Responsible Recovery

PUBLIC ACCOUNTS 2017/18

FOR THE YEAR ENDED MARCH 31, 2018

VOLUME 4

THE FINANCIAL STATEMENTS OF FUNDS, ORGANIZATIONS, AGENCIES AND ENTERPRISES INCLUDED IN THE GOVERNMENT REPORTING ENTITY

Manitoba

TABLE OF CONTENTS	PAGE

*Note: Table of Contents page numbers match with PDF file number.

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, 2018 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 Report.
    - 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 $50,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3

- Contains the details of the core government revenue and expense.
- Contains the details of selected core government financial information.
- Contains information provided under statutory requirement.
- Contains other supplementary reports.

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

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

Volume 4

- Contains a compendium of financial statements of special funds, government organizations, government business enterprises and government business partnerships comprising the Government Reporting Entity.

TABLE OF CONTENTS	FISCAL YEAR ENDED	PAGE

SECTION 1:

SPECIAL FUNDS:

GOVERNMENT ORGANIZATIONS:

TABLE OF CONTENTS	FISCAL YEAR ENDED	PAGE

SECTION 1 (CONTINUED):

GOVERNMENT ORGANIZATIONS (CONTINUED):

SECTION 2:

GOVERNMENT ORGANIZATIONS (CONTINUED):

TABLE OF CONTENTS	FISCAL YEAR ENDED	PAGE

SECTION 2 (CONTINUED):

GOVERNMENT ORGANIZATIONS (CONTINUED):

SECTION 3:

GOVERNMENT ORGANIZATIONS (CONTINUED):

SECTION 3 (CONTINUED):

GOVERNMENT ORGANIZATIONS (CONTINUED):

Affiliated Non-devolved Entities

TABLE OF CONTENTS	FISCAL YEAR ENDED	PAGE

VOLUME 4 - SECTION 1

VOLUME 4

TABLE OF CONTENTS	FISCAL YEAR ENDED	PAGE

Section 1:

SPECIAL FUNDS:

GOVERNMENT ORGANIZATIONS:

VOLUME 4

TABLE OF CONTENTS

SPECIAL FUNDS

THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	1,979,358	1,755,784
RECEIPTS:		
Royalties	442,224	358,817
Interest	24,650	7,023
	466,874	365,840
DISBURSEMENTS:		
Rehabilitation payments	90,136	142,266
Balance, end of year	2,356,096	1,979,358

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

TO the Legislative Assembly of Manitoba
To the Department of Municipal Relations

We have audited the accompanying statement of receipts and disbursements of the Community Revitalization Fund for the year ended March 31, 2018, and a summary of significant accounting policies and other explanatory information. The statement has been prepared to comply with Section 15 of The Community Revitalization Tax Increment Financing Act.

Management's Responsibility for the Statement
Management is responsible for the preparation of this statement in accordance with Section 15 of The Community Revitalization Tax Increment Financing Act and for such internal control as management determines is necessary to enable the preparation of the statement to be free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the statement of receipts and disbursements of the Community Revitalization Fund for the year ended March 31, 2018 is prepared, in all material respects, in accordance with Section 15 of The Community Revitalization Tax Increment Financing Act.

Basis of Accounting
Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the significant accounting policies. The statement is prepared to assist the Department of Municipal Relations to comply with Section 15 of The Community Revitalization Tax Increment Financing Act. As a result, the statement may not be suitable for another purpose.

Office of the Auditor General

Office of the Auditor General
July 1 8, 2018
Winnipeg, Manitoba

DEPARTMENT OF MUNICIPAL RELATIONS
COMMUNITY REVITALIZATION FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018

	2018	2017
Funds on Deposit with Province of Manitoba		
Balance, beginning of year	$ 1,984,759	$ 544,679
RECEIPTS:		
City of Winnipeg		
Downtown Winnipeg Residential Development Grant (DRDG)	838,410	439,463
Exchange/Waterfront Neighbourhood Development (EWND)	124,887	97,568
Sports Hospitality and Entertainment District Program (SHED)	538,632	451,158
Investors Group Field (IGF)	673,621	669,394
UWinnipeg Commons	3,175	-
Parmalat Canada	35,565	-
Rural Municipality of Rosser		
CentrePort	569,397	484,442
Interest	22,080	6,880
Total receipts	2,805,767	2,148,905
DISBURSEMENTS:		
Downtown Winnipeg Residential Development Grant (DRDG)	270,411	335,633
Sports Hospitality and Entertainment District Program (SHED)	373,192	373,192
Investors Group Field (IGF)	1,161,138	-
Parmalat Canada	35,565	-
Audit Services (Note 2d)	3,132	-
Total disbursements	1,843,438	708,825
Funds on Deposit with Province of Manitoba		
Balance, end of year (Note 4)	$ 2,947,088	$ 1,984,759

Department of Municipal Relations

Community Revitalization Fund

Notes to the statement for the year ended March 31, 2018

1. **Authority and Operation**

   The Department of Indigenous and Municipal Relations, Community Revitalization Fund (Fund) was established in accordance with provisions of The Community Revitalization Tax Increment Financing Act.

   It provides a facility for the collection of community revitalization levies imposed in lieu of incremental school taxes and the provision of grants for the purposes as set out in the Community Revitalization Tax Increment Financing Act.

   Transactions are recorded within trust accounts of the Province of Manitoba.

2. **Significant Accounting Policies**

   Basis of Accounting
   The statement is prepared on a cash basis of accounting in accordance with the financial reporting provisions in Section 15(9) of The Community Revitalization Tax Increment Financing Act.

   a) Receipts
      The community revitalization levy remitted to the Minister of Finance by a municipality is credited to the Fund.

   b) Disbursements
      Grant payments from the Fund are based on requisitions from the Minister responsible for the Community Revitalization Fund; the purpose of which is to promote and support significant improvement projects to:
      a) revitalize communities or neighbourhoods;
      b) encourage economic development;
      c) enhance social and cultural development;
      d) preserve heritage properties.

b) Disbursements (continued)

The grants may be made to:

a) the person in whose name the community revitalization property is assessed;
b) an occupier of the community revitalization property;
c) the municipality in which the community revitalization property is situated; or
d) a person or organization carrying on activities or projects that are consistent with the purposes of the Fund and that are in the same community or neighbourhood as the community revitalization property.

The Minister of Finance pays the requisitioned grants from the Fund.

c) Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba are cash deposits held in an investment account or an administrative account. The deposits in the investment account are interest bearing and have fixed maturity dates. The deposits in the administrative account are non-interest bearing and cashable on demand.

d) Administration

Interest income from funds on deposit is allocated to administration and is used to pay for administrative expenses, including audit fees.

3. Funds on Deposit with Province of Manitoba

	2018	**2017**
Investment Account, deposits interest bearing at rates from 1.12% to 1.33%, maturing from April 3, 2018 to April 23, 2018	$ 2,665,195	$ 2,031,728
Administrative Account (overdraft)	**281,893**	**(46,969)**
Total	**$ 2,947,088**	**$ 1,984,759**

Department of Indigenous and Municipal Relations

Community Revitalization Fund

Notes to the statement for the year ended March 31, 2018

4. Program and Administration Balances

Programs	March 31, 2017 Balance	Receipts	Disbursements	Transfers (Note 5)	March 31, 2018 Balance
City ofWinnipeg:					
DRDG	$ 187,477	$ 838,410	$ 270,411	$ 105,907	$ 861,383
EWND	97,568	124,887	-	59,533	281,988
SHED	-	538,632	373,192	(165,440)	-
IGF	669,394	673,621	1,161,138	-	181,877
UWinnipeg Commons	-	3,175	-	-	3,175
Parmalat Canada		35,565	35,565	-	-
Municipality of Rosser:					
CentrePort	1,017,479	569,397	-	-	1,586,876
Total Program Balance	$ 1,971,918	$2,783,687	$ 1,840,306	$ -	$ 2,915,299
Administration Balance	12,841	22,080	3,132		31,789
Total	**$ 1,984,759**	**$ 2,805,767**	**$ 1,843,438**	$ -	**$ 2,947,088**

5. Transfers

In 2015/16, the grant paid for the Sports, Hospitality and Entertainment District Program (SHED) of $371,314 was financed from the program balances in the Downtown Winnipeg Residential Development Grant Program (DRDG) by $183,873 and the Exchange/Waterfront Neighbourhood Development Program (EWND) by $187,440 because of delays in the development of the SHED community revitalization properties and the related community revitalization levies.

In 2016/17, the SHED partially reimbursed the DRDG by $77,966. Excess community revitalization levies from the SHED over the next two years will be used to reimburse the remaining financed amount of $293,348 ($105,907 to the DRDG and $187,440 to the EWND).

In 2017/18, the SHED fully reimbursed the balance of $105,907 to the DRDG and partially reimbursed the EWND by $59,533. Excess community revitalization levies from the SHED next year will be used to reimburse the remaining balance of $127,907 to the EWND.

6. Restatement

The Department adopted a new accounting policy during the year to allocate interest income from funds on deposit to the administration balance. The administration balance as at March 31, 2016 was restated to $5,961 from a nil balance as previously reported.

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of period	274,916	-
RECEIPTS:		
Refund of Prior Year's Expense	-	274,916
DISBURSEMENTS:		
Payments	274,916	-
Balance, end of period	-	274,916

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

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	555,395	552,337
RECEIPTS:		
Interest Revenue	4,038	3,058
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	559,433	555,395

FINANCIAL LITERACY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	146,063	105,113
RECEIPTS:		
Department of Family Services	43,500	44,500
DISBURSEMENTS:		
Payments	3,340	3,550
Balance, end of year	186,223	146,063

THE FISH AND WILDLIFE ENHANCEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	2,880,797	2,362,010
RECEIPTS:		
Miscellaneous	1,949,959	2,404,788
Interest	3,039	1,716
	1,952,998	2,406,504
DISBURSEMENTS:		
Payments	1,550,334	1,887,717
Balance, end of year	3,283,461	2,880,797

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	279,200	279,200
RECEIPTS:		
Premiums	-	-
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	279,200	279,200

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	100,985	87,116
RECEIPTS:		
Department of Justice	85,000	85,000
DISBURSEMENTS:		
Claims	15,882	23,018
Program and Operating Expenses	57,509	48,114
	73,391	71,131
Balance, end of year	112,594	100,985

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	2,269,372	1,485,559
RECEIPTS:		
Contributions	978,237	772,313
Interest	21,894	11,500
	1,000,131	783,813
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	3,269,503	2,269,372

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	12,232,474	13,919,043
RECEIPTS:		
Transfer of Mining Tax Revenues	407,304	85,849
Interest received during the year	84,514	67,481
	491,818	153,330
DISBURSEMENTS:		
MEAP Payments	1,008,775	1,388,319
MPAP Payments	50,711	84,842
Lynn Lake Economic Development Office	-	10,000
MGS - New Geoscience Initiative	-	356,738
	1,059,486	1,839,899
Balance, end of year	11,664,806	12,232,474

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	13,569,422	13,513,864
RECEIPTS:		
Royalties	3,075	-
Interest	88,697	66,586
	91,772	66,586
DISBURSEMENTS:		
Payments	-	11,028
Balance, end of year	13,661,194	13,569,422

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	3,637,741	4,111,950
RECEIPTS:		
Royalties	2,748,636	2,953,360
Interest	14,415	11,456
	2,763,051	2,964,816
DISBURSEMENTS:		
Rehabilitation payments	2,877,601	3,439,025
Balance, end of year	3,523,191	3,637,741

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	5,600	5,600
RECEIPTS:		
Repayment of bursaries	9,000	9,000
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	9,000	9,000
Balance, end of year	5,600	5,600

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	8,272,066	6,590,230
RECEIPTS:		
Surcharge on Provincial Fines	8,109,964	8,034,329
Interest	45,344	22,468
	8,155,308	8,056,797
DISBURSEMENTS:		
Grants	6,303,078	6,374,961
Balance, end of year	10,124,296	8,272,066

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

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018	2017
	$	$
Balance, beginning of year	954,768	1,435,865
RECEIPTS:		
Levy Revenues	10,439,085	9,181,640
DISBURSEMENTS:		
Payments	8,145,274	9,662,737
Balance, end of year	3,248,579	954,768

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

For the Year Ended March 31, 2018
(with comparative figures for the year ended March 31, 2017)

	2018 $	2017 $
Balance, beginning of year	67,710	51,578
RECEIPTS:		
Transfers In - Admin. Penalty Payments of Employers	26,825	25,000
DISBURSEMENTS:		
Payments	54,326	8,868
Balance, end of year	40,209	67,710

GOVERNMENT ORGANIZATIONS

Addictions Foundation of Manitoba

Financial Statements
March 31, 2018

June 26, 2018

Independent Auditor's Report

To the Board of Governors of
Addictions Foundation of Manitoba

We have audited the accompanying financial statements of Addictions Foundation of Manitoba, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Addictions Foundation of Manitoba as at March 31, 2018 and the results of its operations, its remeasurement gains and losses and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

Addictions Foundation of Manitoba

Statement of Financial Position

As at March 31, 2018

	2018 $	2017 $
Assets		
Current assets		
Cash	10,621,497	9,932,431
Accounts receivable	219,417	412,282
Prepaid expenses	75,104	127,753
	10,916,018	10,472,466
Capital assets (note 5)	9,040,411	9,510,546
Recoverable from Manitoba Health (note 12)	207,203	242,543
Recoverable from the Province of Manitoba		
Vacation pay recoverable from the Province of Manitoba (note 4)	667,567	667,567
Pre-retirement pay (note 7)	1,153,316	1,153,316
Long-term pension funding (note 8)	28,581,601	27,054,041
	50,566,116	49,100,479
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	2,178,208	2,040,113
Accrued vacation pay (note 4)	1,624,264	1,548,048
Current obligations under capital lease (note 6)	72,754	72,927
	3,875,226	3,661,088
Obligations under capital lease (note 6)	114,425	119,539
Credit facility (note 12)	205,736	241,076
Accrued pre-retirement pay (note 7)	2,627,292	2,578,662
Provision for employee pension benefits (note 8)	28,581,601	27,054,041
Deferred contributions (note 9)	6,527,410	6,884,451
	41,931,690	40,538,857
Net assets		
Invested in capital assets	2,590,994	2,722,328
Internally restricted (note 10)	150,000	150,000
Unrestricted	5,893,432	5,689,294
	8,634,426	8,561,622
	50,566,116	49,100,479
Commitments (note 11)		

Approved by the Board of Directors

Original Document Signed Chair   Original Document Signed Audit Committee Chair

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

Addictions Foundation of Manitoba

Statement of Operations

For the year ended March 31, 2018

	2018 $	2017 $
Revenue		
Government of the Province of Manitoba		
Operating	23,796,350	22,590,500
Contract funding		
Knowledge Exchange	11,676	64,548
Manitoba Justice - Drug Treatment Court	83,016	83,016
Long-term pension - net (note 8)	475,653	(318,333)
Capital projects	34,833	1,383
Other funding	20,381	388,720
Department of Families - Child and Family Services Division	269,600	255,700
Term Credit Facility Funding - interest	6,440	4,652
Amortization of deferred capital contributions (note 9(b))	333,513	351,946
Manitoba Liquor & Lotteries (Social Responsibility - Gambling)	3,533,296	3,504,797
Manitoba Liquor & Lotteries (Social Responsibility - Liquor)	1,388,004	1,388,003
Manitoba Liquor & Lotteries (Marymound Inc.)	2,712,000	2,712,000
Manitoba Liquor & Lotteries (Starfish Project)	70,007	98,987
Other (schedule A)	2,133,979	2,117,696
	34,868,748	33,243,615
Expenses		
Salaries and wages	19,663,530	19,604,733
Employee benefits	2,086,050	2,110,386
Health and post-secondary education tax levy	417,587	417,804
Pension (note 8)	3,234,359	2,111,069
Amortization	643,276	642,483
Grants to external agencies		
Marymound Inc.	2,712,000	2,712,000
Fees	386,241	526,441
Food and household supplies	903,453	829,921
Materials, repairs and maintenance	801,750	732,163
Medical services and supplies	730,453	654,934
Rent, insurance and property taxes (note 11)	1,684,732	1,672,071
Other (schedule B)	1,532,513	1,473,163
	34,795,944	33,487,168
Surplus (deficit)	72,804	(243,553)

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

Addictions Foundation of Manitoba

Statement of Changes in Net Assets

For the year ended March 31, 2018

	2018				2017
	Invested in capital assets $	Internally restricted $	Unrestricted $	Total $	Total $
Balance - Beginning of year	2,722,328	150,000	5,689,294	8,561,622	8,805,175
Surplus (deficit)	(309,763)	-	382,567	72,804	(243,553)
Investment in capital assets	178,429	-	(178,429)	-	-
Balance - End of year	2,590,994	150,000	5,893,432	8,634,426	8,561,622

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

Addictions Foundation of Manitoba

Statement of Cash Flows

For the year ended March 31, 2018

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	72,804	(243,553)
Items not affecting cash		
Amortization	643,276	642,483
Amortization of deferred capital contributions	(333,513)	(351,946)
	382,567	46,984
Changes in non-cash working capital items		
Accounts receivable	192,865	74,461
Prepaid expenses	52,649	(2,842)
Long-term pension funding commitment	(1,527,560)	(699,635)
Accounts payable and accrued liabilities	138,095	(448,117)
Accrued vacation pay	76,216	131,363
Provision for employee pension benefits	1,527,560	699,635
Net change in accrued pre-retirement pay	48,630	306,151
Net change in deferred contributions related to future expenses	(23,528)	(298)
	867,494	107,702
Investing activities		
Additions to capital assets	(173,141)	(207,004)
Financing activities		
Proceeds (payments) on capital lease obligations	(5,287)	92,431
Increase (decrease) in cash during the year	689,066	(6,871)
Cash - Beginning of year	9,932,431	9,939,302
Cash - End of year	10,621,497	9,932,431

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

1 Nature of the Foundation

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

2 Basis of presentation

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

3 Summary of significant accounting policies

Cash

Cash includes bank balances and petty cash on hand.

Capital assets

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

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

Costs incurred for construction in progress are not amortized until construction is complete.

Revenue recognition

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

Vacation pay

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

Pre-retirement pay

The Foundation records the estimated liability for accumulated pre-retirement pay benefits for their employees. The amount of this estimated liability is based on independent 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 changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee group. Amortization commences the year following the year when actuarial gain or loss arises.

Pension costs

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Foundation to contribute to the fund 50 percent of the pension obligation upon commencement of an employee's retirement for employees hired prior to October 1, 2002. For employees hired on or after October 1, 2002, the Foundation is required to make an equivalent contribution of 7.1 percent based upon an employee's pensionable earnings up to the yearly maximum pensionable earnings (YMPE) as based upon the Canada Pension Plan; and 9.0 percent on pensionable earnings in excess of the YMPE. These contributions are also recognized as operating expenses. In addition, a provision has been recorded in the accounts of the Foundation for the employer's share of current and past service pension obligations.

Financial instruments

Financial assets and liabilities are initially recorded at fair value and subsequently recorded at cost or amortized cost. Amortized cost is determined using the effective interest rate method.

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

Use of estimates

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

4 Vacation pay recoverable from the Province of Manitoba

Under guidelines produced by the Province of Manitoba, they will fund the Foundation's vacation pay liability up to a maximum of $667,567 (2017 - $667,567). Accordingly, the Foundation has recorded a recoverable in the same amount. The vacation pay recoverable has no specified terms of repayment and will be paid by the Province of Manitoba in the event cash is required to discharge the liability in full.

As at March 31, 2018, the liability for accrued vacation pay is $1,624,264 (2017 - $1,548,048).

5 Capital assets

			2018	2017
	Cost $	Accumulated amortization $	Net $	Net $
Land	713,106	-	713,106	713,106
Buildings	13,316,350	5,901,317	7,415,033	7,805,312
Computer equipment	2,491,712	2,160,983	330,729	399,624
Furniture and equipment	1,065,679	723,042	342,637	341,024
Leasehold improvements	642,125	403,219	238,906	251,480
	18,228,972	9,188,561	9,040,411	9,510,546

Included in computer equipment are assets under capital lease with an original cost of $513,816 (2017 - $433,767) and accumulated amortization of $330,094 (2017 - $243,028).

6 Obligations under capital lease

The table below reflects the net minimum lease payments of the following fiscal year:

	2018 $	2017 $
2018	-	81,451
2019	82,159	59,068
2020	74,273	51,182
2021	39,679	16,619
2022	7,659	-
Net minimum lease payments	203,770	208,320
Less: Amount representing interest	(16,591)	(15,854)
Present value of net minimum capital lease payments	187,179	192,466
Less: Current portion	(72,754)	(72,927)
	114,425	119,539

7 Province of Manitoba pre-retirement pay

The Foundation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility. As at March 31, 2018, the obligation for pre-retirement pay is estimated to be approximately $2,627,292 (2017 - $2,578,662) for which the Foundation has recorded an accrued pre-retirement pay liability on the Statement of Financial Position.

The amount of funding which will be provided by the Province of Manitoba for pre-retirement pay was initially determined based on the pre-retirement pay liability as at April 1, 1998 and was recorded as a receivable from the Province of Manitoba. Since fiscal 1999, the Foundation has received funding on an annual basis from the Province of Manitoba, which includes funding for the change in the pre-retirement pay liability and retirement payments in the year, including an interest component on the pre-retirement pay receivable. The pre-retirement pay recoverable from the Province of Manitoba at March 31, 2018, aggregates $1,153,316 (2017 - $1,153,316) and has no specified terms of repayment. The receivable for pre-retirement pay will be paid by the Province of Manitoba when it is determined that the cash is required to discharge the pre-retirement pay liability.

8 Provision for employee pension benefits

The Foundation records the actuarial pension liability and the related pension expense including an interest component, in its financial statements. Based on the most recent actuarial valuation as of December 31, 2016 and projection to March 31, 2018 performed by the independent actuary, the Foundation has recorded an amount of $28,581,601 (2017 - $27,054,041) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2018. Total net pension expense of $3,234,359 (2017 - $2,111,069) has been recorded in the Statements of Operations.

The Province of Manitoba has accepted responsibility for funding the Foundation's pension liability and the related expense including the interest component. The Foundation has therefore recorded an amount recoverable from the Province of Manitoba of $28,581,601 (2017 - $27,054,041) equal to the estimated value of its actuarially determined liability in its financial statements. The Foundation has recorded the associated revenue or expense for the change in the liability in the period offset by the contributions made to the Fund in the amount of $1,051,907 (2017 - $1,017,967). The Province of Manitoba makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

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

	2018 $	2017 $
Balance - beginning of year	27,054,041	26,354,406
Change in trust account held by Province of Manitoba	(43,434)	(62,217)
Benefits accrued	1,217,280	1,223,870
Interest accrued (6%; 2017 - 6%)	1,877,101	1,915,039
Benefits paid	(1,798,517)	(2,560,197)
Amortization of actuarial loss	275,130	183,140
Balance - end of year	28,581,601	27,054,041

The key actuarial assumptions were a rate of return of 6.00% (2017 - 6.00%), 2.00% inflation (2017 - 2.00%), salary rate increases of 3.75% (2017 - 3.75%) and post-retirement indexing 2/3 of the inflation rate. The projected benefits method was used and the liability has been extrapolated to March 31, 2018.

The actuarial valuations as at December 31, 2016 and 2015 were completed in December 2017 and 2016, respectively, and the resulting adjustment recorded in the year ended March 31, 2018 and 2017, respectively. This resulted in higher (2017 - higher) pension expense in the Statement of Operations in 2018 and 2017.

There is a net unamortized actuarial loss of $4,474,870 (2017 - $3,505,309) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (14 years).

9 Deferred contributions

	2018 $	2017 $
Future expenses (a)	265,171	288,699
Capital assets (b)	6,262,239	6,595,752
	6,527,410	6,884,451

a) Future expenses

	2018 $	2017 $
Balance - beginning of year	288,699	288,997
Contributions received in the current year	255,600	255,402
Amount recognized as revenue in the current year	(279,128)	(255,700)
Balance - end of year	265,171	288,699

Contributions recognized in revenue in the current year are included in Operating ($23,528) and Department of Families - Child and Family Services Division ($255,600).

b) Capital assets

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

	2018 $	2017 $
Balance - beginning of year	6,595,752	6,947,698
Less: Amortization of deferred contributions	(333,513)	(351,946)
Balance - end of year	6,262,239	6,595,752

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

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

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

	2018 $	2017 $
Thompson facility		
Opening balance	5,573,312	6,013,312
Less: Payments made by Manitoba Health	(440,000)	(440,000)
	5,133,312	5,573,312

10 Internally restricted net assets

Internally restricted net assets represent commitments for future expenditures on projects and capital expenditures. At the time the commitments are settled, expenditures are recorded in the Statement of Financial Position or Statement of Operations as appropriate and the restrictions are removed.

Internal restrictions in the amount of $150,000 (2017 - $150,000) have been imposed relating to the potential cancellation of Ontario Health referrals.

11 Commitments

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2018 and 2022. 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:

	$
2019	461,398
2020	291,164
2021	165,902
2022	28,280

The Foundation is currently negotiating a long-term lease agreement with Manitoba Housing for their new facility for the Men's Program. The associated annual rent expense pertaining to this agreement is $1,186,800.

12 Credit facility

The Foundation executed a credit facility with a maximum term of 20 years bearing interest at prime less 0.90%. The debt was used to repair and complete necessary upgrades to the facilities. Manitoba Health has agreed to fund the project, and will be paying the annual principal of $35,340. Total principal and interest payments for the year amounted to $41,780 (2017 - $43,118).

13 Financial instruments

The fair value of the pre-retirement pay recoverable, credit facility, capital leases and the long-term pension funding recoverable from the Province of Manitoba approximates the carrying value as the interest component (see notes 6, 7, 8 and 12) is comparable to current market rates.

