u>4,000</u>
	<u>5,725</u>	<u>7,555</u>
NET ASSETS (DEFICIENCY)		
Unrestricted	<u>5,695</u>	<u>(363)</u>
	<u>\$ 11,420</u>	<u>\$ 7,192</u>

Chairman

.....Treasurer

MANITOBA BOXING COMMISSION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue		
Administration fees	\$ 13,500	\$ 4,500
Commissions, licenses and permits	5,422	2,510
Grant - Province of Manitoba	14,700	14,700
Grant - other	-	2,819
Interest	<u>24</u>	<u>26</u>
	<u>33,646</u>	<u>24,555</u>
Operating expenses		
Administration	1,280	627
Amortization	-	1,499
Bad debts	-	1,050
Card expenses - boxing	2,462	308
Conferences	13,257	11,826
Dues and subscriptions	409	1,162
Honoraria	6,200	4,200
Professional fees	<u>3,980</u>	<u>4,580</u>
	<u>27,588</u>	<u>25,252</u>
Excess (deficiency) of revenues over expense	6,058	(697)
Unrestricted net assets, beginning of year	(<u>363</u>)	<u>334</u>
Unrestricted net assets (deficiency), end of year	<u>\$ 5,695</u>	<u>(\$ 363)</u>

MANITOBA BOXING COMMISSION

STATEMENT OF CASH FLOWS

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
From operating activities		
Excess (deficiency) of revenues over expenses	\$ 6,058	(\$ 697)
Items not affecting cash		
Amortization expense	<u>~</u>	<u>1,499</u>
	6,058	802
Net changes in non-cash working capital items	(<u>1,830</u>)	<u>4,455</u>
	4,228	5,257
From investing activities		
Acquisition of property, plant and equipment	<u>-</u>	(<u>1,499</u>)
Cash increase	4,228	3,758
Cash, beginning of year	<u>7,192</u>	<u>3,434</u>
Cash, end of year	<u>\$ 11,420</u>	<u>\$ 7,192</u>
Net changes in non-cash working capital items		
Accounts receivable	\$ -	\$ 1,050
Prepaid expenses	-	500
Accounts payable and accrued liabilities	170	905
Performance bonds	(<u>2,000</u>)	<u>2,000</u>
	(\$ 1,830)	\$ 4,455

MANITOBA BOXING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009

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.

The Manitoba Boxing Commission is a commission, pursuant to the Boxing Commission Act, Cap. B80, C.C.S.M., of the Province of Manitoba. The purpose of the organization is to regulate professional boxing matches in the Province of Manitoba in accordance with regulations as set down in the Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies for not-for-profit organizations and reflect the following policies:

Financial Instruments

The company's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Revenues are recognized when they are received or receivable if the amount can be reasonably estimated and its collection is reasonably assured.

Amortization

Property, plant and equipment are accounted for at cost and is amortized 100% in the year of acquisition.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

MANITOBA BOXING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

3. Property, Plant And Equipment

	Original Cost	Accumu- lated Amorti- zation	Net Book Value
March 31, 2009			
Computer equipment	\$ 2,573	\$ 2,573	\$ -
	<u> </u>	<u> </u>	<u> </u>
March 31, 2008			
Computer equipment	\$ 2,573	\$ 2,573	\$ -
	<u> </u>	<u> </u>	<u> </u>

4. Economic Dependence

The Commission is economically dependent on the Province of Manitoba which provides funding through an annual grant.

Management Report

The accompanying financial statements of the Manitoba Centennial Centre Corporation (the "Corporation") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. We understand that fair presentations of these financial statements include: providing sufficient information about certain transactions, or events, having an effect on the Corporation's financial position; results of operations and cash flows for the periods presented that are of such size, nature and incidence that their disclosure is necessary to understand that effect on the Corporation's financial statements; and providing information in a manner that is clear and understandable.

Management are responsible for the design, implementation and operation of internal controls to safeguard the assets of the corporation and to prevent, deter and detect fraud and error, including internal controls over the financial reporting process.

The responsibility of the Office of the Auditor General is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian generally accepted accounting principals. The Auditors' Report outlines the scope of the audit examination and provides their opinion.

On behalf of Management,

Bob Sochasky, CMA, FCMA
Chief Executive Officer

Laura Proulx, CMA
Director, Finance and Administration



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Manitoba Centennial Centre Corporation

We have audited the statement of financial position of the Manitoba Centennial Centre Corporation as at March 31, 2009, and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 17, 2009

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 70,530	\$ 243,963
Term deposits - Province of Manitoba	873,283	867,415
Accounts receivable	249,011	165,523
Capital grant receivable - Province of Manitoba	283,313	384,834
Inventory	36,049	26,606
Prepaid expenses	73,970	71,480
Vacation pay recoverable from the Province of Manitoba (note 5)	199,964	199,964
	1,786,120	1,959,785
Amounts recoverable - Province of Manitoba:		
Severance (note 5)	307,561	307,561
Pension (note 6)	5,283,000	5,301,000
Capital assets (note 7)	1,131,991	1,118,697
Other assets (note 10)	116,350	116,989
	\$ 8,625,022	\$ 8,804,032

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 560,412	\$ 797,715
Accrued vacation pay (note 5)	248,866	241,948
Capital advances (note 11)	95,079	68,163
Deferred income and rental deposits	37,290	30,990
	941,647	1,138,816
Accrued severance pay (note 5)	523,665	468,531
Pension liability (note 6)	5,283,000	5,301,000
Deferred contributions related to capital assets (note 8)	985,523	947,318
Fund balances		
Invested in capital assets (note 9)	146,468	171,379
Internally Restricted Funds (note 10)	116,350	116,989
Unrestricted Funds:		
General Fund	628,369	659,999
Commitments (note 11)		
	\$ 8,625,022	\$ 8,804,032

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2009, with comparative figures for 2008

	General	Capital	Internally restricted	2009 Total	2008 Total
Revenue:					
Concert Hall	\$ 836,254	\$ —	\$ —	\$ 836,254	\$ 803,459
Studio rental	107,700	—	—	107,700	144,365
Concession sales	324,532	—	—	324,532	289,184
Parking fees	789,863	—	—	789,863	733,543
Miscellaneous	110,955	—	—	110,955	116,327
	2,169,304	—	—	2,169,304	2,086,878
Province of Manitoba grants:					
Operating	3,019,900	—	—	3,019,900	2,941,200
Amortization of deferred contributions (note 8)	—	241,579	—	241,579	199,059
Province of Manitoba - pension, net (note 6)	(33,282)	—	—	(33,282)	217,491
	2,986,618	241,579	—	3,228,197	3,357,750
City of Winnipeg grant:					
Strategic Economic Development grant	29,725	—	—	29,725	29,725
Recoveries of expenses	215,162	—	—	215,162	216,305
Investment income (note 10)	—	—	2,311	2,311	4,573
Total revenues, grants and recoveries	5,400,809	241,579	2,311	5,644,699	5,695,231
Expenses:					
Administration and general	547,408	—	—	547,408	582,208
Amortization of capital assets	—	266,490	—	266,490	223,972
Concession operations	193,725	—	—	193,725	161,612
Building services and maintenance	1,301,407	—	—	1,301,407	1,212,381
Host service and special projects	244,522	—	—	244,522	238,694
Manitoba Production Centre	209,715	—	—	209,715	221,234
Parking service	259,792	—	—	259,792	207,894
Pension (note 6)	168,180	—	—	168,180	406,059
Security services	465,036	—	—	465,036	450,490
Stage operations	359,499	—	—	359,499	347,270
Grant (note 10)	—	—	2,950	2,950	2,840
	3,749,284	266,490	2,950	4,018,724	4,054,654
Expenses incurred on behalf of The Manitoba Museum (note 12)	1,683,155	—	—	1,683,155	1,604,321
Total expenses (schedule)	5,432,439	266,490	2,950	5,701,879	5,658,975
Excess (deficiency) of revenue over expenses	(31,630)	(24,911)	(639)	(57,180)	36,256
Fund balance, beginning of year	659,999	171,379	116,989	948,367	912,111
Fund balance, end of year	\$ 628,369	\$ 146,468	\$ 116,350	\$ 891,187	\$ 948,367

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	\$ (57,180)	\$ 36,256
Adjustments for:		
Amortization of deferred contributions	(241,579)	(199,059)
Amortization of capital assets	266,490	223,972
	(32,269)	61,169
Change in non-cash working capital balances:		
Accounts receivable	(83,488)	(20,126)
Inventory	(9,443)	(365)
Prepaid expenses	(2,490)	5,828
Accounts payable and accrued liabilities	(131,605)	195,069
Accrued vacation pay	6,918	37,428
Accrued severance pay	55,134	35,432
Capital advances, net	26,916	(31,837)
Deferred income and rental deposits	6,300	(3,399)
Other assets	639	(1,733)
	(163,388)	277,466
Financing:		
Capital assets grants - Province of Manitoba	381,305	573,581
Investing:		
Purchase of capital assets	(385,482)	(626,961)
Increase (decrease) in cash and cash equivalents	(167,565)	224,086
Cash and cash equivalents, beginning of year	1,111,378	887,292
Cash and cash equivalents, end of year	\$ 943,813	\$ 1,111,378
Cash and cash equivalents consist of:		
Cash	\$ 70,530	\$ 243,963
Term deposits - Province of Manitoba	873,283	867,415
	\$ 943,813	\$ 1,111,378
Supplemental disclosure of non-cash financing and investing activities:		
Purchase of capital assets in accounts payable	\$ 130,535	\$ 236,233

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements

Year ended March 31, 2009

1. Nature of the Corporation's operations:

The Manitoba Centennial Centre Corporation (the Corporation) was established in 1968 for the development and management of the 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 Section 149(1) of the *Income Tax Act*.

In 1969, the Corporation established the Manitoba Centennial Foundation of the Future Fund in recognition of Manitoba's centennial year. In 1972, the Corporation established the Maitland Steinkopf Youth Fund with an original allocation of \$25,000. The major purpose of this fund was to promote cultural opportunities for Manitoba youths at reasonable costs. During the year ended March 31, 2009, the Maitland Steinkopf Youth Fund and the Manitoba Centennial Foundation of the Future Fund were combined and will be used towards funding of arts and culture as the Board of Directors of the Corporation deems appropriate from time to time.

2. Properties of the Corporation:

The Corporation oversees properties on behalf of the Province of Manitoba. At March 31, 2009 registered titles to these properties, being the Concert Hall, Manitoba Production Centre, 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 within its financial statements as per the Letter of Understanding between Manitoba Culture, Heritage, Tourism and Sport and the Manitoba Centennial Centre Corporation dated December 14, 2005, in which the Corporation agreed to manage the Manitoba Production Centre for the Province.

3. Significant accounting policies:

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis, using Canadian generally accepted accounting principles. The Corporation follows the deferral method of accounting.

The General Fund is used to account for the operations of the Corporation.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Significant accounting policies (continued):

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 buildings that are funded by the Province of Manitoba (notes 2, 3 (e) and 9).

(b) 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 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.

(c) Term deposits:

Term deposits are recorded at cost plus accrued interest, which approximates fair value due to the short-term nature of these deposits.

(d) Inventory:

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

(e) Capital assets:

Capital assets are recorded at cost and are being amortized using the straight-line method over their estimated useful lives as follows:

Asset	Rate
Computer equipment	20%
Concert hall refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Fire alarm system and sprinkler system	10%
Marquee	20%
Mechanical/electrical equipment	20%
Office renovations	10%
Stage and rigging equipment	20%
Stage lighting equipment	20%
Stage sound equipment	20%
System and motor controls	10%

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Significant accounting policies (continued):

The financial statements of the Corporation exclude capital assets related to buildings and associated assets, as title to these assets is held by the Province of Manitoba (note 2) and these assets are reflected in the financial statements of the Province of Manitoba. Expenditures on these excluded assets, and the related grants and receivables from the Province of Manitoba, are presented in note 11. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements, and such assets have been accounted for in accordance with the requirements of Canadian Institute of Chartered Accountants (CICA) Handbook Section 4430.

(f) Cash:

Cash includes cash on hand and balances with banks.

(g) Revenue recognition:

Revenue is recognized when services are rendered and when collectibility is reasonably assured.

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.

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

(h) Financial instruments:

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted funds.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Significant accounting policies (continued):

The Corporation designated cash and term deposits as held-for-trading; accounts and grants receivable and amounts recoverable from the Province of Manitoba as loans and receivables; and accounts payable and accrued liabilities and accrued vacation pay as other liabilities. The Corporation has neither available-for-sale nor held-to-maturity instruments.

Except for held-for trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(i) 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.

(j) Future accounting changes:

The Canadian Institute of Chartered Accountants issued the following accounting standards that will come into effect for the Corporation's next fiscal year.

CICA Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective April 1, 2009 for the Corporation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Significant accounting policies (continued):

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations*, was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Corporation will adopt these standards on April 1, 2009.

The Corporation is currently assessing the impact that these new standards will have on its financial statements for the year ended March 31, 2010.

4. New accounting policies:

Effective April 1, 2008, the Corporation adopted the following new Handbook sections issued by the CICA:

Section 1535, *Capital Disclosures*:

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

The Corporation has continued to apply Section 3861, *Financial Instruments - Disclosure and Presentation* in place of Sections 3862 and 3863.

Section 3031, *Inventories*:

Section 3031, *Inventories*, replaces Section 3030, *Inventories*. It provides more guidance on the measurement and disclosure requirements for inventories. The adoption of Section 3031 did not have an impact on the recognition, measurement or presentation of inventory in the Corporation's year end financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Employee benefits:

(a) Accrued vacation pay:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees.

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) Severance:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2009, based on an actuarial estimate the obligation for accrued severance pay is \$523,665 (2008 - \$468,531). The significant actuarial assumptions include an interest rate of 7 percent (2008 - 7 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

6. 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, 2007, the Corporation has recorded an amount of \$5,283,000 (2008 - \$5,301,000) in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2009. Total pension expense of \$258,030 (2008 - \$502,925) has been recorded in the statement of operations (see schedule), or \$168,180 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 \$5,283,000 (2008 - \$5,301,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded associated net expense of \$33,282 (2008 - net revenue of \$217,491). 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:

	2009	2008
Balance, beginning of year	\$ 5,301,000	\$ 5,069,000
Decrease (increase) in trust account held by the Province of Manitoba	27,620	(6,330)
Benefits accrued	155,191	159,231
Interest accrued (7 percent; 2008 - 7 percent)	353,852	362,142
Benefits paid	(288,463)	(283,043)
Actuarial gains ¹	(266,200)	—
Balance, end of year	\$ 5,283,000	\$ 5,301,000

¹The actuarial valuation as at December 31, 2007 was completed in April 2009, and the resulting adjustment recorded in the year ended March 31, 2009.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

7. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 59,615	\$ 23,846	\$ 35,769	\$ 47,692
Concert hall refurbishments	171,032	34,204	136,828	153,929
Concrete replacement	10,060	1,610	8,450	9,255
Equipment and furnishings	134,115	41,787	92,328	31,930
Fire alarm systems and sprinkler system	63,208	6,320	56,888	—
Marquee	382,230	152,892	229,338	305,784
Mechanical/electrical equipment	32,692	13,077	19,615	26,154
Office renovations	437,851	128,022	309,829	353,158
Stage and rigging equipment	100,482	42,359	58,123	33,393
Stage lighting equipment	90,615	33,572	57,043	61,795
Stage sound equipment	159,345	95,607	63,738	95,607
System and motor controls	71,158	7,116	64,042	—
	\$ 1,712,403	\$ 580,412	\$ 1,131,991	\$ 1,118,697

8. Deferred contributions:

	2009	2008
Balance, beginning of year	\$ 947,318	\$ 370,320
Capital grants received	279,784	776,057
Less amortized to revenue	(241,579)	(199,059)
Balance, end of year	\$ 985,523	\$ 947,318

9. Invested in capital assets:

	2009	2008
Capital assets (note 7)	\$ 1,131,991	\$ 1,118,697
Amounts financed by deferred contributions (note 8)	(985,523)	(947,318)
	\$ 146,468	\$ 171,379

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

10. Internally restricted funds:

The following funds are established and managed by the Corporation:

	2009	2008
The Maitland Steinkopf Youth Fund:		
Balance, beginning of year	\$ 64,072	\$ 64,410
Investment income	1,242	2,502
Grant expense	(2,950)	(2,840)
	62,364	64,072
The Manitoba Centennial Foundation of the Future Fund:		
Balance, beginning of year	52,917	50,846
Investment income	1,069	2,071
	53,986	52,917
Balance, end of year	\$ 116,350	\$ 116,989

During the year ended March 31, 2009, the Maitland Steinkopf Youth Fund and the Manitoba Centennial Foundation of the Future Fund were combined.

11. Capital advances and commitments:

Capital funds in the amount of \$95,079 (2008 - \$68,163) were drawn in advance on projects awarded but not yet undertaken by March 31, 2009 (as follows):

	2009	2008
Capital grants - Province of Manitoba:		
Advances brought forward from previous years	\$ 68,163	\$ 100,000
Received during the year	513,817	—
	581,980	100,000
Capital expenditures not reflected on the Corporation's financial statements [note 3(e)]:		
Concert hall roof	(486,901)	—
Capital expenditures reflected in the Corporation's financial statements [note 3(e)]	—	(31,837)
	(486,901)	(31,837)
Advances carried forward to future years	\$ 95,079	\$ 68,163

The Corporation had no outstanding contractual commitments to complete capital improvements at March 31, 2009 or 2008.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2009

12. Grant of service:

The Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of the Manitoba Museum. These expenses amount to \$1,683,155 for the year ended March 31, 2009 (2008 - \$1,604,321).

13. Financial instruments:

The Corporation's financial instruments consist of cash, term deposits, accounts receivable, amounts recoverable from the Province of Manitoba, accounts payable and accrued liabilities and accrued vacation pay. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. The carrying values of the amounts recoverable from the Province approximate their fair value because the annual interest accretion is funded, as described in notes 5(b) and 6.

14. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

15. 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 is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

16. Comparative figures:

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, 2009, with comparative figures for 2008

	2009	2008
Administration and general:		
Salaries and employee benefits	\$ 494,925	\$ 500,383
Insurance	91,122	103,002
Telephone and fax	20,866	22,464
Audit and legal	16,329	29,592
Other	98,454	96,080
Payroll service	6,361	6,480
Marketing	9,379	18,300
	737,436	776,301
Concession operations:		
Salaries and employee benefits	70,591	61,075
Cost of goods sold	105,477	91,994
Other	17,657	8,543
	193,725	161,612
Building services and maintenance:		
Salaries and employee benefits	1,284,155	1,195,623
Utilities	936,780	878,128
Repairs, maintenance and supplies	426,082	396,046
	2,647,017	2,469,797
Host services and special projects:		
Salaries and employee benefits	230,520	218,593
Other	14,002	20,101
	244,522	238,694
Manitoba Production Centre:		
Salaries and employee benefits	11,483	9,635
Administration costs	35,072	26,278
Repairs, maintenance and supplies	19,494	19,804
Property taxes	81,998	81,853
Utilities	61,668	83,664
	209,715	221,234
Parking services:		
Salaries and employee benefits	137,831	130,790
Agency fees and expenses	73,772	62,043
Other	48,189	15,061
	259,792	207,894
Pension (note 6)	258,030	502,925
Security services:		
Salaries and employee benefits	509,221	491,343
Other	13,482	15,093
	522,703	506,436
Stage operations:		
Salaries and employee benefits	292,485	289,593
Repairs, supplies and equipment	67,014	57,677
	359,499	347,270
Total expenses of general fund	5,432,439	5,432,163
Expenses incurred on behalf of the Manitoba Museum (note 12)	1,683,155	1,604,321
Net expenses of general fund	\$ 3,749,284	\$ 3,827,842

AUDITOR'S REPORT

To the Members of
Manitoba Community Services Council Inc.

I have audited the balance sheet of Manitoba Community Services Council Inc. as at March 31, 2009 and the statements of changes in net assets and financial activities for the year then ended. These financial statements are the responsibility of the Council's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Community Services Council Inc. as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Thomas Tasker

Winnipeg, Manitoba
May 29, 2009

Chartered Accountant

MANITOBA COMMUNITY SERVICES COUNCIL INC.

BALANCE SHEET

MARCH 31, 2009

	<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets			
Cash		\$ 18,865	\$ 72,080
Accrued interest		15,629	27,315
GST refund		3,539	3,600
Prepaid expense		8,869	6,300
Guaranteed investment certificates (note 3)		<u>622,471</u>	<u>579,275</u>
		669,373	688,570
Guaranteed investment certificates (note 3)		267,081	504,605
Capital assets (note 4)		<u>10,762</u>	<u>3,455</u>
		\$ <u>947,216</u>	\$ <u>1,196,630</u>
	<u>Liabilities</u>		
Current liabilities			
Accounts payable and accrued liabilities		\$ 10,054	\$ 9,701
Allocations not yet paid		<u>551,737</u>	<u>359,701</u>
		<u>561,791</u>	<u>369,402</u>
	<u>Net assets</u>		
Invested in capital assets		10,762	3,455
Funds for Priority Area Strategy (note 8)		-	345,159
Funds for future allocation		<u>374,663</u>	<u>478,614</u>
		<u>385,425</u>	<u>827,228</u>
		\$ <u>947,216</u>	\$ <u>1,196,630</u>

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Approved on Behalf of the Board
 _____ Director

Thomas Tasker
 Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2009

	<u>Invested in Capital Assets</u>	<u>Funds for Priority Area Strategy</u>	<u>Funds for Future Allocation</u>	<u>Total 2009</u>	<u>Total 2008</u>
Balance, beginning of year	\$ 3,455	\$ 345,159	\$ 478,614	\$ 827,228	\$ 425,339
Excess (deficiency) of revenue over allocations and expenses	(5,510)	(50,135)	(91,134)	(146,779)	51,889
Funds for Priority Area Strategy	-	(295,024)	-	(295,024)	350,000
Invested in capital assets	<u>12,817</u>	<u>-</u>	<u>(12,817)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 10,762</u>	<u>\$ -</u>	<u>\$ 374,663</u>	<u>\$ 385,425</u>	<u>\$ 827,228</u>

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Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue		
Province of Manitoba		
Manitoba Culture, Heritage, Tourism and Sport	\$ 1,998,800	\$ 1,993,600
Interest	<u>50,843</u>	<u>52,949</u>
	<u>2,049,643</u>	<u>2,046,549</u>
Allocations and expenses		
Administrative expenses		
Bank charges	1,040	1,019
Communications	25,319	5,174
Computer expense	13,681	14,676
Consulting	2,652	3,873
Courier	868	1,637
Equipment rental	10,682	12,205
Insurance	5,003	4,880
Meeting costs and volunteer travel	26,576	23,421
Office supplies	6,999	7,801
Postage	1,504	3,218
Professional fees	4,489	3,650
Telephone	<u>4,842</u>	<u>5,871</u>
	103,655	87,425
Amortization	5,510	6,453
Occupancy	29,730	28,583
Salaries and benefits	240,267	214,195
Grant allocations	2,133,107	1,449,256
Grant allocations (recovered)	(70,958)	(146,093)
Priority Area Strategy allocations	50,135	4,841
Priority Area Strategy (recovery) (note 8)	<u>(295,024)</u>	<u>350,000</u>
	<u>2,196,422</u>	<u>1,994,660</u>
Excess (deficiency) of revenue over allocations and expenses	\$ <u>(146,779)</u>	\$ <u>51,889</u>

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Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009

1. Incorporation

Manitoba Community Services Council Inc. (Council) was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of distributing bingo events and provincial funds to non-profit community organizations on behalf of the Province of Manitoba.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and 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.

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	30%
Computer software	50%

d) Revenue recognition

Funding for programs and grant allocations comes from the Province of Manitoba, Minister of Culture, Heritage, Tourism and Sport. 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.

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2009

2. Summary of significant accounting policies, cont'd

e) Measurement uncertainty (use of estimates)

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require 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 management's best estimates.

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.

f) Financial instruments

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The organization's accounting policy for each category is as follows:

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash and cash equivalents have been classified as held-for-trading.

Financial instruments classified as held-to-maturity are financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized costs, using the effective interest rate method. Transaction costs are included in the amount initially recognized. In these financial statements, guaranteed investment certificates have been classified as held-to-maturity.

Financial instruments classified as other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred. In these financial statements, accounts payable, accrued liabilities and allocations not yet paid have been classified as other financial liabilities.

The company's financial instruments consist of cash, guaranteed investment certificates, accrued interest, accounts payable and allocations not yet paid. 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.

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2009

3. Guaranteed investment certificates

	<u>2009</u>	<u>2008</u>
Due within one year, interest rates of 1.25% to 5.3%	\$ <u>622,471</u>	\$ <u>579,275</u>
Long-term investment certificates, due October, 2010, interest rate of 5.35%.	\$ <u>267,081</u>	\$ <u>504,605</u>

4. Capital assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 22,962	\$ 22,917	\$ 22,962	\$ 22,828
Computer equipment	11,047	1,657	13,842	12,838
Computer software	<u>11,040</u>	<u>9,713</u>	<u>9,270</u>	<u>6,953</u>
	\$ <u>45,049</u>	\$ <u>34,287</u>	\$ <u>46,074</u>	\$ <u>42,619</u>
Cost less accumulated amortization		\$ <u>10,762</u>		\$ <u>3,455</u>

5. Provincial funding

The Province of Manitoba has committed funding in the amount of \$2,004,000 for the year ended March 31, 2010.

6. Commitment

The Council has leased realty pursuant to a lease agreement, until May 31, 2010. 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 next year is as follows:

2010	\$ 11,854
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Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2009

7. Pension plan

The employees of the organization participate in the United Way Agencies' Employees Retirement Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. The Council's pension contribution and expense for the year was \$8,443 (2008 - \$6,679).

The most recent Actuarial Valuation at December 31, 2006 indicated a surplus on a going concern basis and on a solvency valuation basis.

8. Funds for Priority Area Strategy

At the September 16, 2008 meeting of Council, the Council approved the recovery of \$295,024 from the Strategic Priority areas to be returned to general revenue for re-allocation.

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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.

Thomas Tasker
Chartered Accountant Inc.