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

Interest rate risk

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

Credit risk

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

Addictions Foundation of Manitoba

Other Revenue

Schedule A

For the year ended March 31, 2018

	2018 $	2017 $
Impaired Drivers’ Program fees	887,261	917,083
School Support Program	710,927	756,546
Recovery of wages, medical and treatment services and travel expenses	256,800	238,805
Training course fees	42,267	40,303
Donations	60,316	24,080
Interest	129,245	83,347
Property and parking rentals	30,685	30,728
Manitoba Government and General Employees’ Union	14,686	22,937
Miscellaneous	1,792	3,867
	2,133,979	2,117,696

Other Expenses

Schedule B

For the year ended March 31, 2018

	2018 $	2017 $
Advertising and exhibits	45,213	51,371
Audit	28,067	20,340
Board of Governors’ honorarium	17,204	13,187
Books, journals and audio-visual aids	79,270	85,141
Courier, postage and telephone	347,350	357,034
Interest	16,345	13,414
Miscellaneous	5,615	1,550
Printing, stationery and office supplies	262,720	288,622
Staff development	82,820	54,860
Training	51,439	44,038
Transportation of clients	51,192	46,874
Travel and automobile	299,488	261,992
Utilities	245,790	234,740
	1,532,513	1,473,163

Tel: 204 727 0671
Fax: 204 726 4580
Toll Free: 800 775 3328
www.bdo.ca

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

Independent Auditor's Report

To the Directors of
Assiniboine Community College

We have audited the financial statements of **Assiniboine Community College**, which comprise the statement of financial position as at June 30, 2017, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **Assiniboine Community College** as at June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Unaudited Information

We have not audited or otherwise attempted to verify the accuracy or completeness of the schedules on pages 21 to 27 of the organization's financial statements.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
October 24, 2017

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017
(in thousand $)

ASSETS	June 30, 2017	June 30, 2016
CURRENT		
Cash and short term investments (note 2)	14,637	12,365
Accounts receivable (note 3)	2,495	2,064
Inventories (note 4)	61	55
Prepaids	877	860
	18,070	**15,344**
NON-CURRENT		
Due from Province of Manitoba (note 5)	1,999	1,999
CAPITAL ASSETS (note 6)		
Land, buildings and equipment	11,656	12,378
Library holdings	661	661
	12,316	**13,039**
	32,387	**30,382**

LIABILITIES AND NET ASSETS	June 30, 2017	June 30, 2016
CURRENT		
Accounts payable and accrued liabilities (note 7)	7,887	9,447
Deferred revenue (note 8)	4,551	2,568
Current portion of long term debt (note 9)	0	120
	12,438	**12,135**
NON-CURRENT		
Long term loan (note 9)	0	0
Accrued Sick Leave (note 10)	797	734
Accrued severance liability (note 11)	3,115	3,069
	3,912	**3,803**
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 12)	7,784	7,856
NET ASSETS		
Net assets invested in capital assets	4,533	5,063
Net assets internally restricted (note 13)	595	595
Unrestricted net assets	3,124	930
	8,253	**6,588**
	32,387	**30,382**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
REVENUES			
Academic training fees	4,566	4,636	4,196
Grants (note 14)	29,743	29,754	29,408
Assiniboine international	2,911	3,027	0
Market driven training	3,369	2,113	3,130
Continuing studies	2,411	2,578	2,328
Ancillary services	195	224	213
Apprenticeship training	3,088	2,989	3,147
Other revenue	827	1,163	872
Amortization of deferred contributions	1,333	1,333	1,203
	48,443	**47,817**	**44,497**
EXPENDITURES			
Academic	30,138	28,325	26,064
Administration	8,083	8,084	7,957
Program support	1,925	1,771	2,372
Plant	4,882	4,555	4,664
Management information services	1,185	1,190	1,122
Library	348	348	343
Ancillary services	79	75	59
Amortization of capital assets	1,804	1,804	1,720
	48,443	**46,152**	**44,301**
EXCESS OF REVENUES OVER EXPENDITURES	**-**	**1,665**	**196**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(in thousand $)

	2017	2016
Cash from operating activities		
Excess of revenues over expenditures	1,665	196
Amortization of capital assets	1,803	1,720
Amortization of deferred capital contributions	(1,333)	(1,203)
Change in non-cash working capital items	(42)	2,248
Net cash generated through operating activities	**2,093**	**2,961**
Financing and investing activities		
Purchase of capital assets	(1,082)	(2,132)
Donated capital assets	-	(31)
Contributions received for capital purposes	1,260	2,188
Net cash used in financing and investing activities	**179**	**26**
Net increase (decrease) in cash and short term investments	**2,272**	**2,987**
Cash and short term investments, beginning of year	12,365	9,378
Cash and short term investments, end of year	**14,637**	**12,365**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2017 TOTAL	2016 TOTAL
Balance - beginning of year	5,063	595	930	6,588	6,392
Excess of revenue over expenditures	-	-	1,665	1,665	196
Transfer to internally restricted	-	-	-	-	-
Investment in capital assets	(529)	-	529	-	-
Balance - end of year	4,533	595	3,124	8,253	6,588

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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

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

Management's Responsibility for the Financial Statements

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

Basis of Accounting

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

Financial Instruments

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

Inventories

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

June 30, 2017

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

Capital Assets

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

Buildings	2 %
Buildings - greenhouse	10 %
Computers and electronics	33 %
Computer systems	10 %
Computer equipment	20 %
Furniture and equipment	10 %
Leasehold improvements	2 %
Laptop program	50 %
Vehicles	30 %

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

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

Leases

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

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

Revenue Recognition

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

Tuition and other training revenue is recognized when collection is expected and the revenue has been earned.

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

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

Employee Future Benefits

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

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

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

Use of Estimates

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

- Allowance for doubtful accounts
- Accrued severance liability
- Accrued sick pay liability
- Valuation of library holdings

2. Cash and Short Term Investments

	2017	2016
Cash	**814**	791
Term deposits - Manitoba Finance	**13,823**	11,574
	14,637	12,365

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

3. Accounts Receivable

	2017	2016
Current		
Tuition and contract training	**2,310**	1,802
Goods and Services Tax rebate	**26**	46
Allowance for doubtful accounts	**(225)**	(203)
	2,111	1,645
Non-current		
Payroll advance	**384**	419
	2,495	2,064

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

4. Inventories

	2017	2016
Books and supplies	**61**	55

Inventory expensed during the fiscal year was $1,942,977 (in actual $) (2016 - $2,052,015).

5. Due from Province of Manitoba

	2017	2016
Non-current		
Severance pay	**1,124**	1,124
Vacation pay	**875**	875
	1,999	1,999

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 $2,101,854 in severance pay relating to pre-1998 employee service (in actual $). No payments have been received from the Province with respect to this receivable.

6. Capital Assets

	2017		2016	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**4**	**-**	4	-
Buildings	**3,340**	**799**	3,340	627
Computer systems, equipment and electronics	**12,879**	**10,935**	12,177	10,243
Furniture and equipment	**19,718**	**15,520**	19,450	14,638
Leasehold improvements	**4,513**	**1,657**	4,418	1,599
Laptop program	**220**	**107**	202	107
Vehicles	**10**	**10**	10	9
	40,684	**29,028**	39,601	27,223
Net book value		**11,656**		12,378

	2017	2016
Library holdings, at estimated value	**661**	661

7. Accounts Payable and Accrued Liabilities

	2017	2016
Trade payables	**1,967**	3,927
Accrued wages and vacation pay	**5,920**	5,520
	7,887	9,447

8. Deferred Revenue

	2017	2016
Opening tuition and commitment fees	**696**	397
Opening contract training fees	**796**	379
Opening other deferrals/revenue	**329**	329
Opening provincial grant	**748**	1,911
Total opening deferred revenue	**2,569**	3,016
Tuition and commitment fees received	**842**	863
Contract training fees received	**25,444**	8,702
Other deferrals/revenue received	**373**	218
Provincial grant received	**2,092**	5,214
Total received	**28,751**	14,997
Tuition and commitment fees recognized	**(947)**	(564)
Contract training fees recognized	**(24,192)**	(8,285)
Other deferrals/revenue recognized	**(247)**	(219)
Provincial grant recognized	**(1,383)**	(6,377)
Total recognized	**(26,769)**	(15,445)
Ending tuition and commitment fees	**591**	696
Ending contract training fees	**2,048**	796
Other deferrals/revenue	**455**	328
Ending provincial grant	**1,457**	748
	4,551	2,568

9. Long-term Debt

	2017	2016
Loan payable to Province of Manitoba repaid in the year.	-	120
Less amounts due within one year included in current liabilities	-	120
	-	-

10. Accrued Sick Leave

Assiniboine Community College provides sick days to their employees. The most recent actuarial valuation was at June 30, 2017.

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

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

	2017	2016
Accrued sick pay obligation	797	734

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

	2017	2016
Discount rate	6.0	6.0
Rate of compensation increase	3.75	3.75

11. Accrued Severance Liability

Assiniboine Community College provides certain severance benefits payable upon retirement. The most recent actuarial valuation was as at June 30, 2017.

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

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

	2017	2016
Accrued severance liability on statement of financial position	**3,115**	3,069
Interest cost	**188**	183
Current service cost	**220**	223
Current year severance expense	**408**	406
Accumulated benefits paid	**2,357**	2,102

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

	2017	2016
Discount rate	**6.0**	6.0
Rate of compensation increase	**3.75**	3.75

12. Deferred Contributions Related to Capital Assets

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

	2017	2016
Net book value, beginning of year	**7,856**	6,870
Add: Capital contributions during the year	**1,261**	2,189
Less: Current year amortization	**(1,333)**	(1,203)
Net book value, end of year	**7,784**	7,856

13. Net Assets Internally Restricted

	2017	2016
General Reserve, opening balance	**595**	595
Appropriations	**-**	-
Withdrawals	**-**	-
General Reserve, ending balance	**595**	595

14. ALD Grants

	2017	2016
Grants Received	**30,992**	29,809
Less:		
Deferred capital contributions	**(1,238)**	(401)
	29,754	29,408

15. Pension Costs and Obligations

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

16. Commitments

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

2017/18	1,030,994
2018/19	648,820
2019/20	470,713
2020/21	433,283
Thereafter	24,762

17. Economic Dependence

The College presently receives annual funding of approximately $30,989,500 (2016 - $30,393,500) from the Province of Manitoba to finance operations and capital acquisitions (in actual $). The College is economically dependent on the Province of Manitoba for funding.

18. Cash Flows - Supplemental Information

The college paid interest on long term debt in the year of $2,875 (2016 - $8,960) (in actual $). In the year, the college received interest of $101,639 (2016 - $81,938) (in actual $).

19. Financial Risk Management

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

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

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

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

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

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

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

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

20. Income Taxes

The College is exempt from income taxes.

21. 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	126,662
Accounts receivable	5,065
Other assets	18,170
Investments	3,087,988
Equipment	7,815
Accounts payable	11,088
Deferred revenue	2,045,553
Deferred contributions	40,983
Unrestricted net assets	(18,954)
Endowment funds	1,159,215
Invested in capital assets	7,815
Revenue	434,886
Expenditures	436,112

ASSINIBOINE COMMUNITY COLLEGE Schedule 1
UNAUDITED SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Academic Training Fees			
Day program tuition fees	4,566	4,636	4,196
Grants			
Provincial (note 14)	29,743	29,754	29,408
Assiniboine International (schedule 2)	2,911	3,027	-
Market Driven / Contract Training (schedule 3)	3,369	2,113	3,130
Continuing Studies (schedule 4)	2,411	2,578	2,328
Ancillary Services (schedule 5)	195	224	213
Apprenticeship Training (schedule 6)	3,088	2,989	3,147
Sundry and Other Revenue			
Interest	90	102	82
Other	737	1,061	790
	827	1,163	872
Amortization of Deferred Capital Contributions	1,333	1,333	1,203
Total Revenue	48,443	47,817	44,497

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 1
UNAUDITED SCHEDULE OF EXPENDITURES Continued
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Academic			
Salaries			
Instructional	16,776	16,173	15,307
Administrative	4,272	4,050	3,434
Program Support	362	297	408
Fringe Benefits	2,991	2,792	2,582
Operating	5,736	5,013	4,334
	30,138	28,325	26,064
Administration			
Salaries	4,731	4,913	4,641
Fringe Benefits	1,336	1,322	1,287
Operating	2,016	1,850	2,030
	8,083	8,084	7,958
Program Support			
Salaries	1,441	1,265	1,844
Fringe Benefits	204	194	281
Operating	280	312	246
	1,925	1,771	2,372
Plant			
Salaries	724	787	769
Fringe Benefits	120	116	116
Operating	4,037	3,652	3,779
	4,882	4,555	4,664
Management Information Services			
Salaries	555	574	540
Fringe Benefits	85	85	77
Operating	545	531	505
	1,185	1,190	1,122
Library			
Salaries	239	240	235
Fringe Benefits	39	37	36
Operating	71	71	72
	348	348	343
Ancillary Services (schedule 5)	79	75	59
Amortization of Capital Assets	1,804	1,804	1,720
Total Expenditures	48,443	46,152	44,301

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 2
ASSINIBOINE INTERNATIONAL
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Revenue			
Tuition fee contracts	300	289	0
Contract training	1,881	2,035	0
Grants	730	703	0
Other revenue	0	0	0
Total Revenue	2,911	3,027	0
Expenditures			
Direct Expenditures			
Instructional salaries	1,253	1,171	0
Fringe benefits	168	141	0
Operating	745	548	0
	2,166	1,860	0
Indirect Expenditures			
Administrative salaries	382	397	0
Fringe benefits	53	52	0
Operating	125	61	0
	561	511	0
Total Expenditures	2,727	2,371	0
Excess of Revenue over Expenditures	184	657	0

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 3
MARKET DRIVEN TRAINING
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Revenue			
Tuition fee contracts	378	361	823
Contract training	1,951	709	540
Grants	1,027	1,024	1,651
Other revenue	14	18	117
Total Revenue	3,369	2,113	3,130
Expenditures			
Direct Expenditures			
Instructional salaries	1,382	831	1,618
Fringe benefits	131	105	197
Operating	1,074	650	711
	2,587	1,586	2,526
Indirect Expenditures			
Administrative salaries	262	245	211
Fringe benefits	39	35	29
Operating	57	52	36
	359	333	277
Total Expenditures	2,946	1,919	2,803
Excess of Revenue over Expenditures	424	194	328

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 4
CONTINUING STUDIES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Revenue			
Brandon campus	721	697	815
Dauphin campus	384	290	66
Winnipeg campus	156	218	187
Regional centres	1,150	1,373	1,260
Total Revenue	2,411	2,578	2,328
Expenditures			
Direct Expenditures			
Instructional salaries	806	813	676
Fringe benefits	109	81	63
Operating	589	545	567
	1,504	1,439	1,306
Indirect Expenditures			
Administrative salaries	516	510	560
Fringe benefits	80	73	84
Operating	159	74	84
	755	657	728
Total Expenditures	2,259	2,096	2,034
Excess of Revenue over Expenditures	152	482	294

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 5
ANCILLARY SERVICES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Revenue	195	224	213
Expenditures			
Salaries & benefits	10	6	1
Operating	69	69	58
Total Expenditures	79	75	59
Excess of Revenue over Expenditures	115	149	154

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

ASSINIBOINE COMMUNITY COLLEGE Schedule 6
APPRENTICESHIP
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2017
(in thousand $)

	Budget (unaudited)	2017	2016
Revenue			
Tuition Revenue	3,088	2,989	3,147
Expenditures			
Direct Expenditures			
Instructional salaries	2,298	2,285	2,118
Fringe benefits	385	350	313
Operating	493	544	479
Total Expenditures	3,176	3,180	2,909
Excess (Deficiency) of Revenue Over Expenditures	(88)	(190)	238

Assiniboine Community College
Schedule 7 - Schedule of Board Member Compensation
(Unaudited)

For the year ended June 30	2017
Heather Dodds	1,800
Jenna Wade	300
Laura Kempthorne	1,800
Lillian Houle	900
Martijn Van Luijn	1,500
Tamara Studer	1,800
Thomas MacNeill	1,800
	$ 9,900

(In actual dollars)

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

The original document was signed by Kerry Auriat and Scott J. B. Lamont.

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

June 23, 2018

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Brandon University, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brandon University as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original document signed by
Norm Ricard

June 23, 2018
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

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

Brandon University

Statement of Financial Position
as at March 31, 2018

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,062,126	$ 5,682,435
Short-term investments	1,034,220	1,602,092
Accounts receivable (note 3)	1,396,873	1,252,482
Inventories (note 4)	69,114	87,481
Prepaid expenses	257,054	295,685
	7,819,387	8,920,175
Long-term investments (note 5)	1,542,000	
Capital Assets and Collections (notes 2(I) and 6)	61,051,408	61,068,334
	$ 70,412,795	$ 69,988,509
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,826,024	$ 3,481,237
Unearned revenue	206,543	236,760
Deferred contributions (note 9)	2,671,671	2,715,321
Current portion of long-term debt (note 10)	113,533	105,646
	6,817,771	6,538,964
Long-Term Liabilities		
Pension liability (note 11)	13,915,000	16,037,431
Post-employment benefits (note 12)	1,683,219	1,599,972
Mortgages payable (note 10)	1,081,631	1,195,163
	16,679,850	18,832,566
Unamortized Deferred Capital Contributions (note 9)	47,499,382	48,195,443
Net Assets		
Unrestricted net assets		
Operating	4,048,139	3,519,145
Post-employment benefits and compensated absences	(1,742,251)	(1,626,976)
Pension liability	(13,915,000)	(16,037,431)
Vacation pay	(1,006,818)	(982,225)
	(12,615,930)	(15,127,487)
Internally restricted net assets (note 13)	1,333,458	1,247,240
Investment in capital assets and collections	10,698,264	10,301,783
	(584,208)	(3,578,464)
	$ 70,412,795	$ 69,988,509

Approved by the Brandon University
Board of Governors on June 23, 2018

The original document was signed by Kerry Auriat and Scott J. B. Lamont.

Treasurer

Vice-President (Administration & Finance)

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

Brandon University

Statement of Changes in Net Assets
for the year ended March 31, 2018

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2018	Total 2017
Balance, beginning of year	$ (15,127,487)	$ 1,247,240	$ 10,301,783	$ (3,578,464)	$ (6,673,720)
Excess of revenues over expenses	2,971,656			2,971,656	2,970,256
Direct increases to net assets					
Donations of capital assets			22,600	22,600	125,000
Transfers					
Internally funded					
Capital asset additions	(1,359,135)		1,359,135		
Capital disposals (net)	2,198		(2,198)		
Repayment of long-term debt	(105,646)		105,646		
Amortization of deferred capital contributions	(2,029,791)		2,029,791		
Less: Amortization expense	3,118,493		(3,118,493)		
Amortization	1,088,702		(1,088,702)		
Allocation to internally restricted net assets	(94,219)	94,219			
Internally restricted net asset purchases	8,001	(8,001)			
Balance, end of year	$ (12,615,930)	$ 1,333,458	$ 10,698,264	$ (584,208)	$ (3,578,464)

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

Brandon University

Statement of Operations
for the year ended March 31, 2018

	2018	2017
Revenues		
Tuition fees and other student fees	$ 11,192,553	$ 10,008,437
Grants		
Education & Training Division	40,046,290	40,225,266
Province of Manitoba	322,897	367,044
Government of Canada	1,892,159	1,549,379
Sales of goods and services	6,887,728	6,092,635
Brandon University Foundation	2,693,072	2,582,946
Amortization of deferred capital contributions	2,029,791	2,107,281
Gain on contribution of capital assets		186,000
Interest income	146,740	167,727
Miscellaneous	1,392,441	1,177,455
	66,603,671	64,464,170
Expenses		
Salaries - academic	25,148,621	24,287,279
Salaries - support	15,661,387	14,952,217
Benefits	5,191,703	5,660,200
Travel	1,777,147	1,723,526
Supplies and consumable expenses	7,848,389	7,679,924
Major renovations	311,227	56,763
Property taxes	114,124	109,202
Utilities	1,002,565	958,985
Cost of goods sold (note 4)	802,945	657,864
Scholarships and bursaries	2,578,013	2,098,722
Interest on long-term debt	75,203	82,870
Amortization expense	3,118,493	3,220,753
Loss on disposal of capital assets	2,198	5,609
	63,632,015	61,493,914
Excess of revenues over expenses	$ 2,971,656	$ 2,970,256

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

Brandon University

Statement of Cash Flow

for the year ended March 31, 2018

	2018	**2017**
Cash Provided By (Used In) Operating Activities		
Net excess of revenues over expense before interest	$ 2,900,119	$ 2,885,399
Interest received	146,740	167,727
Interest paid	(75,203)	(82,870)
Excess of revenues over expenses	2,971,656	2,970,256
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,029,791)	(2,107,281)
Amortization of capital assets	3,118,493	3,220,753
Loss on disposal of capital assets	(2,198)	(5,609)
Net change in non-cash operating working capital		
Accounts receivable	(144,391)	226,863
Accounts payable and accrued liabilities	344,787	(137,036)
Deferred contributions	(43,650)	(382,537)
Unfunded post-employment benefits and compensated absences	83,247	(30,150)
Unfunded pension liability	(2,122,431)	(2,304,569)
Other non-cash working capital	19,959	115,777
	2,195,681	1,566,467
Cash Provided By (Used In) Capital Activities		
Capital asset additions	(3,103,764)	(2,712,270)
Cash Used In Investing Activities		
Purchase of short-term investments	567,872	(102,092)
Sale/(Purchase) of long-term investments	(1,542,000)	
	(974,128)	(102,092)
Cash Provided By (Used In) Financing Activities		
Long-term debt repayments	(105,646)	(98,364)
Capital contributions	1,367,548	1,558,975
	1,261,902	1,460,611
Increase (decrease) in cash and cash equivalents	(620,309)	212,716
Cash and cash equivalents, beginning of year	5,682,435	5,469,719
Cash and cash equivalents, end of year	$ 5,062,126	$ 5,682,435

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

1 . Authority and Purpose

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

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

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

B. Net Assets

Unrestricted net assets have been shown on the statement of financial position broken down into the following categories:

Post-employment benefits and compensated absences - representing the amount of net assets that would be required to cover this liability at its balance on March 31.

Pension liability - representing the amount of net assets that would be required to cover this liability at its balance on March 31.

Vacation Pay - representing the amount of net assets that would be required to cover this liability at its balance on March 31.

Operating – representing the unrestricted net assets of the University including general operations, Ancillary Services, research and special projects and capital activities, less the amounts required to cover the above three future employee benefits.

Internally restricted net assets represent net assets allocated for specified purposes. The revenues and expenses related to the internally restricted net assets are reported in the statement of operations and any allocation to or from the internally restricted net assets from unrestricted net assets are recorded as a transfer in the statement of changes in net assets.

Investment in capital assets represents the net assets that Brandon University has in its capital assets and collections net of any associated liabilities related to capital assets and deferred capital contributions related to capital assets. The revenues and expenses related to the investment in capital assets and collections are reported in the statement of operations and any allocation to or from the investment in capital assets and collections from unrestricted net assets are recorded as a transfer in the statement of changes in net assets.

C. Revenue Recognition

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

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

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

D. Capital Grants

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

E. Cash & Cash Equivalents

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

F. Short-Term Investments

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

G. Long-Term Investments

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

H. Brandon University Foundation

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

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

I. Capital Assets and Collections

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

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

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

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

J. Inventories

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

K. Pension Plan

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

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

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

L. Other Post-Employment Benefits and Compensated Absences

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

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

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

M. Use of Estimates

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

N. Financial Instruments

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

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

3. Accounts Receivable

	2018	2017
Student receivables	$ 364,659	$ 302,046
Brandon University Foundation	534,316	460,617
Province of Manitoba	332,900	85,209
Miscellaneous	241,998	431,610
Less: allowance for doubtful accounts	(77,000)	(27,000)
	$ 1,396,873	$ 1,252,482

4. 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:

	2018 Cost of Sales	2017 Cost of Sales	2018 Carrying Values	2017 Carrying Values
Athletics	$ 80,787	$ 58,817	$ 13,081	$ 20,138
Bookstore	-	(43,387)	-	-
Food Services	684,470	602,162	33,726	42,590
Print Shop	37,688	40,272	22,307	24,753
	$ 802,945	$ 657,864	$ 69,114	$ 87,481

5. Long-Term Investments

	2018	2017
Guaranteed investment certificates	$ 1,542,000	$ -

The University's long-term investments are interest bearing guaranteed investment certificates, maturing between June 2019 and September 2020. Interest rates range from 1.40% to 2.36% and is payable at maturity.

6. Capital Assets and Collections

	2018 Cost	2018 Accumulated Amortization	2018 Net Book Value	2017 Cost	2017 Accumulated Amortization	2017 Net Book Value
Land	$ 2,194,411	$	$ 2,194,411	$ 1,768,081	$	$ 1,768,081
Buildings	97,496,170	(47,883,340)	49,612,830	96,275,105	(46,123,602)	50,151,503
Furniture & equipment	24,510,767	(18,518,205)	5,992,562	23,608,887	(17,740,929)	5,867,958
Library collections	12,850,211	(10,956,913)	1,893,298	12,463,898	(10,518,813)	1,945,085
Collections	1,358,307		1,358,307	1,335,707		1,335,707
	$138,409,866	$(77,358,458)	$ 61,051,408	$135,451,678	$(74,383,344)	$ 61,068,334

Furniture & equipment includes computer equipment and vehicles. Capital asset additions during the year included donations in kind in the amount of $22,600 (2017 - $125,000). Buildings include assets under construction of $407,939 (2017 - $449,847).

7. Financial Risk Management

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

i) Market Risk

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

Interest rate risk is the risk fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to this risk through its interest bearing investments. The University's short-term investments are guaranteed investment certificates. Interest rates range from 1.05% to 1.62%. $826,000 matures on May 17, 2018, $1,527,275 matures on June 1, 2018 and $1,034,220 matures on October 4, 2018. The University's long-term investments are guaranteed investment certificates. Interest rates range from 1.40% to 2.36%. $242,000 matures on June 11, 2019, $800,000 matures on September 25, 2019, $300,000 matures on July 13, 2020 and $200,000 matures on September 25, 2020.

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

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

ii) Liquidity Risk

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

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

iii) Credit Risk

Credit risk arises from the possibility a loss may occur from the failure of another party to perform according to the terms of a contract. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 was:

	Carrying Amount	
	2018	**2017**
Cash, cash equivalents and short-term investments	$ 6,096,346	$ 7,284,527
Long-term investments	1,542,000	
Accounts receivable	1,396,873	1,252,482
Totals	$ 9,035,219	$ 8,537,009

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

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

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

8. Brandon University Foundation

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

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

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

Statement of Financial Position

	2017	2016
Assets	$ 72,233,660	$ 66,597,189
Liabilities	$ 1,504,690	$ 1,315,564
Deferred contributions	6,424,330	5,904,824
Net Assets		
Unrestricted and internally restricted net assets	17,782,686	14,437,086
Endowment funds	46,521,954	44,939,715
	64,304,640	59,376,801
Total Liabilities and Net Assets	$ 72,233,660	$ 66,597,189

Statement of Operations

	2017	2016
Revenue		
Realized income	$ 2,062,136	$ 771,304
Unrealized gain	3,358,471	2,827,957
Net investment income	5,420,607	3,599,261
Donations	571,578	1,524,213
Other contributions	42,863	247,244
	6,035,048	5,370,718
Expense		
Grants to Brandon University	1,184,755	1,151,206
Scholarships and bursaries	1,447,288	1,418,428
Other expenses	57,405	48,252
	2,689,448	2,617,886
Net income for the year	$ 3,345,600	$ 2,752,832

The net result of the transactions from January 1, 2018 to March 31, 2018 was a loss of $2,532,968 (2017 gain of $3,405,257) which includes a unrealized investment loss of $2,668,531 (2017 gain of $2,878,217).

The value of outstanding pledges to the Foundation as at March 31, 2018 is $75,580 (2017 - $89,755). These will be recorded as revenue in the Foundation when received.

9. 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. As of March 31, 2018 there are no deferred capital contributions (2017 - $0). Changes in the deferred contributions and unamortized deferred capital contributions balances are as follows:

	2018 Deferred Contributions	2018 Unamortized Deferred Capital Contributions	2017 Deferred Contributions	2017 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 2,715,321	$ 48,195,443	$ 3,097,858	$ 48,879,967
Contributions received and receivable				
Tuition and miscellaneous	2,234,964		1,510,274	
Education & Training Division	1,443,000		2,315,000	
Province of Manitoba	628,540		222,494	
Government of Canada	2,083,026		1,522,538	
Brandon University Foundation	434,504		371,159	
	6,824,034		5,941,465	
Transfers to revenue				
Tuition, grants and contributions	(5,533,954)		(4,901,245)	
Amortization of deferred capital contributions		(2,029,791)		(2,107,281)
Transferred to acquire capital assets	(1,333,730)	1,333,730	(1,422,757)	1,422,757
Balance, end of year	$ 2,671,671	$ 47,499,382	$ 2,715,321	$ 48,195,443
Balance consists of:				
Research	$ 2,164,781		$ 2,209,036	
Special programs	506,890		506,285	
Deferred contributions	$ 2,671,671		$ 2,715,321	

10. Long-term Liabilities

Mortgages Payable

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

	2018	2017
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	$ 446,879	$ 537,724
215 & 223 18th Street, Province of Manitoba 4.5% mortgage, $2,248 combined principal and interest payable monthly to June 20, 2054	481,762	486,930
1718 Princess Avenue, Province of Manitoba 4.0% mortgage, principal of $802.78 plus interest, payable monthly to November 30, 2045	266,523	276,155
	1,195,164	1,300,809
Current portion of long-term debt	113,533	105,646
Mortgage payable	$ 1,081,631	$ 1,195,163
Interest expense	$ 75,203	$ 82,870

Principal payments in the next five years are as follows:

2019	$ 113,532
2020	122,334
2021	131,598
2022	141,635
2023	16,102
Thereafter	556,428
	$ 1,081,629

11. Pension Plan

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

An actuarial valuation of the plan, as required by The Pension Benefits Act of Manitoba, was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2016. The next actuarial valuation is required as at December 31, 2017 and will be completed in 2018.

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

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

Net assets available for benefits are comprised of:

	(in thousands of dollars)	
	December 31 2017	**December 31 2016**
Accounts receivable and other	$ 485	$ 215
Cash and short-term investments	386	592
Bonds and debentures	64,052	67,999
Canadian equities	51,458	41,975
Foreign equities	69,053	59,172
Total net assets	$ 185,434	$ 169,953

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

	(in thousands of dollars)	
	December 31 2017	**December 31 2016**
Reconciliation of Plan Assets		
Fair value, beginning of year	$ 169,953	$ 159,208
Employer contributions	3,702	4,293
Employee contributions	2,323	2,313
Transfers from other plans	31	34
Benefit payments	(9,159)	(8,435)
Actual return on plan assets (net of expenses)	18,584	12,540
Fair value, end of year	$ 185,434	$ 169,953

	(in thousands of dollars)	
	December 31 2017	**December 31 2016**
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 172,581	$ 166,128
Employer service cost	5,338	5,369
Interest cost	9,473	9,136
Benefit payments	(9,159)	(8,435)
Transfers from other plans	31	34
Actuarial (gains)/losses	(662)	349
Accrued benefit obligation, end of year	$ 177,602	$ 172,581

	(in thousands of dollars) December 31 2017	December 31 2016
Reconciliation of Unamortized Actuarial (Gains)/Losses		
Net unamortized actuarial gains, beginning of year	$ (14,542)	$ (12,583)
Net actuarial gain	(9,900)	(3,405)
Amortization of actuarial loss	1,691	1,446
Net unamortized actuarial gains, end of year	$ (22,751)	$ (14,542)

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

	(in thousands of dollars) March 31 2018	March 31 2017
Accrued Pension Liability		
Accrued pension liability, beginning of year	$ (16,037)	$ (18,342)
Employer contributions	3,573	4,265
Net pension plan expense	(1,451)	(1,960)
Accrued pension liability, end of year	$ (13,915)	$ (16,037)

	(in thousands of dollars) March 31 2018	March 31 2017
Reconciliation of Surplus/(Deficit) to Accrued Liability		
Surplus/(deficit), end of year	$ 7,832	$ (2,628)
Net unamortized actuarial gains	(22,751)	(14,542)
Employer contribution after measurement date	1,004	1,133
Accrued pension liability, end of year	$ (13,915)	$ (16,037)

	(in thousands of dollars) March 31 2018	March 31 2017
Net Pension Plan Expense		
Current service cost, net of employee contributions	$ 3,015	$ 3,056
Interest accrued on benefits	9,473	9,136
Expected return on plan assets	(9,346)	(8,786)
Amortization of actuarial gain	(1,691)	(1,446)
Net pension plan expense	$ 1,451	$ 1,960

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

	2018	2017
Discount rate	5.55 %	5.55 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	CPM2014 Public Sector Table projected with Scale CPM-B	

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

	2018	2017
Discount rate	5.55 %	5.55 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	CPM2014 Publice Sector Table projected with Scale CPM-B	

The unamortized net actuarial gains will be amortized over the expected average remaining service life (EARSL) which is 2018 - 8.6 years (2017 - 8.6 years).

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

Funding of Going-Concern Deficiencies
With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The funding deficit of $5,116,000 is required to be funded over a maximum of 15 years. The existing funding deficit will be funded over 10 years. Special payments totaling $664,000 were made in 2017. The estimated total special payments for 2018 is $293,000, which will not be confirmed until after the valuation is completed. The next going-concern valuation will be performed as at December 31, 2017 and will be completed in 2018.

12. Other Post-employment Benefits and Compensated Absences

Other Post-employment Benefits

Brandon University provides certain severance and retiring allowance benefits payable upon retirement. An actuarial valuation, using the accrued benefit method, to determine the value of severance pay and retiring allowance benefits is carried out every four years. The most recent actuarial valuation was as at March 31, 2017 with the next valuation due as at March 31, 2021.

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

	2018	2017
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 1,194,000	$ 1,180,000
Employer service cost	59,000	53,000
Interest cost	68,000	66,000
Benefit payments	(46,000)	(100,000)
Actuarial (gains)/losses	(123,000)	(5,000)
Accrued benefit obligation, end of year	$ 1,152,000	$ 1,194,000

	2018	2017
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	$ 1,301,000	$ 1,296,000
Employer contributions	(46,000)	(100,000)
Benefit expense	115,000	105,000
Accrued benefit liability, end of year	$ 1,370,000	$ 1,301,000

	2018	2017
Benefit Plan Expense		
Employer service cost	$ 59,000	$ 53,000
Interest cost	68,000	66,000
Amortization of net actuarial loss	(12,000)	(14,000)
Total benefit plan expense	$ 115,000	$ 105,000

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

	2018	2017
Discount rate (accrued benefit obligation)	5.55%	5.55%
Rate of compensation increase (weighted average)	3.96%	4.59%

The unamortized net actuarial gains of $218,000 (2017 - $107,000) will be amortized over the expected average remaining service life (EARSL) which is 9.1 years (2017 - 9.1 years).

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

Compensated Absences

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

	2018	2017
Accrued benefit liability	$ 313,219	$ 298,972
Net benefit cost	$ 14,247	$ 8,954
Discount rate	5.55%	5.55%

The accrued benefit liability for these compensated benefits is reported in the University's Statement of Financial Position under long-term liabilities.

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

	2018	2017
Accrued benefit liability and benefit cost	$ 59,032	$ 27,004

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

13. Internally Restricted Net Assets

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

	2017 Opening Balance	Current Provision	Purchases	2018 Closing Balance
Ancillary Services	$ 668,878	$ 57,035	$	$ 725,913
Cello Repair	3,500	3,500		7,000
Healthy Living Centre	8,001		(8,001)	
Healthy Living Centre Screen	(33,684)	33,684		
Kiln Replacement	24,000			24,000
Telephone replacement	552,157			552,157
Vehicle replacement	24,388			24,388
	$ 1,247,240	$ 94,219	$ (8,001)	$ 1,333,458

14. Brandon Centennial Auditorium Corporation Inc.

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

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

15. Knowles-Douglas Student Union Centre

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

16. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $3,934 for the year ended March 31, 2018 (2017 - $15,500).

17. Related Party Transactions

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

18. Comparative Figures

Comparative figures for the year ended March 31, 2017 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2018.

Brandon University

Additional Financial Information
for the year ended March 31, 2018

The foregoing consolidated financial statements and accompanying notes to the financial statements have been audited by the Auditor General for Manitoba and are the subject of the audit report dated June 23, 2018.

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

Schedule 1
(unaudited)

Brandon University

Detailed Schedule of Operations - Unrestricted
for the Year Ended March 31, 2018

	General Operating	Ancillary Services	Total 2018	Total 2017
REVENUES				
Tuition and other student fees	$ 10,257,127	$	$ 10,257,127	$ 9,413,785
Grants - Education & Training Division	39,019,914	133,358	39,153,272	38,820,400
Sales of goods and services		4,043,941	4,043,941	3,467,410
Brandon University Foundation	2,288,988		2,288,988	2,266,320
Amortization of deferred capital contributions	2,029,791		2,029,791	2,107,281
External cost recoveries	2,843,787		2,843,787	2,625,225
Gain on contribution of capital assets				186,000
Interest income	146,740		146,740	167,727
Miscellaneous	80,735		80,735	213,137
	56,667,082	4,177,299	60,844,381	59,267,285
EXPENSES				
Salaries - academic	23,929,931		23,929,931	23,192,563
Salaries - support	12,619,570	1,385,964	14,005,534	13,513,661
Benefits	4,619,237	188,434	4,807,671	5,295,701
Travel	1,128,962	10,467	1,139,429	1,263,403
Supplies and consumable expenses	5,277,109	726,204	6,003,313	5,852,150
Major renovations	293,306		293,306	45,546
Property taxes	105,321	8,803	114,124	109,202
Utilities	698,399	304,166	1,002,565	958,985
Cost of goods sold	118,475	684,470	802,945	657,864
Scholarships and bursaries	2,536,768	41,245	2,578,013	2,098,722
Interest on long-term liabilities		75,203	75,203	82,870
Amortization	3,118,493		3,118,493	3,220,753
Loss on disposal of capital assets	2,198		2,198	5,609
	54,447,769	3,424,956	57,872,725	56,297,029
Excess of revenues over expenses	$ 2,219,313	$ 752,343	$ 2,971,656	$ 2,970,256

Schedule 2

(unaudited)

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2018

	Research & Special Projects	Special Programs	Restricted Capital	Total 2018	Total 2017	Deferred Contributions 2018	Deferred Contributions 2017	Transfer To Statement of Operations 2018	Transfer To Statement of Operations 2017
Revenues									
Tuition fees	$	$ 938,305	$	$ 938,305	$ 644,813	$ (2,879)	$ (50,161)	$ 935,426	$ 594,652
Grants									
Education & Training Division	955,000		488,000	1,443,000	2,315,000	(549,982)	(910,134)	893,018	1,404,866
Province of Manitoba	628,540			628,540	222,494	(305,643)	144,550	322,897	367,044
Government of Canada	2,083,026			2,083,026	1,522,538	(190,867)	26,841	1,892,159	1,549,379
Brandon University Foundation	390,137	13,947	30,420	434,504	371,159	(30,420)	(54,533)	404,084	316,626
Miscellaneous	917,649		379,010	1,296,659	865,461	15,047	98,857	1,311,706	964,318
	4,974,352	952,252	897,430	6,824,034	5,941,465	(1,064,744)	(744,580)	5,759,290	5,196,885
Expenses									
Salaries - academic	653,535	565,155		1,218,690	1,094,716			1,218,690	1,094,716
Salaries - support	1,579,068	76,785		1,655,853	1,438,556			1,655,853	1,438,556
Benefits	294,370	89,662		384,032	364,499			384,032	364,499
Travel	602,684	35,034		637,718	460,123			637,718	460,123
Supplies and other expenses	1,660,065	185,011		1,845,076	1,827,774			1,845,076	1,827,774
Major renovations	12,642		5,279	17,921	11,217			17,921	11,217
	4,802,364	951,647	5,279	5,759,290	5,196,885			5,759,290	5,196,885
Excess/(deficiency) of revenues over expenses	$ 171,988	$ 605	$ 892,151	$ 1,064,744	$ 744,580	$ (1,064,744)	$ (744,580)	$ -	$ -

Schedule 3
(unaudited)

Brandon University

Deferred Contributions and Unamortized Deferred Capital Contributions
for the Year Ended March 31, 2018

	Research & Special Projects	Special Programs	Restricted Capital	Total 2018	Total 2017	Unamortized Deferred Capital Contributions 2018	Unamortized Deferred Capital Contributions 2017
Contributions received							
Tuition and related fees	$	$ 938,305	$	$ 938,305	$ 644,813	$	$
Grants	3,666,566		488,000	4,154,566	4,060,032		
Brandon University Foundation	390,137	13,947	30,420	434,504	371,159		
Miscellaneous	917,649		379,010	1,296,659	865,461		
Expenses	(4,802,364)	(951,647)	(5,279)	(5,759,290)	(5,196,885)		
Transfers from/to:							
Unrestricted accounts	225,336			225,336	295,640		
Capital aquisitions/disposal gains	(441,579)		(892,151)	(1,333,730)	(1,422,757)	1,333,730	1,422,757
Amortization of deferred capital contributions						(2,029,791)	(2,107,281)
	(44,255)	605		(43,650)	(382,537)	(696,061)	(684,524)
Deferred balance, beginning of year	2,209,036	506,285		2,715,321	3,097,858	48,195,443	48,879,967
Deferred balance, end of year	$ 2,164,781	$ 506,890	$ -	$ 2,671,671	$ 2,715,321	$ 47,499,382	$ 48,195,443

Brandon University

Schedule of Investment in Capital Assets and Collections
for the Year Ended March 31, 2018

	Total 2018	Total 2017
Balance, beginning of year	$ 10,301,783	$ 10,007,114
Internally funded capital asset additions		
General operating funds		
Land and buildings	376,312	625,847
Furniture and equipment	478,136	317,568
Library acquisitions	386,314	213,313
Ancillary services		
Furniture and equipment	118,373	33,659
	1,359,135	1,190,387
Non-amortizable capital asset donations	22,600	125,000
Disposals (net book value) - internally funded capital assets	(2,198)	(5,609)
Amortization of internally funded capital assets	(1,088,702)	(1,113,473)
Repayment of long-term debt	105,646	98,364
Balance, end of year	$ 10,698,264	$ 10,301,783

Schedule 5
(unaudited)

Brandon University

Schedule of Operating Revenues
for the Year Ended March 31, 2018

	Total 2018	Total 2017
Grants		
Education & Training Division		
Operating	$ 38,357,014	$ 38,357,028
Renovations and equipment	330,000	330,000
Manitoba Scholarships & Bursaries Initiative	332,900	-
	39,019,914	38,687,028
Tuition		
Faculty of Arts	2,520,461	2,295,040
Faculty of Education	1,272,465	1,150,541
Faculty of Science	2,670,604	2,539,148
Faculty of Health Studies	1,802,161	1,702,865
School of Music	412,964	407,223
Visa Premium	743,939	538,477
	9,422,594	8,633,294
Music Conservatory	391,114	394,888
Other student fees	443,419	385,603
Brandon University Foundation	754,283	850,386
Interest income	146,740	167,727
Miscellaneous	34,973	213,026
Total Operating Revenues	$ 50,213,037	$ 49,331,952

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2018

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2018	Total March 31, 2017
Faculty of Arts								
Office of the Dean	$ 755,177	$ 201,707	$ 135,576	$ 31,964	$ 95,124	$ 1,730	$ 1,217,818	$ 1,109,392
Drama	129,889		22,202	1,322	1,253		154,666	172,690
Economics	355,839		57,372	706	4,286		418,203	408,474
English	663,796		113,039	5,212	7,179		789,226	776,483
History	726,141		120,555	12,832	6,171		865,699	843,789
Languages	293,484		50,188	5,616	2,364		351,652	312,709
Gender & Women's Studies	44,943		7,663	123	617		53,346	37,462
Philosophy	250,267		44,954	4,744	1,525		301,490	409,666
Political Science	334,617		54,070	2,801	1,953		393,441	490,367
Religion	362,287		59,062		1,151		422,500	402,380
Sociology	630,736		106,780	10,451	4,855		752,822	661,257
Native Studies	494,611		78,438	4,058	12,445		589,552	587,573
Business Administration	332,340		67,825	7,817	5,408		413,390	404,192
Fine Arts	465,172	13,100	83,456	6,643	27,259	14,850	580,780	571,532
Anthropology	317,186		55,611	6,253	3,458		382,508	364,711
Rural Development	362,163		58,114	6,924	762		427,963	421,401
Archeology Field School				2,852	902	4,000	(246)	
	6,518,648	214,807	1,114,905	110,318	176,712	20,580	8,114,810	7,974,078
Faculty of Science								
Office of the Dean	204,458	158,565	62,441	24,477	99,249	150	549,040	517,731
Applied Disaster & Emergency Studies	347,183	318	57,457	3,720	9,715		418,393	404,672
Biology	1,272,078	8,161	204,706	8,159	67,380	14,136	1,546,348	1,501,815
Chemistry	572,600	9,336	95,939	2,083	31,881	22,646	689,193	653,073
Geography	606,110	3,319	103,041	11,704	16,736	4,120	736,790	697,306
Geology	681,293	2,742	109,499	16,791	26,938	14,770	822,493	824,175
Mathematics/Computer Science	1,236,232	35,835	179,636	11,585	17,245	200	1,480,333	1,461,523
Environmental & Life Sciences	180,320	76,115	39,823	3,838	17,315		317,411	320,948
Physics/Astronomy	637,212	5,645	105,038	1,279	44,460	435	793,199	710,852
Psychology	949,352	19,937	153,928	5,419	13,200		1,141,836	1,103,336
	6,686,838	319,973	1,111,508	89,055	344,119	56,457	8,495,036	8,195,431
Faculty of Health Studies								
Office of the Dean	200,810	63,312	37,777	21,271	122,912	139	445,943	420,100
Psychiatric Nursing	2,449,881	94,356	438,948	7,909	245,691	6,301	3,230,484	3,343,834
Bachelor of Nursing	1,610,148	97,240	305,649	1,689	23,282	990	2,037,018	2,033,125
Indigenous Health Studies Transition	78,917	304	14,841		749		94,811	90,904
Health Studies Research Office	46,349	(3,225)	8,708		6,882		58,714	63,379
Masters Psychiatric Nursing	66,158		3,038	714	2,175	2,500	69,585	66,178
	4,452,263	251,987	808,961	31,583	401,691	9,930	5,936,555	6,017,520

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2018

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2018	Total March 31, 2017
Faculty of Education								
Office of the Dean	289,371	170,820	72,204	49,717	99,008	12,339	668,781	708,623
Field Experience	263,422	49,042	38,307	9,092	12,570	9,070	363,363	347,732
Leadership & Ed Administration	564,806		70,432		1,097	2,760	633,575	570,474
Curriculum & Pedagogy	780,208		109,206		9,321	11,079	887,656	900,916
Ed Psychology & Student Services	610,802		83,602		2,676	4,400	692,680	553,555
Physical Education	547,344		69,335	9,305	26,271	19,655	632,600	633,036
Graduate Studies	37,511		1,751		2,094	16,438	24,918	21,211
	3,093,464	219,862	444,837	68,114	153,037	75,741	3,903,573	3,735,547
School of Music	2,436,421	188,114	435,461	101,218	222,759	112,292	3,271,681	3,037,868
Music Conservatory	354,302	30,000	4,877	1,623	42,504	60	433,246	400,318
Total Academic	23,541,936	1,224,743	3,920,549	401,911	1,340,822	275,060	30,154,901	29,360,762
Library Services		1,325,179	246,405	15,479	817,173	133,866	2,270,370	2,149,324
Student Services								
Student Services		1,090,931	201,866	31,289	67,417		1,391,503	1,486,296
Registrar		620,401	122,186	2,094	25,731	33,406	737,006	688,733
Office of International Activities		178,185	32,287	92,266	68,487	400	370,825	337,565
English for Academic Purposes		221,940	14,373	3,239	190,332	443,547	(13,663)	(43,400)
Recruitment & Retention		312,560	55,102	27,762	76,232	3,661	467,995	529,347
Indigenous Peoples' Centre		164,832	30,073	10,779	43,059	643	248,100	151,452
		2,588,849	455,887	167,429	471,258	481,657	3,201,766	3,149,993
Administration								
Board of Governors				3,058	86,200		89,258	9,788
President		449,809	67,520	15,487	122,102		654,918	757,227
Vice-President (Administration & Finance)		357,991	57,086	18,324	8,803		442,204	373,319
Vice-President (Academic & Provost)		455,855	82,757	45,132	59,745		643,489	601,500
		1,263,655	207,363	82,001	276,850		1,829,869	1,741,834
General Support								
Convocation		2,234	52	337	36,252	811	38,064	36,212
Information Technology Services		870,148	171,274	7,154	392,880	516,564	924,892	818,816
Advancement & External Relations		303,101	55,898	8,667	100,492	1,606	466,552	537,314
Marketing & Communications		276,716	57,304	3,622	50,165	9,538	378,269	439,620
Financial & Registration Services		534,421	122,496	7,327	14,022	65,766	612,500	798,007
Human Resources		793,649	259,600	21,470	135,953	475	1,210,197	1,219,666
Institutional Data & Analysis		200,676	32,261	4,909	3,377	4,000	237,223	176,490
Centre for Teaching, Learning & Technology		179,491	27,790	1,070	3,890		212,241	186,355
Institutional Membership Fees					74,498		74,498	110,190
Print/Mail Services		70,390	15,931		41,351	72,695	54,977	56,133
Professional Fees					122,758		122,758	104,423
		3,230,826	742,606	54,556	975,638	671,455	4,332,171	4,483,226

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2018

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2018	Total March 31, 2017
Athletic Programs								
Athletics		617,100	106,546	344,780	534,211	464,426	1,138,211	1,024,851
Campus Recreation		46,067	5,931	344	19,877	20,821	51,398	51,849
Healthy Living Centre		475,587	50,204	235	205,691	517,133	214,584	200,398
		1,138,754	162,681	345,359	759,779	1,002,380	1,404,193	1,277,098
Miscellaneous Initiatives								
Bran-U-Day Care Subsidy					4,895		4,895	5,100
Research Development					124,476		124,476	166,710
Other	126,054	14,028		8,533	159,958	20,000	288,573	223,900
Pension Liability Payments			507,250				507,250	1,260,500
Junior Kindergarten		54,991	11,373		473	38,435	28,402	21,616
Dauphin Site	99,558		11,881	10,543	15,978	50,000	87,960	70,796
Rural Development	130,355	1,109	20,885	9,062	21,290		182,701	208,126
International Student Scholarships					128,445		128,445	73,707
University Scholarships					873,618		873,618	549,294
	355,967	70,128	551,389	28,138	1,329,133	108,435	2,226,320	2,579,749
Physical Plant								
Plant Maintenance		923,870	202,899	17,728	388,362	72,473	1,460,386	1,347,757
Buildings & Grounds		726,130	250,640		113,378		1,090,148	1,025,761
Insurance					240,506		240,506	252,526
Security					71,855		71,855	71,557
Service Contracts					65,904		65,904	67,452
Property Taxes					104,701		104,701	103,845
Utilities					698,399	98,461	599,938	578,595
		1,650,000	453,539	17,728	1,683,105	170,934	3,633,438	3,447,493
Total Operating Expenses	$ 23,897,903	$ 12,492,134	$ 6,740,419	$ 1,112,601	$ 7,653,758	$ 2,843,787	$ 49,053,028	$ 48,189,479

Schedule 7
(unaudited)

Brandon University

Detailed Schedule of Ancillary Services
for the year ended March 31, 2018

	Bookstore	Food Services	Parking	Residence	Rental Property	Total 2018	Total 2017
Revenues							
Room and board fees	$	$ 1,270,541	$	$ 1,590,364		$ 2,860,905	$ 2,472,456
Conventions		183,784		147,405		331,189	118,629
Cash sales and vending machines		190,738				190,738	191,002
Internal functions		109,626				109,626	122,862
Other	63,367	19,081	292,582	131,925	44,528	551,483	562,461
Total Revenues	63,367	1,773,770	292,582	1,869,694	44,528	4,043,941	3,467,410
Expenses							
Salaries		601,945		784,019		1,385,964	1,195,781
Staff benefits		120,511		67,923		188,434	165,583
Cost of goods sold		684,470				684,470	558,775
Supplies and other expenses	3,305	126,178	91,151	449,022	10,888	680,544	658,151
Scholarships				41,245		41,245	59,787
Rent	52,193					52,193	51,169
Property taxes					8,803	8,803	8,691
Utilities		76,437	7,783	219,946		304,166	301,004
Total Expenses	55,498	1,609,541	98,934	1,562,155	19,691	3,345,819	2,998,941
Net Gain before specific provisions, capital acquisitions and transfers	7,869	164,229	193,648	307,539	24,837	698,122	468,469
Appropriated specific provision		(7,550)		(49,485)		(57,035)	(72,121)
Capital purchases		(98,107)		(20,266)		(118,373)	(33,659)
Students' Union share of Bookstore profit	(3,934)					(3,934)	(15,500)
Net Gain	$ 3,935	$ 58,572	$ 193,648	$ 237,788	$ 24,837	$ 518,780	$ 347,189