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone : (204) 956-7200
Telefax/Télécopieur : (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Shareholder of **MANITOBA DEVELOPMENT CORPORATION**

We have audited the balance sheet of **MANITOBA DEVELOPMENT CORPORATION** as at March 31, 2009 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 2, 2009

MANITOBA DEVELOPMENT CORPORATION

Balance Sheet

For the year ended March 31

2009 2008

	PNP-B	MDC Part I	MDC Part II	Total	Total
ASSETS					
Current Assets					
Cash	\$ 326,784	\$ 3,419,221	\$ -	\$ 3,746,005	\$ 749,914
Cash held in trust	-	-	87,711	87,711	558,296
Short-term investments	14,211,098	1,418,525	-	15,629,623	14,638,293
Accounts receivable (Note 3)	38,474	1,226	-	39,700	179,130
	14,576,356	4,838,972	87,711	19,503,039	16,125,633
Assets Managed for the Province of Manitoba					
Loans receivable (Note 4)	-	-	74,123,948	74,123,948	57,127,380
Equity Investments (Note 5)	-	-	6,140,981	6,140,981	6,441,931
	40,018,383	-	-	40,018,383	33,342,643
Trust Funds (Note 6)	\$ 54,594,739	\$ 4,838,972	\$ 80,352,640	\$ 139,786,351	\$ 113,037,587
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current Liabilities					
Accounts payable	\$ 2,227,034	\$ 284,323	\$ -	\$ 2,511,357	\$ 942,140
Funds provided by the Province of Manitoba	-	-	80,348,075	80,348,075	64,127,607
Trust liabilities (Note 6)	40,018,383	-	-	40,018,383	33,342,643
	42,245,417	284,323	80,348,075	122,877,815	98,412,390
Commitments (Note 8)					
Shareholder's Equity					
Share capital - authorized and issued 100 shares at \$10 per share	-	1,000	-	1,000	1,000
Restricted surplus (Note 1)	4,506,078	-	-	4,506,078	3,976,157
Retained earnings	7,843,244	4,553,649	4,565	12,401,458	10,648,040
	12,349,322	4,554,649	4,565	16,908,536	14,625,197
	\$ 54,594,739	\$ 4,838,972	\$ 80,352,640	\$ 139,786,351	\$ 113,037,587

Approved on behalf of the Board:

Director

Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Retained Earnings

For the year ended March 31

	2009				2008
	PNP-B	MDC Part I	MDC Part II	Total	Total
Income					
Interest	\$ 1,115,088	\$ 147,523	\$ 2,827,917	\$ 4,090,528	\$ 5,880,217
Deposit Retentions (Note 6)	4,425,269	-	-	4,425,269	2,250,000
Recovery of Program Administration Expenses (Note 7)	20,053	-	-	20,053	588,276
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts (recovery)	-	-	4,899,382	4,899,382	(1,877,962)
Provision for decline in value of investments	-	-	310,445	310,445	331,689
Pro-rata share of partnership losses	-	-	2,365,210	2,365,210	2,208,522
Foreign currency translation loss (gain)	-	-	(269,360)	(269,360)	-
	5,560,410	147,523	10,133,594	15,841,527	9,380,742
Expenses					
Program administration	1,122,833	88,326	-	1,211,159	1,160,203
Payment of Part II interest on loan receivable to the Province of Manitoba	-	-	2,823,352	2,823,352	3,973,498
Provision for doubtful accounts (recovery)	-	-	4,899,382	4,899,382	(1,877,962)
Provision for decline in value of investments	-	-	310,445	310,445	331,689
Pro-rata share of partnership losses	-	-	2,365,210	2,365,210	2,208,522
Foreign currency translation loss (gain)	-	-	(269,360)	(269,360)	-
	1,122,833	88,326	10,129,029	11,340,188	5,795,949
Transfers to the Department of Labour and Immigration (Note 9)	351,600	-	-	351,600	383,800
Transfers to the Department of Competitiveness, Training and Trade (Note 9)	1,866,400	-	-	1,866,400	194,442
	3,340,833	88,326	10,129,029	13,558,188	6,374,191
Net income and comprehensive income for the year	2,219,577	59,197	4,565	2,283,339	3,006,551
Retained earnings, beginning of year	6,153,588	4,494,452	-	10,648,040	7,554,103
Transfer from (to) Restricted Surplus	(529,921)	-	-	(529,921)	87,386
Retained earnings, end of year	\$ 7,843,244	\$ 4,553,649	\$ 4,565	\$ 12,401,458	\$ 10,648,040

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

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Net income for the year	\$ 2,283,339	\$ 3,006,551
Adjustments for		
Foreign currency translation gain	(269,360)	-
Provision for doubtful accounts (recovery)	4,899,382	(1,877,962)
Provision for decline in value of investments	310,445	331,689
Pro-rata share of partnership losses	2,365,210	2,208,522
Provision for Deposit Retentions	(4,425,269)	(2,250,000)
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba	(7,305,677)	(662,249)
	<u>(2,141,930)</u>	<u>756,551</u>
Changes in non-cash working capital balances		
Accounts receivable	139,430	287,156
Accounts payable	1,569,217	337,244
	<u>1,708,647</u>	<u>624,400</u>
Severance pay benefits	-	(102,241)
Net cash flow from operating activities	<u>(433,283)</u>	<u>1,278,710</u>
Cash Flows from Investing Activities		
Loans receivable		
Principal repayments	3,453,697	8,655,718
Loans issued	(25,247,861)	(18,474,996)
Change in accrued interest receivable	(101,786)	81,261
Equity investments		
Investments made	(2,374,705)	(2,360,545)
Provincial Nominee Program for Business Trust Funds	(6,675,740)	(6,601,504)
	<u>(30,946,395)</u>	<u>(18,700,066)</u>
Funds provided by the Province of Manitoba		
Part II	23,795,505	12,373,910
Provincial Nominee Program for Business	11,101,009	8,851,505
Net cash flow from investing activities	<u>3,950,119</u>	<u>2,525,349</u>
Net increase in cash and cash equivalents	<u>3,516,836</u>	<u>3,804,059</u>
Cash and cash equivalents, beginning of year	<u>15,946,503</u>	<u>12,142,444</u>
Cash and cash equivalents, end of year	<u>\$ 19,463,339</u>	<u>\$ 15,946,503</u>
Represented by:		
Cash	\$ 3,746,005	\$ 749,914
Short-term investments	15,629,623	14,638,293
Cash held in trust	87,711	558,296
	<u>\$ 19,463,339</u>	<u>\$ 15,946,503</u>

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

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require 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. The significant accounting policies used in these financial statements are as follows:

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.

Equity Investments 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 Capital Fund, Manitoba Science and Technology Fund, Renaissance Capital Fund, Western Life Sciences Venture Fund LLP and the Canterbury Park Capital Limited Partnership Fund are accounted for using the equity method of accounting. These investments were originally recorded at cost and the carrying value is adjusted thereafter to include the Corporation's pro-rata share of post acquisition earnings. Such adjustments are correspondingly reflected in the balance sheet caption "Funds provided by the Province of Manitoba under Part II."

An allowance for Equity 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.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments

The Corporation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value because of their short-term maturity of these instruments. The fair value of long-term investments is estimated based on current rates assumed for similar government guaranteed debt of the same maturity.

All transactions related to financial instruments are recorded on a trade date basis.

The Corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of cash, cash held in trust and short-term investments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets (loans receivable). They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities held as Trust Funds. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Fair values are determined directly by reference to published price quotations in an active market.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Financial Instruments (continued)

Available for Sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprises of all equity investments held by the Corporation. Given that the shares in all equity investments do not have a quoted market price in an active market, they are carried at cost. Transaction costs related to available-for-sale investments are expensed as incurred.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable, Funds provided by the Province of Manitoba and trust liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

The financial risk is the risk to the Corporation's Part I earnings that arise from fluctuations in interest rates and degree of volatility of these rates. Because Part II activities are directed by the Province of Manitoba, any exposure for these financial assets and liabilities to interest rate fluctuations or changes to their fair value would be borne by the Province. Credit risk relating to the realization of assets managed for the Province of Manitoba under Part II is borne by the Province.

All financial instruments are denominated in Canadian dollars.

The Corporation does not participate in derivative financial instrument trading.

Other comprehensive income includes, in particular, unrealized gains and losses on available for sale financial assets and the change in the effective portion of a cash flow hedge transaction. The Corporation had no other comprehensive income items for the year. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

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.

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.

MANITOBA DEVELOPMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

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 year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

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.

**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.

**New Accounting
Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Corporation, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

Financial Instruments - Disclosure and Presentation - In September, 2008 the CICA deferred indefinitely the requirement of certain enterprises, including the Corporation to implement new standards dealing the certain financial instrument, disclosures and presentation. The Corporation has elected to defer application of these standards.

The Corporation is currently evaluating the impact of changing its basis of accounting from the standards of the Accounting Standards Board of the CICA to those of the Public Sector Accounting Board.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

1. Nature of Operations and Economic Dependence

The Manitoba Development Corporation (the Corporation) provides loans and guarantees 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.

On March 15, 2005, the Province of Manitoba authorized the transfer of financial administration of the Provincial Nominee Program for Business from the Manitoba Trade and Investment Corporation (MTIC) to the Corporation effective April 1, 2005. The Manitoba Provincial Nominee Program for Business allows Manitoba to recruit, select, and nominate qualified business people from around the world who have the intent and ability to move to Manitoba and establish or purchase a business.

The Corporation considers its capital to comprise its shareholder's equity (including share capital, restricted surplus and retained earnings). 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 retained earnings over its history, which are included in retained earnings 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 retained earnings 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, 2009, the Corporation has complied with these restrictions.

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Corporation adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 1).

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

3. Accounts Receivable

	2009	2008
Other	\$ 3,311	\$ 86,013
Accrued Interest	36,389	93,117
	\$ 39,700	\$ 179,130

4. Loans Receivable Managed for the Province of Manitoba Under Part II

	2009	2008
Business Support		
Manitoba Industrial Opportunities Program		
- Repayable	\$ 77,218,544	\$ 55,652,594
Other Loans Receivable		
International Education Incentive Loan	130,000	50,000
Other	11,100,000	11,100,000
	11,230,000	11,150,000
	88,448,544	66,802,594
Allowance for doubtful accounts	(14,324,596)	(9,675,214)
	\$ 74,123,948	\$ 57,127,380

The Manitoba Industrial Opportunities Program provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2009	2008
2009	\$ -	\$ 3,818,578
2010	3,018,646	8,006,916
2011	14,555,356	13,625,884
2012	19,859,817	14,242,146
2013	8,860,514	2,620,335
Subsequent to 2013	-	13,140,841
2014	6,936,327	-
Subsequent to 2014	23,688,204	-
Accrued interest	299,680	197,894
	77,218,544	55,652,594
Allowance	(14,324,596)	(9,675,214)
	\$ 62,893,948	\$ 45,977,380

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

4. Loans Receivable Managed for the Province of Manitoba Under Part II (Continued)

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. In some cases, per the terms of individual loan agreements, interest rates may be adjusted during the term of the loan based on the Corporation's cost of borrowing from the Province of Manitoba at a date(s) specified in the loan agreement. In certain cases, the Corporation charges interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba. In other cases, the Corporation charges rates in excess of its cost of borrowing to reflect risk conditions. Interest rates charged on loans are as follows:

	2009	2008
Nil	\$ 2,103,899	\$ 2,104,255
Greater than Nil, less than 5%	27,248,661	24,562,006
5% or greater, less than 6%	27,517,761	15,996,077
6% or greater, less than 7%	4,791,667	4,967,708
7% or greater, less than 8%	2,000,000	3,466,667
8% or greater, less than 9%	12,530,256	3,308,425
9% or greater, less than 10%	726,620	1,049,562
Accrued interest	299,680	197,894
	77,218,544	55,652,594
Allowance	(14,324,596)	(9,675,214)
	\$ 62,893,948	\$ 45,977,380

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

5. Equity Investments Managed for the Province of Manitoba Under Part II

	<u>2009</u>	<u>2008</u>
Share capital investments		
Inspyre Solutions Inc. (formerly Faneuil ISG Inc.)	\$ 1	\$ 1
Less: Allowance for forgiveness of shares	<u>1</u>	<u>1</u>
	<u>-</u>	<u>-</u>
Limited Partnership Investments		
Canterbury Park Capital Fund LLP	3,630,881	1,863,850
CentreStone Vision Fund	2,415,672	1,842,397
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	1,780,103	1,745,703
Renaissance Capital Fund	3,000,000	3,000,000
Western Life Sciences Venture Fund LLP	5,800,000	5,800,000
Vision Capital Fund	<u>1</u>	<u>1</u>
	<u>20,989,857</u>	<u>18,615,151</u>
Less:		
Allowance for decline in value of investments	(10,179,575)	(9,869,129)
Pro-rata share of partnership losses	<u>(4,669,301)</u>	<u>(2,304,091)</u>
	<u>(14,848,876)</u>	<u>(12,173,220)</u>
	<u>\$ 6,140,981</u>	<u>\$ 6,441,931</u>

The investment in preference shares of Inspyre Solutions Inc. (formerly Faneuil ISG Inc.) has been recorded in the books of the Corporation at a nominal value of \$1. Any funds received upon redemption of the preference shares will accordingly result in the recognition of an equal amount of income at that time.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

6. Trust Funds / Liabilities - Provincial Nominee Program for Business

	<u>2009</u>	<u>2008</u>
Gross Trust Liabilities	<u>\$ 40,018,383</u>	<u>\$ 33,342,643</u>

The Corporation, Manitoba Competitiveness, Training and Trade 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. During the 2003 fiscal year, the Corporation first entered 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 \$75,000 with the Corporation. 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, 2009, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled \$40,018,383 (2008 - \$33,342,643). Interest earned on these deposits during the year and retained by the Corporation totaled \$1,115,088 (2008 - \$1,627,148). Actual deposits retained during the year amounted to \$4,425,269 (2008 - \$2,250,000) and are presented net of an allowance adjustment of \$100,000 (2008 - \$100,000).

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

7. Recovery of Program Administration Expenses and Related Party Transactions

The Corporation receives recoveries for certain Program Administration Expenses, paid for by the Provincial Nominee Program for Business, from the following three sources.

	2009	2008
Departmental appropriations - Competitiveness, Training and Trade	\$ -	\$ 217,502
Manitoba Opportunities Fund Ltd.	-	350,604
Participants Program	20,053	20,170
	\$ 20,053	\$ 588,276

The Manitoba Opportunities Fund Ltd. also provided a recovery of \$Nil (2008 - \$83,186) to cover salary and occupancy costs related to a Corporation employee who worked exclusively on Manitoba Opportunities Fund Ltd. matters (this recovery has been netted against Program Administration Expenses). The Manitoba Opportunities Fund Ltd. operates under the control of a common Board of Directors.

In 2008 a program recovery of \$350,604 was received from the Manitoba Opportunities Fund Ltd. for the expenses associated with the Business Settlement Office. In the current year, Treasury Board authorized the transfer of the Business Settlement Office expenses to the Corporation - PNP-B Program Administration.

8. Commitments

Commitments and undisbursed balances of approved loans and equity investments under Part II:

	2009	2008
Manitoba Industrial Opportunities Program	\$ 26,162,759	\$ 4,748,797
Manitoba Science & Technology Fund	719,897	754,297
Canterbury Park Capital	6,369,119	8,136,150
CentreStone Venture Fund Limited	2,374,374	2,947,650
Manitoba Capital Fund	353,334	353,334
	\$ 35,979,483	\$ 16,940,228

9. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2009	2008
Department of Labour and Immigration	\$ 351,600	\$ 383,800
Department of Competitiveness, Training and Trade	1,866,400	194,442
	\$ 2,218,000	\$ 578,242

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2009

10. Financial Instruments

The carrying amounts of PNP-B and Part I financial assets and liabilities are a reasonable estimate of the fair value because of the short-term maturity of those instruments. The carrying amount of Part II financial assets and liabilities approximate their fair value. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.



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FINANCIAL STATEMENTS

MARCH 31, 2009

MANAGEMENT'S RESPONSIBILITY

To the Board of Directors of Manitoba Film and Sound Recording Development Corporation:

Management has the responsibility for preparing the accompanying financial statements and ensuring that information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibility 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 proper records are maintained.

The Board of Directors and the 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 management and the Finance and Planning Committee to discuss their audit findings.

Carole Vivier, CEO

AUDITORS' REPORT

To the Board of Directors of Manitoba Film and Sound Recording Development Corporation

We have audited the statement of financial position of Manitoba Film and Sound Recording Development Corporation as at March 31, 2009 and the statements of revenues and expenses and net assets and cash flows for the year then ended. 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.

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

used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
April 28, 2009

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31, 2009

	2009	2008 (restated)
Assets		
Current		
Cash (Note 4)	\$ 416,735	\$ 652,313
Restricted Cash (Note 4)	1,616,595	1,225,398
Accounts receivable	5,801	2,164
Prepaid expenses	48,455	35,882
	2,087,586	1,915,757
Capital assets (Note 5)	137,405	61,166
	\$ 2,224,991	\$ 1,976,923
Liabilities		
Current		
Accounts payable	\$ 53,528	\$ 73,009
Carry-over commitments (Note 4 & 6)	1,488,805	1,183,898
	\$ 1,542,333	\$ 1,256,907
Net Assets (Note 7)		
Invested in capital assets	\$ 137,405	\$ 61,166
Internally restricted (Note 4)	127,790	41,500
Unrestricted	417,463	617,350
	682,658	720,016
	\$ 2,224,991	\$ 1,976,923

On behalf of the Board of Directors:

DIRECTOR

DIRECTOR

STATEMENT OF REVENUES AND EXPENSES AND NET ASSETS

For the year ended March 31, 2009

	2009	2008 (restated)
Revenues		
Province of Manitoba (Note 11)	\$ 3,677,700	\$ 3,385,200
Interest	53,268	84,762
Program recoupments	194,168	382,671
Other	9,028	9,998
Total revenues	\$ 3,934,164	\$ 3,862,631
Expenses (Schedule 1)		
Film and Television Programs	\$ 1,918,710	\$ 1,844,019
Sound Programs	661,147	561,882
Industry Support (Note 8)	260,302	244,474
Film Commission/Locations Services	357,261	343,611
Program Delivery (Note 10)	553,914	482,218
Administrative	220,188	192,732
Total expenses	\$ 3,971,522	\$ 3,668,936
Excess (deficiency) of revenues over expenses	\$ (37,358)	\$ 193,695
Net assets, beginning of year as previously stated	720,016	484,821
Change in accounting policy (Note 2)	-	41,500
Net assets, end of year (Note 7)	\$ 682,658	\$ 720,016

STATEMENT OF CASH FLOWS

For the year ended March 31, 2009

	2009	2008 (restated)
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (37,358)	\$ 193,695
Amortization	18,644	17,589
	\$ (18,714)	\$ 211,284
Changes in working capital accounts		
Accounts receivable	\$ (3,638)	\$ 22,009
Carry-over commitments	304,908	146,690
Prepaid expenses	(12,571)	(8,361)
Accounts payable	(19,483)	26,378
Deferred revenue	-	(107,500)
	\$ 269,216	\$ 79,216
	\$ 250,502	\$ 290,500
Investing activities		
Purchases of capital assets	\$ (94,883)	\$ (15,537)
Increase in cash resources	155,619	274,963
Cash resources, beginning of year	1,877,711	1,602,748
Cash resources, end of year	\$ 2,033,330	\$ 1,877,711
Cash resources are comprised of:		
Cash	416,735	652,313
Restricted Cash	1,616,595	1,225,398
	\$ 2,033,330	\$ 1,877,711

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2009

1. NATURE OF BUSINESS

Manitoba Film and 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. The chief objective of the Organization is to foster growth of the Manitoba film and sound recording industries by providing financial 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. CHANGE IN ACCOUNTING POLICIES

REVENUE RECOGNITION

The Organization receives funding from the Province of Manitoba. While the Province of Manitoba does not impose restrictions on how the funding is to be used, the Organization internally designates this funding to be used for specific purposes. Some of the funding received from the Province of Manitoba in a fiscal year does not get used until the following fiscal year.

In prior years, the Organization accounted for this unused funding as a liability. In the current year, the Organization changed its accounting policy and accounts for the unused funding as revenue with a corresponding amount recorded as internally restricted net assets. This change in accounting policy has been applied retrospectively and the prior year's financial statements have been restated. The effect of the change on the year ended March 31, 2008 is to increase internally restricted net assets by \$41,500 and to decrease liabilities by \$41,500.

CAPITAL DISCLOSURES

Effective April 1, 2008 the Organization adopted the Canadian Institute of Chartered Accountants' new recommendations for the disclosures about capital. Section 1535 Capital Disclosures establishes standards for disclosing what an entity regards as capital and an entity's objectives, policies and processes for managing its capital. The Section also prescribes disclosure regarding whether an entity has complied with any externally restricted imposed capital requirements, and if not, the consequences of such non-compliance.

The adoption of this new standard did not have a material impact on the Organization's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

EQUIPMENT

Equipment is recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. The annual rates are as follows:

Website	30%
Computer equipment	30%
Furniture	20%
Leasehold improvements	5%
Equipment	20%

PROGRAM FUNDING

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and sound recording artists and industries. The grant may nominally 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 recoupment when received or reported by the applicant.

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 when received.

MEASUREMENT UNCERTAINTY

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of equipment is provided based on the Organization's estimated useful lives of those assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Held for trading:

The Organization has classified cash as held for trading. This instrument is initially recognized at fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables:

The Organization has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Amortized cost is the amount at which the financial asset is measured at initial recognition less any reduction for impairment or uncollectibility. Net gains and losses arising from changes in fair value are recognized in net income upon impairment.

Other financial liabilities:

The Organization has classified accounts payable as other financial liabilities. These liabilities are initially recorded at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition.

Comprehensive income:

The Organization does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in operations for the period.

Recent accounting pronouncements:

Financial Instrument Deferral of Section 3862 and 3863:

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the changes to the standard to have a material impact on its financial statements.

CAPITAL ASSETS HELD BY NOT-FOR-PROFIT ORGANIZATIONS

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow not-for-profit organizations to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the change to this standard to have a material impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DISCLOSURE OF ALLOCATED EXPENSES BY NOT-FOR-PROFIT ORGANIZATIONS

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 Disclosure of Allocated Expenses by Not-for-profit Organizations requires disclosure by not-for-profit organizations that allocate fundraising and general support expenses to other functions of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect this new standard to have a material impact on financial statements.

4. CASH

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates. The Organization's internally restricted cash represents the carry-over commitments as described in Note 6 and the internally restricted net assets as described in Note 7.

5. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
				(restated)
Website/Database	\$ 33,290	\$ 24,752	\$ 8,538	\$ 13,661
Computer equipment	88,620	81,081	7,539	11,831
Furniture	55,363	50,700	4,663	1,014
Leasehold improvements	139,982	27,071	112,911	32,494
Equipment	8,715	4,961	3,754	2,166
	\$ 325,970	\$ 188,565	\$ 137,405	\$ 61,166

6. CARRY-OVER COMMITMENTS

Due to lead times required to obtain all the resources necessary to complete film, video and sound 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, 2009 and prior years, which were not fully advanced as at March 31, 2009 are as follows:

	Year of Commitment			Total	
	08/09	07/08	Prior	2009	2008
					(restated)
Film					
Development Financing Programs	\$ 37,907	\$ 10,000	\$ -	\$ 47,907	\$ 87,520
Production Financing Programs	896,955	131,151	12,000	1,040,106	789,594
Access to Markets/Festivals	3,000	-	-	3,000	3,000
Emerging Talent Matching Funds	4,000	4,000	-	8,000	11,750
Feature Film Marketing Program	3,000	-	-	3,000	7,162
Portfolio Investment Envelope	-	-	30,750	30,750	33,750
Industry Support	20,400	500	-	20,900	29,100
	\$ 965,262	\$ 145,651	\$ 42,750	\$ 1,153,663	\$ 961,876
Sound					
Sound Recording Production Fund—I	\$ 7,200	\$ 400	\$ -	\$ 7,600	\$ 7,577
Sound Recording Production Fund—II	48,602	7,250	-	55,852	25,800
Sound Recording Production Fund—III	127,214	12,850	500	140,564	96,250
Sound Recording — Out of Province Artists	27,500	5,000	32,500	21,738	
Record Product Marketing Fund	48,984	5,750	-	54,734	35,918
Recording Artist Touring Fund	23,713	-	-	23,713	6,239
Music Video Fund	7,779	2,400	-	10,179	16,500
Portfolio Investment Envelope	-	-	6,000	6,000	9,000
Market Access Fund	-	-	4,000	4,000	3,000
	\$ 290,992	\$ 28,650	\$ 15,500	\$ 335,142	\$ 222,022
Total Commitments	\$1,256,254	\$ 174,301	\$ 58,250	\$1,488,805	\$1,183,898

7. NET ASSETS

	Invested in capital assets	Internally restricted	Unrestricted	Total	
				2009	2008
					(restated)
Balance, beginning of year	\$ 61,166	\$ 41,500	\$ 617,350	\$ 720,016	\$ 484,821
Change in accounting policy	-	-	-	-	41,500
Excess (deficiency) of revenues over expenses	(18,644)	86,290	(105,004)	(37,358)	193,695
Investment in capital assets	94,803	-	(94,883)	-	-
Balance, end of year	\$ 137,405	\$ 127,790	\$ 417,463	\$ 682,658	\$ 720,016

Internally restricted assets are comprised of funding for activities of the Organization received from the Province of Manitoba. Of the total amount, \$21,500 (2008—\$21,500) has been directed to the Sound Portfolio Investment Envelope Program, \$20,000 (2008—\$20,000) to the Film Portfolio Investment Envelope Program and \$86,290 (2008—\$0) to the Film Production Funds.

8. INDUSTRY SUPPORT

The Organization indirectly supports the on-going development of creative talent, business skills and capacity building of various film, television and sound recording professionals by providing funding for specific programming administered by MARIA, On Screen Manitoba, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include the Aboriginal Music Program, Features First, Drama Prize, Totally Television, Global Marketing, New Voices, NSI Storytellers, Post-Production and Marketing funds.