Financial Statements of

CANCERCARE MANITOBA

Year ended March 31, 2018

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
Canada

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

INDEPENDENT AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the accompanying financial statements of CancerCare Manitoba, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CancerCare Manitoba as at March 31, 2018, its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 21, 2018

Winnipeg, Canada

CANCERCARE MANITOBA

Statement of Financial Position

As at March 31, 2018, with comparative information for 2017

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2018 Total	2017 Total
Assets					
Current assets					
Cash	$ 7,700,343	$ –	$ 7,578	$ 7,707,921	$ 6,241,515
Restricted cash (note 3)	2,284,729	–	–	2,284,729	–
Short-term investments (schedule 1)	10,088,679	–	394,836	10,483,515	5,773,053
Due from Manitoba Health [note 4(b)]	644,996	–	–	644,996	3,504,205
Accounts receivable (note 5)	6,182,002	–	14,174,189	20,356,191	15,805,400
Inter-fund accounts	1,756,200	4,066,204	(5,822,404)	–	–
Inventory	4,724,228	–	5,099	4,729,327	5,173,498
Prepaid expenses	260,487	–	–	260,487	247,783
Vacation entitlements receivable [note 15(c)]	1,730,141	–	–	1,730,141	1,730,141
	35,371,805	4,066,204	8,759,298	48,197,307	38,475,595
Restricted cash (note 3)	2,507,553	–	–	2,507,553	1,445,995
Retirement entitlement obligation receivable (note 6)	1,419,400	–	–	1,419,400	1,419,400
Investments (schedule 2)	11,017,753	–	3,753,455	14,771,208	22,522,663
Capital assets (note 7)	–	49,012,725	1,266,697	50,279,422	50,903,845
	$ 50,316,511	$ 53,078,929	$ 13,779,450	$ 117,174,890	$ 114,767,498
Liabilities, Deferred Contributions and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities (note 8)	$ 18,743,780	$ –	$ 23,359	$ 18,767,139	$ 18,140,144
Due to Manitoba Health [note 4(b)]	11,483,899	–	–	11,483,899	15,462,870
Deferred contributions - expenses of future periods [note 9(a)]	1,561,119	–	–	1,561,119	668,431
	31,788,798	–	23,359	31,812,157	34,271,445
Deferred contributions - capital assets [note 9(b)]	–	52,918,484	–	52,918,484	50,394,181
Employee future benefits (notes 6 and 15)	9,607,481	–	–	9,607,481	9,072,030
	41,396,279	52,918,484	23,359	94,338,122	93,737,656
Fund balances					
Invested in capital assets (note 10)	–	160,445	1,266,697	1,427,142	1,287,004
Externally restricted (note 11)	–	–	11,328,368	11,328,368	10,513,581
Internally restricted	7,008,958	–	1,260,658	8,269,616	8,365,462
Unrestricted	2,153,115	–	–	2,153,115	1,225,067
	9,162,073	160,445	13,855,723	23,178,241	21,391,114
Accumulated remeasurement gains (losses)	(241,841)	–	(99,632)	(341,473)	(361,272)
	8,920,232	160,445	13,756,091	22,836,768	21,029,842
Commitments (note 12)					
Contingencies (note 13)					
	$ 50,316,511	$ 53,078,929	$ 13,779,450	$ 117,174,890	$ 114,767,498

See accompanying notes to financial statements.
Approved by the Members:

Original Document Signed Member

Original Document Signed Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2018 Total	2017 Total
Revenue					
Manitoba Health (note 14)	$ 138,710,460	$ 216,034	$ –	$ 138,926,494	$ 133,520,253
Government of Canada	20,538	–	74,457	94,995	88,977
Other recoveries	3,865,959	–	–	3,865,959	1,885,263
Grants	–	–	13,793,403	13,793,403	14,681,437
Amortization of deferred contributions (note 9)	–	5,310,798	247,329	5,558,127	6,173,042
	142,596,957	5,526,832	14,115,189	162,238,978	156,348,972
Expenses					
Compensation	59,765,615	–	8,502,945	68,268,560	67,491,673
Medical remuneration	18,035,120	–	–	18,035,120	16,611,157
Building occupancy	3,255,383	–	–	3,255,383	2,802,916
Amortization of capital assets	–	5,310,798	661,721	5,972,519	5,407,420
General administration	2,392,077	–	1,094,948	3,487,025	4,588,621
Equipment rentals and maintenance	3,016,497	–	65,834	3,082,331	3,190,413
Supplies and other departmental expenses	4,252,050	–	2,351,302	6,603,352	7,429,465
Drugs					
Provincial oncology drug program	44,610,391	–	–	44,610,391	42,103,951
Neupogen	2,620,341	–	–	2,620,341	2,568,537
Other	501,108	–	–	501,108	45,681
Referred-out services	4,283,872	–	240,369	4,524,241	5,043,723
Interest expense	–	216,034		216,034	107,270
	142,732,454	5,526,832	12,917,119	161,176,405	157,390,827
Excess (deficiency) of revenue over expenses before the undernoted	(135,497)	–	1,198,070	1,062,573	(1,041,855)
Investment income (loss)	762,162	–	(37,608)	724,554	815,644
Excess (deficiency) of revenue over expenses	626,665	–	1,160,462	1,787,127	(226,211)
Fund balances, beginning of year	8,535,408	160,445	12,695,261	21,391,114	21,617,325
Fund balances, end of year	$ 9,162,073	$ 160,445	$ 13,855,723	$ 23,178,241	$ 21,391,114

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Remeasurement Gains and Losses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Accumulated remeasurement gains (losses), beginning of year	$ (361,272)	$ 55,105
Unrealized losses attributable to investments	(293,480)	(202,048)
Realized gains (losses), reclassified to statement of operations and changes in fund balances, attributable to investments	301,555	(26,579)
Unrealized foreign exchange gains (losses) on foreign currency balances	11,724	(187,750)
Net remeasurement gains (losses) for the year	19,799	(416,377)
Accumulated remeasurement losses, end of year	$ (341,473)	$ (361,272)

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2018 Total	2017 Total
Cash provided by (used in):					
Operating activities					
Excess (deficiency) of revenue over expenses	$ 626,665	$ –	$ 1,160,462	$ 1,787,127	$ (226,211)
Amortization of capital assets		5,310,798	661,721	5,972,519	5,407,420
Write-off of capital assets	–	692,640	–	692,640	–
Amortization of deferred contributions related to capital assets	–	(5,310,798)	(247,329)	(5,558,127)	(5,171,037)
Amortization of deferred contributions related to expenses of future periods	–	–	–	–	(1,002,005)
Unrealized loss on investments	215,388	–	78,092	293,480	202,044
Realized loss on investments	100,740	–	22,508	123,248	26,579
Unrealized gain (loss) on foreign exchange	11,724	–	–	11,724	(187,750)
Change in non-cash operating working capital (note 17)	(1,138,185)	–	(3,473,906)	(4,612,091)	7,322,749
Increase in employee future benefits	535,451	–	–	535,451	523,030
	351,783	692,640	(1,798,452)	(754,029)	6,894,819
Capital activities					
Additions to capital assets	–	(5,486,206)	(554,530)	(6,040,736)	(4,380,865)
Deferred contributions related to capital assets	–	7,563,170	–	7,563,170	3,281,002
Transfer to deferred contributions related to capital assets	(519,260)	519,260	–	–	–
	(519,260)	2,596,224	(554,530)	1,522,434	(1,099,863)
Investing activities					
Inter-fund accounts	907,304	(3,288,864)	2,381,560	–	–
Purchase of investments	(2,241,344)	–	(938,019)	(3,179,363)	(3,311,411)
Proceeds on disposal of investments	4,978,628	–	825,000	5,803,628	2,629,000
Change in investment classification	5,082,540	–	(364,003)	4,718,537	(160,314)
	8,727,128	(3,288,864)	1,904,538	7,342,802	(842,725)
Financing activities					
Increase in restricted cash	(3,346,287)	–	–	(3,346,287)	(13,638)
Deferred contributions related to expenses of future periods	1,411,948	–	–	1,411,948	39,142
	(1,934,339)	–	–	(1,934,339)	25,504
Increase (decrease) in cash and short-term investments	6,625,312	–	(448,444)	6,176,868	4,977,735
Cash and short-term investments, beginning of year	11,163,710	–	850,858	12,014,568	7,036,833
Cash and short-term investments, end of year	$ 17,789,022	$ –	$ 402,414	$ 18,191,436	$ 12,014,568
Cash and short-term investments are comprised of:					
Cash	$ 7,700,343	$ –	$ 7,578	$ 7,707,921	$ 6,241,515
Short-term investments	10,088,679	–	394,836	10,483,515	5,773,053
	$ 17,789,022	$ –	$ 402,414	$ 18,191,436	$ 12,014,568

See accompanying notes to financial statements.

1. Purpose of the Organization

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

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

2. Significant accounting policies

(a) Basis of presentation

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

The Organization follows the deferral method of accounting for contributions.

(b) Fund accounting

The General Fund accounts for the Organization's revenue and expenses related to program delivery and administrative activities.

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

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

(c) 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.

2. Significant accounting policies (continued)

(c) Revenue recognition (continued)

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

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

(d) Financial instruments

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

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

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

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

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

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

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

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

The Organization’s investments are classified as level 2. There were no transfers between level 1 and level 2 for the years ended March 31, 2018 and 2017, and there were no transfers in or out of level 3.

(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. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

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

(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) Employee future benefits

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

2. Significant accounting policies (continued)

(g) Employee future benefits (continued)

The Organization provides accumulating sick leave benefits to certain employee groups, which accumulate with employee service. The sick leave liability is calculated on an annual basis using an actuarial estimate. The estimation of the sick leave liability has been performed using the projected benefit method pro-rated on service. The determination of the sick leave liability requires the projection of sick leave credit balances to retirement, reflecting the rate at which each employee earns credits and the rate at which these credits will be used.

The Organization measures the retirement entitlement obligations and accumulated sick leave entitlement using the most recently completed actuarial valuations. In years between valuations, the Organization utilizes extrapolations prepared by the actuary to estimate the employee future benefit obligations. The most recent actuarial valuations for retirement entitlement obligations and accumulated sick leave entitlement were as of December 31, 2014, and the next required valuations will be as of December 31, 2018.

(h) Deferred contributions

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

(i) Inventory

Inventory is valued at the lower of cost on a first-in, first-out basis, and replacement cost.

(j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and obligations related to employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Significant accounting policies (continued)

(k) Change in accounting policies

On April 1, 2017, the Organization adopted Canadian public sector accounting standards PS 2200 Related party disclosures, PS 3420 Inter-entity transactions, PS 3210 Assets, PS 3320 Contingent assets, and PS 3380 Contractual rights, The adoption of these standards did not have a material impact in the financial statements.

3. Restricted cash

As at March 31, 2018, the Organization has restricted cash of $2,284,729 (2017 - nil) from matured restricted investments.

As at March 31, 2018, the Organization has restricted cash of $2,507,553 (2017 - $1,445,995) for future payment of retirement entitlement obligations.

4. Manitoba Health funding

(a) In-globe funding

In-globe funding is funding provided 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 provided by Manitoba Health for specific programs such as medical remuneration, provincial oncology drug program approved drug costs, and capital and interest costs.

4. Manitoba Health funding (continued)

(b) Out-of-globe funding (continued)

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.

At March 31, 2018, the Organization had a balance of $11,483,899 (2017 - $15,462,870) payable to Manitoba Health as follows:

	2018	2017
Provincial Oncology Drug Program	$ 6,143,960	$ 8,650,399
Medical remuneration	5,339,939	6,445,456
Other	–	367,015
	$ 11,483,899	$ 15,462,870

At March 31, 2018, the Organization had a balance of $644,996 (2017 - $3,504,205) receivable from Manitoba Health as follows:

	2018	2017
Employee salary and benefits	$ 13,038	$ 1,826,685
Neupogen drug program	–	1,451,724
Other	300,000	120,126
Approved capital funding	222,466	105,670
Home Cancer drug program	109,492	–
	$ 644,996	$ 3,504,205

5. Accounts receivable

	General Fund	Clinical, Basic Research and Special Projects Fund	2018 Total	2017 Total
CancerCare Manitoba Foundation	$ –	$ 9,111,594	$ 9,111,594	$ 5,873,572
University Medical Group	4,053,884	–	4,053,884	4,809,819
Other	95,386	4,128,270	4,223,656	4,146,815
Winnipeg Regional Health Authority	1,761,023	702,249	2,463,272	543,489
Accrued interest receivable	323,788	58,571	382,359	260,002
University of Manitoba	–	159,637	159,637	125,484
Government of Canada	–	10,405	10,405	27,769
Province of Manitoba	–	3,463	3,463	21,275
Allowance for doubtful accounts	(52,079)	–	(52,079)	(2,825)
	$ 6,182,002	$ 14,174,189	$ 20,356,191	$ 15,805,400

6. Retirement entitlement obligation receivable

The Organization has a contractual commitment to pay out to employees four days per year of service upon retirement. At March 31, 2018, based on an actuarial estimate, the retirement entitlement obligations are estimated to be $8,285,139 (2017 - $7,775,040) for which the Organization has recorded retirement entitlement obligations on the statement of financial position (note 15).

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 (2017 - $1,419,400) and has no specific terms of repayment.

7. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Capital Fund:				
Building	$ 62,602,705	$ 25,990,307	$ 36,612,398	$ 38,064,386
Equipment	57,545,034	45,144,707	12,400,327	10,794,225
Projects in progress	–	–	–	671,346
	120,147,739	71,135,014	49,012,725	49,529,957
Clinical, Basic Research and Special Projects Fund:				
Equipment	4,511,046	3,244,349	1,266,697	1,195,957
Projects in progress	–	–	–	177,931
	4,511,046	3,244,349	1,266,697	1,373,888
	$ 124,658,785	$ 74,379,363	$ 50,279,422	$ 50,903,845

8. Accounts payable and accrued liabilities

	2018	2017
General Fund:		
Trade accounts payable and accrued liabilities	$ 8,022,751	$ 8,611,540
Accrued vacation benefits payable	5,181,470	4,575,992
Accrued salaries	2,720,128	2,318,012
Employee remittances payable	2,819,431	2,628,189
	18,743,780	18,133,733
Clinical, Basic Research and Special Projects Fund:		
Trade accounts payable and accrued liabilities	23,359	6,411
	$ 18,767,139	$ 18,140,144

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2018

9. Deferred contributions

(a) Expenses of future periods

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

	2018	2017
Balance, beginning of year	$ 668,431	$ 2,420,529
Add amount received related to future periods	1,411,948	39,142
Less amounts amortized to revenue	–	(1,002,005)
Transfer to deferred contributions, capital assets	(519,260)	(789,235)
Balance, end of year	$ 1,561,119	$ 668,431

(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 and changes in fund balances.

	2018	2017
Capital Fund:		
Balance, beginning of year	$ 50,146,852	$ 51,000,325
Additional contributions received	7,563,170	3,281,002
Transfer from deferred contributions, expenses of future periods	519,260	789,235
Less amounts amortized to revenue	(5,310,798)	(4,923,710)
Balance, end of year	$ 52,918,484	$ 50,146,852

9. Deferred contributions (continued)

	2018	2017
Clinical, Basic Research and Special Projects Fund:		
Balance, beginning of year	$ 247,329	$ 494,656
Less amounts amortized to revenue	(247,329)	(247,327)
Balance, end of year	$ –	$ 247,329

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

	2018	2017
Unamortized capital asset contributions used to purchase capital assets	$ 50,844,314	$ 48,479,046
Unspent contributions	2,074,170	1,915,135
	$ 52,918,484	$ 50,394,181

Unamortized capital contributions of $52,918,484 (2017 - $50,394,181) 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:

	2018	2017
Bearing interest at prime:		
Less 0.50%, repayment terms to be established	$ 12,983,058	$ 5,900,968

The Organization has established arrangements for a bridge facility of non-revolving demand loans to a maximum of $25,000,000 (2017 - $25,000,000) to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at prime rate less 0.50 percent, repayment terms are established for each individual demand loan and the facility is secured by letters of authorization and comfort from Manitoba Health. The Organization has utilized $12,983,058 of this facility as of March 31, 2018 (2017 - $5,900,968).

9. Deferred contributions (continued)

The Organization has established arrangements for credit facilities for foreign exchange forward contracts, to a maximum of $1,000,000 (2017 - $1,000,000), and for overdraft and/or letters of credit for operating purposes to a maximum of $5,200,000 (2017 - $5,200,000). The latter facility is charged interest at prime less 0.50 percent, with both facilities secured by a general security agreement. The Organization has not utilized these facilities as of March 31, 2018 or March 31, 2017.

Unamortized capital contributions of $52,918,484 (2017 - $50,394,181) also include contributions received from the Province of Manitoba to pay down third party borrowings that were utilized for the purchase of capital assets. The Organization has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province of Manitoba, and the payment of these liabilities is funded by Manitoba Health. The balances of the promissory notes are as follows:

	2018	2017
6.25% maturing March 31, 2020, repayable in monthly installments of $76,754, plus interest	$ 1,842,118	$ 2,763,166
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly installments of $50,439, plus interest	2,370,599	2,975,867
3.95% maturing November 30, 2025, repayable in monthly installments of $77,778, plus interest	7,155,547	8,088,883
3.35% maturing February 28, 2028, repayable in monthly installments of $38,889, plus interest	4,627,774	5,094,442
	$ 15,996,038	$ 18,922,358

10. Invested in capital assets

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

	2018	2017
Capital assets	$ 50,279,422	$ 50,903,845
Amounts financed by:		
Unamortized deferred contributions	(52,918,484)	(50,394,181)
Inter-fund accounts	4,066,204	777,340
	$ 1,427,142	$ 1,287,004

10. Invested in capital assets (continued)

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

	2018	2017
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 5,558,127	$ 5,171,037
Amortization of capital assets	(5,972,519)	(5,407,420)
Write-off of capital assets	(692,640)	–
	(1,107,032)	(236,383)
Invested in capital assets:		
Purchase of capital assets	6,040,736	4,380,865
Amounts funded by:		
,Deferred contributions	(7,563,170)	(3,281,002)
Transfers from deferred contributions, expenses of future periods	(519,260)	(789,235)
Inter-fund balances	3,288,864	(114,101)
	1,247,170	196,527
	$ 140,138	$ (39,856)

11. Externally restricted fund balances

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

	2018	2017
Restricted for research projects, education purposes and other specific purposes	$ 11,328,368	$ 10,513,581

12. Commitments

The Organization has commitments for premises leases, equipment and information technology contracts with minimum annual payments as follows:

2019	$ 820,000
2020	400,000
2021	390,000
2022	320,000
	$ 1,930,000

13. 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, 2018.

Healthcare Employees' Pension Plan - Manitoba (HEPP)

During the year ended March 31, 2018, the Organization was made aware by HEPP that there were unremitted pension contributions associated with HEPP related to prior fiscal years for the Organization. The amount of the liability is unknown as at March 31, 2018 as the Organization and HEPP have not accurately determined the amount due from the Organization to HEPP. It is expected that the amount, once finalized, will not be material to the financial statements of the Organization.

14. Economic dependence

The Organization received approximately 86 percent (2017 - 85 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

15. Employee future benefits

	2018	2017
Retirement entitlement obligations	$ 8,285,139	$ 7,775,040
Accumulated sick leave entitlement	1,322,342	1,296,990
	$ 9,607,481	$ 9,072,030

15. Employee future benefits (continued)

(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

(iii) retire at or after age 65; or

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

Information about the Organization’s retirement entitlement obligations is as follows:

	2018	2017
Accrued benefit obligation		
Balance, beginning of year	$ 7,775,040	$ 7,253,000
Current service cost	558,012	547,000
Interest cost	245,254	221,000
Benefits paid	(292,682)	(248,960)
	8,285,624	7,772,040
Amortized actuarial (gain) loss	(485)	3,000
Balance, end of year	$ 8,285,139	$ 7,775,040

The significant actuarial assumptions adopted in measuring the Organization’s retirement entitlement obligations include mortality, disability and withdrawal rates, a discount rate of 3.43 percent (2017 - 3.10 percent) and a rate of salary increase of nil percent to March 2020, 0.75 percent to March 2021, 1.0 percent to March 2022 and 3.5 percent thereafter, plus age-related merit/promotion scale (2017 - rate of salary increase of 3.5 percent plus age-related merit/promotion scale).

15. Employee future benefits (continued)

(b) Accumulated sick leave entitlement

Information about the Organization's accumulated sick leave entitlement is as follows:

	2018	2017
Accrued benefit obligation		
Balance, beginning of year	$ 1,296,990	$ 1,296,000
Current service cost	152,197	149,000
Interest cost	51,045	51,000
Benefits paid	(231,575)	(254,010)
	1,268,657	1,241,990
Amortized actuarial loss	53,685	55,000
Balance, end of year	$ 1,322,342	$ 1,296,990

The significant assumptions adopted in measuring the Organization's accumulated sick leave entitlement include a discount rate of 3.43 percent (2017 - 3.10 percent) and a rate of salary increase of nil percent to March 2020, 0.75 percent to March 2021, 1.0 percent to March 2022 and 3.5 percent thereafter (2017 - 3.5 percent).

(c) Employee entitlements

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

15. Employee future benefits (continued)

(d) Pension plans

Most of the employees of the Organization are members of HEPP, 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, HEPP is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada's Handbook, Public Sector Accounting Standards, Section 3250, *Retirement Benefits*.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP by placing plan assets in trust and through HEPP's investment policy. Pension expense is based on HEPP 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 HEPP. The funding objective is for employer contributions to HEPP to remain a constant percentage of employee contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members or through a reduction of benefits. The most recent funding actuarial valuation of HEPP as at December 31, 2016 reported HEPP had a surplus of actuarial value of net assets over actuarial value of pension obligations and a solvency deficiency. Based on the solvency exemption granted to HEPP, HEPP is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency will be funded by special payments out of current contributions. Any contribution deficiencies would be addressed through pension benefit reductions or contribution rate increases from the participating members.

Actual contributions to HEPP made during the year by the Organization on behalf of its employees amounted to $4,967,004 (2017 - $4,822,340) and are included in the statement of operations and changes in fund balances. Employer contribution rates remained unchanged on April 1, 2017 at 8.9 percent (April 1, 2016 - 8.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.5 percent (April 1, 2016 - 10.5 percent) on earnings in excess of the YMPE.

16. CancerCare Manitoba Foundation Inc.

The Organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2018, net resources of CCMF Inc. amounted to $57,250,200 (2017 - $56,120,392), of which $22,252,537 (2017 - $21,646,746) 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. awarded funds in the amount of $6,813,255 (2017 - $6,044,110) to the Organization which are recorded in grant revenue in the statement of operations and changes in fund balances. Accounts receivable from CCMF amount to $9,111,594 at March 31, 2018 (2017 - $5,873,572).

17. Change in non-cash operating working capital

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

	2018	2017
General Fund		
Due from Manitoba Health	$ 2,859,209	$ 568,418
Accounts receivable	(1,065,036)	(1,287,286)
Inventory	449,270	(633,156)
Prepaid expenses	(12,704)	865,693
Accounts payable and accrued liabilities	610,047	(1,352,027)
Due to Manitoba Health	(3,978,971)	9,457,802
	(1,138,185)	7,619,444
Clinical, Basic Research and Special Projects Fund		
Accounts receivable	(3,485,755)	(66,833)
Inventory	(5,099)	–
Accounts payable and accrued liabilities	16,948	(229,862)
	(3,473,906)	(296,695)
	$ (4,612,091)	$ 7,322,749

18. Financial risks

(a) Credit risk

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

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2018 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations and changes in fund balances. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations and changes in fund balances. The balance of the allowance for doubtful accounts at March 31, 2018 is $52,079 (2017 - $2,825).

There have been no significant changes to the credit risk exposure from 2017.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2017.

(c) Market risk

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

18. Financial risks (continued)

(d) Interest rate risk

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

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

As at March 31, 2018, had prevailing interest rates increased or decreased by 1 percent, assuming a parallel shift in the yield curve, with all other variables held constant, there would be no material impact on the market value of bonds.

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

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

There has been no change to the interest rate risk exposure from 2017.

19. Comparative information

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

Schedule 1

CANCERCARE MANITOBA

Short-Term Investments

Year ended March 31, 2018, with comparative information for 2017

March 31, 2018

Description	Interest rate %	Maturity date		Cost		Fair value
General Fund:						
Bonds:						
Municipal	2.25%	06-27-2018		485,520		480,749
Provincial	1.60% to 2.25%	06-15-2018 to 03-01-2019		3,247,099		3,253,400
Corporate	1.75% to 2.795%	11-19-2018 to 10-21-2019		2,441,850		2,408,205
				6,174,469		6,142,354
Deposit Notes:						
Corporate	1.26% to 2.794%	07-04-2018 to 03-14-2019		4,007,851		3,946,325
Total short-term investments - General Fund			$	10,182,320	$	10,088,679
Special Projects Fund:						
Bonds:						
Provincial	1.85%	9-5-2018		138,642		140,199
Corporate	2.42% to 2.78%	05-31-2018 to 11-15-2018		256,702		254,637
Total short-term investments - Special Projects Fund			$	395,344	$	394,836
Total short-term investments			$	10,577,664	$	10,483,515

March 31, 2017

Description	Interest rate %	Maturity date		Cost		Fair value
General Fund:						
Restricted investment:						
Corporate	1.70%	12-18-2017	$	1,048,888	$	1,048,888
Bonds:						
Municipal	4.60%	06-01-2017		538,118		492,626
Provincial	1.90%	09-08-2017		403,680		402,038
Corporate	1.35% to 4.55%	06-11-2017 to 10-21-2019		2,537,219		2,493,438
				3,479,017		3,388,102
Deposit Notes:						
Corporate	2.24%	12-11-2017		502,000		504,139
Total short-term investments - General Fund			$	5,029,905	$	4,941,129
Special Projects Fund:						
Bonds:						
Municipal	3.75%	08-13-2017	$	105,600	$	100,915
Provincial	1.90%	09-08-2017		402,576		402,037
Corporate	3.375%	02-01-2018		178,937		178,137
				687,113		681,089
Deposit Notes:						
Corporate	4.10%	06-08-2017		160,395		150,835
Total short-term investments - Special Projects Fund			$	847,508	$	831,924
Total short-term investments			$	5,877,413	$	5,773,053

CANCERCARE MANITOBA

Investments

Year ended March 31, 2018, with comparative information for 2017

March 31, 2018

Description	Interest rate %	Maturity date	Cost	Fair value
General Fund:				
Bonds:				
Provincial	2.10% to 2.45%	09-08-2019 to 12-01-2019	$ 1,593,481	$ 1,572,873
Municipal	1.65% to 3.20%	10-15-2019 to 02-14-2022	655,453	634,019
Corporate	2.05% to 3.39%	05-13-2019 to 10-21-2022	4,842,972	4,831,678
			7,091,906	7,038,570
Deposit Notes:				
Corporate	1.64% to 3.00%	04-02-2019 to 09-12-2022	4,068,091	3,979,183
Total investments - General Fund			$ 11,159,997	$ 11,017,753
Special Projects Fund:				
Bonds:				
Provincial	2.45%	12-01-2019	$ 66,509	$ 66,573
Municipal	2.20% to 3.45%	12-18-2020 to 03-07-2022	333,140	323,278
Corporate	1.62% to 3.90%	05-13-2019 to 03-15-2023	3,114,447	3,036,525
			3,514,096	3,426,376
Deposit Notes:				
Corporate	2.35% to 2.944%	06-24-2019 to 07-25-2019	338,484	327,079
Total investments – Special Projects Fund			$ 3,852,580	$ 3,753,455
Total investments			$ 15,012,577	$ 14,771,208

March 31, 2017

Description	Interest rate %	Maturity date	Cost	Fair value
General Fund:				
Restricted investment:				
Corporate	–	01-12-2018	$ 1,049,463	$ 1,049,463
Bonds:				
Provincial	1.60% to 2.45%	06-15-2018 to 12-01-2019	4,840,580	4,906,962
Municipal	1.65% to 3.20%	06-27-2018 to 02-14-2022	1,140,973	1,132,774
Corporate	2.08% to 3.39%	11-19-2018 to 12-08-2021	6,228,376	6,262,824
			12,209,929	12,302,560
Deposit Notes:				
Corporate	1.64% to 2.944%	08-09-2018 to 07-12-2021	5,889,383	5,866,692
Total investments - General Fund			$ 19,148,775	$ 19,218,715
Special Projects Fund:				
Bonds:				
Provincial	1.85% to 2.45%	09-05-2018 to 12-01-2019	$ 205,151	$ 210,042
Municipal	2.20% to 3.45%	12-18-2020 to 03-07-2022	333,140	332,710
Corporate	1.62% to 3.90%	05-31-2018 to 11-18-2021	2,433,129	2,426,892
			2,971,420	2,969,644
Deposit Notes:				
Corporate	2.35% to 2.944%	06-24-2019 to 07-25-2019	338,484	334,304
Total investments – Special Projects Fund			$ 3,309,904	$ 3,303,948
Total investments			$ 22,458,679	$ 22,522,663

COMMUNITIES ECONOMIC DEVELOPMENT FUND

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

KENDALL & PANDYA

Chartered Professional Accountants

Partners: David Kendall, FCPA, FCA*
Manisha Pandya, CPA, CA*
* Operating as professional corporations

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Communities Economic Development Fund

Report on the Financial Statements

We have audited the statement of financial position of COMMUNITIES ECONOMIC DEVELOPMENT FUND as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Communities Economic Development Fund, as at March 31, 2018 and its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Kendall & Pandya

Chartered Professional Accountants

Thompson, Manitoba
June 27, 2018

Flin Flon & Thompson, MB

Flin Flon: 300-31 Main Street, PO Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax (204) 687-2957 dkendall@mymts.net
Thompson: 118 Cree Road, Thompson MB R8N 0C1 (204) 778-7312 Fax (204) 778-7919 mpandya@kendallpandya.ca

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

ASSETS

CURRENT ASSETS	2018	2017
Cash	$ 347,147	$ 952,010
Trust Deposits - Province of Manitoba	518,634	507,925
Due from the Province of Manitoba (Note 2)	5,074,737	4,638,438
Accounts Receivable	10,358	23,651
Property Held for Resale	1,794	4,419
Prepaid Expenses	9,714	12,126
	5,962,384	6,138,569
Loans Receivable (Note 3)	24,227,347	26,480,875
Capital Assets (Note 4)	870,181	905,442
	25,097,528	27,386,317
	$ 31,059,912	$ 33,524,886

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 13)	$ 1,537,191	$ 1,128,673
Deferred Contributions (Note 5)	18,033	124,107
Interest Payable to the Province of Manitoba	173,413	219,461
	1,728,637	1,472,241
Accrued Pension Liability (Note 6)	2,630,847	2,668,080
Advances by the Province of Manitoba (Note 7)	26,700,428	29,384,565
	31,059,912	33,524,886
NET ASSETS	-	-
	$ 31,059,912	$ 33,524,886

Commitments (Note 8)

APPROVED BY THE BOARD OF DIRECTORS:

Original Document Signed

Original Document Signed

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Loan Interest		
Business Program	$ 837,730	$ 973,312
Fisheries Program	595,572	646,954
Investment Income	21,804	26,567
	1,455,106	1,646,833
COST OF FUNDS		
Interest Paid to the Province of Manitoba		
Business Program	455,714	495,956
Fisheries Program	271,568	271,665
Life Insurance - Fisheries Program	105,458	112,959
	832,740	880,580
GROSS MARGIN	622,366	766,253
OPERATING EXPENDITURES (Note 12)	(1,633,922)	(2,051,233)
	(1,011,556)	(1,284,980)
OTHER REVENUE		
Bad Debt Recovery		
Business Program	32,231	13,135
Fisheries Program	158,807	17,336
Administration and Consulting Fees	6,445	139,721
Sundry Revenues	4,154	9,614
	201,637	179,806
Deficiency of Revenue Over Expenditures		
Before Provision for Doubtful Loans	(809,919)	(1,105,174)
Provisions for Doubtful Loans		
Business Program	201,350	210,810
Fisheries Program	418,715	114,000
Deficiency of Revenue Over Expenditures before		
Subsidy due from Province of Manitoba	(1,429,984)	(1,429,984)
Subsidy due from Province of Manitoba	1,429,984	1,429,984
Excess of Revenue Over Expenditures	-	-
Net Assets, Beginning of Year	-	-
Net Assets, End of Year	$ -	$ -

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenue over Expenditures for the year	$ -	$ -
Amortization of Capital Assets	44,149	26,299
Provision for Doubtful Loans	620,065	324,810
	664,214	351,109
Net Changes in Working Capital Balances		
Accounts Receivable	13,293	174,933
Property Held for Resale	2,625	-
Prepaid Expenses	2,412	(1,116)
Accounts Payable and Accrued Liabilities	408,518	(254,067)
Deferred Contributions	(106,074)	(21,677)
Interest Payable to the Province of Manitoba	(46,048)	(13,396)
Accrued Pension Liability	(37,233)	98,383
	237,493	(16,940)
	901,707	334,169
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Amounts Due from Province of Manitoba	(436,299)	(555,402)
Net Increase (Decrease) in Advance by the Province of Manitoba	(2,747,137)	(47,433)
	(3,183,436)	(602,835)
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	(8,888)	(7,920)
CASH FLOWS FROM INVESTING ACTIVITY		
Change in Loans Receivable Net of Repayments	1,696,463	(14,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(594,154)	(290,759)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,459,935	1,750,694
CASH AND CASH EQUIVALENTS, End of Year	$ 865,781	$ 1,459,935
REPRESENTED BY:		
Cash and Bank	$ 347,147	$ 952,010
Term Deposits - Province of Manitoba	518,634	507,925
	$ 865,781	$ 1,459,935

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization

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

b) Basis of Accounting

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

c) Management's Responsibility for the Financial Statements

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

d) Cash and Cash Equivalents

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

e) Revenue Recognition

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

f) Allowance for Doubtful Loans

Business Loans Program

The loans are reviewed quarterly to assess potential impairment or loss of value. Impaired loans are defined as those which are greater than three payments in arrears, no plans in place to address arrears, and for which the value of realizable security is less than the value of the loan outstanding. In these cases, a specific allowance is accrued equal to the value of the potential security shortfall or impairment. In all other cases, including loans that are both current and for which there is excess security value, a non-specific allowance equal to 5% of the outstanding loan balance is recorded.

Fisheries Loans Program

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

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

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

g) Financial Instruments

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

h) Capital Assets

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

Building	2%
Office Furniture and Equipment	10 % to 30%
Parking Lot	50%

i) Employment and Post-Employment Benefits

The Fund provides pension, retirement allowance and sick leave benefits to its employees. Employees of the Fund are provided pension benefits by The Civil Service Superannuation Fund ("the CSSF"). The cost of the pension benefits earned by the employee is charged to expenses as services are are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire. Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by the employees are charged to expenses as services are rendered. The costs are actuarially determined using projected benefit payments and reflect management's best estimates of future payouts. Adjustments to the allowance are recognized in income immediately.

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

j) Use of Estimates and Measurement Uncertainty

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

2. DUE FROM THE PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant for the Fund's anticipated subsidy requirements for the year. The amount of $5,074,737 ($4,638,438 in 2017) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2018	2017
Department of Growth, Enterprise and Trade - Subsidy Refundable	$ 1,355,440	$ 1,170,575
Order in Council Pending	915,060	592,029
Pension, Unfunded	2,596,624	2,637,206
Pension, Funded	34,986	31,636
Severance Accrued, Unfunded	172,627	206,992
	$ 5,074,737	$ 4,638,438

3. LOANS RECEIVABLE

Loans receivable by program are as follows:

	2018	2017
Business Loans Program		
Interest rates applied range from 4.16% to 8.77%		
Principal	$ 18,181,036	$ 19,357,502
Accrued interest	510,192	498,461
	18,691,228	19,855,963
Allowance for doubtful loans	(2,676,659)	(2,475,308)
Total Business Loans Program	$ 16,014,569	$ 17,380,655
Fisheries Loans Program		
Interest rates applied to all fisheries loans is 6.7%		
Principal	$ 10,623,268	$ 11,408,969
Accrued interest	398,536	513,045
	11,021,804	11,922,014
Allowance for doubtful loans	(2,809,026)	(2,821,794)
Total Fisheries Loans Programs	8,212,778	9,100,220
Total Business and Fisheries Loan Programs	$ 24,227,347	$ 26,480,875

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

	2018		2017	
	Gross Loan Balances	Total Allowance	Gross Loan Balances	Total Allowance
Business Loans Program				
Impaired	$ 2,532,286	$ 1,082,458	$ 1,761,279	$ 930,226
Performing	16,158,942	1,594,201	18,094,684	1,545,082
	$ 18,691,228	$ 2,676,659	$ 19,855,963	$ 2,475,308
Fisheries Loans Program				
Impaired	$ 2,809,026	$ 2,809,026	$ 2,821,794	$ 2,821,794
Performing	8,212,778	-	9,100,221	-
	$ 11,021,804	$ 2,809,026	$ 11,922,015	$ 2,821,794

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

Business Loans Program	Specific	Non-Specific	Total 2018	Total 2017
Balance, beginning of year	$ 1,263,677	$ 1,211,631	$ 2,475,308	$ 2,264,499
Provision for the year	608,255	- 406,904	201,351	328,051
	$ 1,871,932	$ 804,727	$ 2,676,659	$ 2,592,550
Loans written off	-	-	-	(117,242)
Balance, end of year	$ 1,871,932	$ 804,727	$ 2,676,659	$ 2,475,308

Fisheries Loan Program	2018	2017
Balance, beginning of year	$ 2,821,794	$ 2,853,606
(Recovery) provision for the year	418,715	114,000
	$ 3,240,509	$ 2,967,606
Loans written off	(431,483)	(145,812)
Balance, end of year	$ 2,809,026	$ 2,821,794

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2018 by NIL (Nil in 2017).

Loan Loss Provision		
Per accounts	$ 2,809,026	$ 2,821,794
Per net present value calculation	(2,809,026)	(2,821,794)
	$ -	$ -

4. CAPITAL ASSETS

	Costs	Accumulated Amortization	2018 Net Book Value
Land	$ 92,482	$ -	$ 92,482
Building	931,236	172,279	758,957
Office Furniture and Equipment	238,948	220,206	18,742
Parking Lot	73,000	73,000	-
Total	$ 1,335,666	$ 465,485	$ 870,181

	Costs	Accumulated Amortization	2017 Net Book Value
Land	$ 92,482	$ -	$ 92,482
Building	931,236	153,654	777,582
Office Furniture and Equipment	230,060	194,682	35,378
Parking Lot	73,000	73,000	-
Total	$ 1,326,778	$ 421,336	$ 905,442

5. DEFERRED CONTRIBUTIONS

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

	2018	2017
Balance, beginning of year	$ 18,980	$ 145,784
Recognized during the year	(1,562)	(1,804)
Transfer to the Northern Economic Diversity Strategy	-	(125,000)
	$ 17,418	$ 18,980

During the fiscal year ended 2017 the Fund received approval to reprofile $125,000 of conditional funds from the Non-Timber Forest Products Program to establish the Northern Economic Development Strategy Program. Transactions for the year and deferred contributions at year end are as follows:

	2018	2017
Balance, beginning of year	$ 124,107	$ -
Transfer from the Non-Timber Forest Products Program	-	125,000
Recognized during the year	(123,492)	(19,873)
	$ 615	$ 105,127
Total Deferred Contributions	$ 18,033	$ 124,107

6. EMPLOYMENT AND POST-EMPLOYMENT BENEFITS PAYABLE

Pension Benefits

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to and are pensionable under, The Civil Service Superannuation Fund. In accordance with the provisions of The Civil Service Superannuation Act, the Fund is a "non-matching employer" and contributes 50% of the pension payments made to retired employees. The current pension expense consists of the Fund's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. The liability is determined every year. The most recent actuarial valuation available is as at March 31, 2018.

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

	2018	2017
Benefit costs for the year ended March 31		
Discount Rate	6.00%	6.00%
Rate of Compensation Increase	3.75%	3.75%

In fiscal years prior to 1989, the Fund charged to operations the contributions made 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. In fiscal years prior to 2015, the pension liability was calculated using the solvency method. Beginning in the 2015 fiscal year the pension liability is calculated using the going concern method in order to comply with Canadian Public Sector Accounting standards.

Pre-Retirement Benefits

Employees may be eligible for a pre-retirement benefit provided specific criteria are met. The pre-retirement liability is estimated, based on a first time commissioned actuarial report dated March 31, 2018, to be $172,627 ($206,992 in 2017) and is included in accounts payable and accrued liabilities.

Sick Leave Benefits

Employees of the Fund are entitled to sick leave benefits during employment. Sick leave benefits, which accumulate but do not vest are estimated to be a liability as at March 31, 2018 of $38,180 ($29,895 in 2017). The amount is not considered to be significant by management and, as such, has not been recorded as a liability in the financial statements of the Fund.

7. ADVANCES BY THE PROVINCE OF MANITOBA

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to The Loan Act 2017. The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

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

Business Loan Program	**2018**	2017
Advances, beginning of year	**$ 21,678,442**	$ 22,342,500
Loan Advances	**5,000,000**	6,550,000
Loan Advances Repayments	**(6,808,493)**	(7,214,058)
Advances, end of year	**$ 19,869,949**	$ 21,678,442
Unfunded allowance for doubtful loans, beginning of year	**$ 2,177,081**	$ 2,083,512
Provision for doubtful loans	**201,350**	210,810
Loans written off as approved by Board of Directors	**-**	(117,241)
Unfunded allowance for doubtful loans, end of year	**2,378,431**	2,177,081
Net advances balance, end of year	**$ 17,491,518**	$ 19,501,361

Fisheries Loans Program	**2018**	2017
Advances, beginning of year	**$ 12,790,088**	$ 12,073,869
Loan Advances	**3,500,000**	5,200,000
Loan Advances Repayments	**(3,725,100)**	(4,483,781)
Advances, end of year	**$ 12,564,988**	$ 12,790,088
Unfunded allowance for doubtful loans, beginning of year	**3,711,867**	3,734,801
(Recovery) Provision for doubtful loans	**418,716**	250,934
Loans written off as approved by Order in Council	**-**	(273,868)
Unfunded allowance for doubtful loans, end of year	**4,130,583**	3,711,867
Net advances balance, end of year	**$ 8,434,405**	$ 9,078,221

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

	2018	2017
Business Loans Program	$ 17,491,519	$ 19,501,361
Fisheries Loans Program	8,434,405	9,078,221
Building Mortgage	774,504	804,983
	$ 26,700,428	$ 29,384,565

The Fund obtains capital, through its Loan Act, for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund has the option to draw annually approved Loan Act funds on floating rates periodically at the Royal Bank prime rate minus 0.75%. At year end, the advances bore rates ranging from 1.625% to 2.875% with a weighted cost of capital of 2.32%.

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

2019	$ 7,593,227
2020	5,923,309
2021	3,468,491
2022	2,775,584
2023	1,253,623

8. COMMITMENTS

Total undisbursed balances of approved loans are $538,638 as at March 31, 2018 ($1,202,315 at March 31, 2017).

9. LOAN ACT AUTHORITY

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

	2018	2017
Total Authority	$ 21,700,000	$ 21,700,000
Draws under 2016 Loan Act Authority (Cumulative)	18,950,000	11,750,000
	2,750,000	9,950,000
2017 Loan Act Authority granted	10,200,000	-
Draws under 2017 Loan Act Authority	1,300,000	-
TOTAL	**$ 11,650,000**	**$ 9,950,000**

The 2017 Loan Act was activated by an Order in Council in the amount of $20,150,000 on February 7, 2018.

10. ECONOMIC DEPENDENCE

The ongoing operations of the Fund depends on obtaining adequate financing and funding from the Province of Manitoba as well as the ability for the Fund to provide both business and commercial fishing loans. A moratorium on the Fund being able to provide business loans, started in March of 2017, resulted in a significant year to year decrease in the gross margin that is used to pay for operating expenditures.

11. FINANCIAL INSTRUMENT RISK MANAGEMENT AND EXPOSURES

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

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

Credit Risk

Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds. Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Fund takes into consideration the individual's and business' ability to pay, and the value of collateral available to secure the loan. The Fund's maximum exposure to risk, without taking into account any collateral or other credit enhancements is $24,174,706 ($26,504,526 in 2017) which consists of loans and accounts receivable.

Interest Rate Risk

Interest rate risk is the impact that changes in market interest rates will have on the operations of the Fund. The Fund holds $24,682,981 ($26,988,806 in 2017) in interest bearing deposits and loans receivable at March 31, 2018. 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 on its weighed average cost of capital.

Liquidity Risk

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

12. SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
Amortization of Capital Assets	$ 44,149	$ 26,299
Collection Costs - Business Program	64,024	136,461
Collection Costs - Fisheries Program	6,142	8,760
Communications	27,370	25,649
Credit Reports	2,636	4,918
Directors' Fees and Expenses	50,577	62,144
Government Vehicle	37,547	35,985
Insurance	3,263	7,769
Legal Costs	34,529	36,110
GET	178	88,447
Mortgage Interest	41,600	43,083
Office Supplies and Expenses	48,552	46,301
Pension Expense	53,358	306,742
Professional Fees	37,612	38,234
Program Expenses	-	2,466
Property Tax	24,946	27,509
Protective Disbursements	50,573	19,646
Rent and Utilities	38,137	34,476
Repair and Maintenance	13,080	13,280
Salaries and Benefits	978,066	1,020,606
Sundry	40,249	24,139
Travel	37,334	42,210
	$ 1,633,922	$ 2,051,234

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade Payables and Accruals	$ 106,159	$ 112,918
Accrued Vacation pay	126,835	126,038
Accrued Severance and Pension (NFDC)	175,285	209,650
GET Payable	40,183	(38,865)
Goods and Services Tax	(1,467)	(8,453)
Mortgage Interest Payable	16,822	17,484
	463,817	418,772
Due to Sinking Funds	158,314	117,872
Orders in Council Pending	915,060	592,029
	$ 1,537,191	$ 1,128,673

14. OPERATING LEASE

The organization has entered into an operating lease for office equipment. Lease commitments for the next five years are as follows:

March 31,	2019	$ 6,114
	2020	$ -
	2021	$ -
	2022	$ -
	2023	$ -

Aggregate future minimum operating lease payments total $6,114

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current years presentation.

The Co-operative Loans and Loans Guarantee Board
Cooperative Development Services
Growth, Enterprise and Trade
250-240 Graham Avenue
Winnipeg MB R3C 0J7

July 23, 2018

The Co-operative Loans and Loans Guarantee Board

Responsibility for Financial Reporting

The accompanying Schedule of Loans and Loan Guarantee Transactions and other financial information in the Annual Report for the year ended March 31, 2018 are the responsibility of management and have been approved by the Board. This Schedule was prepared by management in accordance with the accounting policies set out in Note 2 to the Schedule. Any financial information contained elsewhere in the Annual Report conforms to the Schedule.

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

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

Original Document Signed
Dave Dyson
Chairperson

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying schedule of loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2018 and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the schedule presents fairly, in all material respects, the loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2018 in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
July 23, 2018
Winnipeg, Manitoba

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

The Co-operative Loans and Loans Guarantee Board

Schedule of Loans and Loan Guarantee Transactions

Year ended March 31, 2018

Loans (note 3)	March 31, 2017	Additions	Repayment	March 31, 2018
Neechi Foods Co-op Ltd.	$ 1,656,663	$ -	$ -	$ 1,656,663
	$ 1,656,663	$ -	$ -	$ 1,656,663

Loan Guarantees (note 4)	March 31, 2017	Additions	Repayment	March 31, 2018
	$ -	$ -	$ -	$ -

On behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

1. General

The Co-operative Associations Loans and Loans Guarantee Act established the Co-operative Loans and Loans Guarantee Board (CLLGB) with the primary objective of ensuring that cooperative organizations have access to basic financial services. The CLLGB provides loans and loan guarantees to cooperative organizations in Manitoba. The Province of Manitoba administers the activities of the CLLGB. During fiscal year 2016/17, responsibility for administration transferred from the Department of Housing and Community Development to the Department of Growth, Enterprise and Trade. The Department pays all administrative and general operating costs of the CLLGB. The CLLGB may charge a fee for its loans and loan guarantees. The Department records all revenue received.

2. Significant Accounting Policies

a) Basis of presentation

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

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

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

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

3. Loans

Neechi Foods Co-op Ltd.

On March 31, 2018, the balance of the CLLGB loan to Neechi Foods Co-op Ltd. (Neechi) was $1,656,663 with accrued interest of $108,206. An initial loan of $1,140,000 was approved by the Province of Manitoba on November 14, 2012. On December 2, 2014, the Province approved a two-year principal deferral for the outstanding balance and the capitalization of accrued interest owing up to November 22, 2014 ($16,663). On December 21, 2015, an additional loan of $500,000 was approved, which was fully disbursed by May 6, 2016. Repayment of the loans was due November 22, 2016 with interest payments due quarterly based on a floating interest rate; however, principal and interest payments to the Province and to the other lenders involved have fallen into arrears. The CLLGB loan to Neechi is subordinated to a mortgage from a Manitoba credit union, and Neechi is in default with their primary lender. The credit union has taken steps to sell the property and the property is currently listed for sale. Subsequent to year-end, Neechi ceased business operations and it is uncertain whether the business will re-commence operating in the future.

4. Loan guarantees

During 2017/18, no new loan guarantees were approved. The last fully-approved loan guarantee to Springfield Seniors Non-Profit Housing Cooperative through the Oak Bank Credit Union of $272,688 was repaid during 2016/17. During fiscal 2016/17, the CLLGB approved a new loan guarantee request of $928,000 and during 2017/18 a second loan guarantee request of $1,000,000. These guarantees, however, require Provincial approval, which was not granted. Due to the amount of time that has passed, these loan guarantees would require re-approval by the CLLGB.

5. Loan Act Authority

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

	2018
The Loan Act, 2017	$ 4,501,000
Outstanding loans:	
Loans - advanced in prior years	(1,656,663)
Loans - advanced in 2017/18	-
	(1,656,663)
Guarantees	-
	$ 2,844,337

6. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid CLLGB board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period from April 1, 2017 to March 31, 2018, CLLGB board members were paid an aggregate of $161 (2017 - $161). This amount is included in note 7. No individuals received compensation of $50,000 or more.

7. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff services for 2018 is estimated at $2,861 (2017 - $3,723) with an additional $3,802 (2017 - $3,990) for identified provincially paid 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
Cooperative Development Services
Growth, Enterprise and Trade
250-240 Graham Avenue
Winnipeg MB R3C 0J7

July 23, 2018

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, 2018 are the responsibility of management and have been approved by the Board.

The financial statements were prepared by management in accordance with Canadian public sector accounting standards. 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 auditing standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original Document Signed

Jeffrey Hodge
A/ Executive Director, Enterprise Branch
Growth, Enterprise and Trade

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Acting Deputy Minister of Growth, Enterprise and Trade

We have audited the accompanying financial statements of the Cooperative Promotion Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cooperative Promotion Board as at March 31, 2018, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 11 in the financial statements, which indicate that on June 4, 2018 the Board, Committees, Councils and Commissions Streamlining Act was passed which repeals the Cooperative Promotion Trust Act and revokes the trust that it created. As of this date the Cooperative Promotion Board ceased to exist and all existing funds are required to be distributed according to the Act.