9. LEASE COMMITMENTS

The Organization occupies leased premises subject to minimum monthly rent of \$5,196 until August 2013 plus various equipment leases with quarterly payments until September 2014. Future minimum annual payments as are follows:

2010	89,774
2011	94,970
2012	89,774
2013	94,970
2014	53,400
2015	8,745

10. 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 109 applications were received for processing during the 2009 fiscal year (2008 – 110), representing in excess of \$205 million worth of production activity (2008–\$195 million). Production activity includes projects which took place in current and prior years. The tax credits are subject to approval by the Province of Manitoba. The cost to administer the Program in the fiscal year was approximately \$59,000.

11. ECONOMIC DEPENDENCE

The Organization's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

12. 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 its members.

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:

	2009	2008
		(restated)
Invested in capital assets	\$ 137,405	\$ 61,166
Internally restricted net assets	127,790	41,150
Unrestricted net assets	417,463	617,350
	\$ 682,658	\$ 720,016

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.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's financial statement presentation.

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

SCHEDULE 1 - EXPENSES

For the year ended March 31, 2009

	2009	2008 (restated)
Film and Television Programs		
Development Financing	\$ 156,662	\$ 122,050
Production Financing	1,684,206	1,634,807
Access to Markets	30,000	30,000
Emerging Talent Matching Funds	28,150	50,000
Feature Film Marketing	19,692	7,162
	\$ 1,918,710	\$ 1,844,019
Sound Programs		
Sound Recording Production Level I	\$ 25,515	\$ 33,796
Sound Recording Production Level II	73,855	41,100
Sound Recording Production Level III	208,251	165,435
Sound Recording Production Level – Out of Province Artists	45,000	21,738
Music Video	9,779	58,440
Record Product Marketing Support	108,003	94,170
Recording Artist Touring Support	150,744	117,203
Market Access	40,000	30,000
	\$ 661,147	\$ 561,882
Industry Support		
Film		
Industry Associations (Note 8)	\$ 87,518	\$ 87,000
Sponsorships/Partnerships	60,733	47,219
Sound Recording		
Industry Associations (Note 8)	75,000	75,000
Sponsorships/Partnerships	37,051	35,255
	260,302	244,474
Film Commission/Locations Services	\$ 357,261	\$ 343,611
Program Delivery (Note 10)		
Salaries	\$ 381,167	\$ 332,613
Marketing/Operating	172,747	149,605
	\$ 553,914	\$ 482,218
Administrative		
Salaries	\$ 124,179	\$ 107,951
Marketing/Operating	96,009	84,781
	\$ 220,188	192,732
Total expenses	\$ 3,971,522	\$ 3,668,936

AUDITORS' REPORT

To the Minister of Finance of the
Province of Manitoba and the Directors of the
Manitoba Floodway Authority

We have audited the balance sheet of the **Manitoba Floodway Authority** as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,
May 14, 2009.

Ernst & Young LLP

Chartered Accountants

Manitoba Floodway Authority
Balance Sheet
As at March 31, 2009

	2009	2008
ASSETS		
Current Assets		
Funds on deposit with Minister of Finance	\$ 20,460,615	\$ 23,035,695
Due from the Province of Manitoba (Note 3b)	<u>-</u>	<u>4,920,408</u>
Total Assets	<u><u>\$ 20,460,615</u></u>	<u><u>\$ 27,956,103</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 17,833,929	\$ 26,760,828
Interest payable	591,742	1,195,275
Due to the Province of Manitoba (Note 3b)	<u>2,034,944</u>	<u>-</u>
	<u>20,460,615</u>	<u>27,956,103</u>
Total Liabilities	<u><u>\$ 20,460,615</u></u>	<u><u>\$ 27,956,103</u></u>

Contractual Obligations and Contingencies (Notes 6 and 9)

(see accompanying notes and schedules to the financial statements)

On behalf of the Board:

Manitoba Floodway Authority
Statement of Operations
Year ended March 31, 2009

	2009	2008
Expenses		
Salaries and Benefits	<u>\$ 2,663,601</u>	<u>\$ 2,666,554</u>
Other Operating Expenses		
Transportation	266,963	226,138
Communications	284,717	214,462
Supplies and Services	895,798	895,896
Minor Capital	4,468	12,487
Other Operating	<u>310,041</u>	<u>337,543</u>
	<u>1,761,987</u>	<u>1,686,526</u>
Total Expenses	<u>4,425,588</u>	<u>4,353,080</u>
Recoveries		
Capital Assets under Construction on behalf of the Province		
(Schedule 1)	3,540,393	3,478,215
Operating Grants (Note 5)	<u>885,195</u>	<u>874,865</u>
	<u>4,425,588</u>	<u>4,353,080</u>
Net Operating Results	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
Operating transactions		
Net operating results	\$ -	\$ -
Net changes in non-cash working capital balances related to operations		
Accounts receivable - Province of Manitoba	264,021	(402,104)
Accounts payable and accrued liabilities	<u>424,049</u>	<u>(10,018)</u>
Cash provided by (used in) operating transactions	<u>688,070</u>	<u>(412,122)</u>
Financing transactions		
Due to the Province of Manitoba	<u>6,276,157</u>	<u>(7,946,215)</u>
Capital transactions		
Capital assets constructed on behalf of the Province	(113,751,625)	(149,945,209)
Net changes in non-cash working capital balances related to capital		
Accounts payable and accrued liabilities	(8,935,774)	6,631,570
Interest payable	(603,533)	(164,411)
Contributions related to capital assets	<u>113,751,625</u>	<u>149,945,209</u>
Cash provided by (used in) capital transactions	<u>(9,539,307)</u>	<u>6,467,159</u>
Decrease in funds on deposit with Minister of Finance	\$ (2,575,080)	\$ (1,891,178)
Funds on deposit with Minister of Finance, beginning of year	<u>23,035,695</u>	<u>24,926,873</u>
Funds on deposit with Minister of Finance, end of year	<u><u>\$ 20,460,615</u></u>	<u><u>\$ 23,035,695</u></u>

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Note 1 - Nature of Operations

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.

The Government of Manitoba has introduced legislation that would enable the MFA to oversee construction of an all-season road on the east side of Lake Winnipeg. The proposed legislation would formally expand the MFA's mandate to assume responsibility for the East Side Transportation Initiative. The initiative includes construction of a 170-kilometre, all-season road from PR 304 near Manigotagan to Bloodvein First Nation and through to Berens River First Nation. The initiative also includes a study to examine potential transportation infrastructure improvements for the remainder of the entire region.

Note 2 - Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital Assets

Purchased 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.

Pension Plan

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 lengths of services 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 \$101,240 (2008 - \$106,520).

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenditures recorded in the period, and the disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Financial Instruments

Financial instruments include funds on deposit with the Minister of Finance, amounts due to/from the Province of Manitoba, accounts payable and accrued liabilities. 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.

Note 3 - Working Capital Advance and Due to the Province of Manitoba

a) Working Capital Advance

The Manitoba Floodway Authority is included under the provision of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance. The advances are repayable on demand at the option of the Lieutenant Governor in Council. A maximum line of credit of \$5 million has been established. At March 31, 2009, there were no advances outstanding.

b) Due to/from the Province of Manitoba

In addition, the Authority may receive interest bearing advances of approved funding from the Province of Manitoba at rates established by the Minister of Finance. At March 31, 2009, \$2,034,944 was payable to the Province of Manitoba (2008 - \$4,920,408 receivable from the Province of Manitoba).

Note 4 - Capital Assets Constructed on behalf of the Province of Manitoba

As an agent of the Province of Manitoba, capital expenditures incurred and transferred to the Province of Manitoba during 2009 and 2008 are as follows:

	2009	2008
Administration	\$ 3,540,393	\$ 3,478,215
Aqueduct Modifications	-	95,708
Contract Administration	7,461,983	8,508,403
Environmental Mitigation	1,184,691	2,915,351
Final Design	2,262,962	2,425,720
Floodway Channel	21,040,670	52,360,025
Inlet Structure	3,013,562	6,225,555
Insurance	389,131	134,720
Interest	1,124,082	1,195,275
Land	689,551	333,018
Miscellaneous Drainage Structures	-	818,928
Outlet Structure	25,405,545	10,718,557
Railway Bridges	35,210,982	27,899,018
Roadway Bridges	708,838	9,874,930
Seine River Siphon	34,745	-
Utility Relocations	984,122	4,697,705
West Dike	10,700,368	18,264,081
Total	\$113,751,625	\$149,945,209

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Note 5 - 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 \$55,084,547 (2008 - \$73,850,682) are recorded as revenue in the Operating Fund of the Province of Manitoba.

Grants from the Province of Manitoba of \$462,226 (2008 - \$475,337) related to operating expenses were reflected in the operations of the Authority. In addition, \$422,969 (2008 - \$399,528) of operating grants were received as government transfers under the shared cost agreement and were recorded as revenue of the Authority.

Note 6 – Contractual Obligations

As an agent of the Province of Manitoba, the Authority has entered into various contracts in the stages of the Floodway expansion project. Contractual obligations relating to the project total \$45,855,971 at March 31, 2009 (2008 - \$83,429,659).

Contractual obligations for the lease of office space to the Province of Manitoba Department of Transportation and Government Services for the next year is as follows:

2010	\$ 152,930
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Note 7 - Economic Dependence

The Authority is economically dependent on funding received from the Province of Manitoba.

Note 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.

Note 9 - Contingencies

Two individual accident claims are pending filing against the Authority. As the outcome of these matters are not determinable and amounts cannot be reasonably estimated at this time, liabilities have not been recorded in the financial statements.

Manitoba Floodway Authority
Schedule of Capital Assets Constructed on Behalf of the Province of Manitoba
Year ended March 31, 2009

	2009	2008
Funding from the Province of Manitoba (Note 4)	<u>\$113,751,625</u>	<u>\$ 149,945,209</u>
Capital Expenditures by Component (Note 4):		
Administration	3,540,393	3,478,215
Aqueduct Modifications	-	95,708
Contract Administration	7,461,983	8,508,403
Environmental Mitigation	1,184,691	2,915,351
Final Design	2,262,962	2,425,720
Floodway Channel	21,040,670	52,360,025
Inlet Structure	3,013,562	6,225,555
Insurance	389,131	134,720
Interest	1,124,082	1,195,275
Land	689,551	333,018
Miscellaneous Drainage Structures	-	818,928
Outlet Structure	25,405,545	10,718,557
Railway Bridges	35,210,982	27,899,018
Roadway Bridges	708,838	9,874,930
Seine River Siphon	34,745	-
Utility Relocations	984,122	4,697,705
West Dike	<u>10,700,368</u>	<u>18,264,081</u>
	<u>113,751,625</u>	<u>149,945,209</u>
Net Expenditures	<u>\$ -</u>	<u>\$ -</u>

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2009

Schedule 2

	<u>Cost</u>	<u>Federal Contributions</u>	<u>Cost net of Federal Contributions</u>	<u>Accumulated Amortization</u>	<u>2009 Net Book Value</u>
Land	\$ 6,975,528	\$ -	\$ 6,975,528	\$ -	\$ 6,975,528
Floodway Infrastructure - 1969	49,905,100	28,804,900	21,100,200	18,990,180	2,110,020
Floodway Infrastructure - Improvements - 2001	1,943,000	-	1,943,000	97,150	1,845,850
Improvements - 2000	3,348,116	2,338,951	1,009,165	75,687	933,478
Improvements - 1997	1,830,607	915,304	915,303	137,295	778,008
	<u>64,002,351</u>	<u>32,059,155</u>	<u>31,943,196</u>	<u>19,300,312</u>	<u>12,642,884</u>
Assets Under Construction - 2004	850,424	-	850,424	-	850,424
Assets Transferred from the Province March 31, 2004	64,852,775	32,059,155	32,793,620	19,300,312	13,493,308
Manitoba Floodway Authority - Assets Under Construction - 2004	4,248,615	2,105,742	2,142,873	-	2,142,873
Capital Assets at March 31, 2004	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Assets Transferred to the Province April 1, 2004	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Capital Assets at March 31, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2005	<u>\$ 9,854,899</u>	<u>\$ 4,658,228</u>	<u>\$ 5,196,671</u>	<u>\$ -</u>	<u>\$ 5,196,671</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2006	<u>\$ 58,274,527</u>	<u>\$ 28,842,008</u>	<u>\$ 29,432,519</u>	<u>\$ -</u>	<u>\$ 29,432,519</u>

Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2009

Schedule 2
(con't)

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net Book Value</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2007	<u>\$ 145,664,474</u>	<u>\$ -</u>	<u>\$ 145,664,474</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2008	<u>\$ 149,945,209</u>	<u>\$ -</u>	<u>\$ 149,945,209</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2009	<u>\$ 113,751,625</u>	<u>\$ -</u>	<u>\$ 113,751,625</u>

Note: Due to changes in public sector accounting standards in 2007, applied on a prospective basis, Federal contributions are no longer netted against the cost of the assets.

Management Report

The Management of the Manitoba Gaming Control Commission (MGCC) is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information that it has prepared for this 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 judgments are made based on a careful assessment of the available data.

The financial statements and accompanying notes are examined by Manitoba's Office of the Auditor General (OAG), whose opinion is included herein. The OAG has access to the Board of Commissioners, with or without Management present, to discuss the results of their audit and the quality of financial reporting at the MGCC.

F. J. O. (Rick) Josephson
EXECUTIVE DIRECTOR

Dale Fuga
CHIEF OPERATING OFFICER

May 25, 2009



AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of the Manitoba Gaming Control Commission:

We have audited the balance sheet of the Manitoba Gaming Control Commission as at March 31, 2009, and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Gaming Control Commission as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
May 25, 2009

Balance Sheet

MARCH 31	2009	2008
ASSETS		
Current Assets		
Cash	\$ 50,301	\$ 100,014
Short term investments	1,126,515	3,060,754
Accounts receivable (Note 5)	60,221	33,134
Prepaid expenses	30,923	29,279
Receivable – Province of Manitoba	0	146,079
	1,267,960	3,369,260
Long Term Investment (Note 8)	146,079	0
Capital Assets (Note 6)	385,460	389,452
	\$ 1,799,499	\$ 3,758,712
LIABILITIES AND SURPLUS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 547,783	\$ 460,075
Deferred revenue (Note 7)	0	1,922,525
	547,783	2,382,600
Provision for employee severance benefits (Note 8)	538,793	487,562
Provision for employee pension benefits (Note 12)	52,751	45,401
	1,139,327	2,915,563
Surplus	660,172	843,149
	\$ 1,799,499	\$ 3,758,712

On behalf of the Board:

DIRECTOR

DIRECTOR

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

Statement of Operations and Surplus

FOR THE YEAR ENDED MARCH 31	2009	2008
Revenue		
Registration fees	\$ 3,825,776	\$ 3,551,045
License fees	994,036	923,627
	4,819,812	4,474,672
Expenses		
Salaries and benefits	3,596,806	3,734,705
Rent	279,133	264,989
Legal and professional fees	169,573	159,523
Transportation	155,092	133,100
Public Education	145,833	91,136
Commission Board	123,245	49,183
Supplies and services	118,571	102,592
Communications	115,637	102,705
Education, training, and conference	97,515	100,186
First Nations legal and professional	92,000	51,166
Amortization	83,873	103,866
Accommodations	54,120	35,085
HR/Systems support	21,728	26,276
Other expenses	15,905	11,894
	5,069,031	4,966,406
Income (loss) before other items	(249,219)	(491,734)
Other Items		
Interest income	40,002	70,986
Other income	26,240	31,514
	66,242	102,500
Excess revenue (expenses) and comprehensive income (loss)	(182,977)	(389,234)
Surplus, beginning of year	843,149	1,232,383
Surplus, end of year	\$ 660,172	\$ 843,149

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

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31	2009	2008
Cash Flows from Operating Activities		
Excess of revenue over expenses	\$ (182,977)	\$ (389,234)
Items not involving cash		
Amortization of capital assets	83,873	103,866
Amortization of capital assets related to the Commission Board	1,615	2,001
	(97,489)	(283,367)
Changes in non cash working capital balances		
Accounts receivable	(27,087)	5,853
Prepaid expenses	(1,644)	(1,998)
Accounts payable and accrued liabilities	87,708	(61,737)
Deferred revenue	(1,922,525)	7,134
Deferred lease inducements	0	(6,125)
Provision for employee severance benefits	51,231	319,823
Provision for employee pension benefits	7,350	(16,237)
	(1,902,456)	(36,654)
Cash Flows from Investing Activities		
Purchase of capital assets	(81,496)	(79,126)
Increase (decrease) in cash and cash equivalents during the year	(1,983,952)	(115,780)
Cash and cash equivalents, beginning of year	3,160,768	3,276,548
Cash and cash equivalents, end of year	\$ 1,176,816	\$ 3,160,768
Represented by		
Cash	\$ 50,301	\$ 100,014
Short-term investments	1,126,515	3,060,754
	\$ 1,176,816	\$ 3,160,768

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

Notes to Financial Statements

FOR THE YEAR ENDED MARCH 31, 2009

1 Nature of Business

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 Change in Accounting Policies.

Effective April 1, 2008, the MGCC adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

SECTION 1535 CAPITAL DISCLOSURE

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (See Note 3e)

SECTION 3862 FINANCIAL INSTRUMENTS – DISCLOSURE

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments – Disclosures and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

SECTION 3863 FINANCIAL INSTRUMENTS – PRESENTATION

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments – Disclosure and Presentation, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the MGCC's year-end financial statements.

3 Significant Accounting Policies

A. GENERAL

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

B. 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. Actual results could differ from these estimates.

C. 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 (82 months)

D. REVENUE RECOGNITION

Revenue and expenses are recorded on an accrual basis except for license and supplier registration fees, which are recognized on a cash receipt basis.

E. CAPITAL DISCLOSURES

In the context of the MGCC, capital is defined as the surplus of the MGCC. Externally-imposed capital requirements relate to the administration of the MGCC in accordance with The Gaming Control Act and accompanying regulations. The MGCC has developed appropriate risk management strategies, as described in note 4, to preserve the surplus of the MGCC. The MGCC has complied with externally-imposed capital requirements during the year.

4 Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of MGCC are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and Short Term Investments	Held for trading	Fair value
Long Term Investment	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations and surplus in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations and surplus for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in a statement of changes in net assets or other comprehensive income until realized, at which time they recorded in the statement of operations and surplus.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of accounts receivable, receivable from the Province of Manitoba, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet are as follows:

	2009		2008	
	Carrying Value	Fair Amount	Carrying Value	Fair Amount
Financial Asset/Liability				
Cash and STI	\$ 1,176,816	\$ 1,176,816	\$ 3,160,768	\$ 3,160,768
Accounts receivable	60,221	60,221	33,134	33,134
Long Term Investment	146,079	146,079		
Receivable from the Province of Manitoba			146,079	146,079
Accounts payable	116,062	116,062	51,953	51,953
Accrued liabilities	431,721	431,721	408,122	408,122

FINANCIAL RISK MANAGEMENT - OVERVIEW

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

The MGCC manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance in accordance with its risk management framework. The MGCC's Board of Commissioners has overall responsibility for the establishment and oversight of the MGCC's objectives, policies and procedures for measuring, monitoring and managing these risks.

The MGCC has exposure to the following risks associated with its financial instruments. Analysis of sensitivity to specified risks is provided where there may be an effect on the results of operations or financial position. Sensitivity analysis is performed by relating the reasonably possible changes in risk variables as at March 31, 2009 to the financial instruments outstanding on that date.

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 MGCC to credit risk consist principally of cash, short term investments and accounts receivable.

The maximum exposure of MGCC to credit risk at March 31, 2009 is:

Cash and Short Term Investments	\$1,176,816
Accounts receivable	60,221
Long Term Investment	146,079
	<u>\$1,383,116</u>

Cash and funds on deposits: MGCC is not exposed to significant credit risk as the cash, short term investments and long term investments are held by the Minister of Finance.

Accounts receivable: MGCC is not exposed to significant credit risk as license and registration fees from charities, Manitoba Lotteries Corporation (MLC), First Nations casinos, and suppliers are typically collected when they are due. Employee advances are collected upon retirement. Other trade receivables are not typical and have been collected subsequent to year end. As such, no specific allowance for doubtful accounts has been created as the potential for any receivable impairment is negligible.

LIQUIDITY RISK

Liquidity risk is the risk that MGCC will not be able to meet its financial obligations as they come due.

MGCC manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances if required. MGCC 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. 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 MGCC's income or the fair values of its financial instruments. The significant market risks MGCC is exposed to are: interest rate risk; foreign currency risk; and other price 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 short term investments and long term debt.

The interest rate risk on short term investments 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. MGCC is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

5 Accounts Receivable

	2009	2008
Charitable Licensees	\$ 1,318	\$ 34
Manitoba Lotteries Corporation	17,450	16,950
First Nations Casinos	3,600	2,100
Employee Advances	9,819	11,917
Supplier Investigations	2,777	2,133
Other trades	25,257	0
	\$ 60,221	\$ 33,134

6 Capital Assets

2009			
	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 62,740	\$ 51,282	\$ 11,458
Furniture and fixtures	403,713	226,619	177,094
Computer equipment	994,775	854,486	140,289
Leasehold Improvements	57,318	699	56,619
	\$ 1,518,546	\$ 1,133,086	\$ 385,460

2008

	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 67,270	\$ 56,219	\$ 11,051
Furniture and fixtures	398,712	207,434	191,278
Computer equipment	1,008,612	821,489	187,123
	\$ 1,474,594	\$ 1,085,142	\$ 389,452

7 Deferred Revenue

Deferred revenue is no longer recorded as the annual registration fee period for video lottery terminals, lottery ticket terminals, and electronic gaming machines is now April 1 to March 31. MGCC now receives payment for these registration fees in April of each fiscal year. Previously, the annual registration fee period was November to October. Deferred revenue consisted of registration fees received which was recognized as revenue in the year in which the related expenses were incurred.

8 Long Term Investment - Provision for Employee Severance Benefits

Effective April 1, 1998, the Commission commenced recording the estimated liability for accumulated severance pay benefits for certain of its employees. During the last collective bargaining session it was negotiated that effective April 1, 2007 all employees would be eligible for severance pay benefits. The amount of this estimated liability is determined using the annual actuarial report of severance obligations as at March 31, 2009.

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 17 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 Commission.

An actuarial report was completed for the severance pay liability as of March 31, 2009. The Commission's actuarially determined net liability for accounting purposes as at March 31, 2009 was \$538,793 (2008 - \$487,562). An actuarial gain of \$11,245 will be amortized over the 15 year expected average remaining service life of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2009 Valuation and in the determination of the March 31, 2009 present value of the accrued severance benefit obligation were:

Annual rate of return

(i) inflation component	2.50%
(ii) real rate of return	4.00%
	6.50%

Annual salary escalation rates

(i) general increases	
a) salary increase	2.50%
b) real rate	0.75%
	3.25%

The Province of Manitoba had accepted responsibility for the severance pay benefits of \$146,079 accumulated to March 31, 1998 for certain of its employees. Effective March 31, 2009 the Province of Manitoba placed the amount of \$146,079 into an interest bearing trust account to be held on the Commission's behalf until the cash is required to discharge the related liabilities.

9 Deferred Lease Inducements

The organization received lease inducements in the form of a rent-free period of approximately ten months. The benefits arising from these lease inducements were amortized over the term of the lease on a straight line basis as reductions of rental expense. Rental expense has been reduced by \$0 for the period ending March 31, 2009 (\$6,125 in 2008). The inducement has now been fully depleted.

10 Commitments

The organization has an operating lease for its premises expiring in 2016.

The minimum annual lease payment for the next five years is:

2010	266,076
2011	272,855
2012	281,329
2013	291,497
2014	291,497

11 Economic Dependence

A substantial portion of the organization's total revenue is derived from Manitoba Lotteries Corporation in the form of registration fees. The Manitoba Lotteries Corporation is related to the Commission through common ownership by the Province of Manitoba. The registration fees are recorded at the amount prescribed by MGCC regulation.

12 Pension Plans

Effective April 1, 2005, all employees are members of the Province of Manitoba's defined benefit Superannuation Fund ("the Fund").

In accordance with the provisions of the Civil Service Superannuation Act (Act), employees of the Commission are eligible for pension benefits. Plan members are required to contribute to the 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 Commission 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 Commission has no further pension liability.

The Commission's portion of contributions to the Fund is recognized as an operating expense in the period of contribution. Total contributions for the year are \$184,790. Contributions for the 2008 year were \$165,865.

For employees whose annual earnings exceed the limit under the Fund, a pension liability is established. Based on the triennial actuarial report of pension obligations as at March 31, 2009, a reserve of \$52,751 has been established as a pension liability for these employees. Actuarial gains and losses are recognized in income immediately. Significant long-term actuarial assumptions used in the March 31, 2008 Valuation and in the determination of the March 31, 2009 present value of the accrued basic pension benefit obligations were:

Annual rate of return

(iii) inflation component	2.50%
(iv) real rate of return	4.00%
	6.50%

Annual salary escalation rates

(ii) general increases	
c) salary increase	3.25%
d) productivity component	0.75%
	4.00%

13 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 Commission. The aggregate of the outstanding advances is not to exceed \$2,000,000 (2008 \$2,000,000). As at March 31, 2009 \$2,000,000 (2008 \$2,000,000) of these advances were unused and available.

14 Comparative Figures

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

Responsibility for Financial Reporting



***The Manitoba
Habitat Heritage
Corporation***

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 May 27, 2009.

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 generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Acting Chief Executive Officer

Manager of Financial Services

May 27, 2009



AUDITORS' REPORT

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

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba

May 27, 2009

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position as at March 31, 2009 (with comparative figures for 2008)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2009	2008
ASSETS						
Current Assets						
Cash	\$450,748	\$88,658	\$133,674		\$673,080	\$156,498
Funds on deposit with Province of Manitoba (Note 4)	167,391	129,109	345,090		641,590	540,253
Accounts receivable						
Government of Canada	111,183	8,894	31,225		151,302	245,513
Province of Manitoba	135,275	32,660	70,000		237,935	419,941
Delta Waterfowl Foundation			8,175		8,175	19,586
Ducks Unlimited Canada	136,687		60,943		197,630	
Other	5,525				5,525	13,958
Manitoba Agro Woodlot Program						17,431
Due from Riparian Program	47,124			\$(47,124)		
Prepaid expenses	27,873				27,873	34,001
	<u>1,081,806</u>	<u>259,321</u>	<u>649,107</u>	<u>(47,124)</u>	<u>1,943,110</u>	<u>1,447,181</u>
Capital Assets (Note 7)			8,326,552		8,326,552	7,189,531
Trust Assets (Note 12)					1,081,387	1,260,654
TOTAL ASSETS	<u>\$1,081,806</u>	<u>\$259,321</u>	<u>\$8,975,659</u>	<u>\$(47,124)</u>	<u>\$11,351,049</u>	<u>\$9,897,366</u>
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	\$77,211	\$7,278	\$97,160		\$181,649	\$228,301
Due to North American Waterfowl Management Plan		47,124		\$(47,124)		
Deferred contributions related to operations (Note 5)	323,010	191,085			514,095	268,514
Deferred contributions related to capital assets (Note 6)			544,904		544,904	521,531
	<u>400,221</u>	<u>245,487</u>	<u>642,064</u>	<u>(47,124)</u>	<u>1,240,648</u>	<u>1,018,346</u>
FUND BALANCES						
Invested in Capital Assets			8,333,595		8,333,595	7,105,622
Unrestricted	681,585	13,834			695,419	512,744
Trust Liabilities (Note 12)					1,081,387	1,260,654
TOTAL LIABILITIES & FUND BALANCES	<u>\$1,081,806</u>	<u>\$259,321</u>	<u>\$8,975,659</u>	<u>\$(47,124)</u>	<u>\$11,351,049</u>	<u>\$9,897,366</u>

On behalf of the Board:

Director

Director

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2009 (with comparative figures for 2008)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2009	2008
REVENUE						
Government of Canada contributions	\$351,275	\$90,000			\$441,275	\$532,820
Province of Manitoba contributions	753,990	137,603			891,593	736,993
Highways Mitigation Fund, Province of Manitoba	88,963				88,963	
Contributed services, Province of Manitoba	23,285	5,075			28,360	98,908
Delta Waterfowl Foundation	209,397				209,397	19,586
Ducks Unlimited Canada	39,527				39,527	
Donations	778				778	250
Interest income	4,182	4,976			9,158	11,882
Other	42,778	30			42,808	31,654
Management fees (Note 13)	85,681			\$(33,692)	51,989	59,349
	<u>1,599,856</u>	<u>237,684</u>		<u>(33,692)</u>	<u>1,803,848</u>	<u>1,491,442</u>
EXPENSES						
Amortization of capital assets			\$34,948		34,948	33,409
Service delivery — Schedule 1	1,338,705				1,338,705	1,296,272
— Schedule 2		271,843		(33,692)	238,151	212,529
	<u>1,338,705</u>	<u>271,843</u>	<u>34,948</u>	<u>(33,692)</u>	<u>1,611,804</u>	<u>1,542,210</u>
Excess (deficiency) of revenue over expenses	261,151	(34,159)	(34,948)		192,044	(50,768)
FUND BALANCES						
Fund balances, beginning of year	464,751	47,993	7,105,622		7,618,366	6,861,505
Investment in capital assets			1,158,604		1,158,604	778,929
Donated land and land use rights			60,000		60,000	28,700
Interfund transfers (Note 8)	(44,317)		44,317			
Fund balances, end of year	<u>\$681,585</u>	<u>\$13,834</u>	<u>\$8,333,595</u>		<u>\$9,029,014</u>	<u>\$7,618,366</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2009 (with comparative figures for 2008)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2009	2008
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$261,151	\$(34,159)	\$(34,948)		\$192,044	\$(50,768)
Amortization of capital assets			34,948		34,948	33,409
Net change in non-cash working capital	(237,371)	2,867			(234,504)	(1,609)
Increase in deferred contributions related to operating activities	323,010	95,920			418,930	31,407
Net cash used in operating activities	<u>346,790</u>	<u>64,628</u>			<u>411,418</u>	<u>12,439</u>
FINANCING AND INVESTING ACTIVITIES						
Purchase of capital assets			(44,317)		(44,317)	(30,308)
Net change in accounts receivable for acquisition of land rights			123,510		123,510	(265,354)
Received restricted grants for purchase of land rights			1,158,604		1,158,604	778,929
Acquisition of land rights with restricted grants			(1,067,651)		(1,067,651)	(833,584)
Net change in accounts payable for acquisition of land rights			12,982		12,982	49,424
Increase in deferred contributions related to capital assets			23,373		23,373	207,406
Received donation of land and land rights			60,000		60,000	28,700
Acquisition of donated land and land rights			(60,000)		(60,000)	(28,700)
Net cash used in financing and investing activities			<u>206,501</u>		<u>206,501</u>	<u>(93,487)</u>
Net increase (decrease) in cash	346,790	64,628	206,501		617,919	(81,048)
Cash and cash equivalents, beginning of year	315,666	153,139	227,946		696,751	777,799
Interfund transfers	(44,317)		44,317			
Cash and cash equivalents, end of year	<u>\$618,139</u>	<u>\$217,767</u>	<u>\$478,764</u>		<u>\$1,314,670</u>	<u>\$696,751</u>
Cash and cash equivalents consist of :						
Cash	\$450,748	\$88,658	\$133,674		\$673,080	\$156,498
Funds on deposit with Province of Manitoba	167,391	129,109	345,090		641,590	540,253
	<u>\$618,139</u>	<u>\$217,767</u>	<u>\$478,764</u>		<u>\$1,314,670</u>	<u>\$696,751</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

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.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) 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.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

2. Significant Accounting Policies (continued)

b) 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%

c) Contributed Services

Services had been contributed by the Province of Manitoba's Department of Water Stewardship, Ecological Services Division to the Corporation up until July 4, 2008 with the retirement of long time CEO, Lorne Colpitts. Contributed services are recorded at cost, which is fair value.

d) 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.

e) Financial Instruments - Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the statement of financial position and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements

March 31, 2009

2. Significant Accounting Policies (continued)

The Corporation is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balances, respectively. All other financial instruments are subsequently measured at amortized cost.

The Corporation has designated its financial instruments as follows:

Cash is classified as a financial asset held for trading and is measured at fair value with gains and losses recognized in net earnings. This financial asset is recorded at a carrying value that approximates its fair value.

Funds on Deposit with Province of Manitoba are classified as held to maturity. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The fair value of Funds on Deposit with Province of Manitoba, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity and the fact the majority of these instruments are associated with government entities.

Management of Risk:

The Corporation's financial instruments consist of cash, Funds on Deposit with Province of Manitoba, accounts receivable, accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

2. Significant Accounting Policies (continued)

f) 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 net assets in the amount of \$695,419 (2008 \$512,744) and externally restricted funds recorded as Deferred Contributions (see notes 5 and 6). 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.

3. New Accounting Policies

a) Section 1535 Capital Disclosures

Effective April 1, 2008, MHHC adopted CICA Section 1535 Capital Disclosures which establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally-imposed capital requirements to which it is subject and if not, the consequences of such non-compliance. This new section requires additional disclosure in the financial statements.

b) Sections 3862 and 3863 Financial Instruments

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. CICA eliminated the requirement for not-for-profit entities to adopt these sections. The Corporation has continued to apply Section 3861: Financial Instruments – Disclosure and Presentation in place of sections 3862 and 3863.

4. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature between April 27, 2009, and May 13, 2009, yielding 0.7% and 0.55% respectively.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

5. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods.

Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	RP	2009 Total	2008 Total
Balance, beginning of year		\$268,514	\$268,514	\$237,107
Less: revenue recognized in the year		(137,429)	(137,429)	(91,993)
Add: revenue received related to the following year	\$323,010	60,000	383,010	123,400
Balance, end of year	<u>\$323,010</u>	<u>\$191,085</u>	<u>\$514,095</u>	<u>\$268,514</u>

NAWMP Program

\$188,010.00 was received from the Province of Manitoba for the delivery and habitat securement costs of the Wetland Restoration Incentive Program (WRIP). \$135,000 was also received from the Province of Manitoba to compensate for the additional salary and related expenses to support the Chief Executive Officer position which has now become the financial responsibility of the Corporation. This grant is to be applied in the 2009/10 fiscal year.

Riparian Program

The balance of \$67,107, originating from the Manitoba Rural Adaptation Council, is restricted for riparian conservation and enhancement activities. The balance of \$14,456 is restricted to the Watershed Management Planning Program. The remainder of \$109,522 is restricted for the delivery of riparian easements.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

6. Deferred Contributions Related to Capital Assets

Deferred contributions reported in the Capital Assets Fund represent restricted contributions received with which land and land use rights will be purchased. When the land and land use rights are purchased the related restricted contributions will be transferred from deferred contributions related to capital assets to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	RP	2009 Total	2008 Total
Balance, beginning of year	\$210,102	\$311,429	\$521,531	\$314,125
Add: Contributions received	84,123	140,000	224,123	275,255
Add: Interest Earned				5,186
Less: Amounts transferred to fund balance	(156,669)	(44,081)	(200,750)	(73,035)
Balance, end of year	<u>\$137,556</u>	<u>\$407,348</u>	<u>\$544,904</u>	<u>\$521,531</u>

The balance of \$544,904 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The contributions received in 2009 totalled \$224,123 consisting of, \$140,000 from the Province of Manitoba, \$15,600 from the Turtle Mountain Conservation District, \$29,673 from the R.M. of Riverside and \$38,850 from Wildlife Habitat Canada. In comparison the contributions received in 2008 included, \$228,445 from the Province of Manitoba, and \$46,810 from the Turtle Mountain Conservation District.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

7. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2009	2008
Land and land use rights	\$8,208,854		\$8,208,854	\$7,081,203
Computer hardware	235,083	\$191,452	43,631	53,641
Computer software	74,843	58,565	16,278	15,199
Equipment	122,024	67,562	54,462	36,005
Furniture and fixtures	59,911	56,584	3,327	3,483
Total capital assets	<u>\$8,700,715</u>	<u>\$374,163</u>	<u>\$8,326,552</u>	<u>\$7,189,531</u>

Purchases of capital assets in the period are as follows:

	2009	2008
Land and land use rights	\$1,127,651	\$862,624
Computer hardware	7,960	18,421
Computer software	9,543	8,412
Equipment	23,699	3,135
Furniture and fixtures	3,115	
	<u>\$1,171,968</u>	<u>\$892,592</u>

The sources of funding for land and land use rights are as follows:

	2009	2008
Environment Canada	\$398,850	\$298,980
Delta Waterfowl Foundation / U.S. Fish & Wildlife	335,021	356,911
Ducks Unlimited Canada	158,103	
Manitoba Water Stewardship	44,081	54,938
Manitoba Infrastructure and Transportation	67,706	
Manitoba Conservation Districts	2,740	23,310
Manitoba Conservation		340
Wildlife Habitat Canada	61,150	99,445
Donations	60,000	28,700
	<u>\$1,127,651</u>	<u>\$862,624</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

8. Interfund Transfers

In 2009, \$44,317 was transferred from the NAWMP operating funds to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions. In 2008 \$30,308 was transferred from NAWMP for the same purpose. No money was transferred from the RP operating funds for capital purchases in either fiscal year.

9. Operational Commitments

a) The Corporation leases space under existing leases for six NAWMP offices. The minimum annual lease payments for the next four years are as follows:

2010	\$61,250
2011	\$50,270
2012	\$49,070
2013	\$36,803

b) The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next three years are as follows:

2010	\$7,478
2011	\$5,085
2012	\$5,085

10. Capital Commitments

At March 31, 2009, the NAWMP and RP had signed several commitments to purchase conservation agreements. These conservation agreements (CAs) are to be paid out upon filing of the caveats associated with each CA in the 2010 fiscal year. These commitments to March 31, 2009 totalled approximately \$28,043, however, \$128,492 worth of CAs negotiated in 2009 were signed in the month of April increasing the total commitments in the 2010 fiscal year to \$156,535. (2008 - \$238,532)

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 amounts paid by the Corporation in 2009 were \$22,317 (2008 - \$22,194). All funds contributed to the RPP are paid to and administered by Manulife Financial.

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

12. Trust Assets and Liabilities

The Corporation holds assets in trust as follows:

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	\$488,107	\$667,374
Land	593,280	593,280
	<u>\$1,081,387</u>	<u>\$1,260,654</u>

Details relating to the parties involved and the assets held are included in notes (a) to (e) which follow.

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Conservation for the 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 include:

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	\$199,402	\$278,458
Land Portfolio	593,280	593,280
	<u>\$792,682</u>	<u>\$871,738</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

12. Trust Assets and Liabilities (continued)

b) The Manitoba Agro Woodlot Program (MAWP)

On November 1, 2004 the Corporation began providing administrative support to Manitoba Agriculture, Food and Rural Initiatives (MAFRI) for the MAWP.

The Corporation provided banking and financial services for MAWP funds held in trust up to and including August 31, 2008 at which time MAFRI absorbed the entire program into the Civil Service. A management fee was allowed, under the agreement, to be charged by the Corporation to the MAWP/MAFRI for these services. Disbursements, from the funds held in trust, were made at the direction of Manitoba Agriculture, Food and Rural Initiatives.

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	<u>Nil</u>	<u>\$71,365</u>

c) Prairie Habitat Joint Venture Advisory Board (PHJV)

On May 12, 1990 Manitoba officially joined the PHJV Advisory Board. The PHJV Board's purpose is to oversee implementation of the NAWMP through a joint venture among participating agencies within the prairie provinces. PHJV agreed that the partner agencies would contribute to the costs of a Policy Committee with the Corporation holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	<u>\$160,031</u>	<u>\$181,275</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

12. Trust Assets and Liabilities (continued)

d) Oak Hammock Marsh Wildlife Management Area (OHM-WMA)

On October 2, 2003 the Province of Manitoba, the Corporation and Ducks Unlimited Canada signed a five year infrastructure agreement. The Province of Manitoba and Ducks Unlimited Canada agreed to contribute to the costs of restoration to the OHM-WMA with the Corporation holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	<u>\$128,674</u>	<u>\$146,185</u>

e) Prairie Species at Risk Beneficial Management Practices Project (SAR - BMP)

On July 4, 2006 the Corporation entered into a two year agreement with Agriculture and Agri Food Canada under their Greencover Canada Program to hire two consultants to undertake the development and implementation of a "Beneficial Management Practices" package for producers focusing on Species at Risk. The Corporation agreed to hold the funds in trust. The negative cash balance illustrates that The Corporation was lending cash to the program while their funding is based on an expense recovery system.

Trust assets held by the Corporation on behalf of this program include:

	2009	2008
Cash and Funds on Deposit with Province of Manitoba	<u>Nil</u>	<u>(\$9,909)</u>

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

13. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2009	2008
RP	\$34,342	\$99,032
MAWP	9,483	19,289
Miscellaneous	Nil	3,458
CWHP	41,856	36,602
	<u>\$85,681</u>	<u>\$158,381</u>

14. Economic Dependence

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

15. Disclosure Required by the Public Sector Compensation Disclosure Act

Remuneration paid to Board members during the year, in aggregate, totalled \$6,300 (2008 - \$4,025). Six contract employees were paid the following amounts in the fiscal year:

	2009	2008
T. Sopuck, Acting, Chief Executive Officer	\$92,598	\$82,199
C. Hullick, Habitat Field Manager	53,644	N/A
G. Ouellette, Manager of Financial Services	64,237	55,049
G. Forsyth, Field Representative	54,739	53,422
R. Bullion, Field Representative	54,739	53,422
A. Bourrier, Field Representative	54,739	53,457

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements March 31, 2009

16. Future Accounting Changes

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 Disclosures of Allocated Expenses by Not-for-Profit Organizations.

CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 Cash Flow Statements applicable to NFPOs; and
- make Section 1751 Interim Financial Statements applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4430 Capital Assets Held by Not-For-Profit Organizations was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

New Section CICA 4470 Disclosure of Allocated Expenses by Not-For-Profit Organizations establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- a requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- a requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

**THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN**

Schedule 1

**Schedule of Expenses for the year ended March 31, 2009
(with comparative figures for 2008)**

	2009	2008
EXPENSES		
Habitat activities		
Salaries and benefits	\$389,315	\$390,229
Field office operations	79,849	70,830
Staff support	88,749	78,674
Nest baskets	45,800	52,821
Land leases	714	714
Habitat development	7,412	17,006
Wetland restoration	30,356	
Property taxes	14,208	13,870
	<u>656,403</u>	<u>624,144</u>
Evaluation	<u>98,029</u>	<u>85,046</u>
Communications		
Salaries and benefits	91,250	95,832
Program delivery	39,544	39,275
	<u>130,794</u>	<u>135,107</u>
Program coordination		
Salaries and benefits	249,483	242,880
Rent	43,288	42,907
Office	59,334	56,885
Other	27,632	36,550
Professional fees	49,159	43,428
Board meetings and remuneration	10,654	5,837
Travel	13,929	23,488
	<u>453,479</u>	<u>451,975</u>
TOTAL EXPENSES	<u>\$1,338,705</u>	<u>\$1,296,272</u>

**THE MANITOBA HABITAT HERITAGE CORPORATION
RIPARIAN PROGRAM**

Schedule 2

**Schedule of Expenses for the year ended March 31, 2009
(with comparative figures for 2008)**

	2009	2008
EXPENSES		
Habitat activities		
Salaries and benefits	\$37,166	\$21,459
Field office operations	5,995	2,341
Staff support	14,420	3,363
Workshop expenses		538
Habitat management fees	20,000	25,000
	<u>77,581</u>	<u>52,701</u>
Evaluation	<u>6,842</u>	
Communications		
Salaries and benefits	507	1,770
Program delivery	7,766	14,071
Communication management fees		15,083
	<u>8,273</u>	<u>30,924</u>
Program coordination		
Salaries and benefits	58,249	59,562
Rent	7,214	5,833
Office	2,705	2,766
Other	1,053	993
Professional fees	93,900	84,485
Travel	9,176	13,585
Coordination management fees	6,850	60,712
	<u>179,147</u>	<u>227,936</u>
TOTAL EXPENSES	<u>\$271,843</u>	<u>\$311,561</u>



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télécopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Members of
MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

We have audited the balance sheet of **MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION** as at March 31, 2009 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 9, 2009

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BDO Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario***

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Balance Sheet

March 31	2009	2008
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Assets

Current Assets

Cash and bank	\$ 188,481	\$ 26,599
Accounts receivable	-	67
Rent receivable (Note 5)	<u>554,486</u>	<u>654,486</u>
	742,967	681,152

Long-term investment - Miller Environmental Corporation	1,000,000	1,000,000
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Capital assets - land, at cost	<u>170,305</u>	<u>170,305</u>
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	\$ 1,913,272	\$ 1,851,457
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Liabilities and Equity

Current Liabilities

Accounts payable and accrued liabilities	<u>\$ 9,998</u>	<u>\$ 10,024</u>
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Equity

Share capital (Note 4)	7,500,000	7,500,000
Deficit	<u>(5,596,726)</u>	<u>(5,658,567)</u>

	<u>1,903,274</u>	<u>1,841,433</u>
--	------------------	------------------

	\$ 1,913,272	\$ 1,851,457
--	---------------------	---------------------

On behalf of the Board:

_____ Director

_____ Director

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Operations and Deficit

For the year ended March 31	2009	2008
Revenue		
Gross profit rent (Note 5)	\$ 97,500	\$ 190,740
Expenses		
General and administrative expenses	<u>35,659</u>	<u>35,474</u>
Net income and comprehensive income for the year	61,841	155,266
Deficit, beginning of year	<u>(5,658,567)</u>	<u>(5,813,833)</u>
Deficit, end of year	<u>\$ (5,596,726)</u>	<u>\$ (5,658,567)</u>

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Net income and comprehensive income for the year	\$ 61,841	\$ 155,266
Changes in non-cash working capital balances		
Rent receivable	100,000	(190,740)
Accounts receivable	67	(67)
Accounts payable and accrued liabilities	(26)	-
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents for the year	161,882	(35,541)
Cash and cash equivalents, beginning of year	<hr/> 26,599	<hr/> 62,140
Cash and cash equivalents, end of year	<hr/> \$ 188,481	<hr/> \$ 26,599

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Summary of Significant Accounting Policies

March 31, 2009

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures 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.

Long-term Investments

The investment in Miller Environmental Corporation 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.

Revenue Recognition

Rental revenue is recognized over the term which it applies and when collectibility is reasonably assured.

Capital Disclosures

The corporation's capital consists of share capital and retained earnings.

The corporation manages its capital to ensure it retains sufficient cash resources to enable it to carry out its objectives. There were no changes in the corporation's approach to capital management during the period.

The corporation is not subject to externally imposed capital requirements.

Future Accounting Policy Changes

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the corporation, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

International Financial Reporting Standards - The AcSB plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the corporation's financial statements has yet to be determined.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 2009

1. Nature of Business

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.

2. Change in Accounting Policies

Effective April 1, 2008, the corporation adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862 Financial Instruments - Disclosures

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments - Disclosure and Presentation*. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863 Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments - Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the corporation's year end financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 2009

3. Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the corporation are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash and bank	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Rent receivable	Loans and receivables	Amortized cost
Long-term investments	Available for sale	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they will be recorded in the statement of operations and retained earnings.

Fair Value of Financial Instruments

The fair values of accounts receivable, rent receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Since the shares in long-term investments do not have a quoted market price in an active market, the fair value of these financial instruments has not been disclosed.

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.

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 term deposits and accounts receivable.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 2009

3. Financial Instruments and Financial Risk Management (continued)

The maximum exposure of the corporation to credit risk at March 31, 2009 is:

Cash and bank	\$ 188,481
Rent receivable	554,486
Long-term investments	<u>1,000,000</u>
	<u>\$ 1,742,967</u>

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.

Accounts receivable: The corporation is not exposed to significant credit risk as the receivables are due from another reliable organization and a payment plan is in place. 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.

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.

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.

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 short-term investments.

The interest rate risk on cash and bank is considered to be low because of the short-term nature of these financial instruments.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 2009

3. Financial Instruments and Financial Risk Management (continued)

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.

4. 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:

	<u>2009</u>	<u>2008</u>
75,000 common shares	\$ 7,500,000	\$ 7,500,000

5. Gross Profit Rent

On January 1, 1996, Miller Environmental Corporation (MEC) entered into a site lease agreement with the corporation. Up until February 28, 2008, under the terms of the agreement, MEC was committed to annual rent payments of 20% of gross profit to a maximum of \$500,000 for each calendar year. On March 1, 2008, the site lease agreement was adjusted and MEC was committed to fixed annual rent payments of \$90,000 per calendar year.

The estimated rental profit receivable based on the audited financial statements of MEC for the fiscal years ending February 28 is as follows:

February 28, 2008	\$ 190,740
February 28, 2007	180,780
February 28, 2006	77,419
February 28, 2005	94,817
February 28, 2004	21,115
February 28, 2003	16,998
February 28, 2002	57,323
February 28, 2001	15,294
	654,486
Less payments received from MEC	(100,000)
	\$ 554,486

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

March 31, 2009

6. Contingencies

Under the terms of the agreements with Miller Environmental Corporation, 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 Environmental Corporation. 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 \$7,299. No employee's compensation exceeded \$50,000 per year.

9. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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.



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télécopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Legislative Assembly of Manitoba:

We have audited the statement of financial position of **MANITOBA HEALTH RESEARCH COUNCIL** as at March 31, 2009 and the statements of operations and fund balances and cash flows for the year then ended. 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.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
April 17, 2009

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MANITOBA HEALTH RESEARCH COUNCIL

Statement of Financial Position

March 31	2009	2008
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Assets

Current Assets

Cash and bank (Note 2)	\$ 99,964	\$ 587,122
Short-term investments	2,273,722	365,721
Accounts receivable	7,860	791,557
Prepaid expenses	2,154	2,157
Deposits	500	500
	2,384,200	1,747,057

Capital assets (Note 3)	15,794	2,846
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	\$ 2,399,994	\$ 1,749,903
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Liabilities and Fund Balances

Current Liabilities

Accounts payable and accrued liabilities (Note 4)	\$ 107,590	\$ 89,837
Deferred revenue	-	368,046
Research grants payable	438,968	441,687
	546,558	899,570

Commitments (Note 6)

Fund Balances

General Research Fund (Page 4)	1,853,436	755,825
Regional Partnerships Program Fund (Page 4)	-	94,508
	1,853,436	850,333
	\$ 2,399,994	\$ 1,749,903

Approved on behalf of the Board:

Director

Director

MANITOBA HEALTH RESEARCH COUNCIL

Statement of Operations and Fund Balances

For the year ended March 31

2009

2008

	General Research Fund	Regional Partnership Fund	Total	Total
Revenue				
Province of Manitoba grants	\$ 5,000,000	\$ 1,000,000	\$ 6,000,000	\$ 5,103,276
Grants returned /rescinded	153,500	16,423	169,923	98,822
Investment income	57,645	-	57,645	65,479
	5,211,145	1,016,423	6,227,568	5,267,577
Add deferred revenue, beginning of year	-	368,046	368,046	-
Less deferred revenue, end of year	-	-	-	368,046
	5,211,145	1,384,469	6,595,614	4,899,531
Expenditures				
Administration (Page 12)	733,746	-	733,746	440,220
Personnel awards	2,044,770	28,000	2,072,770	1,455,738
Research grants	2,010,002	775,993	2,785,995	2,412,649
	4,788,518	803,993	5,592,511	4,308,607
Excess of revenue over expenditures for the year	422,627	580,476	1,003,103	590,924
Fund balances, beginning of year	755,825	94,508	850,333	259,409
Transfer Regional Partnership Fund to General Research Fund	674,984	(674,984)	-	-
Fund balances, end of year (Page 3)	\$ 1,853,436	\$ -	\$ 1,853,436	\$ 850,333

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

MANITOBA HEALTH RESEARCH COUNCIL

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	\$ 1,003,103	\$ 590,924
Adjustments for		
Amortization of capital assets	4,088	1,129
Loss on disposal of capital assets	-	1,671
	<u>1,007,191</u>	593,724
Changes in non-cash working capital balances		
Short-term investments	(1,908,001)	(177,603)
Accounts receivable	783,697	(522,364)
Accrued interest receivable	-	3,045
Prepaid expenses	3	-
Accounts payable and accrued liabilities	17,753	78,821
Deferred revenue	(368,046)	368,046
Research grants payable	(2,719)	(361,969)
	<u>(470,122)</u>	(18,300)
Cash Flows from Investing Activities		
Purchase of capital assets	(17,036)	(1,278)
Decrease in cash and cash equivalents during the year	(487,158)	(19,578)
Cash (bank indebtedness), beginning of year	587,122	606,700
Cash, end of year	\$ 99,964	\$ 587,122
Supplementary Information		
Interest received	\$ 56,456	\$ 52,492

MANITOBA HEALTH RESEARCH COUNCIL

Summary of Significant Accounting Policies

March 31, 2009

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis.