Office of the Auditor General

Office of the Auditor General
July 23, 2018
Winnipeg, Manitoba

The Cooperative Promotion Board

Statement of Financial Position

As at March 31, 2018, with comparative figures for 2017

	General Account 2018	Commercial Fishing Account 2018	Total 2018	General Account 2017	Commercial Fishing Account 2017	Total 2017
Assets						
Current assets:						
Cash (note 3)	$ 38,258	$ 28,955	**$ 67,213**	$ 36,784	$ 28,739	**$ 65,523**
Accounts receivable	763	338	**1,101**	344	43	**387**
Prepaid expenses	347		**347**	365	-	**365**
Current investments (note 4)	66,788	46,669	**113,457**	65,978	46,102	**112,080**
	106,156	75,962	**182,118**	103,471	74,884	**178,355**
Investments (note 4)	64,400	600	**65,000**	64,400	594	**64,994**
	$ 170,556	$ 76,562	**$ 247,118**	$ 167,871	$ 75,478	**$ 243,349**
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	$ -	$ -	**$ -**	$ 499	$ -	**$ 499**
Fund balances:						
Contributed capital (note 7)	128,800	-	**128,800**	128,800	-	**128,800**
General account	41,756	-	**41,756**	38,572	-	**38,572**
Commercial Fishing account	-	76,562	**76,562**	-	75,478	**75,478**
	170,556	76,562	**247,118**	167,372	75,478	**242,850**
	$ 170,556	$ 76,562	**$ 247,118**	$ 167,871	$ 75,478	**$ 243,349**

See accompanying notes to financial statements

On behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

The Cooperative Promotion Board

Statement of Operations

Year ended March 31, 2018, with comparative figures for 2017

	General Account 2018	Commercial Fishing Account 2018	Total 2018	General Account 2017	Commercial Fishing Account 2017	Total 2017
Revenue:						
Interest	$ 2,763	$ 1,077	**$ 3,840**	$ 3,307	$ 1,260	**$ 4,567**
Dividend		7	**7**	-	7	**7**
Contributed services (note 6)	10,166	-	**10,166**	16,811	-	**16,811**
Grants from the Province of Manitoba	-	-	**-**	-	-	**-**
Total revenue	12,929	1,084	**14,013**	20,118	1,267	**21,385**
Expenses:						
Grants (schedule 1)	-	-	**-**	6,000	-	**6,000**
Administrative services (note 6)	5,477	-	**5,477**	11,038	-	**11,038**
Annual report	205	-	**205**	161	-	**161**
Board members' meals and travel	(29)	-	**(29)**	112	-	**112**
Board members' remuneration	(414)	-	**(414)**	1,230	-	**1,230**
Liability insurance	558	-	**558**	611	-	**611**
Miscellaneous	60	-	**60**	330	-	**330**
Professional services	3,888	-	**3,888**	4,430	-	**4,430**
Seminars and workshops	-	-	**-**	481	-	**481**
	9,745	-	**9,745**	24,393	-	**24,393**
Excess (deficiency) of revenue over expenses	$ 3,184	$ 1,084	**$ 4,268**	$ (4,275)	$ 1,267	**$ (3,008)**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Changes in Fund Balances

Year ended March 31, 2018, with comparative figures for 2017

	General Account 2018	Commercial Fishing Account 2018	Total 2018	General Account 2017	Commercial Fishing Account 2017	Total 2017
Fund balances, beginning of year						
Contributed capital	$ 128,800	$ -	**$ 128,800**	$ 128,800	$ -	**$ 128,800**
General account	38,572	-	**38,572**	42,847	-	**42,847**
Commercial Fishing account	-	75,478	**75,478**	-	74,211	**74,211**
	167,372	75,478	**242,850**	171,647	74,211	**245,858**
Excess (deficiency) of revenue over expenses	3,184	1,084	**4,268**	(4,275)	1,267	**(3,008)**
Fund balances, end of year	$ 170,556	$ 76,562	**$ 247,118**	$ 167,372	$ 75,478	**$ 242,850**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Cash Flows

Year ended March 31, 2018, with comparative figures for 2017

		General Account 2018		Commercial Fishing Account 2018		Total 2018		General Account 2017		Commercial Fishing Account 2017		Total 2017
Excess (deficiency) of revenue over expenses	$	3,184	$	1,084	$	**4,268**	$	(4,275)	$	1,267	$	**(3,008)**
Operating activities:												
Changes in the following:												
Accounts receivable		(419)		(294)		**(713)**		75				**75**
Prepaid expenses		18		-		**18**		(71)		-		**(71)**
Accounts payable		(499)		-		**(499)**		499		-		**499**
		2,284		790		**3,074**		(3,772)		1,267		**(2,505)**
Financing activities:												
Purchase of investments		(66,788)		(46,669)		**(113,457)**		(65,978)		(1,102)		**(67,080)**
Proceeds from matured investments		65,978		46,102		**112,080**		64,400				**64,400**
Dividends		-		(7)		**(7)**		-		(7)		**(7)**
		(810)		(574)		**(1,384)**		(1,578)		(1,109)		**(2,687)**
Net increase/(decrease) in cash		1,474		216		**1,690**		(5,350)		158		**(5,192)**
Cash, beginning of year		36,784		28,739		**65,523**		42,134		28,581		**70,715**
Cash, end of year	$	38,258	$	28,955	$	**67,213**	$	36,784	$	28,739	$	**65,523**
Supplementary cash flow information:												
Interest received	$	2,345	$	782	$	**3,127**	$	3,305	$	1,262	$	**4,567**

See accompanying notes to financial statements

The Cooperative Promotion Board

Notes to Financial Statements

Year ended March 31, 2018, with comparative figures for 2017

---

1. General

The Cooperative Promotion Board (CPB) operates under the terms of The *Cooperative Promotion Trust Act*, which came into force on December 20, 1988. The CPB is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when The Cooperative Promotion Trust Act came into force. During 2016/17, responsibility for the CPB transferred from the Department of Housing and Community Development to the Department of Growth, Enterprise and Trade.

On December 5, 2017, the *Boards, Committees, Councils and Commissions Streamlining Act* was tabled, which repeals the Cooperative Promotion Trust Act and revokes the trust that it created. Once the new Act comes into force, the CPB will cease to exist and all existing funds will be distributed as follows:

(i) all funds in the Commercial Fishing Account will be paid into the Communities Economic Development Fund, to be used to pay for grants for the promotion and development of commercial fishing in northern Manitoba;

(ii) the balance of the funds is to be paid to The Winnipeg Foundation, to be used to pay for costs and expenses related to fund funds administration as well as grants for one or more of the following:

a) prizes or scholarships for any competition or studies related to the philosophy, principles, business, or affairs of cooperative organizations,
b) gifts or donations in aid or research into cooperative organizations,
c) to promote education with respect to cooperation,
d) to develop and promote cooperative organizations,
e) to agricultural organizations to promote the general welfare of rural residents of the province, and

General Account

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

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

Commercial Fishing Account

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

2. Significant accounting policies

a) Basis of presentation

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

b) Fund accounting

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

c) Revenue recognition

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

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

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

2. Significant accounting policies (continued)

d) Contributed services

The Province of Manitoba provides administrative services to the CPB at no cost. The value of these contributed administrative services is estimated and recorded as revenue and expenses.

e) Financial instruments

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

The CPB records its financial assets at cost, which includes cash, accounts receivable and investments. The CPB also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

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

The CPB did not incur any remeasurement gains or losses during the year (2017 - nil).

f) Measurement uncertainty

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

3. Cash

General account

The cash balance for the General Account includes $38,258 (2017 - $36,784) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 1.20% effective March 31, 2018. Interest is paid monthly.

Commercial Fishing account

The cash balance for the Commercial Fishing Account includes $28,955 (2017 - $28,739) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.20% effective March 31, 2018. Interest is paid monthly.

4. Investments

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

Current investments

	2018	2017
General Account		
2.45% GIC - term March 17, 2015 to September 17, 2017		$ 65,978
1.35% Redeemable GIC - term September 17, 2017 to September 17, 2018	$ 66,788	
Commercial Fishing Account		
2.45% GIC - term March 17, 2015 to September 17, 2017		$ 46,102
1.35% Redeemable GIC - term September 17, 2017 to September 17, 2018	$ 46,669	
	$ 113,457	$ 112,080

Long-term investments

	2018	2017
General Account		
1.95% GIC - term January 9, 2017 to January 9, 2020	$ 64,400	$ 64,400
	$ 64,400	$ 64,400
Commercial Fishing Account		
ACU - surplus shares	$ 600	$ 594
	600	594
	$ 65,000	$ 64,994

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the CPB subject to the condition that these funds were to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance as of March 31, 2018 was $76,562 (2017 - $75,478). During 2017/18, no grants were issued (2016/17 - nil) from the Commercial Fishing Account.

6. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2018 is estimated at $5,477 (2017 - $11,038) with another $4,689 (2017 - $5,773) 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.

7. Contributed capital

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

8. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period of April 1, 2017 to March 31, 2018, the Cooperative Promotion Board held no board meetings and thus paid board members an aggregate of $0 (2017 - $1,230). No individuals received compensation of $50,000 or more.

9. Financial instruments and financial risk management

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

a) Credit risk

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

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

	2018	2017
Cash (note 3)	$ 67,213	$ 65,523
Accounts receivable	1,101	387
Investments (note 4)	178,457	177,074
	$ 246,771	$ 242,984

As at March 31, 2018, $1,101 (2017 - $387) of accounts receivable were not past due or impaired.

Cash

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

Account receivable

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

Investments

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

9. Financial instruments and financial risk management (continued)

b) Interest rate risk

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

Cash

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

Investments

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

c) Liquidity risk

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

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

d) Foreign currency risk

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

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

10. Related party transactions

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

11. Subsequent Event

On June 4, 2018, subsequent to year-end, the *Boards, Committees, Councils and Commissions Streamlining Act* came into force which repeals the Cooperative Promotion Trust Act and revokes the trust that it created.

The Cooperative Promotion Board

Schedule of Grants

Year ended March 31, 2018, with comparative figures for 2017 **Schedule 1**

	2018	2017
I - General Acccount		
Canadian CED Network	$ -	$ 1,000
Canadian Worker Co-op Federation	-	1,500
Sustainable South Osbourne Community Coop	-	3,500
Total	**-**	**6,000**
II - Commercial Fishing Acccount		
	-	-
Total	$ -	$ -
Total of Grants	**$ -**	**$ 6,000**

Financial Statements of

ECONOMIC DEVELOPMENT WINNIPEG INC.

Year ended December 31, 2017

KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

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

INDEPENDENT AUDITORS' REPORT

To the Directors of Economic Development Winnipeg Inc.

We have audited the accompanying financial statements of Economic Development Winnipeg Inc. which comprise the statement of financial position as at December 31, 2017, the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Economic Development Winnipeg Inc. as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

March 13, 2018

Winnipeg, Canada

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Financial Position

December 31, 2017, with comparative information for 2016

		2017		2016
Assets				
Current assets:				
Cash	$	1,360,070	$	716,741
Investments (note 3)		678,422		674,325
Accounts receivable		428,000		478,131
Prepaid expenses		169,902		123,483
		2,636,394		1,992,680
Capital assets (note 4)		574,711		567,809
	$	3,211,105	$	2,560,489
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	139,497	$	417,622
Deferred rent		38,452		25,967
Deferred lease inducement		332,305		360,000
Deferred contributions:				
Future expenses (note 5)		498,548		253,758
Net assets:				
Invested in capital assets		574,711		567,809
Unrestricted		1,277,592		935,333
Internally restricted:				
Appropriated for stabilization fund (note 6)		350,000		–
		2,202,303		1,503,142
Commitments (note 7)				
	$	3,211,105	$	2,560,489

See accompanying notes to financial statements.

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Revenue and Expenditures

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Funding:		
The City of Winnipeg	$ 3,490,979	$ 2,812,200
Province of Manitoba	1,092,800	1,412,000
Partnerships and investors contributions	1,535,602	1,261,435
Interest	18,985	11,188
	6,138,366	5,496,823
Expenditures:		
Initiatives and marketing	1,881,152	1,588,748
Personnel	2,872,519	3,318,371
Administrative	390,223	303,298
Occupancy and facilities	295,311	222,974
	5,439,205	5,433,391
Excess of revenue over expenditures	$ 699,161	$ 63,432

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Invested in capital assets	Unrestricted	Internally restricted	2017 Total	2016 Total
Balances, beginning of year	$ 567,809	$ 935,333	$ –	$ 1,503,142	$ 1,439,710
Excess (deficiency) of revenue over expenditures	(87,172)	786,333	–	699,161	63,432
Transfer to internally restricted net assets (note 6)	–	(350,000)	350,000	–	–
Transfer for acquisition of capital assets	94,074	(94,074)	–	–	–
Balances, end of year	$ 574,711	$ 1,277,592	$ 350,000	$ 2,202,303	$ 1,503,142

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 699,161	$ 63,432
Items not involving cash:		
Amortization of capital assets	87,172	38,662
Amortization of deferred rent	12,485	17,649
Amortization of deferred lease inducement	(27,695)	–
Change in non-cash operating working capital:		
Accounts receivable	300,131	(40,184)
Prepaid expenses	(46,419)	15,885
Accounts payable and accrued liabilities	(278,125)	227,576
Net increase (decrease) in deferred contributions future expenses	(5,210)	24,153
	741,500	347,173
Capital activities:		
Purchase of capital assets	(94,074)	(530,604)
Investing activities:		
Investments, net	(4,097)	171,644
Increase (decrease) in cash	643,329	(11,787)
Cash, beginning of year	716,741	728,528
Cash, end of year	$ 1,360,070	$ 716,741
Supplementary cash flow information:		
Deferred lease inducement	$ –	$ 360,000

See accompanying notes to consolidated financial statements.

1. General:

Economic Development Winnipeg Inc. (EDW or the Organization) is the City of Winnipeg's lead Organization for economic development and tourism development. EDW is an arm's length Organization led by an independent private sector Board of Directors appointed by the members. The City of Winnipeg and the Province of Manitoba are the members and provide core funding to the Organization.

EDW facilitates investment promotion and attraction, capacity building, marketing and the management of market information. EDW leads global investment attraction, and local business retention and expansion, with its Yes! Winnipeg sales team. EDW is also responsible for the City's tourism development activities, which it orchestrates through its Tourism Winnipeg team. Tourism Winnipeg's mission is to facilitate a healthy, prosperous, responsible and fully integrated tourism industry that enhances Winnipeg's economic growth.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

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

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

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

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of re-measurement gains and losses until they are realized when they are transferred to the Statement of Revenue and Expenditures.

The Organization did not incur any re-measurement gains and losses during the year ended December 31, 2017 (2016 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

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

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the Statement of Revenue and Expenditures.

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

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

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

Asset	Rate
Computer hardware and software	2 - 3 years
Office furniture and fixtures	5 years
Leasehold improvements	over the term of the related lease

(d) Deferred rent:

As part of the Organization’s operating premises lease, a period of free rent was incurred and is being amortized over the term of the related lease. This lease also has escalating rents which are expensed on a straight-line basis over the period of the lease.

(e) Deferred lease inducement:

The Organization leases its office space. Landlord inducements are deferred and amortized as reductions to rent expense on a straight-line basis over the same period.

(f) Income taxes:

The Organization is a not-for-profit organization under the *Income Tax Act* and, accordingly, is exempt from income taxes, providing certain requirements of the *Income Tax Act* are met.

(g) 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.

3. Investments:

Investments consist of investments in money market instruments aggregating $567,872 (2016 - $563,779) and guaranteed investment certificates aggregating $110,550 (2016 - $110,546). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer hardware and software	$ 160,220	$ 81,874	$ 78,346	$ 64,075
Office furniture and fixtures	192,492	62,260	130,232	125,499
Leasehold improvements	692,902	326,769	366,133	378,235
	$ 1,045,614	$ 470,903	$ 574,711	$ 567,809

5. Deferred contributions - future expenses:

The deferred contributions are externally restricted contributions that have been received and relate to expenses to be incurred in future years.

	2017	2016
Balance, beginning of year	$ 253,758	$ 229,605
Amounts received during the year	1,308,260	1,016,521
	1,562,018	1,246,126
Less: amounts recognized as revenue in the year	(1,063,470)	(992,368)
Balance, end of year	$ 498,548	$ 253,758

Deferred contributions for future expenses are related to the following initiatives:

	2017	2016
Yes! Winnipeg:		
Province of Manitoba funding	$ 67,500	$ 135,000
Investors' contributions	138,000	100,000
Team Winnipeg	25,558	13,228
Winnipeg Tour Connection	17,490	5,530
Our Winnipeg Initiative	125,000	–
Open data project	125,000	–
	$ 498,548	$ 253,758

6. Internally restricted:

Stabilization fund:

The Stabilization Fund was established by the Board of Directors during the year to internally restrict net assets of the organization for funds to be available to compensate for fluctuations in future revenues from government funding or investor contributions. During the year, $350,000 was transferred to the stabilization fund from unrestricted net assets. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

7. Commitments:

The Organization is committed under a lease for office space for a total of $1,472,000. The minimum lease payments over the next five years are as follows:

2018	$ 145,000
2019	152,000
2020	153,000
2021	160,000
2022	160,000

8. Segregated fund:

The Organization holds funds that are segregated for partners (including the Organization) in a separate account for a special event marketing fund. This fund is held in interest-bearing accounts for the benefit of special event marketing activities. Payments to the special event marketing fund are based on recommendations approved by The City of Winnipeg's council on October 22, 2008.

The balance of this fund and the income and expenditures associated therewith is not included in these financial statements.

	2017	2016
Special event marketing fund:		
Balance, beginning of year	$ 760,504	$ 781,507
Funds received during the year	1,000,000	1,117,200
Funds used during the year	(977,794)	(1,142,118)
Interest earned	5,320	3,915
Balance, end of year, and amount of funds held	$ 788,030	$ 760,504

8. Segregated fund (continued):

The funds of $788,030 held on December 31, 2017, have been committed from the special event marketing fund towards several tourism attractions occurring during fiscal 2018. In addition, the following commitments have been entered into from the special marketing fund towards several tourism attractions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year:

2018	$ 416,134
2019	272,420
2020	1,015,687
2021	74,405

9. Financial risks:

The Organization has exposure to the following risks associated with its financial instruments:

(a) Credit risk:

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

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at December 31, 2017 is the carrying value of these assets.

At December 31, 2017, all accounts receivable were current, there were no amounts past due.

The maximum exposure to investment credit risk is as disclosed in note 3.

There have been no significant changes to the credit risk exposure from 2016.

9. Financial risks (continued):

(b) Liquidity risk:

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

All accounts payable and accrued liabilities are due within fiscal 2017.

There have been no significant changes to the liquidity risk exposure from 2016.

10. Defined contribution plan:

The employees of the Organization are members of a voluntary group registered retirement savings plan administered by RBC Asset Management Inc.

Employer contributions made to the plan during the year amounted to $92,701 (2016 - $108,060).

Grant Thornton

Financial Statements

First Nations of Northern Manitoba Child and Family Services Authority

March 31, 2018

Management Responsibility Statement

The accompanying March 31, 2018 financial statements of First Nations of Northern Manitoba Child and Family Services Authority are the responsibility of management and have been approved by the Administrator.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Authority maintains an appropriate system of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the Board. Grant Thornton LLP has full and free access to the Board.

Original Document Signed

Chief Financial officer

August 10, 2018

Independent Auditor's Report

Grant Thornton LLP
94 Commerce Drive
Winnipeg, MB
R3P 0Z3

T +1 204 944 0100
F +1 204 957 5442
www.GrantThornton.ca

To the Members of
First Nations of Northern Manitoba Child and Family Services Authority

We have audited the accompanying financial statements of First Nations of Northern Manitoba Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Grant Thornton

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Winnipeg, Canada
August 10, 2018

Chartered Professional Accountants

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Financial Position

March 31	2018	2017
Assets		
Current		
Cash	$ 3,066,645	$ 1,739,081
Marketable securities (Note 3)	150,000	689,886
Accounts receivable (Note 4)	559,769	1,035,298
Prepaid expenses	14,636	27,132
Working capital receivable from agencies (Note 5)	3,038,724	3,038,724
	6,829,774	6,530,121
Property and equipment (Note 6)	60,686	51,681
	$ 6,890,460	$ 6,581,802
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 1,925,332	$ 2,197,965
Deferred contributions (Note 8)	369,826	336,480
Working capital payable to Province of Manitoba (Note 9)	3,038,724	3,038,724
	5,333,882	5,573,169
Net assets		
Unrestricted	879,654	340,714
Internally restricted (Note 10)	616,239	616,239
Invested in property and equipment	60,685	51,680
	1,556,578	1,008,633
	$ 6,890,460	$ 6,581,802

On behalf of the board

Original Document Signed Member

Original Document Signed Member

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Operations

Year ended March 31	2018	2017 (Note 17)
Revenue		
Province of Manitoba: agency operating grants (Note 12)	**$ 22,704,642**	$ 22,408,181
Province of Manitoba: Authority operating grants (Note 12)	**2,995,187**	3,205,304
Province of Manitoba: additional grants	**873,476**	742,126
Other	**385,888**	39,668
Indigenous and Northern Affairs Canada	**325,000**	325,000
Interest	**28,807**	17,272
Revenue deferred in previous year	**-**	132,832
	27,313,000	26,870,383
Expense		
Agency additional supports	**781,353**	1,071,376
Agency operating grants	**22,704,642**	22,408,181
Amortization	**28,796**	32,043
Annual general meeting	**7,487**	14,940
Audit	**26,640**	17,741
Bad debts	**-**	36,466
Bank and service fees	**3,151**	2,251
Board and committee meetings	**8,453**	-
Donations	**2,600**	-
Information technology support	**63,135**	51,714
Insurance	**25,744**	23,262
Janitorial	**21,999**	17,227
Meetings and conferences	**26,201**	18,258
Membership fees	**302**	1,987
Miscellaneous	**86,868**	15,944
Office supplies	**61,509**	50,849
Payroll processing	**3,333**	5,827
Professional development	**2,562**	11,097
Professional fees	**220,526**	229,086
Recruitment costs	**1,428**	1,305
Rent	**218,420**	144,538
Salaries and benefits	**1,973,835**	2,255,071
Special projects	**262,316**	211,860
Telephone and utilities	**33,546**	89,766
Training	**64,505**	44,213
Travel	**135,704**	120,209
	26,765,055	26,875,211
Excess (deficiency) of revenue over expense	**$ 547,945**	$ (4,828)

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Changes in Net Assets
Year ended March 31

	Unrestricted	Internally restricted	Invested in property and equipment	Total 2018	Total 2017 (Note 17)
Balance, beginning of year	$ 340,714	$ 616,239	$ 51,680	**$ 1,008,633**	$ 1,013,461
Excess (deficiency) of revenue over expense	547,945	-	-	**547,945**	(4,828)
Amortization of property and equipment	28,796	-	(28,796)	**-**	-
Purchases of property and equipment	(37,801)	-	37,801	**-**	-
Balance, end of year	**$ 879,654**	**$ 616,239**	**$ 60,685**	**$ 1,556,578**	$ 1,008,633

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Cash Flows

Year ended March 31		2018		2017 (Note 17)
Increase (decrease) in cash				
Operating				
Excess (deficiency) of revenue over expense	$	**547,945**	$	(4,828)
Item not affecting cash				
Amortization		**28,796**		32,043
		576,741		27,215
Change in non-cash working capital items				
Marketable securities		**539,886**		-
Accounts receivable		**475,529**		1,275,169
Prepaid expenses		**12,496**		21,331
Accounts payable and accrued liabilities		**(272,633)**		(649,878)
Deferred contributions		**33,346**		(178,444)
		1,365,365		495,393
Investing				
Purchase of property and equipment		**(37,801)**		(30,813)
Increase in cash		**1,327,564**		464,580
Cash				
Beginning of year		**1,739,081**		1,274,501
End of year	$	**3,066,645**	$	1,739,081

1. Nature of operations

First Nations of Northern Manitoba Child and Family Services Authority ("the Authority") has been incorporated under the Child and Family Services Authority Act, which was proclaimed by the Province of Manitoba on November 24, 2003.

The mandate of the Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First Nations, people who identify with those northern First Nations and others as determined in accordance with protocols established in the regulations which form part of the Child and Family Services Authority Act. The Authority is exempt from income taxes under Section149(1)(1) of the Income Tax Act.

On June 10, 2002 legislation to create the First Nations of Northern Manitoba Child and Family Services Authority was introduced in the Legislative Assembly. Royal Assent was received on August 9, 2002. The Child and Family Services Act came into force upon proclamation on November 30, 2003. All assets and liabilities of 4601149 Manitoba Association Inc. as of November 30, 2003 were transferred to the First Nations of Northern Manitoba Child and Family Services Authority on December 1, 2003.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

The Authority's policy is to present bank balances under cash and cash equivalents, including term deposits with a maturity period of three months or less at the date of acquisition. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Each class of property and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided on a straight-line basis at varying rates as follows:

Computer equipment	3 years
Computer software	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Office equipment	5 years

2. Significant accounting policies (continued)

Revenue recognition

The Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Use of estimates

In preparing the Authority'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. The main estimate used in preparing these financial statements included useful lives of property and equipment for determining depreciation.

Financial instruments

The Authority considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments:

- cash
- marketable securities
- accounts receivable
- working capital receivable from agencies
- accounts payable and accrued liabilities
- working capital payable to Province of Manitoba

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Authority is in the capacity of management in which case they are accounted for in accordance with financial instruments.

3. Marketable securities

	2018	2017
Guaranteed investment certificate, bearing interest at 0.5%, maturing at February 2019	$ **150,000**	$ -
Guaranteed investment certificate, bearing interest at 0.65%, maturing at January 2018	**-**	689,886
	$ **150,000**	$ 689,886

4. Accounts receivable

	2018	2017
GST receivable	$ **12,872**	$ 18,102
Province of Manitoba	**482,401**	1,136,141
Indigenous and Northern Affairs Canada	**-**	66,003
Other	**64,496**	36,086
	559,769	1,256,332
Less: Allowance for doubtful accounts	**-**	221,034
	$ **559,769**	$ 1,035,298

5. Working capital receivable from agencies

The working capital receivable from agencies represents amounts advanced to agencies to provide required cash flow for operations to support the administration of payments related to the maintenance of children in care. The amounts are non-interest bearing and are due on demand at the end of each annual contribution agreement with each agency until such time that a new contribution agreement with each agency has been entered into.

6. Property and equipment

	Cost	Accumulated Amortization	**2018** Net Book Value	2017 Net Book Value
Computer equipment	$ 216,854	$ 206,633	**$ 10,221**	$ 27,291
Computer software	33,612	32,273	**1,339**	2,655
Furniture and fixtures	191,434	145,182	**46,252**	17,835
Leasehold improvements	11,514	10,976	**538**	897
Office equipment	54,175	51,839	**2,336**	3,003
	$ 507,589	$ 446,903	**$ 60,686**	$ 51,681

7. Accounts payable and accrued liabilities

	2018	2017
Accounts payable to suppliers	**$ 23,378**	$ 119,780
Accounts payable to agencies	**1,800,348**	1,478,202
Accruals	**101,606**	599,983
	$ 1,925,332	$ 2,197,965

8. Deferred contributions

	2018	2017
Unspent portion of Transition Grant Funding received from the Province of Manitoba, to be used for the Aboriginal Justice Inquiry-Child Welfare initiative one-time transition activities connected to the establishment of the Authority and to assist Family Service Agencies in extending their operations.	**$ 136,480**	$ 136,480
Unspent portion of grants from the Province of Manitoba, to be used by the Authority towards various projects as outlined in the funding agreements.	**233,346**	200,000
	$ 369,826	$ 336,480

9. Working capital payable to Province of Manitoba

The working capital payable to the Province of Manitoba represents amounts advanced to the Authority in order for the Authority to provide cash flow advances to the various agencies which deliver the services administered by the Authority. The amounts are non-interest bearing and are due on demand.