The organization classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

<u>Assets/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash and bank	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Research grants payable

Other financial liabilities Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

MANITOBA HEALTH RESEARCH COUNCIL

Summary of Significant Accounting Policies

March 31, 2009

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

Fund Accounting

The Manitoba Health Research Council follows the restricted fund method of accounting for contributions.

The General Research Fund reports only restricted resources that are used for research purposes. General research grants are charged to expenditures in the year the funding is committed for, by Council. Research grants returned to or rescinded by the Council are recorded as revenues when received or rescinded.

Regional Partnership 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.

Revenue Recognition

Grant revenue is reflected in income in the period in which the grant is received or becomes receivable. Interest income is recognized as revenue when earned and is allocated to the General Fund.

Grants and Awards

All grants and awards and their renewals are charged to expenditures when funding is approved by Council.

Administrative Expenditures

Administration expenses are allocated 100% to the General Research Fund.

MANITOBA HEALTH RESEARCH COUNCIL

Summary of Significant Accounting Policies

March 31, 2009

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The organization is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standard.

MANITOBA HEALTH RESEARCH COUNCIL

Notes to Financial Statements

March 31, 2009

1. Entity Definition

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.

2. Cash and Bank

	2009	2008
Bank of Montreal current account	\$ 85,940	\$ 44,743
Wellington West cash account	14,024	542,379
	\$ 99,964	\$ 587,122

3. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 14,599	\$ 4,226	\$ 2,358	\$ 1,633
Computer equipment	11,749	6,328	6,954	4,833
	\$ 26,348	\$ 10,554	\$ 9,312	\$ 6,466
Cost less accumulated amortization		\$ 15,794		\$ 2,846

MANITOBA HEALTH RESEARCH COUNCIL

Notes to Financial Statements

March 31, 2009

4. Accounts Payable and Accrued Liabilities

Included in accounts payable are appropriations of \$68,958 for Electronic Grants Management System for expenditures committed to in the 2008/09 fiscal year for ongoing work and outstanding expenses incurred on the project.

5. Related Party Transactions

Manitoba Health Research Council is related to all Province of Manitoba departments and agencies. During the year, the Council had the following transactions with related organizations:

	<u>2009</u>	<u>2008</u>
Grant revenue	\$ 6,000,000	\$ 5,103,276

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.

6. Commitments

The Manitoba Health Research Council has committed grants and awards under the General Research Fund and the Regional Partnership Fund as follows:

<u>Year</u>	<u>General Research Fund</u>	<u>Regional Partnership Fund</u>	<u>Total</u>
2010	\$ 2,267,515	\$ 541,215	\$ 2,808,730
2011	508,011	190,688	698,699
2012	300,000	-	300,000
2013	\$ 300,000	-	300,000
	<u>\$ 3,375,526</u>	<u>\$ 731,903</u>	<u>\$ 4,107,429</u>

Commitments of future years of the General Research Fund and Regional Partnership Fund 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	\$ 1,853,436
Future Province of Manitoba grants	<u>2,253,993</u>
	<u>\$ 4,107,429</u>

MANITOBA HEALTH RESEARCH COUNCIL

Notes to Financial Statements

March 31, 2009

6. Commitments (continued)

The organization has a future payment under an operating leases for the next year as follows:

2010	\$	3,386
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7. Economic Dependence

The Manitoba Health Research Council relies almost entirely on grants from the Province of Manitoba.

8. Capital Disclosures

The council considers its capital consists of its end of year Fund balances. There have been no changes to what the council considers to be its capital since the previous period.

The council manages its capital to ensure it retains sufficient cash resources to enable it to carry out its mission of providing grants to assist with medical research in Manitoba.

MANITOBA HEALTH RESEARCH COUNCIL

Schedule of Administrative Expenses

For the year ended March 31	2009	2008
Accounting and audit	\$ 4,508	\$ 3,953
Amortization	4,088	1,129
Bank charges and interest	249	137
Communications	264,635	109,219
Conferences, meetings and travel	13,352	19,070
Consulting and professional fees	7,046	-
Council and committee expenses	13,608	30,117
Delivery	3,356	3,327
GST expense	294	-
Insurance	4,450	4,400
Loss on disposal of asset	-	1,671
Marketing	14,714	12,731
Parking	1,042	1,398
Printing, stationery and office supplies	14,568	12,350
Repairs and maintenance	2,979	1,919
Reviewer's expenses	12,960	6,911
Salaries and benefits	371,297	231,888
Workshops and training	600	-
	<hr/>	<hr/>
	\$ 733,746	\$ 440,220



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health

We have audited the statement of financial position of the Manitoba Health Services Insurance Plan as at March 31, 2009, and the statement of operations and net assets for the year then ended. These financial statements reflect the Plan's health program expenses for insured services and the funding provided for these programs from the Department of Health appropriations for the Health Services Insurance Fund and Capital Grants. These financial statements are the responsibility of the management of the Department of Health. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Manitoba Health Services Insurance Plan as at March 31, 2009, and the revenue and expenses and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 19, 2009

MANAGEMENT REPORT

Management of Manitoba Health and Healthy Living is responsible to the Minister of Health for the integrity and objectivity of the financial statements and schedules of the Manitoba Health Services Insurance Plan. The financial statements for the year ended March 31, 2009 have been prepared in accordance with accounting principles consistent with prior years. Included in this year's financial statement is the Schedule of Payments pursuant to the provisions of *The Public Sector Compensation Disclosure Act*.

Manitoba Health and Healthy Living maintains a system of internal control designed to provide management with reasonable assurance that confidential data and other assets are safeguarded and that reliable operating and financial records are maintained. This system includes written policies and procedures, an internal audit program and an organization structure which provides for appropriate delegation of authority and segregation of responsibilities. Staff of the Office of the Auditor General review internal controls and report their findings annually to management and to the Minister of Health.

The Office of the Auditor General is responsible to express an independent, professional opinion on whether the financial statements are fairly stated 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.

Management has reviewed and approved these financial statements. To assist in meeting its responsibility, an audit committee meets to review audit, financial reporting and related matters.

On behalf of the management,

Original signed by
Arlene Wilgosh
Deputy Minister of Health and
Healthy Living

Original signed by
Karen Herd, CA
Chief Financial Officer and
Assistant Deputy Minister

Winnipeg, Manitoba
June 19, 2009

Manitoba Health Services Insurance Plan Statement of Financial Position

As At March 31, 2009

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Assets		
Current		
Cash	\$ 22,030	\$ 35,885
Funds on deposit with the Province of Manitoba	242,786	191,813
Accounts receivable (Note 3)	59,672	52,706
Due from the Province of Manitoba - vacation pay (Note 4)	121,663	121,663
	<u>446,151</u>	<u>402,067</u>
Due from the Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
	<u>\$ 574,328</u>	<u>\$ 530,244</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	324,488	279,604
Accrued vacation pay (Note 4)	121,663	121,663
	<u>446,151</u>	<u>401,267</u>
Post employment benefits payable (Note 4)	128,177	128,177
Net Assets	-	800
	<u>\$ 574,328</u>	<u>\$ 530,244</u>

Manitoba Health Services Insurance Plan
Statement of Operations and Net Assets
For the Year Ended March 31, 2009
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Revenue		
Grants from the Province of Manitoba (Note 9)	\$ 3,977,545	\$ 3,661,873
Third party recoveries	14,556	13,238
Miscellaneous	59	53
	<u>3,992,160</u>	<u>3,675,164</u>
 Expenses		
Health Authorities and Facilities (Note 6, 7)	2,809,721	2,584,836
Medical (Notes 6, 7, 11)	827,772	764,441
Provincial programs	126,210	100,963
Pharmacare	229,257	224,924
	<u>3,992,960</u>	<u>3,675,164</u>
Excess (deficiency) of revenue over expenses	(800)	-
 Net Assets, beginning of year	800	800
Net Assets, end of year	\$ -	\$ 800

Manitoba Health Services Insurance Plan Notes to the Financial Statements

For the Year ending March 31, 2009

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 generally accepted accounting principles (GAAP) for not-for-profit entities.

b. New Accounting Policies

Effective April 1, 2008 the Plan adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

Sections 3862 and 3863 are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. These sections were subsequently amended to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These entities are permitted to continue to apply Section 3861 Financial Instruments - Disclosure and Presentation in place of Sections 3862 and 3863. An entity that does so must disclose this fact.

c. Revenue Recognition

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

d. Capital Management

The Plan's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Plan's capital consists of net assets.

The Plan's capital management policy is to
Maintain sufficient capital to meet its objectives through its net assets by managing transfers of surplus funds to the Province of Manitoba,
Meet short-term capital needs with working capital advances from the Province of Manitoba.

The Plan is not subject to externally imposed capital requirements.

There were no changes in the Plan's approach to capital management during the period.

e. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Plan has designated its financial instruments as follows:

Cash and funds on deposit are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in the statement of operations and net assets for the current period.

Accounts receivable, and the amounts due from the Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

Accounts payable and accrued liabilities, and accrued vacation pay are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

The Plan has continued to apply section 3861, Financial Instruments – Disclosures and Presentation in place of Sections 3862 and 3863.

Unless otherwise noted, it is management's opinion that Plan is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Fair value of financial instruments

The fair value of cash, fund on deposit, accounts receivable, due from the Province of Manitoba – vacation pay, accounts payable and accrued liabilities, and accrued vacation pay approximates their carrying values due to their short-term maturity.

The carrying value of the due from the Province of Manitoba – post employment receivable approximates its fair value, as the annual interest accretion is funded.

f. 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. Actual results could differ from these estimates.

g. 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.

h. Statement of Cash Flows

These financial statements do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

i. Future Accounting Policy Changes

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs).

CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so.
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.
- make Section 1540 Cash Flow Statements applicable to NFPOs.
- make Section 1751 Interim Financial Statements applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

3. Accounts Receivable

	2009	2008
Province of Manitoba	\$21,721	\$16,029
Other Provinces and Territories	23,994	23,006
<u>Other</u>	<u>13,957</u>	<u>13,671</u>
	<u>\$59,672</u>	<u>\$52,706</u>

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

	2009	2008
Health Authorities and Facilities	\$187,740	\$123,615
Medical Service Claims	81,031	87,172
Pharmacare Claims	17,174	15,505
Province of Manitoba	9,211	17,742
General	29,332	35,570
	\$324,488	\$279,604

6. Inter-provincial Reciprocal Recoveries

Under inter-provincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Claims for services are subsequently recovered between provincial governments. In order to reflect the cost of insured services to Manitobans, the recoveries attributable to services for non-Manitoba residents are netted against program expenses.

For the year ended March 31, 2009 the expenses for Health Authorities and Facilities within the Province, of \$2,809,721 (2008 - \$2,584,836) are net of reciprocal recoveries of \$52,480 (2008 - \$37,211). The expenses for Medical program of \$827,772 (2008 - \$764,441) are net of reciprocal recoveries of \$13,027 (2008 - \$11,997).

7. Regional Health Authorities

The following table summarizes payments to the Health Authorities. These payments are included in the financial statements in the expense categories of Health Authorities and Facilities and Medical.

Regional Health Authority	2009			2008
	Facilities	Medical	Total	Total
Winnipeg	\$1,776,206	\$155,721	\$1,931,927	\$1,790,752
Brandon	164,099	10,487	174,586	161,733
North Eastman	44,483	3,090	47,573	42,998
South Eastman	69,258	6,084	75,342	65,410
Interlake	90,356	7,556	97,912	87,601
Central	152,081	13,985	166,066	155,522
Assiniboine	127,277	13,928	141,205	130,012
Parkland	105,089	5,083	110,172	100,233
Norman	59,266	10,327	69,593	64,232
Burntwood	59,100	15,070	74,170	65,741
Churchill	10,841	-	10,841	10,258
CancerCare	79,139	12,014	91,153	86,398
Total Payments	\$2,737,195	\$253,345	\$2,990,540	\$2,760,890

The expense category, Health Authorities and Facilities, in the Statement of Operations and Net Assets is comprised of the following:

	2009	2008
Health Authorities payments	\$2,737,195	\$2,530,565
Accruals and payments to facilities and third parties	125,006	91,482
Reciprocal recoveries	(52,480)	(37,211)
Total Expenses	\$2,809,721	\$2,584,836

The expense category, Medical, in the Statement of Operations and Net assets is comprised of the following:

	2009	2008
Fee for Services Medical payments and accruals	\$558,526	\$518,540
Health Authorities payments	253,345	230,325
Optometric	6,120	5,990
Chiropractic	9,781	9,586
Total Expenses	\$827,772	\$764,441

8. Contingencies

The nature of the Plan's activities is such that there may be litigation pending or in progress at any time. With respect to claims at March 31, 2009, no provision has been made in the financial statements as the final outcome of the claims is not determinable at this time.

9. Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

10. 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.

11. *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.

12. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.



AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the statement of financial position of the Manitoba Horse Racing Commission as at March 31, 2009, and the statements of operating revenue and expenses and fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 1, 2009

THE MANITOBA HORSE RACING COMMISSION

Statement of Financial Position as at March 31, 2009

	General Fund	Capital Asset Fund	Parl-Mutuel Levy Fund	Restricted Funds			Total	
				Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2009	2008
ASSETS								
Current								
Cash	\$ 14,939	\$ -	\$ -	\$ 9,774	\$ 64,326	\$ 251,840	\$ 340,879	\$ 408,939
Parl-mutuel levy receivable	-	-	7,216	-	-	-	7,216	5,564
Interfund balances	740	-	(7,216)	-	5,088	1,388	-	-
Accounts receivable	16,300	-	-	-	-	-	16,300	13,650
Receivable from Province of Manitoba - Pension	12,529	-	-	-	-	-	12,529	307,729
	44,508	-	-	9,774	69,414	253,028	376,724	735,882
Long term investment (Note 3)	307,729	-	-	-	-	-	307,729	-
Capital assets (Note 6)	-	13,439	-	-	-	-	13,439	14,448
	\$ 352,237	\$ 13,439	\$ -	\$ 9,774	\$ 69,414	\$ 253,028	\$ 697,892	\$ 750,330
LIABILITIES AND FUND BALANCES								
Current								
Accounts payable and accrued liabilities	\$ 16,520	\$ -	\$ -	\$ 9,774	\$ 69,414	\$ 253,028	348,736	372,535
Deferred revenue	2,415	-	-	-	-	-	2,415	1,765
	18,935	-	-	9,774	69,414	253,028	351,151	374,290
Provision for employee pension benefits (Note 4)	320,258	-	-	-	-	-	320,258	307,729
	339,193	-	-	9,774	-	253,028	671,409	682,019
Fund Balances								
Unrestricted	13,044	-	-	-	-	-	13,044	51,292
Invested in Capital Assets	-	13,439	-	-	-	-	13,439	14,448
Restricted	-	-	-	-	-	-	-	2,571
	\$ 352,237	\$ 13,439	\$ -	\$ 9,774	-	253,028	697,892	760,330

APPROVED BY THE COMMISSION

_____	Chairman	See accompanying notes	financial statements
_____	Comptroller		

THE MANITOBA HORSE RACING COMMISSION

Statement of Operating Revenue and Expenses and Fund Balances for the year ended March 31, 2009

	General Fund	Capital Asset Fund	Restricted Funds				Total	
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2009	2008
Revenue								
Fees, licenses and fines (Note 5)	\$ 122,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,015	\$ 116,713
Grant revenue	38,000	-	-	487,000	-	-	525,000	600,000
Interest	415	-	-	-	-	-	415	14,592
Pari-mutuel levy	-	-	2,917,999	-	-	-	2,917,999	3,032,682
Employee future benefits (Note 4)	12,529	-	-	-	-	-	12,529	19,393
	<u>172,959</u>	<u>-</u>	<u>2,917,999</u>	<u>487,000</u>	<u>-</u>	<u>-</u>	<u>3,577,958</u>	<u>3,683,380</u>
Expenses								
General Fund operating expenses (Schedule 1)	511,896	-	-	-	-	-	511,896	484,326
Overnight purse support thoroughbred	-	-	-	-	2,062,549	-	2,062,549	2,149,003
Owners/breeders incentive thoroughbred	-	-	-	-	-	553,675	553,675	679,940
Quarter Horse support	-	-	-	12,000	-	-	12,000	12,000
Amortization of capital assets	-	2,095	-	-	-	-	2,095	1,984
Standardbred rural	-	-	-	477,571	-	-	477,571	450,000
	<u>511,896</u>	<u>2,095</u>	<u>-</u>	<u>489,571</u>	<u>2,062,549</u>	<u>553,675</u>	<u>3,619,786</u>	<u>3,677,253</u>
Excess (deficiency) of revenues over expenses	(338,937)	(2,095)	2,917,999	(2,571)	(2,062,549)	(553,675)	(41,828)	6,127
Capital fund transfer (Note 2)	(1,086)	1,086	-	-	-	-	-	-
Pari-mutuel levy fund transfer (Note 2)	301,775	-	(2,917,999)	-	2,062,549	553,675	-	-
Fund balances, beginning of year	51,292	14,448	-	2,571	-	-	68,311	62,184
Fund balances, end of year	<u>\$ 13,044</u>	<u>\$ 13,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,483</u>	<u>\$ 68,311</u>

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION

Statement of Cash Flow

For the year ended March 31, 2009

	2009	2008
Cash and cash equivalents provided by (used for) the following activities		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (41,828)	\$ 6,127
Amortization	2,095	1,984
	(39,733)	8,111
Changes in working capital accounts		
Parl-mutuel levy receivable	(1,652)	41,830
Prepaid expenses	-	7,388
Accounts receivable	(2,650)	1,780
Receivable from Province of Manitoba - Pension	295,200	(19,393)
Accounts payable and accrued liabilities	(23,799)	(61,581)
Deferred revenue	660	(1,160)
Provision for employee pension benefits (Note 4)	12,529	19,393
	240,555	(3,632)
Investing and Financing activities:		
Purchase of capital assets	(1,086)	(1,177)
Long term investment	(307,729)	-
	(308,815)	(1,177)
Increase (decrease) in cash	(68,260)	(4,809)
Cash and cash equivalents, beginning of year	408,939	413,748
Cash and cash equivalents, end of year	\$ 340,679	\$ 408,939

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

1. Nature of the operations

The Manitoba Horse Racing Commission (Commission) 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 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 fund 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.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. 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.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

2. Significant accounting policies

General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions.

Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The Commission's financial instruments consist of cash, long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

The Commission has designated its financial instruments as follows:

Cash and long term investment are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, pari-mutuel levy receivable and receivable from Province of Manitoba - pension are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in the statement of fund balances until realized, at which time they are recorded in the statement of operating revenue and expenses.

Fair value of financial Instruments

Due to the redeemable nature of cash its carrying value is considered to be fair value.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

The fair value of long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

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

These 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, 2007. Experience gains or losses are recognized in the year the actuarial valuation is completed.

Use of estimates

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

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.

New accounting policies adopted

Effective April 1, 2008 the Commission adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance (Note 8).

Financial Instruments

In late 2008, the Canadian Institute of Chartered Accountants provided an option to not-for-profit organizations with respect to Financial Instruments. Not-for-profit organizations may choose to apply

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentation, Section 3863 or may elect to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861. The Commission has elected to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861.

Section 1400, General Standards of Financial Statement Presentation

Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of these changes have no impact on the Commission's financial statements.

Fund transfers

- i) **Capital fund transfers**
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:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

Future Accounting Pronouncements

Section 4430, Capital Assets Held by Not-for-profit Organizations (NFPO)

Section 4430 has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets. This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4400, Financial Statement Presentation by Not-for-profit Organizations

Section 4400 was amended to remove the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations. These new requirements apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Early adoption of a Cash Flow Statement was prepared for March 31, 2009.

3. Long term investment

In 2009 the Province of Manitoba made payment of the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment has been placed in a trust account (bearing interest at 0.55%) maturing March 30, 2010 on behalf of the Manitoba Horse Racing Commission, and held until the cash is required to discharge the related liabilities. As this is only likely to happen in a future year, this amount has been classified as a long term asset.

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, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2004 - 7%), 2.50% inflation (2004 - 2.50%), salary rate increases of 3.25% (2004 - 3.25%) 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, 2009 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

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

	2009	2008
Balance, beginning of year	\$ 307,729	\$ 288,336
Benefits accrued	14,272	13,163
Interest accrued on benefits	25,680	20,594
Benefits paid	(15,620)	(14,364)
Experience gain	(11,803)	-
Balance, end of year	\$ 320,258	\$ 307,729

The Commission's pension plan costs consist of the following:

	2009	2008
Benefits accrued	\$ 14,272	\$ 13,163
Interest accrued on benefits	25,680	20,594
Experience gain	(11,803)	-
Pension cost	\$ 28,149	\$ 33,757

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

5. Fees, licenses and fines

	2009	2008
Assinibola Downs		
Daily licenses	\$ 71,150	\$ 66,975
Fees and licenses	35,438	36,648
Fines	14,212	11,490
	<u>120,798</u>	<u>115,113</u>
Rural Circuit		
Fees and licenses	822	570
Fines	395	1,030
	<u>1,217</u>	<u>1,600</u>
	<u>\$ 122,015</u>	<u>\$ 116,713</u>

6. Capital assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 11,599	\$ 3,390	\$ 11,599	\$ 2,695
Security equipment	2,714	856	1,629	448
Furniture	7,572	4,200	7,571	3,208
	<u>\$ 21,885</u>	<u>\$ 8,446</u>	<u>\$ 20,799</u>	<u>\$ 6,351</u>
Net book value		<u>\$ 13,439</u>		<u>\$ 14,448</u>

7. Financial Instruments Risk Management

The Commission has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Interest rate risk
- Credit risk
- Currency risk

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

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.

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 term investment, pari-mutuel levy receivable, 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.

Pari-mutuel receivable and accounts receivable are not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

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.

8. Capital management

The Commission's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the various fund balances in the amount of \$26,483 (2008 - \$68,311). The Commission is not subject to externally imposed capital requirements. There have been no changes in the Commission's approach to capital management during the period.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

THE MANITOBA HORSE RACING COMMISSION

Schedule 1 - General Fund Operating Expenses For the year ended March 31, 2009

	2009	2008
Expenses		
Bad Debt	\$ 184	\$ 1,930
Commissioners' per diem and honoraria	23,023	15,816
Drug, alcohol and security	9,848	7,718
Employee benefits	26,757	27,520
Equipment and office furniture	3,290	5,821
Equipment rentals	2,171	3,709
Insurance	923	893
Memberships and dues	5,475	(472)
Office	17,140	20,287
Pension cost (Note 4)	28,149	33,757
Professional fees	13,449	8,412
Recruiting costs	-	2,000
Salaries:		
Administration	137,832	124,048
Security	18,776	17,791
Stewards and judges	133,128	122,863
Veterinarian services	52,104	51,654
Support grant	15,926	15,739
Telephone	8,131	6,421
Travel	15,589	18,419
	<u>\$ 511,896</u>	<u>\$ 484,326</u>



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 2009 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
July 3, 2009

MANAGEMENT REPORT

The accompanying financial statements of The Manitoba Housing and Renewal Corporation are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with that of the preceding year. 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 July 3, 2009.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of The Manitoba Housing and Renewal Corporation are properly safeguarded.

The responsibility of the Office of the Auditor General of the Province of Manitoba is to express an independent, professional opinion on whether the financial statements of The Manitoba Housing and Renewal Corporation are fairly presented in accordance with the accounting policies stated in the notes to the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

Brian Brown, Comptroller, Financial Management

Joy Cramer, Chief Executive Officer

July 3, 2009

THE MANITOBA HOUSING AND RENEWAL CORPORATION

BALANCE SHEET

March 31, 2009

ASSETS

	<u>2009</u>	<u>2008</u>
Cash (note 4)	\$ 113,315,188	\$ 93,631,755
Accounts receivable and accruals (note 5)	26,041,888	27,956,014
Prepaid expenses	4,455,464	5,392,174
Loans and mortgages receivable (note 6)	144,267,605	147,156,098
Land and housing:		
Housing projects (note 7)	92,692,149	78,421,998
Housing investment (note 8)	916,145	1,038,220
Land development costs	35,202,758	26,057,619
Land (note 10)	<u>12,169,117</u>	<u>12,389,914</u>
	<u>140,980,169</u>	<u>117,907,751</u>
Total Assets	<u><u>\$ 429,060,314</u></u>	<u><u>\$ 392,043,792</u></u>

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts payable, holdbacks and accruals	\$ 41,748,632	\$ 39,113,898
Deferred revenue (note 11)	15,641,155	12,721,196
Long-term debt (note 12)	508,895,430	495,836,702
Deferred contributions (note 13)	<u>77,573,971</u>	<u>69,342,039</u>
Total Liabilities	<u>643,859,188</u>	<u>617,013,835</u>
Fund Balances		
The Housing Development and Rehabilitation Fund	6,417,575	3,678,735
The Manitoba Housing and Renewal Fund (Deficit)	<u>(221,216,449)</u>	<u>(228,648,778)</u>
Total Fund Balances (Accumulated Deficit)	<u>(214,798,874)</u>	<u>(224,970,043)</u>
Total Liabilities and Fund Balances	<u><u>\$ 429,060,314</u></u>	<u><u>\$ 392,043,792</u></u>

Contingencies (note 22)

Commitments (note 23)

Guarantees (note 24)

Approved by the Board of Directors:

Director

Director

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue:		
Grants from the Province of Manitoba (note 14)	\$ 74,243,149	\$ 59,205,645
Contributed services (note 15)	1,743,600	1,583,200
Rental revenue (note 16)	66,212,079	64,282,662
Subsidy contributions (note 25)	50,096,014	55,880,228
	<u>192,294,842</u>	<u>180,951,735</u>
Interest:		
Loans and mortgages	14,034,784	14,714,786
Bank and other	159,266	136,960
	<u>14,194,050</u>	<u>14,851,746</u>
Sales of land and other:		
Sales of land - joint venture (note 9)	3,686,753	5,074,181
Sales of land - Waverley West	9,398,220	692,500
Other	1,167,010	41,374
	<u>14,251,983</u>	<u>5,808,055</u>
	<u>220,740,875</u>	<u>201,611,536</u>
Expenses:		
Housing operations - excluding amortization and interest (note 16)	94,983,326	87,168,300
Housing operations amortization (note 16)	8,407,136	7,778,614
Housing operations interest (note 16)	22,827,333	23,969,050
Rental subsidies (note 17)	44,060,241	44,449,831
Grants and subsidies (note 18)	6,489,884	5,698,902
Interest expense	15,101,507	14,677,778
Administrative services (note 15)	1,974,500	1,692,500
(Gain) on sale of housing projects and land	(111,240)	(172,482)
(Recovery) of provision for loss and write downs	(3,862,306)	(306,924)
Cost of land sales - joint venture	1,388,504	2,059,084
Cost of land sales - Waverley West	8,882,180	236,350
Repair and renovation expense (note 15)	7,555,004	7,692,790
Other	1,374,623	582,369
Pension (note 19)	1,499,014	(324,673)
	<u>210,569,706</u>	<u>195,201,489</u>
Excess of revenue over expenses and comprehensive income	<u><u>\$ 10,171,169</u></u>	<u><u>\$ 6,410,047</u></u>

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF FUND BALANCES
March 31, 2009

	<u>2009</u>	<u>2008</u>
Manitoba Housing and Renewal Fund (MHRF)		
(Deficit) - beginning of year	\$ (228,648,778)	\$ (231,380,090)
Excess revenues over expenditures	10,171,169	6,410,047
Interfund transfer - HDRF	<u>(2,738,840)</u>	<u>(3,678,735)</u>
MHRF (Deficit) - end of year	<u>\$ (221,216,449)</u>	<u>\$ (228,648,778)</u>
 Housing Development and Rehabilitation Fund		
(HDRF) - beginning of year	\$ 3,678,735	\$ -
Interfund transfer - MHRF	<u>2,738,840</u>	<u>3,678,735</u>
HDRF - end of year	<u>6,417,575</u>	<u>3,678,735</u>
Total Fund Balances (Accumulated Deficit)	<u><u>\$ (214,798,874)</u></u>	<u><u>\$ (224,970,043)</u></u>

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Cash provided by (used for):		
<u>Operating activities:</u>		
Excess of revenue over expenses	\$ 10,171,169	\$ 6,410,047
Add (deduct) items not involving cash:		
Amortization	10,984,595	9,422,921
(Recovery) of provision for loss and write downs	(3,862,306)	(306,924)
Gain on sale of housing projects and land	(111,240)	(172,482)
Federal subsidies - housing projects	673,270	(1,375,899)
	<u>7,684,319</u>	<u>7,567,616</u>
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	1,914,126	9,232,918
Prepaid expenses	936,710	(1,739,814)
Accounts payable, holdbacks and accruals	2,634,734	2,038,650
Deferred revenue	2,919,959	(1,579,755)
Deferred contributions	8,231,932	3,278,317
Land development costs in joint venture (note 9)	1,241,089	411,816
Land in joint venture (note 10)	121,411	184,744
	<u>35,855,449</u>	<u>25,804,539</u>
<u>Financing activities:</u>		
Borrowings	40,948,163	29,750,809
Additions to loans and mortgages	(653,306)	(1,831,444)
Proceeds from repayment of loans and mortgages	3,541,799	7,727,762
Repayment of borrowings	(27,889,435)	(21,838,812)
	<u>15,947,221</u>	<u>13,808,315</u>
<u>Investing activities:</u>		
Additions to land and housing	(32,340,683)	(27,538,403)
Proceeds from sale of housing projects and land	221,446	333,412
	<u>(32,119,237)</u>	<u>(27,204,991)</u>
Increase (decrease) in cash	19,683,433	12,407,862
Cash at beginning of year	<u>93,631,755</u>	<u>81,223,893</u>
Cash at end of year	<u><u>\$ 113,315,188</u></u>	<u><u>\$ 93,631,755</u></u>
 Supplementary disclosure:		
Cash payments of interest received	\$ 13,692,723	\$ 14,307,912
Cash payments of interest paid	\$ 35,794,770	\$ 37,128,419

(see accompanying notes)

**THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009**

1. Authority

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 objects 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.

The Corporation is economically dependent on the Government of the Province of Manitoba.

These financial statements include, in note 16, the operating results of MHRC owned properties which are managed by The Manitoba Housing Authority (MHA). The MHA was established in 1992 as an agency of MHRC.

2. Significant accounting policies

a) Basis of accounting

The Corporation's financial statements are prepared using Canadian generally accepted accounting principles.

b) Loans and mortgages receivable

Loans and mortgages receivable are valued at principal amounts less an allowance for loan impairment.

c) Loan forgiveness

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. The Corporation 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, the Corporation records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance.

d) Allowance for loan impairment

The Corporation 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 the Corporation'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. The Corporation does not provide any additional non-specific, general provision for loan impairment. The Corporation'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.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

e) Housing projects and amortization

- i) Social housing projects are valued at cost less accumulated amortization.
- ii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.
- iii) Housing projects which are declared abandoned or surplus to the needs of the Corporation are valued at the lesser of cost less accumulated amortization and net realizable value.
- iv) Housing projects are amortized on a straight-line basis over their estimated useful lives as follows:
 - Wood buildings – 25 years
 - Brick buildings – 40 years
 - Betterments – 10 to 20 years

f) Interest in joint venture

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's prorata 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.

g) Land

Land is valued at the lower of cost and appraised value adjusted for estimated disposition costs, except for land leased to co-operatives. Cost includes acquisition costs and related carrying costs. The carrying costs of the land, which include interest, planning and development costs, grants in lieu of taxes, less revenue derived from use of undeveloped land, were capitalized to land to March 31, 1993. Effective April 1, 1993 the carrying costs are charged annually to operations. Cost for land acquired after March 31, 1993 consists of the original purchase price and the acquisition costs.

Land leased to co-operatives is valued at original cost. The Corporation incurs no liabilities or obligations with respect to the lessees' buildings situated on the land. The carrying costs of the land, net of lease revenue, are charged annually to MHRC operations.

h) Land development costs

Land development costs include interest, planning, development and administrative costs. These costs are capitalized as land development costs to the date of sale of the related land.

i) Revenue recognition

Grants 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. Subsidy contributions are recognized on an accrual basis in the fiscal period to which they relate. Interest is recognized on an accrual basis in the fiscal period in which it is earned.

j) Interest capitalization

Interest costs on financing related to housing projects and housing investments are capitalized to the date of completion.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
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k) Pension costs and obligations

Current service contributions for MHA employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by MHA employees.

The Corporation 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 the Corporation on February 8, 2003.

Current actuarial gains or losses are recognized as operating expenses.

l) Contributed services

Under an agreement entered into between The Manitoba Housing and Renewal Corporation and the Department of Family Services and Housing, 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.

m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 these estimates.

n) Comprehensive Income

Section 1530 of the CICA accounting standards requires the presentation of a statement of comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Corporation has not recognized any adjustments through other comprehensive income for the year ended March 31, 2009. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

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NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

3. New Accounting Policies Adopted

Effective April 1, 2008 MHRC adopted CICA Handbook section 1535 Capital Disclosures. These disclosure standards require the corporation to provide disclosure of how the corporation manages its capital.

Capital Management

MHRC's objective when managing capital is to maintain sufficient capital to cover its costs of operations. MHRC includes The Housing Development and Rehabilitation Fund and The Manitoba Housing and Renewal Fund Deficit as well as long-term debt in its definition of capital.

MHRC's operating objectives are to ensure that there is an adequate supply of housing stock in Manitoba and to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs. In order to meet these operating objectives, MHRC capital management policy is to:

- Obtain long term debt from the Province of Manitoba and Canada Mortgage and Housing Corporation;
- Obtain rental revenue from its housing stock. This revenue is partially subsidized through provincial and CMHC funding; and
- Earn interest income on loans and mortgages to individuals and organizations that meet pre-defined criteria.

Long term debt and the Manitoba Housing and Renewal Fund are not subject to externally imposed capital requirements. The Housing Development and Rehabilitation Fund is required by legislation to provide support for housing projects in areas of need within a municipality in which the MHRC realized suburban land development profits. There were no changes to MHRC's approach to capital management during the period.

MHRC's capital is as follows:

	<u>2009</u>	<u>2008</u>
Long Term Debt (note 12)	\$508,895,430	\$495,836,702
Housing Development and Rehabilitation Fund (note 21)	6,417,575	3,678,735
Manitoba Housing and Renewal Fund (deficit)	<u>(221,216,449)</u>	<u>(228,648,778)</u>
Capital	<u>\$294,096,556</u>	<u>\$270,866,659</u>

Financial Instruments – Disclosure

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments – Disclosure and Presentation*. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date and how those risks are managed.

Financial Instruments – Presentation

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments – Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in MHRC's year end financial statements.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

4. Cash

	<u>2009</u>	<u>2008</u>
On deposit with the Minister of Finance:		
Trust deposits	\$ 77,349,470	\$ 80,512,075
Deferred Contributions (note 13)	12,385,799	12,070,497
Mobile home loan guarantee program fund (note 24)	<u>108,678</u>	<u>163,115</u>
	89,843,947	92,745,687
 Bank	 23,462,466	 877,243
Petty cash	<u>8,775</u>	<u>8,825</u>
	<u><u>\$ 113,315,188</u></u>	<u><u>\$ 93,631,755</u></u>

5. Accounts receivable and accruals

	<u>2009</u>	<u>2008</u>
Canada Mortgage and Housing Corporation	\$ 3,237,350	\$ 4,240,935
Government of the Province of Manitoba and its agencies	2,408,614	4,133,689
Rent receivables - net of allowance of \$5,311,005 (2008 - \$6,350,703)	2,782,921	1,946,139
Accrued interest on loans and mortgages receivable	522,600	461,194
City of Winnipeg - net of allowance of \$2,830 (2008 - \$67,927)	236,882	256,628
Other - net of allowance of \$10,270 (2008- \$12,347)	8,351,630	9,914,552
Government of the Province of Manitoba		
- severance benefits (note 20)	1,446,105	1,446,105
- pension recoverable (note 19)	<u>7,055,786</u>	<u>5,556,772</u>
	<u><u>\$ 26,041,888</u></u>	<u><u>\$ 27,956,014</u></u>

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	<u>2009</u>	<u>2008</u>
Federal/Provincial Housing:		
Private Non-Profit Housing Program	\$ 94,053,650	\$ 96,462,775
Rural and Native Housing Program	4,452	6,793
Urban Native Housing Program	27,211,327	29,914,877
	<u>121,269,429</u>	<u>126,384,445</u>
Market Rental Programs:		
Co-operative HomeStart Program	8,040,710	8,189,164
Co-operative Index Linked Program	6,504,489	6,982,342
Manitoba Rural RentalStart Program	254,182	264,034
Manitoba Senior RentalStart Program	4,179,136	4,287,419
	<u>18,978,517</u>	<u>19,722,959</u>
Other Programs:		
Community Residences Program	2,807,160	3,694,792
Market Homeowner Programs	54,116	70,315
Homeowner Rehabilitation Programs	202,462	234,017
Other	2,828,711	2,784,666
	<u>5,892,449</u>	<u>6,783,790</u>
	146,140,395	152,891,194
Less - allowance for loan impairment	<u>(1,872,790)</u>	<u>(5,735,096)</u>
Subtotal repayable loans and mortgages receivable	144,267,605	147,156,098
Forgivable loans	110,944,042	97,223,403
	255,211,647	244,379,501
Less - forgivable loans asset valuation allowance	<u>(110,944,042)</u>	<u>(97,223,403)</u>
Loans and mortgages receivable	<u>\$ 144,267,605</u>	<u>\$ 147,156,098</u>

Loans and mortgages receivable bear interest at various rates between 0% and 13.50% with maturities at various dates to 2035.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2010	\$ 206,178
2011	65,715
2012	319,695
2013	3,821,927
2014	2,565,561
Subsequent to 2014	139,161,319
	<u>\$ 146,140,395</u>

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	<u>2009</u>	<u>2008</u>
Market rental programs	\$ 1,693,568	\$ 5,624,414
Other programs	179,222	110,682
	<u>\$ 1,872,790</u>	<u>\$ 5,735,096</u>

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7. Housing projects

	<u>2009</u>	<u>2008</u>
Land	\$ 21,753,083	\$ 21,743,969
Buildings	411,301,566	398,366,403
Less - accumulated amortization	354,639,945	346,413,491
Buildings – net book value	<u>56,661,621</u>	<u>51,952,912</u>
Under construction	18,316,786	9,437,728
	96,731,490	83,134,609
Less - financing provided by CMHC	(4,039,341)	(4,712,611)
	<u>\$ 92,692,149</u>	<u>\$ 78,421,998</u>

8. Housing investment

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 were administered by CMHC and subsequently have been administered by MHRC, under the Rural and Native Housing Program.

On September 3, 1998, MHRC and CMHC executed a Declaration of Trust by which CMHC has transferred their ownership interest in cost-shared and 100% CMHC funded Public Housing projects to MHRC, as trustee. MHRC's interest in these projects will be earned over the remainder of each project's CMHC subsidy commitment period, in amounts which will correspond to the annual amortization of the assets. No increase in housing investment has been recorded by MHRC.

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9. Joint venture

The Corporation contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The appraised value of the land at that time, adjusted for subsequent sales, was \$1,052,746 (2008 - \$1,174,157) and is included in joint venture land in note 10. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba. In accordance with the terms of the agreement, the Corporation has provided loan guarantees for the purposes of the joint venture development in an amount not to exceed \$2,400,000 (note 24).

The following is a summary of the Corporation's pro rata share of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and short term investments	\$ 1,010,800	\$ 619,498
Accounts receivable from land sales	3,778,338	4,146,937
	<u>4,789,138</u>	<u>4,766,435</u>
Long Term Assets:		
Development in progress	<u>(186,151)</u>	<u>1,054,938</u>
Total Assets	<u>\$ 4,602,987</u>	<u>\$ 5,821,373</u>
Current Liabilities:		
Accounts payable and accrued liabilities	<u>4,203</u>	<u>16,636</u>
Net Assets	<u>\$ 4,598,784</u>	<u>\$ 5,804,737</u>
Sales of land	\$ 3,686,753	\$ 5,074,181
Cost of land sales	<u>1,267,093</u>	<u>1,874,340</u>
Gross margin	<u>2,419,660</u>	<u>3,199,841</u>
Expenses:		
Interest on bank indebtedness	10,129	13,196
General	38,293	58,615
Other	<u>133,191</u>	<u>161,178</u>
Total expenses	<u>181,613</u>	<u>232,989</u>
Net income for the year	<u>\$ 2,238,047</u>	<u>\$ 2,966,852</u>

10. Land

	<u>2009</u>	<u>2008</u>
Future development or sale	\$ 9,456,579	\$ 9,555,965
Leased to co-operatives	1,659,792	1,659,792
Joint venture	<u>1,052,746</u>	<u>1,174,157</u>
	<u>\$ 12,169,117</u>	<u>\$ 12,389,914</u>

THE MANITOBA HOUSING AND RENEWAL CORPORATION
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11. Deferred revenue

	<u>2009</u>	<u>2008</u>
Manitoba Housing Authority tenant prepaid rent	\$ 2,055,392	\$ 2,076,015
Other prepaid land lease and subsidy contribution received in advance	317,189	298,525
Affordable Housing Initiative commitments	13,268,574	10,346,656
	<u>\$ 15,641,155</u>	<u>\$ 12,721,196</u>

12. Long-term debt

	<u>2009</u>	<u>2008</u>
Government of the Province of Manitoba:		
Advances, convertible to long-term advances at MHRC's option, at prime interest rates	\$ 66,897,319	\$ 37,269,512
Long-term advances, at interest rates from 4.75% to 13.375% maturing at various dates to 2029 and requiring annual principal and interest payments of \$37,966,316 (2008 - \$38,029,946)	283,365,617	294,533,899
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.67% to 8.625% maturing at various dates to 2030 and requiring annual principal and interest payments of \$15,024,576 (2008 - \$15,022,602)	155,907,762	161,229,610
Mortgages payable (assumed on property acquisitions), at interest rates from 5.125% to 10.50% maturing at various dates to 2028 and requiring annual principal and interest payments of \$325,290 (2008 - \$325,260)	<u>2,724,732</u>	<u>2,803,681</u>
	<u>\$ 508,895,430</u>	<u>\$ 495,836,702</u>

Principal repayments on the long-term debt are estimated as follows:

2010	\$ 18,780,128
2011	20,297,450
2012	21,933,005
2013	22,776,614
2014	24,124,270
Subsequent to 2014	400,983,963
	<u>\$ 508,895,430</u>

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13. Deferred contributions

MHRC recognizes federal and provincial contributions towards housing programs as revenue when eligible program expenses are incurred and records deferred contributions for any unexpended amounts. In accordance with the Social Housing Agreement executed by MHRC and CMHC which took effect October 1, 1998, federal contributions must be fully used by August 31, 2031. The Agreement provides that a specified amount of the annual federal contributions must be applied toward housing programs, which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs is similarly specified. In addition, the Province contributes funding for its share of housing programs through grants from the Province of Manitoba (note 14). Total unexpended contributions in the amount of \$65,188,172 (2008 - \$57,271,543) are carried forward by MHRC for future use.

Pursuant to the Social Housing Agreement dated September 3, 1998 between CMHC and MHRC, CMHC made a one-time payment of \$12,700,000 to MHRC in 1999. This amount was provided for the purpose of mitigating future operating risks associated with MHRC's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement. This amount has been recorded as a deferred contribution and is increased by interest earned thereon and is reduced as the Corporation incurs expenses as a result of the identified risks. The unexpended balance related to these contributions at March 31, 2009 is \$12,385,799 (2008 - \$12,070,496).

The breakdown of total unexpended contributions is as follows:

	<u>2009</u>	<u>2008</u>
Deferred Federal contributions	\$20,755,147	\$12,650,619
Deferred Provincial contributions	<u>44,433,025</u>	<u>44,620,924</u>
	65,188,172	57,271,543
Risk reserve contribution related to the Social Housing Agreement	<u>12,385,799</u>	<u>12,070,496</u>
	<u>\$77,573,971</u>	<u>\$69,342,039</u>

14. Grants from the Province of Manitoba

	<u>2009</u>	<u>2008</u>
Department of Family Services and Housing:		
MHRC operating programs	\$ 57,610,056	\$ 46,986,549
MHRC administration	8,891,844	7,103,851
Grants and subsidies	<u>5,975,525</u>	<u>5,172,982</u>
	72,477,425	59,263,382
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	266,710	266,936
Pension recovery (note 19)	<u>1,499,014</u>	<u>(324,673)</u>
	<u>\$ 74,243,149</u>	<u>\$ 59,205,645</u>

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15. Contributed services

	<u>2009</u>	<u>2008</u>
Administrative services provided by the Department of Family Services and Housing were allocated as follows:		
- included in the Statement of Operations, Administrative Services	\$ 521,200	\$ 504,000
- included in administration expenses in note 16, Manitoba Housing Authority Housing Operations	772,600	636,500
- included in administration expenses in note 16, Sponsor Managed Housing Operations	27,400	22,700
- included in Rental Subsidies, note 17	286,000	319,000
- included in Statement of Operations, Repair and renovation expense	<u>136,400</u>	<u>101,000</u>
Total Department of Family Services and Housing administrative services provided	<u>\$ 1,743,600</u>	<u>\$ 1,583,200</u>

16. Housing operations

The management and operation of all MHRC social housing projects are the responsibility of the Manitoba Housing Authority and sponsor managed groups. Their operating results are as follows:

	Manitoba Housing Authority Managed	Sponsor Managed	<u>2009</u>	<u>2008</u>
<u>Revenue</u>				
Rental Revenue	\$ 53,031,514	\$ 13,180,565	\$ 66,212,079	\$ 64,282,662
<u>Expenses</u>				
Administration (note 15)	19,957,573	1,871,790	21,829,363	18,213,895
Property operating	52,139,580	9,895,045	62,034,625	58,463,455
Grants in lieu of taxes	9,666,124	1,453,213	11,119,337	10,490,950
Amortization	7,179,892	1,227,245	8,407,137	7,778,614
Interest	<u>18,887,863</u>	<u>3,939,470</u>	<u>22,827,333</u>	<u>23,969,050</u>
	<u>107,831,032</u>	<u>18,386,763</u>	<u>126,217,795</u>	<u>118,915,964</u>
Operating loss	<u>\$ 54,799,518</u>	<u>\$ 5,206,198</u>	<u>\$ 60,005,716</u>	<u>\$ 54,633,302</u>

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17. Rental subsidies

Rental subsidies are provided in accordance with project operating agreements with third parties which establish the basis of eligibility for subsidy assistance. Their operating results are as follows:

	Not for Profit Housing	Cooperative Housing	Private Landlord	Property Management	<u>2009</u>	<u>2008</u>
<u>Revenue</u>						
Rental Revenue	\$ 8,534,352	\$ -	\$ -	\$ 4,819,004	\$ 13,353,356	\$ 11,246,550
<u>Expenses</u>						
Administration	2,251,687	181,400	158,200	1,144,211	3,735,498	3,621,837
Property operating	21,012,296	3,578,115	4,559,382	10,051,632	39,201,425	37,630,317
Grants in lieu of taxes	1,253,680	-	-	986,439	2,240,119	2,099,151
Amortization	2,494,618	-	-	82,841	2,577,459	2,366,984
Interest	9,659,096	-	-	-	9,659,096	9,978,092
	<u>36,671,377</u>	<u>3,759,515</u>	<u>4,717,582</u>	<u>12,265,123</u>	<u>57,413,597</u>	<u>55,696,381</u>
Operating loss	<u>\$ 28,137,025</u>	<u>\$ 3,759,515</u>	<u>\$ 4,717,582</u>	<u>\$ 7,446,119</u>	<u>\$ 44,060,241</u>	<u>\$ 44,449,831</u>

18. Grants and subsidies

	<u>2009</u>	<u>2008</u>
Manitoba Shelter Benefit	\$ 5,875,970	\$ 5,172,982
Portable Housing Benefit	99,555	-
School Tax Assistance for Tenants 55 Plus	266,710	266,936
Elderly & Infirm Persons Housing	155,423	155,423
Co-op Homestart	92,226	103,561
	<u>\$ 6,489,884</u>	<u>\$ 5,698,902</u>

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19. Pension obligations

Employees of the Corporation and MHA are eligible for pensions under the Manitoba Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires MHA 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 MHA employees. Pension expense recorded for MHA employees for the year ended March 31, 2009 is \$656,469 (2008 - \$597,669).

The Corporation 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 the Corporation 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 every three years with the balances for the intervening years being estimated by a formula provided by the actuary. The most recent valuation was completed at December 31, 2007.

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	\$5,556,772	\$5,881,445
Experience (gain) loss	937,944	(884,505)
Benefits accrued	458,196	439,288
Interest accrued on benefits	367,482	387,882
Benefits paid - estimated	<u>(264,608)</u>	<u>(267,338)</u>
Balance at end of year	<u>\$7,055,786</u>	<u>\$5,556,772</u>

The key actuarial assumptions were a rate of return of 6.5% (2004 - 6.5%), 2.5% inflation (2004 - 2.5%), salary rate increases of 3.25% (2004 - 3.25%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2009 using a formula provided 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 \$7,055,786 as of March 31, 2009 (2008-\$5,556,772) and has recorded an increase in revenue for 2008/09 equal to the related pension expense increase of \$1,499,014 (\$2008-decrease \$324,673). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

20. Severance

a) Severance pay liability

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees in The Manitoba Housing Authority. 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 employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 22 or 15 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 Corporation 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 the Corporation 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. The

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Corporation recorded, effective April 1, 2003, a receivable in the amount of \$569,000 from the Province of Manitoba, which is an amount that is equal to the liability recorded for accumulated severance pay benefits at that date.

b) Severance pay receivable

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation 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.

The carrying value of the receivables approximates its fair value as the interest component described above is comparable to current market rates.

21. 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 the MHRC in respect of land owned or developed by it or by a partnership or joint venture in which the MHRC is or was a participant. Interest earned on the amounts are to be credited to the fund. Profits are transferred from The Manitoba Housing and Renewal Fund to the Housing Development and Rehabilitation Fund. The fund may be used to provide support for housing projects in areas of need within a municipality in which the Corporation realized profits, including the development of new housing or the rehabilitation of existing housing. The fund has a balance of \$6,417,575 (2008 - \$3,678,735).

22. Contingencies

The Corporation 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 Corporation. Any settlement will be recognized in the year the settlement occurs.

The Corporation provided the City of Winnipeg with a letter of credit under a development agreement. At March 31, 2009 the letter of credit amounted to \$1,389,120.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

23. Commitments

The Corporation has the following commitments as at March 31, 2009.