10. Internally restricted net assets

	2018	2017
Property and equipment	**$ 150,000**	$ 150,000
Unfunded positions	**75,000**	75,000
Information technology	**299,136**	299,136
Aging out initiative	**92,103**	92,103
	$ 616,239	$ 616,239

11. Province of Manitoba operating grants

The Authority receives operating grants from the Province of Manitoba. The portion of the operating grants related to the Children's Special Allowance was not released to the Authority. The amount withheld by the Province of Manitoba is not included in these statements as it does not meet ASNPO requirements for revenue recognition.

	2018	2017
Province of Manitoba - operating grants	$ 27,359,753	$ 27,771,507
Holdback related to Children's Special Allowance for Awasis and Cree Nation	(1,659,924)	(2,158,022)
	$ 25,699,829	$ 25,613,485

12. Pension plan

The Authority provides a defined contribution pension plan for eligible members of its staff. Members are required to contribute 7.6% of their salary and the Authority matches the contribution of 7.6%. During the year, the Authority contributed $96,582 (2017: $111,243) for retirement benefits.

13. Lease commitments

The Authority's total future minimum lease payments under operating lease commitments over the next three years are as follows:

2019	$ 159,467
2020	86,872
2021	45,208
	$ 291,547

14. Economic dependence

The Authority receives its primary source of revenue pursuant to a funding agreement with the Province of Manitoba. The volume of financial activity undertaken by the Authority with the Province of Manitoba is of sufficient magnitude that the discontinuance of this funding would endanger the ability of the Authority to maintain operations at its current level.

15. Financial instruments

The main risk the organization is exposed to through its financial instruments is credit risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations. The Authority is exposed to concentration risk as Province of Manitoba comprise approximately 86% (2017: 87%) of the Authority's accounts receivable at year-end. Due to the nature of the Authority's establishment by the Child and Family Services Act, these amounts are considered to be collectible in full.

There was no significant change in exposure from the prior year.

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

THE FUNERAL BOARD OF MANITOBA

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2017

Funeral Board of Manitoba 254 Portage Avenue, Winnipeg, MB R3C 0B6 Canada
Conseil des services funéraires du Manitoba 254, avenue Portage, Winnipeg (MB) R3C 0B6 Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and all the information in the annual report are the responsibility of the Funeral Board of Manitoba and have been prepared in accordance with Canadian Public Sector Accounting Standards. In the Board's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Board's best judgment regarding all necessary estimates and all other data available to May 3, 2018.

As the Board is responsible for the integrity of the financial statements, the Board has established systems of internal control to provide assurance that assets are properly accounted for and safeguarded from loss and that revenues are complete.

The responsibility of the Office of the Auditor General of Manitoba is to express an independent, professional opinion on whether the financial statements of the Board are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management
Funeral Board of Manitoba

Original Document Signed

Alena Lukes, Chairperson

May 3, 2018

Telephone / Téléphone: (204) 947-1098
Fax / Télécopieur: (204) 945-0424
Email / Courriel: embalmersdirectors@gov.mb.ca
Website / Site Web: www.gov.mb.ca/funeraldirectorsboard

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Funeral Board of Manitoba

We have audited the accompanying financial statements of the Funeral Board of Manitoba (Board), which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2017 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Going Concern
Without qualifying our opinion, we draw attention to note 9 in the financial statements. The uncertainty of grant funding described in note 9 indicates the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

Office of the Auditor General

Office of the Auditor General
May 3, 2018
Winnipeg, Manitoba

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	$ 218,403	$ 149,626
Short Term Investments	80,800	80,000
Accounts Receivable	406	70,533
Total Financial Assets	299,609	300,159
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	60,615	26,348
Deferred revenue	90,335	95,691
Total Liabilities	150,950	122,039
NET FINANCIAL ASSETS	148,659	178,120
NON-FINANCIAL ASSETS		
Deposits - parking	25	-
Supplies Inventory	887	1,825
Tangible Capital Assets (note 10)	1,504	1,205
	2,416	3,030
ACCUMULATED SURPLUS	$ 151,075	$ 181,150

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

Approved on behalf of The Funeral Board of Manitoba

Original Document Signed

Alena Lukes
Chairperson

Original Document Signed

Board Member

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Operations Revenue			
Funeral Home Licences	$ 44,000	$ 46,000	$ 44,500
Funeral Director and Embalmer Licences	50,000	52,500	52,500
Cemeteries Act Licences	6,500	9,445	9,606
Prearranged Funeral Services Act	10,000	-	-
Miscellaneous Income	20,400	2,524	1,801
Interest Income		673	533
	130,900	111,142	108,940
Grant Revenue - Vital Statistics Agency (note 9)	-		140,000
Total Revenue	130,900	111,142	248,940
EXPENSES			
Administration Charges (note 6)	87,000	47,070	41,470
Amortization	483	569	483
Audit	3,800	4,300	3,888
Board Meetings	13,000	1,246	1,263
Board Members - Honoraria	12,000	2,180	3,161
Communications	6,400	3,368	2,103
Conferences	8,000	523	5,411
Consultation costs	6,750	-	-
Legal Fees	33,500	3,347	1,194
Miscellaneous	2,400	2,579	2,727
Office Supplies , Printing and Postage	2,900	6,082	2,753
Professional Services	20,000	-	-
Salaries and Benefits	65,753	65,759	65,551
Travel	10,900	4,194	4,015
Total Expenses	272,886	141,217	134,019
SURPLUS / (DEFICIT)	(141,986)	(30,075)	114,921
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	181,150	181,150	66,229
ACCUMULATED SURPLUS, END OF PERIOD	$ 39,164	$ 151,075	$ 181,150

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

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE PERIOD ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
SURPLUS /(DEFICIT)	$ (141,986)	$ (30,075)	$ 114,921
TANGIBLE CAPITAL ASSETS			
Acquisition of Capital Assets		(868)	-
Amortization of Capital Assets	483	569	483
	483	(299)	483
OTHER NON-FINANCIAL ASSETS			
Decrease in Prepaid expense			50
Deposits - parking		(25)	
Acquisitions of Supplies Inventory	1,940	-	(1,825)
Consumption of Supplies Inventory	1,394	938	1,321
Decrease/ (Increase) in Other non-financial assets	3,334	913	(454)
DECREASE (INCREASE) IN FINANCIAL ASSETS	(138,169)	(29,461)	114,950
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	178,120	178,120	63,170
NET FINANCIAL ASSETS, END OF PERIOD	$ 39,951	$ 148,659	$ 178,120

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

THE FUNERAL BOARD OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2017

	2017	2016
CASH FLOW PROVIDED BY (APPLIED TO):		
OPERATING		
Surplus / (Deficit), for the period	$ (30,075)	$ 114,388
Amortization of tangible capital assets	569	483
	(29,506)	114,871
Change in:		
Investments	(800)	(80,000)
Accounts receivable	70,127	(30,000)
Supplies inventory	938	(504)
Prepaid	(25)	50
Accounts payable and accrued liabilities	34,267	10,422
Deferred revenues	(5,356)	4,207
	69,645	19,046
CAPITAL		
Acquisition of tangible capital assets	(868)	
	(868)	-
NET INCREASE IN CASH	68,777	19,046
CASH, BEGINNING OF PERIOD	149,626	130,580
CASH, END OF PERIOD	$ 218,403	$ 149,626
Supplementary information:		
Interest paid	$ -	$ -
Interest received	$ 800	$ -

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

1. Nature of Operations

The Funeral Directors and Embalmers Act established The Funeral Board of Manitoba (the Board) to licence and regulate Funeral Homes, Funeral Directors and Embalmers and to prescribe the courses of training and instruction for articling students. As at December 5, 2013 the Board has been assigned the responsibility to licence and regulate under The Cemeteries Act.

As at September 1, 2017 the Board has been assigned the responsibility to licence and regulate under The Prearranged Funeral Services Act.

2. Significant Accounting Policies:

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

b. Cash

Cash includes cash on hand and bank balances.

c. Investments

Investments consist of guaranteed investment certificate (GIC) with a national financial institution. The investment certificate is a flexible short term nature with a maturity of one year or less and cashable at any time.

d. Deferred Revenue and Revenue Recognition

The Board recognizes revenue under The Funeral Directors and Embalmers Act, The Cemeteries Act and The Prearranged Funeral Services Act on an accrual basis. Any license fees which are received prior to December 31 with respect to and are applicable to the subsequent fiscal year are recorded as deferred revenue.
Grant revenue is recognized when it is authorized and any eligibility criteria have been met.
Receivables are recognized by the Board for those grants authorized by the Province prior to the end of the accounting period but not received.

e. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

f Measurement uncertainty

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

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

g. Non-Financial Assets

Tangible capital assets and other non-financial assets do not normally provide resources to discharge liabilities of the Board. These assets are normally employed to provide future services.

Tangible capital assets are recorded at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets are amortized over their estimated useful lives as follows:

	Rate	Method
Computer equipment	20%	Straight line

One-half of the annual amortization is charged in the year of the acquisition and in the year of disposal.

3. Financial instruments and Financial Risk Management

Measurement

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

The Funeral Board of Manitoba (the Board) records its financial assets at cost, which includes cash, short term investments and accounts receivable.

The Board also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

3. Financial instruments and Financial Risk Management - continued

Gains and losses on financial instruments measured at fair value are recorded in accumulated deficit as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Board did not incur any re-measurement gains and losses during the year (2016 - $ nil).

Financial Risk Management - overviews
The Board has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

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

	2017	2016
Cash	$ 218,403	$ 149,626
Short-Term Investments	80,800	80,000
Accounts Receivable	406	70,533
	$ 299,609	$ 300,159

Cash and Short Term Investments: the Board is not exposed to significant credit risk as these amounts are held by a Canadian Chartered Bank.

Accounts Receivable: the Board is not exposed to significant credit risk as accounts receivable are from the Vital Statistics Agency, a provincial government organization. Accounts receivable are neither past due or impaired.

Liquidity Risk
Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Board's income or the fair value of its financial instruments.

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

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

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. The Public Sector Compensation Disclosure Act

In accordance with Section 2 of The Public Sector Compensation Disclosure Act, the following summarizes compensation paid:

	2017	2016
Employee paid $ 50,000 or more		
J. Delaney - Investigator	$ 61,352	$ 61,690
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	$ 2,180	$ 3,161

5. Related Party Transactions

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

6. Administration Charges - Vital Statistics Agency

Effective January 1, 2016 the administration charges are paid to the Vital Statistics Agency. The administration charges are based on staff time and overhead contributions provided by Vital Statistics Agency to the Board. The services are outlined in the administration agreement.

7. Accounts Payable and Accrued Liabilities

Accounts Payable and accrued liabilities consist of the following :

	2017	2016
General	$ 5,442	$ 6,697
Administration Charges	47,070	12,220
Salaries and Benefits	8,103	7,431
	$ 60,615	$ 26,348

8. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the annual budget approved by the Board.

9. Going Concern

The accompanying financial statements have been prepared on the going concern assumption that the Board will be able to realize its assets and discharge its liabilities in the normal course of business. The Board received a grant of $0 ($140,000 - 2016) for the purpose of operations from the Vital Statistics Agency.

The Board continues to review their financial position and the long term viability of the Board and are reviewing all options.

10. Tangible Capital Assets

2017	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer Equipment	$ 2,412	$ 868	$ -	$ 3,280
Accumulated amortization				
Computer Equipment	1,207	569	-	1,776
Net book value	$ 1,205	$ 299	$ -	$ 1,504

2016	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer Equipment	$ 2,412	$ -	$ -	$ 2,412
Accumulated amortization				
Computer Equipment	724	483	-	1,207
Net book value	$ 1,688	$ 483	$ -	$ 1,205

11. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current years' presentation.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2018

General Child
and Family Services
Authority

Mark Fleming
Board Chair

Debbie Besant
Chief Executive Officer

301 – 180 King Street
Winnipeg, Manitoba
R3B 3G8
Canada

Phone: (204) 984-9360
Toll Free: 1-866-803-2814
Fax: (204) 984-9366
www.generalauthority.ca

June 26, 2018

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of the General Child and Family Services Authority and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at June 26, 2018.

Management maintains internal controls to properly safeguard the assets of the General Child and Family Services Authority and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of the General Child and Family Services Authority have been audited by Magnus LLP, Chartered Professional Accountants, and independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of the General Child and Family Services Authority are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of the
General Child and Family Services Authority

Original Document Signed	Original Document Signed
Debbie Besant	Bryan Hart
Chief Executive Officer	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
General Child and Family Services Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the General Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

Emphasis of Matter

Without modifying our opinion, we draw attention to the Supplementary Schedules of Training Revenue and Expenses and Wendy's Wonderful Kids Program Revenue and Expenses included in these financial statements. The supplementary financial information included in these schedules is unaudited.

Magnus

June 26, 2018
Winnipeg, Canada

Chartered Professional Accountants

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2018

	Operating Fund	Agency Fund	Special Projects Fund	Total 2018	Total 2017
Assets					
Current assets:					
Cash and cash equivalents	$ 1,405,354	$ -	$ -	$ 1,405,354	$ 1,429,060
Accounts receivable (Note 4)	99,945	-	286	100,231	226,857
Advances receivable (Note 5)	-	116,600	-	116,600	116,600
Prepaid expenses	31,144	-	-	31,144	6,578
Interfund balances	(538,546)	416,141	122,405	-	-
	997,897	532,741	122,691	1,653,329	1,779,095
Capital assets (Note 6)	63,428	-	-	63,428	91,270
	$ 1,061,325	$ 532,741	$ 122,691	$ 1,716,757	$ 1,870,365
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (Note 7)	$ 608,042	$ -	$ 78,165	$ 686,207	$ 734,192
Working capital advances (Note 5)	-	116,600	-	116,600	116,600
Deferred contributions (Note 8)	86,031	-	44,526	130,557	220,914
	694,073	116,600	122,691	933,364	1,071,706
Fund balances:					
Unrestricted (Note 9)	367,252	416,141	-	783,393	798,659
Commitments (Note 13)					
	$ 1,061,325	$ 532,741	$ 122,691	$ 1,716,757	$ 1,870,365

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Original Document Signed ____________ Director

Original Document Signed ____________ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Operations

Year ended March 31, 2018

	Operating Fund	Agency Fund	Special Projects Fund	Total 2018	Total 2017
Revenue:					
Province of Manitoba:					
Operating grant (Note 10)	$ 2,541,527	$ -	$ -	$ 2,541,527	$ 2,555,303
Agency grants (Note 10)	-	12,275,009	-	12,275,009	12,068,030
Other - Stepping out on Saturdays (Note 10)	57,500	-	-	57,500	57,500
David Thomas Foundation	81,823	-	-	81,823	84,779
Children's Aid Foundation (Note 8)	77,530	-	-	77,530	68,857
BFT - Until the Last Child (Note 8)	-	-	607,427	607,427	348,047
Public Health Agency of Canada	-	-	-	-	12,250
Other revenue and recoveries	98,653	-	4,131	102,784	90,000
Investment income	9,339	-	-	9,339	14,601
	2,866,372	12,275,009	611,558	15,752,939	15,299,367
Expenses:					
Agency allocations (Note 11)	-	12,275,009	-	12,275,009	12,141,500
Agency support	2,524	25,806	-	28,330	11,979
Amortization	47,848	-	-	47,848	44,422
Board meetings and expenses	28,482	-	-	28,482	30,662
Grant expenses (Note 12)	189,852	-	-	189,852	357,232
Insurance	3,778	-	-	3,778	5,712
Interest and bank charges	1,236	-	-	1,236	1,138
Legal and audit	27,511	-	-	27,511	50,965
Mileage and parking	21,501	-	4,097	25,598	26,604
Office and supplies	48,356	-	26,359	74,715	72,815
Professional services	25,794	-	29,727	55,521	61,929
Rent	120,921	-	-	120,921	119,758
Telephone	27,672	-	5,918	33,590	31,775
Training and development	204,793	-	-	204,793	317,945
Travel	7,060	-	1,220	8,280	15,360
Utilities	4,249	-	-	4,249	3,797
Wages and benefits	2,056,738	37,517	544,237	2,638,492	2,244,905
	2,818,315	12,338,332	611,558	15,768,205	15,538,498
Excess (deficiency) of revenue over expenses	$ 48,057	$ (63,323)	$ -	$ (15,266)	$ (239,131)

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2018

	Operating Fund	Agency Fund	Special Projects Fund	Total 2018	Total 2017
Balance, beginning of year	$ 319,195	$ 479,464	$ -	$ 798,659	$ 1,037,790
Excess (deficiency) of revenue over expenses	48,057	(63,323)	-	(15,266)	(239,131)
Balance, end of year	$ 367,252	$ 416,141	$ -	$ 783,393	$ 798,659

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flow

Year ended March 31, 2018

	2018	2017
Cash provided by (applied to)		
Operating activities:		
(Deficiency) of revenue over expenses	$ (15,266)	$ (239,131)
Adjustment for:		
Amortization	47,848	44,422
	32,582	(194,709)
Changes in the following:		
Accounts receivable	126,626	168,235
Prepaid expenses	(24,566)	11,729
Accounts payable and accrued liabilities	(47,984)	147,654
Deferred contributions	(90,357)	164,896
Cash (applied to) provided by operating activities	(3,699)	297,805
Investing activities:		
Change in portfolio investments	-	320,113
Cash provided by investing activities	-	320,113
Capital activities:		
Purchases of capital assets	(20,007)	(29,520)
Cash (applied to) capital activities	(20,007)	(29,520)
Change in cash and cash equivalents	(23,706)	588,398
Cash and cash equivalents, beginning of year	1,429,060	840,662
Cash and cash equivalents, end of year	$ 1,405,354	$ 1,429,060

See accompanying notes to financial statements.

1. Nature of organization

The General Child and Family Services Authority (the "Authority") was established on November 24, 2003 pursuant to *The Child and Family Services Authorities Act*. The Authority is a Government not-for-profit organization within the Department of Families responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, and Winnipeg Rural and Northern Child and Family Services (Winnipeg Regional Office and Interlake, Eastman, Parkland and Northern Regions).

The Authority is a not-for-profit organization and is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector standards for government not-for-profit organizations using the following significant accounting policies:

(a) Fund accounting

The Authority records its activities in the following funds:

(i) Operating Fund

The operating fund records the assets, liabilities, revenues and expenses relating to the primary activities and operations of the Authority as described in Note 1.

(ii) Agency Fund

The Province of Manitoba provides the Authority with grant payments for the private mandated child and family services agencies under its jurisdiction. Pursuant to *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. Amounts relating to the agencies under its jurisdiction are recorded in the Agency Fund.

(iii) Special Projects Fund

The Authority established a Special Projects Fund to be used for special projects as approved by the Board of Directors. This fund is used to record the assets, liabilities, revenues and expenses relating to special projects in order to segregate these amounts from the primary operations of the Authority and its agencies. Currently, the Special Projects Fund is used to record amounts relating to the Bringing Families Together ("BFT") Pilot Project Funding Agreement between the Province of Manitoba and the Northern Authority, Southern Network of Care, Métis Authority, the General Authority and the funder - Until the Last Child ("UTLC").

(iv) Interfund transfers

Any interfund transfers require approval by the Board of Directors and/or by the Department of Families.

3. Summary of significant accounting policies (continued)

(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 and the amounts involved are reasonably determinable. 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.

Investment income and all other revenue is recognized on the accrual basis.

(c) Expenses

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

(d) Cash and cash equivalents

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

(e) Capital asets

Capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives using the following rates and methods:

	Rate	Method
Computer equipment	3 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Leasehold improvements	5 years	Straight-line

(f) Financial instruments - measurement

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

The Authority records its financial assets at cost, which include cash and cash equivalents, accounts receivable and advances receivable. The Authority also records its financial liabilities at cost, which include accounts payable and accrued liabilities, working capital advances and deferred contributions.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

3. Summary of significant accounting policies (continued)

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2018	2017
Operating Fund:		
Interest receivable	$ -	$ 843
Province of Manitoba - expense recoveries	48,383	12,624
Other receivables	51,562	20,572
Total Operating Fund	99,945	34,039
Agency Fund:		
Province of Manitoba - Agency stabilization funding	-	192,123
Total Agency Fund	-	192,123
Special Projects Fund:		
Province of Manitoba - expense recoveries - BFT	286	695
Total Special Projects Fund	286	695
	$ 100,231	$ 226,857

5. Working capital advances and advances receivable

Working capital advances are provided to the Authority's agencies via the Province of Manitoba. The Province has approved the advances based on two twelfths of the annual expenditures an agency invoices the Department of Families for child maintenance. These advances are non-interest bearing and are repayable at the time the agency is no longer providing services on behalf of the Department. Total working capital advances to agencies as at March 31, 2018 are $116,600 (2017 - $116,600).

6. Capital assets

	2018		
	Cost	Accumulated amortization	Net book value
Computer equipment	$ 83,842	$ 62,054	$ 21,788
Furniture and fixtures	116,546	107,273	9,273
Leasehold improvements	286,305	253,938	32,367
	$ 486,693	$ 423,265	$ 63,428

	2017		
	Cost	Accumulated amortization	Net book value
Computer equipment	$ 63,835	$ 54,509	$ 9,326
Furniture and fixtures	116,546	98,417	18,129
Leasehold improvements	286,305	222,490	63,815
	$ 466,686	$ 375,416	$ 91,270

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2018	2017
Operating Fund:		
Trade payables and accrued liabilities	$ 24,684	$ 43,124
Vacation pay accrual	3,415	7,103
Due to the Province of Manitoba	579,943	395,280
Total Operating Fund	608,042	445,507
Agency Fund:		
Due to Agencies - CFS Central Manitoba	-	192,123
Total Agency Fund	-	192,123
Special Projects Fund:		
Trade payables and accrued liabilities - BFT	77,216	93,704
Vacation pay accrual - BFT	949	2,858
Total Special Projects Fund	78,165	96,562
	$ 686,207	$ 734,192

8. Deferred contributions

Deferred contributions are externally restricted for specific purposes as determined by the funders and will be recognized as revenue in the appropriate fund in the period the specific expenditures are incurred. Changes in deferred contributions during the year are as follows:

(a) Deferred contributions - Operating Fund

Deferred contributions in the Operating Fund relates to funding from the following sources:

	2018	2017
Children's Aid Foundation:		
Balance, beginning of year	$ 68,961	$ 56,018
Add: contributions received or receivable	94,600	81,800
Less: amounts recognized as revenue	(77,530)	(68,857)
Balance, end of year	86,031	68,961
Total Operating Fund	$ 86,031	$ 68,961

(b) Deferred contributions - Special Projects Fund

Deferred contributions in the Special Projects Fund relates to funding from the following sources:

	2018	2017
Until the Last Child:		
Balance, beginning of year	$ 151,953	$ -
Add: contributions received or receivable	500,000	500,000
Less: amounts recognized as revenue	(607,427)	(348,047)
Balance, end of year	44,526	151,953
Total Special Projects Fund	$ 44,526	$ 151,953

9. Fund balances

As at March 31, 2018 and 2017, all of the Authority's fund balances are unrestricted. Any internally restricted fund balances represent amounts that have been internally designated for specific purposes as approved by the Board of Directors and by the Department of Families. Internally restricted funds may not be established with funding provided by the Department of Families without approval by the Department.

10. Province of Manitoba - funding reconciliation

A reconciliation of the funding received and/or receivable from the Province of Manitoba during the year to the amounts recognized as revenue is as follows:

		Funding Withheld for Salaries	Current Year Revenue
Funding received/receivable:			
Total 2017/18 amounts per Province of Manitoba confirmation	$13,338,714		
Less: Prior year receivable from the Province of Manitoba	(12,624)		
Less: Miscellaneous expense recoveries	(52,054)		
Total current year funding	$13,274,036		
Funding applied to:			
Agency grants	$12,275,009	$ -	$12,275,009
Operating grant	941,527	1,600,000	2,541,527
Other - Stepping out on Saturdays	57,500	-	57,500
	$13,274,036	$ 1,600,000	$14,874,036

See Note 4 for amounts included above receivable from the Province of Manitoba as at year end.

11. Agency allocations

During the year ended March 31, 2018, the Authority received funding from the Province of Manitoba in the amount of $12,275,009 (2017 - $12,068,030) to be allocated to the agencies under its jurisdiction (see Note 10). Agency grants were allocated as follows:

	Child and Family Services Division			
Agency	Funding Model	Differential Response	Total 2018	Total 2017
Child and Family Services of Central Manitoba	$ 3,918,559	$ 367,650	$ 4,286,209	$ 4,264,146
Child and Family Services of Western Manitoba	7,446,047	-	7,446,047	7,429,932
Jewish Child and Family Service	542,753	-	542,753	447,422
Total	$11,907,359	$ 367,650	$12,275,009	$12,141,500

For the year ended March 31, 2018, the total agency grants received were allocated to the agencies (2017 - agency allocations exceeded funding received by $73,470). Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the Authority.

12. Grant expenses

The Authority incurred the following expenditures on grants during the year:

	2018	2017
Children's Aid Foundation - CIBC Miracle Fund	$ 15,104	$ 18,527
Children's Aid Foundation - FC Transition & Comfort Kits	42,717	31,999
Children's Aid Foundation - Scotia Capital Stay in School Fund	19,710	18,331
Islamic Social Services Association	-	54,826
New Canadian Awareness Education Initiative	23,945	20,795
Stepping out on Saturdays program	57,500	57,500
Vision Catchers	30,876	32,308
Youth Initiatives	-	122,946
	$ 189,852	$ 357,232

13. Commitments

The Authority has signed a lease renewal agreement for space on the third and sixth floors at 180 King Street. The agreement pertaining to the space on the third floor is for a ten year term expiring on November 30, 2022. The agreement pertaining to the space on the sixth floor is for a five year term expiring on November 30, 2022 with a five year renewal option. Occupancy charges for the year ending March 31, 2019 are estimated to be $132,420 (2018 actual - $120,921).

14. Financial instruments and financial risk management

The Authority does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2017 - $nil).

Financial risk management - overview

The Authority has exposure to the following risks resulting from its financial instruments: credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist primarily of cash and cash equivalents, accounts receivable, and advances receivable.