- a) Housing project modernization and improvement \$3,142,841
- b) Repair and renovation expenses \$14,683,669
- c) Grants and subsidies:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is now 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:

2010	\$47,231,000
2011	59,531,500
2012	73,325,900
2013	86,754,200
2014	92,335,100

24. Guarantees

The Corporation 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 outstanding guarantees are as follows:

	<u>2009</u>	<u>2008</u>
Joint Venture Investment Guarantee (note 9)	\$2,400,000	\$2,400,000
Waverley West Letter of Credit	1,389,120	1,389,120
Mobile Home Loan Guarantee Program	108,678	163,115
Affordable Housing Initiative Loan Guarantee Program	<u>1,200,000</u>	<u>2,335,356</u>
	<u>\$5,097,798</u>	<u>\$6,287,591</u>

A guarantee fee of 2 1/2% is charged for each mortgage under the Mobile Home Loan Guarantee Program. The assets of the Mobile Home Loan Guarantee Program as at March 31, 2009 are \$108,678 (2008 - \$163,115) and are included in cash (note 4). The trust fund liability is included in accounts payable.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

25. Subsidy 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.

	<u>2009</u>	<u>2008</u>
Federal contributions	\$ 48,062,268	\$ 54,044,698
Provincial contributions	1,804,261	1,585,869
Municipal contributions	229,485	249,661
	<u>\$ 50,096,014</u>	<u>\$ 55,880,228</u>

26. Risk Management

MHRC 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.

i) **Credit Risk**

Credit risk arises from the potential that a counterparty to an agreement with the Corporation will fail to perform its obligations. The Corporation conducts an assessment of credit issues prior to committing to such agreements and it actively monitors the credit risks associated with its accounts receivable and loans and mortgages receivable on an ongoing basis.

The maximum exposure of MHRC to credit risk at March 31, 2009 is:

Cash (note 4)	\$113,315,188
Accounts receivable and accruals (note 5)	26,041,888
Loans and mortgages receivable (note 6)	<u>144,267,605</u>
	<u>\$283,624,681</u>

Cash and deposits with the Minister of Finance: MHRC is not exposed to significant credit risk as these deposits are primarily held by the Minister of Finance.

Accounts receivable and accruals: MHRC is not exposed to significant credit risk as the majority of its accounts are with the Province of Manitoba and CMHC and payment is typically collected when due. MHRC 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.

Loans and mortgages receivable: The corporation is not subject to significant credit risk as the loans and mortgages are spread among a large client base and geographic region and payment is typically collected when due. MHRC 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 MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

ii) Liquidity Risk

Liquidity risk is the risk that MHRC will not be able to meet its financial obligations as they become due.

MHRC 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 obligations.

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect MHRC's income or the fair values of its financial instruments. The significant market risk MHRC is exposed to is interest rate risk.

iv) 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. MHRC does not use derivative instruments to reduce its exposure to interest risk. The interest rate exposure relates to deposits with the Minister of Finance, loans and mortgages receivable and long term debt.

The interest rate risk on funds on deposit with the Minister of Finance is considered to be low because of their short term nature.

MHRC's loans and mortgages are exposed to interest rate fluctuations. This risk is mitigated through the almost exclusive use of fixed rate terms. A change of +100 basis points would result in a decrease in value of \$10,721,308 whereas a -100 basis point change would result in an increase in value of \$11,945,229.

MHRC manages its interest rate risk on long term debt through the use of fixed rate terms for its long term debt. A change of +100 basis points in the interest rates would have decreased its fair value by \$36,562,149 whereas a change of -100 basis points would have increased its fair value by \$38,404,549.

v) 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. MHRC is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in a foreign currency.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

27. Financial Instruments

- i) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. The financial assets and liabilities of the Corporation are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash and funds on deposit	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans and mortgages receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurred. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets or other comprehensive income until realized, at which time they recorded in the statement of operations.

- ii) The fair value of accounts receivable (excluding receivables related to pension and severance liability), accounts payable, holdbacks and accruals approximates their carrying values due to their short-term maturity.

The carrying value of the Corporation's pension and severance pay liabilities are based on actuarial valuations adjusted over time for the effect of interest and payouts since the valuations were performed. The carrying value of the liabilities approximates their fair values as the interest component is comparable to current market rates. The carrying value of the related pension and severance receivables approximates their fair value as their carrying value is derived from the related pension and severance liabilities.

The fair value of loans receivable is determined using the present value of future cash flows under current funding agreements, based on the Corporation's current estimated lending rate for loans with similar terms and conditions. The fair value of the loans receivable is \$177,028,847 at March 31, 2009 (\$177,595,296 at March 31, 2008).

The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements, based on the Corporation's current estimated borrowing rate for loans with similar terms and conditions. The fair value of the long-term debt is \$615,939,333 at March 31, 2009 (\$603,197,970 at March 31, 2008).

28. Comparative Figures

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



BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone : (204) 956-7200
Telefax/Télexcopieur : (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

**To the Board of Directors of
THE MANITOBA OPPORTUNITIES FUND LTD.**

We have audited the balance sheet of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2009 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
June 2, 2009

THE MANITOBA OPPORTUNITIES FUND LTD.

Balance Sheet

March 31 **2009** **2008**

Assets

Current Assets

Temporary investments (Note 3)	\$ 17,625,251	\$ 19,886,197
Accrued interest receivable	-	10,465
	<u>17,625,251</u>	<u>19,896,662</u>

Portfolio investments (Note 4) **192,880,176** **133,748,409**

Deferred charges **8,428,694** **6,801,662**

\$218,934,121 **\$160,446,733**

Liabilities and Equity

Current Liabilities

Accounts payable and accrued liabilities	\$ 1,958,208	\$ 2,015,699
Current portion of borrowings (Note 5)	<u>38,866,321</u>	<u>1,897,286</u>
	40,824,529	3,912,985

Borrowings (Note 5) **173,331,615** **153,758,308**

Shareholder's Equity

Share capital, (authorized - an unlimited number of Class A common shares; issued - 1 Class A common share)	-	-
Retained Earnings	<u>4,777,977</u>	<u>2,775,440</u>

\$218,934,121 **\$160,446,733**

Approved on behalf of the Board:

_____ Director

_____ Director

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Income, Comprehensive Income and Retained Earnings

For the year ended March 31	2009	2008
Investment Income	\$ 6,581,974	\$ 4,699,080
Expenses		
Amortization of deferred charges	2,547,989	1,671,187
Professional fees	3,000	3,000
Program administration	75,848	78,150
	2,626,837	1,752,337
Operating income for the year	3,955,137	2,946,743
Growing Through Immigration Strategy Support (Note 6)	1,952,600	1,929,513
Net income and comprehensive income for the year	2,002,537	1,017,230
Retained earnings, beginning of year	2,775,440	1,758,210
Retained earnings, end of year	\$ 4,777,977	\$ 2,775,440

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

THE MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Net income for the year	\$ 2,002,537	\$ 1,017,230
Adjustments for		
Amortization of deferred charges	2,547,989	1,671,187
Increase in present value of portfolio investments	(6,220,430)	(4,163,818)
	(1,669,904)	(1,475,401)
Changes in non-cash working capital balances		
Accrued interest receivable	10,465	49,166
Accounts payable and accrued liabilities	(57,491)	717,006
	(1,716,930)	(709,229)
Cash Flows from Investing Activities		
Purchase of portfolio investments	(54,808,650)	(43,730,420)
Redemption of portfolio investments	1,897,313	-
	(52,911,337)	(43,730,420)
Cash Flows from Financing Activities		
Repayment of borrowings	(1,897,313)	-
Advances from borrowings	54,264,634	54,171,131
	52,367,321	54,171,131
Increase (decrease) in cash equivalents during the year	(2,260,946)	9,731,482
Cash equivalents, beginning of year	19,886,197	10,154,715
Cash equivalents, end of year	\$ 17,625,251	\$ 19,886,197
Represented by		
Temporary investments	\$ 17,625,251	\$ 19,886,197

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

THE MANITOBA OPPORTUNITIES FUND LTD.

Summary of Significant Accounting Policies

March 31, 2009

Basis of Accounting	The company's financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).
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.
Contributed Services	During the year, the Province of Manitoba provided office space and other administrative services to the company at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.
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.
Temporary Investments	Temporary investments are carried at cost, which approximates market value. Funds available for investment are invested through the Province of Manitoba.
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.
Financial Instruments	The company's financial instruments consist of accrued interest receivable, temporary and portfolio investments, accounts payable and accrued liabilities, and borrowings. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. The fair value of borrowings including current portion will be less than the carrying value because the debt is interest-free.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

THE MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

March 31, 2009

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the company) was incorporated under the laws of Manitoba on April 3, 2003. The company 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 company considers itself to be an Other Government Organization as defined by the PSAB of the CICA.

The object of the company 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 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. The funds invested are distributed among participating Provinces. After five years, the company returns the Provincial allocation of the \$400,000 investment, 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 company repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the company 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.

The company is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

2. Change in Accounting Policy

Effective April 1, 2008, the company changed the basis of accounting used to prepare its financial statements to be in accordance with the recommendations of the PSAB of the CICA. Previously the company followed the recommendations of the Accounting Standards Board of the CICA. The change had no material impact on the company's accounting policies or presentation and resulted in no restatement of prior year results.

3. Temporary Investments

The temporary investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba and 5 year bonds issued by the Province of Quebec.

THE MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

March 31, 2009

4. Portfolio Investments

The portfolio investments are made up of several 5 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 March 2009 to March 2014. The effective interest rates range from 1.60% to 4.60% payable at the end of the 5 year term.

The discount on the bonds are amortized over the 5 year term. The present value of the bond less the face value is recorded each year as interest income.

5. Borrowings

	<u>2009</u>	<u>2008</u>
Government of Canada	\$212,197,936	\$155,655,594
Current portion of borrowings	38,866,321	1,897,286
	<u>\$173,331,615</u>	<u>\$153,758,308</u>

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:

2010	\$ 38,866,321
2011	33,914,963
2012	22,753,284
2013	58,223,743
2014	<u>58,439,625</u>
	<u>\$212,197,936</u>

THE MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

March 31, 2009

6. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2009	2008
Business Settlement Office	\$ -	\$ 350,603
Advanced Education and Learning	246,200	157,800
Education, Citizenship, and Youth	113,900	-
Civil Service Commission	132,000	-
Department of Labour and Immigration	1,092,300	990,233
Competitiveness, Training and Trade	99,200	233,392
Manitoba Agriculture, Food and Rural Initiatives	247,500	177,527
Manitoba Culture, Heritage, Tourism and Sport	21,500	19,958
	\$ 1,952,600	\$ 1,929,513

In 2008, Treasury Board authorized the transfer of the Business Settlement Office expenses from the Manitoba Opportunity Fund - Growing Through Immigration Strategy Support to the Manitoba Development Corporation - Program Administration.

7. Related Party Transactions

The company paid \$- (2008 - \$433,789) made up of program administration costs of \$Nil (2008 - \$83,186) and Growing Through Immigration Strategy Support transfers of \$Nil (2008 - \$350,603) to the Manitoba Development Corporation, which operates under control of a common Board of Directors.

Financial Statements

March 31, 2009

AUDITORS' REPORT

To the Board of Directors of
[Manitoba Product Stewardship Corporation](#)

We have audited the balance sheet of [Manitoba Product Stewardship Corporation](#) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
May 28, 2009

Chartered Accountants



Manitoba Product Stewardship Corporation
Incorporated under the laws of Manitoba

BALANCE SHEET

As at March 31

	2009 \$	2008 \$
ASSETS		
Current		
Cash and cash equivalents [note 4]	1,735,184	2,022,758
Interest receivable	1,920	10,960
Levies receivable	789,951	849,897
Prepaid expenses and deposits	12,409	12,468
Total current assets	2,539,464	2,896,083
Cash and cash equivalents [restricted] [note 2[d]]	300,000	300,000
Capital assets, net [note 5]	12,478	17,694
	2,851,942	3,213,777
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	316,080	118,528
Recycling support payments payable	1,494,265	1,554,466
Total current liabilities	1,810,345	1,672,994
Net assets		
Invested in capital assets	12,478	17,694
Internally restricted	300,000	300,000
Unrestricted	729,119	1,223,089
Total net assets	1,041,597	1,540,783
	2,851,942	3,213,777

See accompanying notes

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS

Year ended March 31

	2009 \$	2008 \$
REVENUE		
Beverage levy	8,901,567	8,895,689
Levy rebates	(234,148)	(257,848)
Interest	62,239	116,982
	8,729,658	8,754,823
EXPENSES		
Programs		
Municipal		
Recycling support payments to municipalities	8,639,781	8,737,354
Municipal support	21,217	74,915
	8,660,998	8,812,269
Steward		
Compliance of WRAP Act	47,522	39,159
Corporation promotion/partnerships		
Advertising and promotion	2,463	7,023
Partnerships/sponsorships	5,000	5,000
	7,463	12,023
	8,715,983	8,863,451
Administrative expenses [schedule]	512,861	503,190
	9,228,844	9,366,641
Net loss for the year	(499,186)	(611,818)

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

2009				
	Invested in capital assets \$	Internally restricted \$ (note 2[a])	Unrestricted \$	Total \$
Balance, beginning of year	17,694	300,000	1,223,089	1,540,783
Net loss for the year	(5,216)	—	(493,970)	(499,186)
Balance, end of year	12,478	300,000	729,119	1,041,597

2008				
	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$
Balance, beginning of year	22,485	—	2,130,116	2,152,601
Net loss for the year	(6,857)	—	(604,961)	(611,818)
Purchase of capital assets	2,066	—	(2,066)	—
Allocation of amount to cover wind-up [note 2[a]]	—	300,000	(300,000)	—
Balance, end of year	17,694	300,000	1,223,089	1,540,783

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2009 \$	2008 \$
OPERATING ACTIVITIES		
Net loss for the year	(499,186)	(611,818)
Add item not involving cash		
Amortization	5,216	6,857
	(493,970)	(604,961)
Changes in non-cash working capital balances related to operations		
Interest receivable	9,040	2,120
Levies receivable	59,946	(4,911)
Prepaid expenses and deposits	59	(89)
Accounts payable and accrued liabilities	197,552	46,458
Recycling support payments payable	(60,201)	65,310
Cash used in operating activities	(287,574)	(496,073)
INVESTING ACTIVITIES		
Purchase of capital assets	—	(2,066)
Cash used in investing activities	—	(2,066)
Net decrease in cash and cash equivalents during the year	(287,574)	(498,139)
Cash and cash equivalents, beginning of year	2,322,758	2,820,897
Cash and cash equivalents, end of year	2,035,184	2,322,758
Cash and cash equivalents consists of		
Unrestricted	1,735,184	2,022,758
Restricted	300,000	300,000
	2,035,184	2,322,758

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31

1. NATURE OF ORGANIZATION

Manitoba Product Stewardship Corporation ["MPSC"] was established under the Waste Reduction and Prevention Act ["WRAP"] – Multi-Material Stewardship (Interim Measures) Regulations [the "Regulations"] with the following objectives:

- [a] To establish and administer a waste reduction and prevention program for designated materials for Manitoba;
- [b] To provide for the effective, efficient and economical management of waste designated materials; and
- [c] To administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by the collection of levies on beverage containers supplied by a steward of beverage containers to be consumed in Manitoba.

MPSC is exempt from income tax under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Going concern considerations

The Government of the Province of Manitoba enacted Regulation 195/2008 under the Waste Reduction and Prevention Act along with Guideline for Packaging and Printed Paper Stewardship and Guideline for Plastic Bags. The intent of the regulation is to transition the government's approach to multi-material handling to an Industry Funding Organization, Multi Material Stewardship Manitoba. There have been no transactions between MPSC and Multi Material Stewardship Manitoba. Three of the ten Directors of MPSC are also Directors of Multi Material Stewardship Manitoba. The wind-up of MPSC is subject to regulatory approval, but it is uncertain when this will occur. The potential impact of the wind-up of the operations of MPSC is currently estimated as outlined in note 2[d] and the board and management have internally restricted net assets and designated cash to cover this amount which is recorded as restricted cash and cash equivalents. As the regulation has not yet been passed, these wind-up costs have not been accrued in these financial statements.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes MPSC will realize its assets and discharge its liabilities in the normal course of operations. The financial statements do not give effect to any adjustments to the classification and carrying values of assets and liabilities that might be necessary should MPSC be unable to continue its operations as a going concern.

NOTES TO FINANCIAL STATEMENTS

March 31

[b] Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit [excluding dairy] beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized based on revenue as reported by the Product Stewards to MPSC, and when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies are inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self assessments as reported by Product Stewards.

Recycling support payments to municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC.

[c] Cash and cash equivalents

Cash and cash equivalents are recorded at fair value and include cash and short-term investments with maturities at the date of purchase of up to three months.

[d] Cash and cash equivalents [restricted]

Cash and cash equivalents [restricted] consist of funds held for approximate costs expected to be incurred upon wind-up of MPSC. The timing of the wind-up is subject to legislative approval.

Cash and cash equivalents [restricted] are recorded at fair value and include cash and short-term investments with maturities at the date of purchase of up to three months.

[e] Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for by the following annual rates and methods:

Furniture and fixtures	20% declining balance
Computer hardware	30% declining balance
Computer software	100% straight-line

NOTES TO FINANCIAL STATEMENTS

March 31

[f] Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

[g] Financial risk management

It is management's opinion that MPSC is not exposed to significant interest, currency or credit risks arising from its financial instruments. Due to their short-term maturity, the fair value of MPSC's financial instruments approximates their carrying value unless otherwise stated.

[h] Capital disclosures

Effective April 1, 2008, MPSC adopted the recommendations of the Canadian Institute of Chartered Accountants [the "CICA"] Handbook Section 1535, "Capital Disclosures", which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate MPSC's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures, which are provided in note 7.

[i] Future accounting changes

Disclosure and Presentation of Financial Instruments

The CICA has issued two new standards, Handbook Section 3862, "Financial Instruments – Disclosures" and Handbook Section 3863, "Financial Instruments – Presentation". The new standards are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These new sections, which were effective April 1, 2008, would require additional disclosure in the financial statements. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These entities are permitted to continue to apply Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" in place of Handbook Sections 3862 and 3863. An entity that does so must disclose this fact.

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations ["NFPOs"] and issued new standard, CICA Handbook Section 4470, "Disclosures of Allocated Expenses by Not-for-Profit Organizations".

CICA Handbook Section 4400, "Financial Statement Presentation by Not-For-Profit Organizations" was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit NFPOs to present such an amount as a category of internally restricted net assets when it chooses to do so;

NOTES TO FINANCIAL STATEMENTS

March 31

- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions; and
- make Handbook Section 1540, "Cash Flow Statements" applicable to NFPOs.

CICA Handbook Section 4430, "Capital Assets Held by Not-For-Profit Organizations" was amended to provide additional guidance with respect to the appropriate use of the scope examination for smaller entities.

CICA Handbook Section 4460, "Disclosure of Related Party Transactions by Not-For-Profit Organizations" was amended to make the language in Handbook Section 4460 consistent with Handbook Section 3840, "Related Party Transactions".

CICA Handbook Section 4470, "Disclosure of Allocated Expenses by Not-For-Profit Organizations" establishes disclosure standards for NFPOs that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

3. FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, interest receivable, levies receivable, accounts payable and accrued liabilities and recycling support payments payable. The carrying value of the financial instruments approximates fair value.

The CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation" requires MPSC to make the following classifications:

- Cash and cash equivalents are classified as held-for-trading and measured at fair value. The gains or losses arising on the revaluation at the end of the year are included in net income (loss);
- Interest receivable and levies receivable are classified as loans and receivables and recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities, and recycling support payments payable are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

NOTES TO FINANCIAL STATEMENTS

March 31

MPSC has chosen to apply CICA Handbook Section 3861 in place of Handbook Section 3862, "Financial Instruments – Disclosures" and Handbook Section 3863, "Financial Instruments – Presentation".

4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are term deposits held in trust by the Department of Finance of the Province of Manitoba of \$857,563 [2008 - \$1,083,006]. The term deposits bear interest at 0.70% [2008 - 3.50%] per annum and mature on April 27, 2009.

5. CAPITAL ASSETS

Capital assets consist of the following:

	2009			2008		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Furniture and fixtures	26,405	22,985	3,420	26,405	22,131	4,274
Computer hardware	94,734	85,676	9,058	94,734	81,794	12,940
Computer software	150,447	150,447	—	150,447	149,967	480
	271,586	259,108	12,478	271,586	253,892	17,694

6. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases with commitments totalling \$55,468 for fiscal 2010.

7. CAPITAL MANAGEMENT

Effective April 1, 2008, MPSC adopted the recommendations of CICA Handbook Section 1535, "Capital Disclosures", which requires the disclosure of qualitative and quantitative information that enables the users of the financial statements to evaluate MPSC's objectives, policies and processes for managing capital.

In managing capital, MPSC focuses on liquid resources available for operations. MPSC's objective is to have sufficient liquid resources to continue despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. To offset the impact of the wind-up of the operations of MPSC, internally restricted net assets and cash have been designated to meet the obligations of the wind-up of operations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2009, MPSC has met its objectives of having sufficient liquid resources to meet its current obligations.

MPSC is not subject to externally imposed capital requirements. There were no changes in MPSC's approach to capital management during the year.

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31

	2009	2008
	\$	\$
Amortization	5,216	6,857
Board members' expenses	1,597	3,269
Communication	9,653	9,053
Contract financial management	57,388	55,462
Equipment, leasing, repairs and maintenance	4,337	4,448
Insurance	17,059	15,894
Office	19,065	20,247
Professional fees	26,639	18,673
Promotion	1,194	1,196
Rent	50,562	49,907
Salaries, wages and benefits	316,123	310,732
Subscriptions	3,152	6,597
Travel and automotive	876	855
	512,861	503,190

See accompanying notes



1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

May 22, 2009

THE MANITOBA TRADE AND INVESTMENT CORPORATION MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies are established and respected.

The statements are examined by the Office of the Auditor General of Manitoba, whose opinion is included herein. The Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

Hugh Eliasson
Chair

Brian Johnston
Financial Officer

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2009, and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Trade and Investment Corporation as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 22, 2009

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2009
(With Comparative Figures for 2008)

ASSETS	2009	2008
Current Assets:		
Cash	\$ 333,051	\$ 337,790
Short-term investment (Note 3)	500,000	500,000
Accounts Receivable - Trade	17,035	2,731
Total Current Assets	850,086	840,521
 TOTAL ASSETS	 \$ 850,086	 \$ 840,521
 LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 12,554	\$ 17,516
Deferred Revenue (Note 7)	2,599	-
Operating Advances Payable (Note 4)	500,000	500,000
Total Current Liabilities	515,153	517,516
 TOTAL LIABILITIES	 515,153	 517,516
RETAINED EARNINGS	334,933	323,005
 TOTAL LIABILITIES AND RETAINED EARNINGS	 \$ 850,086	 \$ 840,521

See accompanying notes to financial statements.

Approved by:

_____ Chair of the Board
_____ Financial Officer

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008)

	2009	2008
Revenue:		
Salaries and Benefits Recoveries (Note 5)	\$ -	\$ 276,657
Participation Fees - Province of Manitoba & Government Enterprises (Notes 2e and 6)	6,000	10,258
Participation Fees - Other (Note 2e)	137,539	75,128
Interest (Note 6)	12,250	20,612
Total Revenue	155,789	382,655
Expenses:		
Salaries and Benefits (Note 5)	-	276,657
Contract Fees	8,681	6,273
Program	127,378	68,919
Audit Fees	7,500	10,660
Legal Fees	302	69
Miscellaneous	-	115
Total Expenses	143,861	362,693
Net Income and Comprehensive Income for the Year	11,928	19,962
Retained Earnings, beginning of year	323,005	303,043
Retained Earnings, end of year	\$ 334,933	\$ 323,005

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008)

	2009	2008
Operating Activities:		
Net Income and Comprehensive Income for the year	\$ 11,928	\$ 19,962
Changes in non-cash working capital		
Accounts Receivable - Trade	(14,304)	4,114
Accounts Receivable - Province of Manitoba	-	24,947
Accounts Payable and Accrued Liabilities	(4,962)	(14,688)
Deferred Revenue	2,599	(16,850)
Net cash flow from operating activities	(4,739)	17,485
Net increase in cash for the year	(4,739)	17,485
Cash, beginning of year	337,790	320,305
Cash, end of year	\$ 333,051	\$ 337,790
Supplemental cash flow information		
Interest received	\$ 12,250	\$ 20,612

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

1. Nature of Operations and Economic Dependence

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.

2. Significant Accounting Policies

a. General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b. New Accounting Policies

Effective April 1, 2008 the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 Capital Disclosure

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of qualitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (Note 8)

Section 3862 Financial Instruments - Disclosure

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments – Disclosure and Presentation*. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863 Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments – Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Corporation's yearend financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

c. Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Corporation are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash	Held for trading	Fair value
Short-term investment	Held for trading	Fair value
Accounts receivable - Trade	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Operating advances payable	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of income, comprehensive income and retained earnings in the period the gain or loss occurs. Changes in fair value of financial instruments classified as held for trading are recognized in the statement of income, comprehensive income and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in the statement of other comprehensive income until realized, at which time they are recorded in the statement of income, comprehensive income and retained earnings.

Fair value of financial instruments

Due to the redeemable nature of cash, carrying value is considered to be fair value.

The fair values of short-term investment, accounts receivable – trade, accounts payable and accrued liabilities, and operating advances payable approximates their carrying values due to their short-term maturity.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

<u>Financial Asset/liability</u>	2009		2008	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$333,051	\$333,051	\$337,790	\$337,790
Short-term investment	500,000	500,000	500,000	500,000
Accounts receivable – trade	17,035	17,035	2,731	2,731
Accounts payable and accrued liabilities	12,554	12,554	17,516	17,516
Operating advances payable	\$500,000	\$500,000	\$500,000	\$500,000

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

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance in accordance with its risk management framework.

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 of cash and short-term investment and accounts receivable – trade.

The maximum exposure of the Corporation to credit risk at March 31, 2009 is:

Cash and short-term investment	\$833,051
Accounts receivable – trade	<u>17,035</u>
	<u>\$850,086</u>

Cash and short-term investment: the Corporation is not exposed to significant risk as the cash and short-term investment are held by the Minister of Finance.

Accounts receivable – trade: the Corporation is not exposed to significant credit risk as trade receivables are typically collected within 30 days. The Corporation does not establish an allowance for doubtful accounts as the potential for any receivable impairment is negligible.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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 through cash management. Accounts payable and accrued liabilities are typically paid when due. In the case of the operating advances payable a matching short-term investment exists should a demand for repayment occur.

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 value 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 short term investments and operating advances payable.

The interest rate risk on the short-term investment is low because of its short-term nature.

The interest rate risk on operating advances payable is nil because it is non-interest bearing.

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.

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 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.

e. Revenue Recognition

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.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

f. 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.

3. Short-term 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, 2010 with an interest rate of 0.55%.

4. Operating Advances Payable

The Corporation has \$500,000 in non-interest bearing working capital advances from the Province of Manitoba. The advances are payable on demand.

5. Salaries / Benefits and related Recoveries

Up to January 18, 2008 the Corporation employed a number of staff, and recovered the associated salaries and benefits costs, from the Department of Competitiveness, Training and Trade. Effective January 19, 2008, all the Corporation's employees were transferred to the Department of Competitiveness, Training and Trade, and are no longer employees of the Corporation.

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's transactions with related entities were as follows:

Participation Fees	\$ 6,000
Interest Revenue	\$12,250

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

7. Deferred Revenue

Deferred revenue represents fees received in advance of event days for specific trade projects. Changes in the deferred balance are as follows:

	2009	2008
	\$	\$
Balance, beginning of year	-	16,850
Less amount recognized as revenue in the year	-	(16,850)
Add amounts received and deferred during the year	(2,599)	-
Balance, end of year	(2,599)	-

8. Capital Management

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations. Capital consists of retained earnings in the amount of \$334,933. (2008 - \$323,005). The Corporation is not subject to any externally imposed capital requirements. There have been no changes in the Corporation's approach to capital management during the period.

9. 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.

In 2008/09, there was no compensation paid to Board members. The Corporation no longer has employees as of January 19, 2008.



The Manitoba Water Services Board

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Office of the Auditor General of the Province of Manitoba, whose opinion is included herein.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

R. Menon, P.Eng.
General Manager

C. Brigden
Financial Officer

June 5, 2009



AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2009, the statements of operating revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba

June 5, 2009, except as to Note 15 which is as of
August 25, 2009

Balance Sheet

as at March 31, 2009, with comparative figures for 2008

ASSETS	2009	2008
Current assets		
Cash	\$ 2,400,868	\$ 921,536
Accounts receivable	5,957,273	5,525,755
Prepaid supplies	58,858	74,678
Current portion, construction in progress (Note 5)	55,781	574,389
Accrued interest	4,719	16,434
	<u>8,477,499</u>	<u>7,112,792</u>
Long-term construction in progress (Note 5)	1,131,383	1,025,155
Property plant and equipment (Note 6)	<u>13,304</u>	<u>13,304</u>
	<u>\$ 9,622,186</u>	<u>\$ 8,151,251</u>
LIABILITIES	2009	2008
Current liabilities		
Accounts payable and accrued charges	\$ 5,624,093	\$ 3,079,420
Advances from the Province of Manitoba payable on demand (Note 16)	4,300,000	6,200,000
	<u>9,924,093</u>	<u>9,279,420</u>
Funds retained (deficit) (Notes 7 and 14)	(401,907)	(1,228,169)
Interest adjustment fund account (Note 8)	<u>100,000</u>	<u>100,000</u>
	<u>(301,907)</u>	<u>(1,128,169)</u>
	<u>\$ 9,622,186</u>	<u>\$ 8,151,251</u>

Commitments - Note 10

Contingencies - Note 11

Subsequent Event - Note 15

APPROVED BY THE BOARD

Statement of Operating Revenues and Expenses

as at March 31, 2009, with comparative figures for 2008

	2009	2008
Revenues		
Sale of water	\$ 2,627,971	\$ 2,275,039
Administrative expenses paid by the Province of Manitoba (Note 9)	2,020,440	1,881,915
Interest	31,887	77,152
	<hr/>	<hr/>
Total revenues	4,680,298	4,234,106
	<hr/>	<hr/>
Expenses		
Direct expenses for water supply plants		
Interest - Advances payable on demand	164,450	490,872
- Long-term debt	-	215
Less: Interest allocated to new construction	(229,323)	(415,621)
	<hr/>	<hr/>
	(64,873)	75,466
Chemicals	36,945	24,095
Amortization	-	-
Heat, telephone, light and power	511,761	413,902
Professional services	1,336,945	1,251,077
Salaries and benefits	202,462	149,906
Repairs and maintenance	129,956	78,443
	<hr/>	<hr/>
Administrative expenses (Note 9)	2,020,440	1,881,915
	<hr/>	<hr/>
Total expenses	4,173,636	3,874,804
	<hr/>	<hr/>
Excess of operating revenues over expenses	506,662	359,302
Funds retained (deficit), beginning of year	(1,228,169)	(1,612,320)
Disposition of funds (Note 7)	319,600	24,849
	<hr/>	<hr/>
Funds retained (deficit), end of year (Note 7)	\$ (401,907)	\$ (1,228,169)
	<hr/>	<hr/>

Statement of Cash Flows

as at March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	\$ 506,662	\$ 359,302
Change in accounts receivable	(431,518)	(1,836,474)
Change in prepaid supplies	15,820	(3,299)
Change in accounts payable and accrued charges	2,544,673	(1,451,782)
Change in accrued interest	11,715	24,857
Cash provided by (used for) operating activities	2,647,352	(2,907,396)
Financing activities		
Advances received	11,600,000	9,900,000
Advances repaid	(13,500,000)	(13,903,909)
Cash provided by (used for) financing activities	(1,900,000)	(4,003,909)
Investing activities		
New construction costs	(38,807,137)	(29,232,547)
Funding recovered from:		
Province of Manitoba	11,671,029	13,326,270
Municipalities	27,548,488	23,122,162
Decrease in construction in progress	412,380	7,215,885
Plant surplus transferred to municipalities on disposition	319,600	24,849
Cash provided by (used for) investing activities	731,980	7,240,734
Increase in cash	1,479,332	329,429
Cash, beginning of the year	921,536	592,107
Cash, end of the year	\$ 2,400,868	\$ 921,536

Interest paid during the year ended March 31, 2009 amounted to \$164,450 (2008 - \$491,087)

Notes to Financial Statements

for the year ended March 31, 2009

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board (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 generally accepted accounting principles (GAAP). Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the statement of Operating Revenue and Expenses. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) New Accounting Policies Adopted

Effective April 1, 2008, the Board adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosure

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. (Note 4)

Section 3862, Financial Instruments - Disclosure

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments - Disclosure and Presentation*. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863, Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, *Financial Instruments - Disclosure and Presentation*, unchanged.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the Board's yearend financial statements.

Section 1400, General Standards of Financial Statement Presentation

Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements beginning on or after January 1, 2008. The adoption of these changes have no impact on the Board's financial statements.

The Manitoba Water Services Board
Notes to Financial Statements
for the year ended March 31, 2009

SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

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:

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

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.

(d) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(e) 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.

(f) 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.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

- (a) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Board are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accrued Interest	Loans and receivables	Amortized cost
Accounts payable and accrued charges	Other financial liabilities	Amortized cost
Advances from Province of Manitoba	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Notes to Financial Statements

for the year ended March 31, 2009

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in a statement of other comprehensive income until realized, at which time they are recorded in the statement of operating revenues and expenses.

(b) Fair value of financial instruments

Due to the redeemable nature of cash its carrying value is considered to be fair value.

The fair values of accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba payable on demand approximates their carrying values due to their short-term maturity.

The Board does not establish an allowance for doubtful accounts as the potential for any receivables impairment is negligible.

The aging of accounts receivable as at March 31, 2009 was:

Current	\$4,659,695
30-60 days past billing date	<u>\$1,297,578</u>
Balance	<u>\$5,957,273</u>

(c) 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 cash, accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk at March 31, 2009 is:

Cash	\$2,400,868
Accounts receivable	\$5,957,273
Accrued interest	<u>\$ 4,719</u>
	<u>\$8,362,860</u>

Notes to Financial Statements

for the year ended March 31, 2009

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Cash: The Board is not exposed to significant credit risk as the cash is primarily held with a large reputable financial institution.

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.

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to three receivables with municipalities/towns 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 cash, 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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have financial instruments denominated in foreign currency.

4. CAPITAL MANAGEMENT

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operation. The Board's capital consists of funds retained (deficit) provided from operations (\$401,907) [2008 (\$1,228,169)] and interest adjustment fund account \$100,000 [2008 - \$100,000] allocated from retained earnings.

The Board's capital management policy is to: maintain sufficient capital to meet its objectives through its funds retained (deficit); meet short-term capital needs with working capital advances from the Province of Manitoba through *The Loan Act*; and meet long-term capital needs through long-term debt with the Province of Manitoba. Presently there is no long term debt.

The Board is subject to externally imposed capital requirements relating to the administration of the Board in accordance with The Manitoba Water Services Board Act and accompanying regulations.

There have been no changes in the Board's approach to capital management during this period.

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 2009

5. CONSTRUCTION IN PROGRESS

	2009	2008
Balance, beginning of year	\$ 1,599,544	\$ 8,815,429
New construction costs	38,807,137	29,232,547
	<u>40,406,681</u>	<u>38,047,976</u>
Funding recovered from:		
Municipalities	27,548,488	23,122,162
Province of Manitoba	11,671,029	13,326,270
	<u>39,219,517</u>	<u>36,448,432</u>
Balance, end of year	1,187,164	1,599,544
Less: current portion	<u>55,781</u>	<u>574,389</u>
Long-term Construction in Progress	<u>\$ 1,131,383</u>	<u>\$ 1,025,155</u>

6. PROPERTY PLANT AND EQUIPMENT

	2009	2008
Land and easements	\$ <u>13,304</u>	\$ <u>13,304</u>
Buildings	645,771	645,771
Less: accumulated amortization	<u>645,771</u>	<u>645,771</u>
	<u>-</u>	<u>-</u>
Equipment	189,970	189,970
Less: accumulated amortization	<u>189,970</u>	<u>189,970</u>
Total property plant and equipment	<u>\$ 13,304</u>	<u>\$ 13,304</u>

Notes to Financial Statements

for the year ended March 31, 2009

7. FUNDS RETAINED (DEFICIT)

Funds retained (deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants owned and 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.

Funds retained (deficit) also include the gain on the sale of the Red River Regional Water Supply System of \$31,759.

	No.	2009 Amount	No.	2008 Amount
Plants owned by the Board				
Plants with a deficit	6	\$ (952,292)	5	\$ (1,516,821)
Plants with a surplus	<u>2</u>	<u>518,626</u>	<u>3</u>	<u>256,893</u>
Total funds retained (deficit), water supply plants	<u>8</u>	<u>\$ (433,666)</u>	<u>8</u>	<u>\$ (1,259,928)</u>
Other Funds Retained				
		\$ 31,759		\$ 31,759
Total funds retained (deficit)		<u>\$ (401,907)</u>		<u>\$ (1,228,169)</u>

During 2008/2009 disposition of funds includes capital works approved by the Board for the Baldur Water Treatment Plant, the Winnipegosis Water Treatment Plant, and a contingency fund and additional service connections for the Cartier Regional Water System.

Notes to Financial Statements

for the year ended March 31, 2009

8. INTEREST 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 cost 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.

9. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2009	2008
Professional services	\$ 8,868	\$ 13,856
Salaries and benefits	1,747,272	1,610,166
Telephone and utilities	17,471	14,083
Travel	4,100	4,630
Rental for office premises	153,780	156,117
Other administrative	88,949	83,063
	<u>\$ 2,020,440</u>	<u>\$ 1,881,915</u>

10. COMMITMENTS	2009	2008
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	\$ 45,291,000	\$ 41,366,800
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	\$ 20,265,900	\$ 18,725,800
Recovery of construction costs - Municipalities and Cooperatives	25,025,100	22,941,000
	<u>\$ 45,291,000</u>	<u>\$ 41,666,800</u>

Notes to Financial Statements

for the year ended March 31, 2009

11. 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.

12. 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 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.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. ECONOMIC DEPENDENCY

The Board is economically dependent on the Province of Manitoba.

15. SUBSEQUENT EVENT

Subsequent to year-end, a tentative settlement has been reached, dated July 29, 2009, in favour of the Board and other parties, in relation to construction and design deficiencies with respect to an upgrade at a sewage treatment facility. A Statement of Claim was filed in October 2000. All formal agreement and releases are proceeding between the parties.

16. 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%. During 2008/2009 the rate of interest charged was between 2.25% - 4.75% 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, 2009, the Province had unused authority of \$35,462,500 under *The Loan Act, 2008* to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

To the directors of Metis Child and Family Services Authority:

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 generally accepted accounting principles 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 are composed entirely of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

July 9, 2009

Leilani Bushau
Acting Chief Executive Officer

Auditors' Report

To the Directors of Metis Child and Family Services Authority:

We have audited the statement of financial position of Metis Child and Family Services Authority as at March 31, 2009 and the statements of combined programs and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in the schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Winnipeg, Manitoba

July 9, 2009

Mayus Norris Penny LLP

Chartered Accountants

Metis Child and Family Services Authority
Statement of Financial Position

As at March 31, 2009

	2009	2008
ASSETS		
Current Assets		
Cash	1,182,131	249,084
Accounts Receivable (Note 6)	3,924,280	3,990,122
Prepaid Expenses	14,759	18,765
	5,121,170	4,257,971
Capital Assets (Note 2, 7)	91,323	67,224
Due from Metis Child, Family and Community Services Agency Inc. (Note 8)	2,967,500	2,106,000
	8,179,993	6,431,195
LIABILITIES		
Current Liabilities		
Accounts Payable and Accruals	200,580	146,406
Due to Manitoba Metis Federation Inc. (Note 9)	-	7,026
Due to Metis Child, Family and Community Services Agency Inc.	4,148,128	3,904,180
Deferred Contributions (Note 10)	462,420	120,664
	4,811,128	4,178,276
Due to Province of Manitoba (Note 8)	2,967,500	2,106,000
Deferred Contributions Related to Capital Assets (Note 11)	91,323	67,224
	7,869,951	6,351,500
NET ASSETS		
Unrestricted	310,042	79,695
	8,179,993	6,431,195

Approved on Behalf of the Board

Director _____

Director _____

Metis Child and Family Services Authority
Statement of Combined Programs and Changes in Net Assets
For the Year Ended March 31, 2009

	2009 Actuals	2008 Actuals	Actuals Variance
REVENUE			
Grant - Province of Manitoba	28,299,880	21,977,832	6,322,048
Conference - Province of Manitoba	-	75,457	(75,457)
Education and Training	89,682	42,910	46,772
Information Matters Project	16,635	9,457	7,178
Interest	1,509	719	790
Other	-	28,153	(28,153)
Amortization of Deferred Contributions Related to Capital Assets	22,093	11,979	10,114
Total Revenue	28,429,799	22,146,507	6,283,292
EXPENSES			
Agency Age of Majority	23,335	-	23,335
Agency Education and Training	40,553	41,609	(1,056)
Agency Maintenance	19,209,906	14,575,186	4,634,720
Agency Operations	7,343,412	6,187,512	1,155,900
Agency Transition	-	47,579	(47,579)
Amortization of Capital Assets	22,093	11,979	10,114
Annual General Meeting	18,168	16,829	1,339
Bank Charges	679	573	106
Board Expenses	40,516	19,582	20,934
Communications	11,429	20,488	(9,059)
Conference	-	75,457	(75,457)
Information Matters Project	16,567	9,450	7,117
Information Technology	10,554	17,281	(6,727)
Insurance	8,936	9,330	(394)
Office	272,730	222,984	49,746
Other	1,013	850	163
Professional Development	34,582	14,418	20,164
Professional Fees	94,328	55,147	39,181
Salaries and Benefits	1,028,481	826,863	201,618
Staff Expenses	22,170	6,071	16,099
Total Expenses	28,199,452	22,159,188	6,040,264
Excess/(Deficiency) of revenue over expenses	230,347	(12,681)	243,028
Net assets, beginning of year	79,695	92,376	(12,681)
Net assets, end of year	310,042	79,695	230,347

Metis Child and Family Services Authority
Statement of Cash Flows
For the Year Ended March 31, 2009

	2009	2008
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
(Deficiency)/Excess of revenue over expenses	230,347	(12,682)
Add (deduct) items not requiring cash outlay		
Amortization of Capital Assets	22,093	11,979
Amortization of Deferred Contributions Related to Capital Assets	(22,093)	(11,979)
	230,347	(12,682)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts Receivable	65,841	(1,118,873)
Due to Metis Child, Family and Community Services Agency Inc.	243,948	1,070,793
Prepaid Expenses	4,006	2,899
Accounts Payable	54,175	40,036
Amount due to Manitoba Metis Federation Inc.	(7,026)	7,026
Deferred Contributions	341,756	24,873
	702,700	26,755
INVESTING ACTIVITIES		
Purchase of Capital Assets	(46,193)	(50,534)
Received Deferred Contributions Related to Capital Assets	46,193	50,534
	-	-
FINANCING ACTIVITIES		
Receipt of Loan from Province of Manitoba	861,500	1,017,800
Advance to Metis Child, Family and Community Services Agency Inc.	(861,500)	(1,017,800)
	-	-
NET INCREASE IN CASH	933,047	14,072
CASH, Beginning of Year	249,084	235,012
CASH, End of Year	1,182,131	249,084

Metis Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

1. Purpose of the Organization

The Metis Child and Family Services Authority ("Authority") was established under section (4)c of the Child and Family Services Authority Act which was proclaimed into law on November 24, 2003.

The Metis Child and Family Services Authority ("Authority") is a Corporation without share capital. The Board of Directors of the Authority is appointed by the Board of Directors of the Manitoba Metis Federation Inc. (Federation). The Authority is responsible for administration and provision of child and family services to Metis and Inuit people. The Authority is non-taxable pursuant to paragraph 149(1)1 of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

Basis of Preparation

The Manitoba Metis Federation Inc. appoints the Board of Directors of the Authority. The Authority mandates the Metis Child, Family and Community Services Agency Inc. (Agency). Separate audited financial statements are prepared for the Authority and the Agency.

The Agency has not been consolidated into the Authority's financial statements as the Agency appoints its own board of directors.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is based on the estimated useful lives of the capital assets.

Capital Assets

Capital assets which are funded by the Province of Manitoba are recorded at cost in the statement of financial position and the related grant funding is recorded as deferred contributions related to capital assets.

The capital assets and the deferred contributions related to capital assets are amortized on the same basis in accordance with the estimated useful lives of the assets.

Capital assets which are not funded by the Province of Manitoba are capitalized at cost and are amortized over the estimated useful lives of the assets.

Capital assets are amortized on a straight-line basis as follows:

Office furniture and equipment	5 years
Computer equipment	5 years

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 is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings loss for the year.

2. Significant accounting policies (Continued from previous page)**Recognition of Revenues**

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

Unrestricted contributions and program grants are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are recognized.

Recent accounting pronouncements**Financial instruments deferral of section 3862 and 3863**

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations*. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 *Capital Assets Held by Not-for-profit Organizations* has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow not-for-profit organizations to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

Disclosure of allocated expenses by non-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 *Disclosure of Allocated Expenses by Not-for-profit Organizations* requires disclosure by not-for-profit organizations that allocate fundraising and general support expenses to other functions of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

Metis Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

2. Significant accounting policies (Continued from previous page)

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.

Classification of financial instruments

The Authority has classified cash as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value include interest and are recognized immediately in income.

The Authority has classified accounts receivable and amount due from the Metis Child, Family and Community Services Agency Inc. as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less any reduction for impairment or uncollectibility. Net gains and losses arising from changes in fair value are recognized in net income upon impairment.

The Authority has classified accounts payable and accrued liabilities, due to Manitoba Metis Federation Inc., due to Metis Child, Family and Community Services Agency Inc. and due to Province of Manitoba as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less repayments. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition.

3. Economic Dependence

The Authority received the majority of its revenues from the Province of Manitoba and is economically dependent on continued Province of Manitoba revenues to fund future operations and programs.

4. Related Party Transactions

The Authority rents office space from the Manitoba Metis Federation Inc. as disclosed in Note 5. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

5. Commitments

The Authority has leased office space from the Manitoba Metis Federation Inc. The term of this lease is for five years with one five year renewal term.

The following is a schedule of minimum lease payments:

Year ending March 31, 2010	159,483
Year ending March 31, 2011	159,483
Year ending March 31, 2012	159,483

Metis Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

6. Accounts Receivable

	2009	2008
Province of Manitoba	3,916,529	3,836,767
Metis Child, Family and Community Services Agency Inc.		33,483
Goods and Services Tax	5,012	3,475
Other Receivables	4,415	118,480
	3,925,956	3,992,205
Less: Allowance for Doubtful Accounts	(1,676)	(2,083)
	3,924,280	3,990,122

7. Capital assets

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Office Furniture and Equipment	30,689	7,233	23,456	4,823
Computer Equipment	107,972	40,105	67,867	62,401
	138,661	47,338	91,323	67,224

8. Amount Due to Province of Manitoba/Due From Metis Child, Family and Community Services Agency Inc.

The Province of Manitoba has advanced the Authority a non-interest bearing working capital loan of \$2,967,500, which in turn was advanced by the Authority to the Agency as a non-interest bearing working capital loan. The advance is repayable by the Authority to the Province of Manitoba if the Authority's operations cease. The amount due from the Agency has no fixed terms of repayment.

9. Due to Manitoba Metis Federation Inc.

Amounts owing are unsecured, non-interest bearing and due upon demand. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

10. Deferred Contributions

	2009	2008
Balance, Beginning of Year	120,664	95,791
Core Contributions Received	100,000	93,819
Core Revenue Recognized	(122,960)	(21,167)
Office of the Child and Family Services Standing Committee Contributions Received	516,678	-
Office of the Child and Family Services Standing Committee Revenue Recognized	(151,962)	-
Transition Revenue Recognized	-	(47,579)
Balance, End of Year	462,420	120,664

Metis Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2009

11. Deferred Contributions Related to Capital Assets

	2009	2008
Balance, Beginning of Year	67,224	28,669
Contributions Received	46,193	50,534
Amortization of Deferred Contributions	(22,093)	(11,979)
Balance, End of Year	91,323	67,224

12. Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern, so that it can continue with the improvement of the financial situation of families through the provision of services and information on a range of financial issues.

The Authority 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.

The Authority monitors capital quarterly through Board of Directors meetings. During the year, the Authority's strategy is to protect the capital through managing revenues and expenses as well as through maintaining a balanced investment portfolio. The strategy remained unchanged from prior year.

Metis Child and Family Services Authority
Schedule of Program Operations
For the Year Ended March 31, 2009

Program: Core Operations

	2009 Actuals	2008 Actuals	Actuals Variance	2009 Budget	Budget Variance
REVENUE					
Grant - Province of Manitoba	1,507,545	1,005,825	501,720	1,477,200	30,345
Conference - Province of Manitoba	-	75,457	(75,457)	-	-
Education and Training	89,682	42,910	46,772	-	89,682
Information Matters Project	16,635	9,457	7,178	-	16,635
Interest	1,509	719	790	600	909
Other	-	28,153	(28,153)	-	-
Amortization of Deferred Contributions Related to Capital Assets	13,928	8,638	5,290	-	13,928
Total Revenue	1,629,299	1,171,159	458,140	1,477,800	151,499
EXPENSES					
Agency Age of Majority	23,335	-	23,335	-	23,335
Agency Education and Training	40,553	41,609	(1,056)	-	40,553
Amortization of Capital Assets	13,928	8,638	5,290	-	13,928
Annual General Meeting	18,168	16,829	1,339	19,000	(832)
Bank Charges	679	573	106	600	79
Board Expenses	40,516	19,582	20,934	38,000	2,516
Communications	5,148	6,743	(1,595)	8,200	(3,052)
Conference	-	75,457	(75,457)	-	-
Information Matters Project	16,567	9,450	7,117	-	16,567
Information Technology	7,853	15,843	(7,990)	9,000	(1,147)
Insurance	7,757	9,259	(1,502)	9,000	(1,243)
Office	183,217	125,681	57,536	181,000	2,217
Other	501	662	(161)	1,000	(499)
Professional Development	33,353	14,393	18,960	8,000	25,353
Professional Fees	52,375	33,885	18,490	21,000	31,375
Salaries and Benefits	933,390	799,274	134,116	1,160,000	(226,610)
Staff Expenses	21,612	5,961	15,651	23,000	(1,388)
Total Expenses	1,398,952	1,183,841	215,113	1,477,800	(78,848)
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES	230,347	(12,682)	243,027	-	230,347

Metis Child and Family Services Authority
Schedule of Program Operations
For the Year Ended March 31, 2009

Program: Agency Transition

	2009	2008
REVENUE		
Grant - Province of Manitoba	-	47,579
EXPENSES		
Transition and Common Table Costs	-	47,579
EXCESS OF REVENUE OVER EXPENSES	-	-

Metis Child and Family Services Authority
Schedule of Program Operations
For the Year Ended March 31, 2009

Program: Office of the Child and Family Services Standing Committee

	2009	2008
REVENUE		
Grant - Province of Manitoba	239,017	161,731
Amortization of Deferred Contributions Related to Capital Assets	8,165	3,341
	247,182	165,072
EXPENSES		
Amortization of Capital Assets	8,165	3,341
Communications	6,281	13,745
Information Technology	2,701	1,438
Insurance	1,179	71
Office	89,513	97,303
Other	512	188
Professional Development	1,229	25
Professional Fees	41,953	21,262
Salaries and Benefits	95,091	27,589
Staff Expenses	558	110
Total Expenses	247,182	165,072
EXCESS OF REVENUE OVER EXPENSES	-	-

Metis Child and Family Services Authority
Schedule of Program Operations
For the Year Ended March 31, 2009

Program: Child Maintenance

	2009	2008
REVENUE		
Grant - Province of Manitoba	19,209,906	14,575,186
EXPENSES		
Central Region	300,700	202,351
Eastman Region	670,256	404,521
Interlake Region	1,921,486	1,913,934
Norman Region	376,712	427,177
Parklands Region	2,943,905	2,236,266
Thompson Region	411,663	149,978
Western Region	768,740	795,884
Winnipeg Region	11,816,444	8,445,075
Total Expenses	19,209,906	14,575,186
EXCESS OF REVENUE OVER EXPENSES	-	-

Metis Child and Family Services Authority
Schedule of Program Operations
For the Year Ended March 31, 2009

Program: Operations

	2009	2008
REVENUE		
Grant - Province of Manitoba	7,343,412	6,187,512
EXPENSES		
Grant to Metis Child, Family and Community Services Agency Inc. for Agency Operating Expenses	7,343,412	6,187,512
EXCESS OF REVENUE OVER EXPENSES	-	-