14. Financial instruments and financial risk management (continued)

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

	2018	2017
Cash and cash equivalents	$ 1,405,354	$ 1,429,060
Accounts receivable	100,231	226,857
Advances receivable	116,600	116,600
	$ 1,622,185	$ 1,772,517

Cash and cash equivalents: The Authority is not exposed to significant credit risk as the cash and cash equivalents are held by a reputable Canadian financial institution.

Accounts receivable and advances receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advances receivable are primarily with the Province of Manitoba resulting in minimal exposure to credit risk.

The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current economic conditions and historical funding and payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The balance in the allowance for doubtful accounts at March 31, 2018 is $nil (2017 - $nil).

As at March 31, 2018, the aging of accounts receivable is $85,155 current, $13,526 aged 30-60 days, and $1,550 61-90 days (2017 - $226,857 current).

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 its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Authority's income or the fair values of its financial instruments. The significant market risk the Authority is exposed to is interest rate risk.

Interest rate risk

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

The interest rate risk on cash and cash equivalents is considered to be low because of their short term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Supplementary Schedule of Training Revenue and Expenses **Schedule 1**

Year ended March 31, 2018

(Unaudited)

		2018
Revenue:		
Province of MB - Operating grant allocation	$	352,392
Miscellaneous revenue		16,617
		369,009
Expenses:		
Trainer fees		119,897
Training materials and supplies		10,092
Training program registration fees		56,499
Training program support		19,240
Training support - salaries and benefits		97,486
Training venues		47,402
Travel		896
		351,512
Excess of revenue over expenses	$	17,497

Supplementary Schedule of Wendy's Wonderful Kids Program Revenue and Expenses **Schedule 2**

Year ended March 31, 2018

(Unaudited)

Revenue:		
David Thomas Foundation	$	81,823
Expenses:		
Meetings and events		1,701
Miscellaneous		165
Telephone		240
Travel		6,060
Wendy's Wonderful Kids Recruiter - salary and benefits		92,095
		100,261
(Deficiency) of revenue over expenses	$	(18,438)

HELEN BETTY OSBORNE MEMORIAL FOUNDATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

INSURANCE COUNCIL OF MANITOBA

Financial Statements

For the year ended March 31, 2018

BDO

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of the **INSURANCE COUNCIL OF MANITOBA**

We have audited the accompanying financial statements of the **INSURANCE COUNCIL OF MANITOBA,** which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 8, 2018

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31	2018	2017
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	$ **138,219**	$ 250,370
Interest receivable	**13,456**	19,855
Prepaid expenses	**1,206**	3,516
	152,881	273,741
Portfolio investments (Note 4)	**1,115,028**	1,047,667
Capital assets (Note 5)	**1,278,516**	1,128,359
	$ **2,546,425**	$ 2,449,767
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ **39,008**	$ 87,099
Deferred revenue (Note 6)	**227,359**	221,176
	266,367	308,275
Commitments (Note 7)		
Net Assets		
Information technology reserve	**500,000**	500,000
Unrestricted net assets	**1,780,058**	1,641,279
	2,280,058	2,141,279
Accumulated remeasurement gains	**-**	213
	2,280,058	2,141,492
	$ **2,546,425**	$ 2,449,767

Approved on behalf of the Council:

Original Document Signed ______ Member

Original Document Signed ______ Member

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

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	2018	2017
Revenue		
Examinations	$ **81,005**	$ 58,531
Interest income	**22,376**	32,266
Licences (Note 8)	**1,513,360**	1,495,737
Other	**74,334**	97,980
	1,691,075	1,684,514
Expenses		
Advertising, dues and subscriptions	**9,144**	6,958
Amortization	**367,872**	226,865
Computer consulting fees	**54,990**	71,780
Conferences	**-**	8,017
Council	**56,900**	69,750
Equipment leases	**4,473**	4,987
Insurance	**6,114**	11,104
Meetings and travel	**36,254**	34,468
Merchant card expense, bank charges and interest	**38,505**	37,194
Office and equipment rental	**28,036**	27,980
Postage and courier	**7,336**	4,532
Professional fees	**84,384**	58,332
Recruiting and human resource	**12,375**	31,563
Rent	**102,840**	98,523
Salaries and benefits	**719,578**	746,293
Telephone and Internet	**14,759**	10,375
Training	**8,736**	5,309
	1,552,296	1,454,030
Excess of revenue over expenses for the year	**138,779**	230,484
Net assets, beginning of year	**1,641,279**	1,410,795
Net assets, end of year	$ **1,780,058**	$ 1,641,279

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

INSURANCE COUNCIL OF MANITOBA
Statement of Remeasurement Gains and Losses

For the year ended March 31	2018	2017
Accumulated remeasurement gains, beginning of year	$ 213	$ 1,085
Unrealized gain attributable to portfolio investments	-	(872)
Amounts reclassified to the statement of operations attributable to disposition of portfolio investments	(213)	-
Net remeasurement losses during the year	(213)	(872)
Accumulated remeasurement gains, end of year	$ -	$ 213

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

INSURANCE COUNCIL OF MANITOBA
Statement of Cash Flows

For the year ended March 31	2018	2017
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	**$ 138,566**	$ 229,612
Adjustments for		
Amortization	**367,872**	226,865
Unrealized loss on portfolio investments	**-**	872
	506,438	457,349
Changes in non-cash working capital balances		
Interest receivable	**6,399**	2,250
Prepaid expenses	**2,310**	(1,460)
Accounts payable and accrued liabilities	**(48,091)**	3,186
Deferred revenue	**6,183**	10,223
	473,239	471,548
Cash Flows from Investing Activities		
Purchase of capital assets	**(518,029)**	(605,402)
Proceeds on sale of investments	**202,070**	211,147
Purchase of investments	**(269,431)**	(201,235)
	(585,390)	(595,490)
Decrease in cash and cash equivalents for the year	**(112,151)**	(123,942)
Cash and cash equivalents, beginning of year	**250,370**	374,312
Cash and cash equivalents, end of year	**$ 138,219**	$ 250,370

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

For the year ended March 31, 2018

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents and adjusters in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act.*

Management's Responsibility for the Financial Statements

The financial statements of the Council are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for non-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

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

Capital Assets

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

Computer hardware	30% diminishing balance basis
Computer software	30% diminishing balance basis
Furniture and fixtures	20% diminishing balance basis
Leasehold improvements	5 year straight-line basis
Licence database	5 year straight-line basis
Website	30% diminishing balance basis

Financial Instruments

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

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

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

Licence fees are recognized as income over the term of the licence period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

Use of Estimates

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

2. Employee Benefits

The Council contributes 5.1% of employee salaries to a self administered RRSP on behalf of the employees up to the first $35,400 of earnings. The Council matches employee contributions to a maximum of 7% on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSPs for the year ended March 31, 2018 were $22,548 ($30,189 in 2017).

3. Cash and Cash Equivalents

	2018	2017
Cash and bank	**$ 34,821**	$ 108,173
Short term investments	**103,398**	142,197
	$ 138,219	$ 250,370

The fair value of the cash and cash equivalents approximates the carrying value.

For the year ended March 31, 2018

4. Long-term Investments

	2018		2017
	Cost	**Fair Value**	**Fair Value**
Concentra GIC, 1.95%, due September 15, 2021	$ **100,000**	$ **100,000**	$ 100,000
Home Equity GIC, 1.9%, due September 15, 2021	**44,000**	**44,000**	44,000
Canadian Tire GIC, 1.85%, due October 12, 2021	**34,000**	**34,000**	34,000
Canadian Western GIC, 1.95%, due October 26, 2021	**23,235**	**23,235**	23,235
Home Trust GIC, 2.05%, due December 17, 2018	**23,188**	**23,188**	23,188
National Bank GIC, 2.31%, due June 25, 2020	**100,000**	**100,000**	100,000
Equitable Trust GIC, 2.3%, matured June 25, 2020	**82,545**	**82,545**	82,545
Presidents Choice GIC, 2.23%, due October 16, 2020	**31,000**	**31,000**	31,000
Bank of Montreal GIC, 0.85%, due November 5, 2018	**110,000**	**110,000**	-
Bank of Montreal GIC, 0.85%, due November 5, 2018	**30,000**	**30,000**	-
Bank of Montreal GIC, 0.85%, due February 6, 2019	**43,425**	**43,425**	-
Bank of Montreal GIC, 1.85%, due June 28, 2022	**86,006**	**86,006**	-
Royal Bank of Canada GIC, 2.45%, due November 17, 2016	-	-	-
AGF Trust Company GIC, 2.52%, due June 26, 2017	-	-	36,860
Advisor's Advantage Trust GIC, 2.40%, due July 10, 2017	-	-	34,051
Manulife Bank of CDA GIC, 2.60%, due July 10, 2017	-	-	30,000
Royal Bank of CDA GIC, 2.40%, due July 10, 2017	-	-	60,000
Canadian Western GIC, 2.40%, due November 27, 2017	-	-	41,159
Bank of Montreal Mortgage GIC, 2.60%, due July 4, 2018	**199,683**	**199,683**	199,683
Laurentien Bank GIC, 2.55%, due March 28, 2019	**49,571**	**49,571**	49,571
Canadian Tire Bank GIC, 2.45%, due August 20, 2019	**55,743**	**55,743**	55,743
Laurentian Bank GIC, 2.46%, due August 20,2019	**50,000**	**50,000**	50,000
Home Trust GIC, 2.55%, due October 24, 2019	**52,632**	**52,632**	52,632
	$ **1,115,028**	$ **1,115,028**	$ 1,047,667

The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

5. Capital Assets

	2018			2017		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 232,785	$ 198,709	$ 34,076	$ 218,972	$ 188,563	$ 30,409
Computer software	114,696	79,885	34,811	114,380	65,028	49,352
Furniture and fixtures	137,873	115,188	22,685	134,743	109,830	24,913
Leaseholds improvements	25,000	25,000	-	25,000	25,000	-
Database	2,265,500	1,079,493	1,186,007	1,764,730	742,384	1,022,346
Website	27,353	26,416	937	27,353	26,014	1,339
	$ 2,803,207	$ 1,524,691	$ 1,278,516	$ 2,285,178	$ 1,156,819	$ 1,128,359

6. Deferred Revenue

Deferred revenue represents payments received for licenses and fees that cover more than the current fiscal year. The deferred portion will be recognized as revenue in the year to which it pertains to.

Licenses are recognized as revenue on a straight-line basis over the term of the license. Examination fees are recognized at the time the related exam is held.

7. Commitments

The Council leases equipment and office premises under the provisions of operating leases. These commitments are as follows:

2019	$ 104,571
2020	29,958
2021	5,087
2022	1,272

8. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba ("OSIM") levy fees on members. The Council acts as agent and remits 44% of licence and other fees (excluding RIA's) and 15% of examination fees to the OSIM. These amounts are not included in the financial statements. In 2018, this amount is $1,094,682 ($1,105,669 in 2017).

9. Financial Risk Management

The Council is exposed to different types of risk in the normal course of operations, including credit risk, market risk, interest rate risk and liquidity risk. The Council's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Council's activities. The Council limits its exposure to credit risk and market risk by maintaining a diversified portfolio and by investing in high quality investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Council is exposed to credit risk from its interest receivable from various investments they hold. The risk is mitigated by investing in safe and secure investments, such as Guaranteed Investment Certificates and Provincial bonds.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Council limits its exposure to market risk by placing its cash and bank and investments in low risk investment vehicles. Risk and volatility of investment returns are mitigated through the diversification of investment vehicles.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk through its investments. The Council limits its exposure to interest rate risk by investing in only fixed rate guaranteed investment certificates and bonds.

Liquidity Risk

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

LISE DELEURME
COMPTABLE PROFESSIONELLE AGRÉÉE INC.
CHARTERED PROFESSIONAL ACCOUNTANT INC.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of **Le Centre Culturel Franco-Manitobain**, which comprise the consolidated statement of financial position as at **March 31, 2018** and the consolidated statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of **Le Centre Culturel Franco-Manitobain** as at **March 31, 2018** and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Lise Deleurme

Notre-Dame-de-Lourdes, Manitoba
July 17, 2018

Chartered Professional Accountant Inc.

Notre-Dame-de-Lourdes : 137, ave Notre-Dame ouest/West
St. Claude : 46 1st Street
Holland : 102 Broadway Street
Box 266
Notre-Dame-de-Lourdes, MB
R0G 1M0
Téléphone/Phone : (204) 248-2073
Courriel / Email : admin@accountantsmanitoba.ca

LE CENTRE CULTUREL FRANCO-MANITOBAIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

		2018		2017
ASSETS				
CURRENT				
Cash and bank	$	**25,111**	$	23,099
Grants receivable		**90,700**		83,840
Accounts receivable		**101,105**		111,432
Accounts receivable Province du Manitoba (Note 2)		**25,891**		25,891
Prepaid expenses		**15,440**		12,493
GST receivable		**3,577**		2,363
Inventory		**4,152**		6,113
		265,976		265,231
LONG TERM				
Capital assets (Note 3)		**93,559**		79,366
	$	**359,535**	$	344,597
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Bank indebtedness (Note 4)	$	**54,758**	$	32,203
Accounts payable and accrued liabilities		**210,307**		206,018
Deferred revenue (Note 5)		**14,307**		10,514
Rental and damage deposits		**15,825**		17,200
		295,197		265,935
LONG TERM LIABILITIES				
Long-term debt		**-**		23,750
Deferred contributions related to capital assets (Note 6)		**25,502**		24,051
		25,502		49,252
		320,699		313,736
CONTINGENCIES (Note 11)				
FUND BALANCES				
Unrestricted Funds				
Operations		**(353,695)**		(229,320)
Cultural programs		**277,620**		206,205
Rentals		**24,115**		-
Operations - Les Amis du CCFM Inc.		**(2,261)**		(1,339)
Internally Restricted Funds				
Invested in Capital Assets (Note 7)		**93,057**		55,315
		38,836		30,861
	$	**359,535**	$	344,597

Approved on behalf of the Board of Directors:

Original Document Signed ____________ Director

Original Document Signed ____________ Director

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2018

	Operations	Cultural Programs	Hall Rental	Invested in Capital Assets	Operations Les Amis du CCFM Inc.	**2018** Total	2017 Total
REVENUES							
Grants							
Province of Manitoba	$ 474,200	$ 56,500	$ -	$ 16,076	$ -	$ 546,776	$ 563,650
Gouvernment of Canada	-	191,750	-	-	3,011	194,761	189,000
Other	3,234	4,116	376	-	-	7,726	3,592
Amortization of deferred contributions	-	-	-	7,473	-	7,473	5,993
Hall rental sales	-	-	184,066	-	-	184,066	183,835
Rent	130,612	-	-	-	-	130,612	134,570
Food and beverage sales	-	19,083	59,606	-	-	78,689	49,254
Technical services	-	-	70,415	-	-	70,415	78,124
Admission fees	235	55,829	-	-	-	56,064	66,239
Other	-	48,736	-	-	-	48,736	83,863
Janitorial services	17,444	-	-	-	-	17,444	27,329
Danse classes	-	17,102	-	-	-	17,102	17,580
Sponsorships and donations	200	11,000	1,000	-	-	12,200	14,800
Workshops (dance et arts)	1,600	10,988	-	-	-	12,588	13,496
Stamp and photocopy sales	3,331	-	-	-	-	3,331	2,112
Administration fees	802	-	177	-	-	979	2,111
Interest income	391	-	-	-	-	391	1,357
	632,049	415,104	315,640	23,549	3,011	1,389,353	1,436,905
EXPENSES (See schedule)	711,143	343,689	291,525	31,088	3,933	1,381,378	1,446,446
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	$ (79,094)	$ 71,415	$ 24,115	$ (7,539)	$ (922)	$ 7,975	$ (9,541)
FUND BALANCES, beginning of year	(229,320)	206,205	-	55,315	(1,339)	30,861	40,402
INTERFUND TRANSFER	(45,281)	-	-	45,281	-	-	-
FUND BALANCES, end of year	$ (353,695)	$ 277,620	$ 24,115	$ 93,057	$ (2,261)	$ 38,836	$ 30,861

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash received from:		
Grants	$ **798,578**	$ 818,431
Rent	**268,652**	319,377
Sales and services	**329,654**	253,664
Interest	**459**	1,357
Other	**1,388**	1,700
Cash paid for:		
Salaries and benefits	**(660,396)**	(671,536)
Projects, materials and supplies	**(723,921)**	(689,850)
	14,414	33,143
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets	**(34,957)**	(1,242)
INCREASE (DECREASE) IN CASH DURING THE YEAR	**(20,543)**	31,901
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**(9,104)**	(41,005)
CASH AND AND CASH EQUIVALENTS, END OF YEAR	$ **(29,647)**	$ (9,104)
Represented by:		
Cash and bank	$ **25,111**	$ 23,099
Bank indebtedness	**(54,758)**	(32,203)
	$ **(29,647)**	$ (9,104)

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

BASIS OF PRESENTATION

The consolidated financial statements of the corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board.

BASIS OF CONSOLIDATION

The consolidated financial statements combine the accounts of Les Amis du CCFM Inc. This controlled entity was established in 2016, as a charitable organization, to support the efforts of the Le Centre Culturel Franco-Manitobain (CCFM) in achieving it's cultural and educational activities in French.

Les Amis du CCFM Inc. has been consolidated with the operations of the CCFM since the date of inception and will continue to be consolidated until the date when control ceases. The financial statements of Les Amis du CCFM Inc. are prepared for the same reporting period as the CCFM using consistent accounting policies. All intercompany transactions and accounts have been eliminated on consolidation.

REVENUE RECOGNITION

The corporation follows the deferral method accounting for contributions.

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

(i) Unrestricted Funds

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

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

Hall rentals - Includes transactions related to the rent of the halls of the corporation.

Operations - Les Amis du CCFM Inc. - Includes transactions related to the activities of this organization.

(ii) Internally Restricted Funds

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

REVENUE RECOGNITION (Cont'd)

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

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

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.

Donations are recognized as revenue when the amount is received.

FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

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%
Telephone systems	20%
Electronic signs	20%
Air Make-up Unit	10 years (straight line method)

USE OF BUILDING

The use of the building is accounted for as described in Note 8.

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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.

1. NATURE OF THE CORPORATION

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

2. 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.

3. CAPITAL ASSETS

	2018 Cost	**2018** Accumulated amortization	2017 Cost	2017 Accumulated amortization
Technical equipment	**$ 207,200**	**$ 190,278**	$ 202,805	$ 186,110
Computer equipment	**153,439**	**141,046**	138,313	135,734
Air Make-up System	**47,659**	**16,389**	47,659	12,915
Furniture and fixtures	**41,736**	**31,795**	37,200	29,759
Security system	**30,420**	**28,788**	30,420	28,380
Electric sign	**29,409**	**21,698**	29,409	19,771
Maintenance equipment	**32,532**	**27,888**	29,772	27,417
Kitchen equipment	**20,070**	**16,759**	15,541	14,519
Cash registers	**8,999**	**7,976**	8,999	7,720
Telephone equipment	**10,163**	**5,451**	6,552	4,979
	$ 581,627	**$ 488,068**	$ 546,670	$ 467,304
Net book value		**$ 93,559**		$ 79,366

4. BANK INDEBTEDNESS

The corporation has a line of credit with Caisse Groupe Financier Ltée for a maximum of $100,000 bearing interest at prime (3.70% at March 31, 2018). The line of credit is secured by a general security agreement. At March 31, 2018, the line of credit has a balance of $54,758 ($32,203 at March 31, 2017)

5. DEFERRED REVENUE

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

	2018	2017
Province of Manitoba - Cultural Programs	7,100	4,600
Other sources of funding - Cultural Programs	5,000	2,000
Other revenues - Operating	2,207	3,914
Balance, end of year	$ 14,307	$ 10,514

6. 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. The contributions are being included in income at the same rates that the related assets are being amortized.

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

	2018	2017
Balance, beginning of year	$ 24,051	$ 30,044
Add grants received to purchase assets	8,924	-
Deduct amount amortized to revenue	(7,473)	(5,993)
Balance, end of year	$ 25,502	$ 24,051

7. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows :

	2018	2017
Capital assets, net book value	$ 93,559	$ 79,366
Capital grant receivable	25,000	-
Less deferred contributions	(25,502)	(24,051)
	$ 93,057	$ 55,315

8. USE OF BUILDING

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

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

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

9. FINANCIAL RISK MANAGEMENT

General Objectives, Policies, and Processes

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

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

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

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of accounts receivable.

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

	2018	2017
Grants receivable	**$ 90,700**	$ 83,840
Accounts receivable	**101,105**	111,432
Accounts receivable - Province of Manitoba	**25,891**	25,891
GST receivable	**3,577**	2,363
	$ 221,273	$ 223,526

9. FINANCIAL RISK MANAGEMENT (continued)

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

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

Market Risk

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

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

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

Liquidity Risk

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

10. ECONOMIC DEPENDENCE

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

11. CONTINGENCIES

The corporation has been named in legal actions. Provisions have been recorded for likely settlements subsequent to year-end however no provisions have been made in the accounts where the final results are uncertain as of the audit report date.

12. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

In accordance with Section 2 of *The Public Sector Compensation Disclosure Act*, the following summarizes compensation paid or provided in the fiscal year ending March 31, 2018:

Employee paid $50,000 or more - **NIL**

	2018	2017
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	**$ 19,200**	$ 21,750

LE CENTRE CULTUREL FRANCO-MANITOBAIN
CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended March 31, 2018

	Operations	Cultural Programs	Rentals	Invested in Capital Assets	Operations Les Amis du CCFM Inc.	2018 Total	2017 Total
EXPENSES							
Salairies	$ 255,700	$ 172,890	$ 186,300	$ -	$ 3,011	$ 617,901	$ 695,450
Employment and other contracts	62,226	84,769	539	-	-	147,534	236,324
Repairs and maintenance	79,911	2,965	22,397	10,324	-	115,597	88,499
Professional and consulting fees	91,310	930	-	-	922	93,162	76,709
Utilities	92,167	-	-	-	-	92,167	97,186
Technical services	-	8,998	33,046	-	-	42,044	636
Food and beverage	(90)	12,578	28,436	-	-	40,924	32,990
Travel	3,099	33,223	328	-	-	36,650	45,000
Computer and technology	33,042	-	-	-	-	33,042	30,365
Insurance	28,337	-	-	-	-	28,337	22,052
Equipment rent	5,571	1,823	15,517	-	-	22,911	12,235
Amortization of capital assets	-	-	-	20,764	-	20,764	15,787
Advertising and promotion	3,256	16,523	-	-	-	19,779	11,239
Supplies	15,487	818	730	-	-	17,035	17,984
Fees and dues	6,780	6,673	969	-	-	14,422	9,070
Telephone and internet	9,155	-	247	-	-	9,402	8,854
Equipment purchases	4,954	1,269	2,528	-	-	8,751	3,011
Bad debt	7,908	-	-	-	-	7,908	(779)
Bank charges and interest	6,777	2	-	-	-	6,779	5,319
Meetings	3,751	166	81	-	-	3,998	1,251
Other	1,802	62	407	-	-	2,271	1,515
Hall rental services	-	-	-	-	-	-	35,749
	$ 711,143	$ 343,689	$ 291,525	$ 31,088	$ 3,933	$ 1,381,378	$ 1,446,446

LEAF RAPIDS TOWN PROPERTIES LTD.

Financial Statements
For the year ended March 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available.

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 whether the financial statements of Leaf Rapids Town Properties Ltd. are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original Document Signed

General Manager

June 25, 2018

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Leaf Rapids Town Properties Ltd.

We have audited the accompanying financial statements of Leaf Rapids Town Properties Ltd., which comprise the statement of financial position as at March 31, 2018 and the statements of operations, change in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Leaf Rapids Town Properties Ltd. as at March 31, 2018 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Going Concern
Without qualifying our opinion, we draw attention to Note 12 in the financial statements which indicates that operating revenues of Leaf Rapids Town Properties Ltd. have continued to drop since the closure of the Ruttan Mine in May 2002. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

Office of the Auditor General

Office of the Auditor General
June 25, 2018
Winnipeg, Manitoba

LEAF RAPIDS TOWN PROPERTIES LTD.
Statement of Financial Position

As at March 31		2018		2017
Financial Assets				
Cash and cash equivalents (Note 3)	$	902,431	$	427,988
Accounts receivable (Note 4)		23,342		34,988
GST receivable		15,744		229,846
Developed lots held for resale		1		1
		941,518		692,823
Liabilities				
Accounts payable and accrued liabilities		331,982		339,819
Deferred revenue		18,078		18,678
Loans payable - Province of Manitoba (Note 5)		7,600,000		6,400,000
		7,950,060		6,758,497
Net debt		(7,008,542)		(6,065,674)
Non-financial Assets				
Prepaid expenses		1,730		12,863
Tangible capital assets (Note 6)		1		1
		1,731		12,864
Accumulated deficit (Note 7)	$	(7,006,811)	$	(6,052,810)

Approved on behalf of the Board:

Original Document Signed
_______________ Director

_______________ Director

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

LEAF RAPIDS TOWN PROPERTIES LTD.
Statement of Operations

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Rentals	$ 314,625	$ 321,361	$ 317,334
Administrative expenses paid for by the Province of Manitoba	142,500	150,400	95,400
Cost recoveries and other revenue	-	-	5
	457,125	471,761	412,739
Expenses			
Repairs and maintenance	734,000	595,763	651,671
Property taxes	233,000	195,945	216,665
Utilities	206,000	185,467	197,934
Janitorial	115,000	118,779	117,283
Administrative expenses	143,600	150,400	95,447
Whitewater Inn	-	-	28,521
Snow removal	30,000	22,608	27,753
Professional fees	17,000	14,652	19,832
Insurance	12,000	9,729	10,778
Vehicle and travel	14,000	13,774	9,701
Telephone	5,000	5,755	4,800
Supplies and office	17,200	12,243	4,543
Sundry	-	1,752	2,375
Penalties and interest	700	281	632
Bad debts	-	535	-
Salaries and benefits	-	1,275	-
	1,527,500	1,328,958	1,387,935
Deficit before other items	(1,070,375)	(857,197)	(975,196)
Other Items			
Interest expense (Note 8)	(75,000)	(96,804)	(76,216)
Corporation capital tax	-	-	(100)
	-	(96,804)	(76,316)
Deficit for the year	(1,145,375)	(954,001)	(1,051,512)
Accumulated deficit, beginning of year	(6,052,810)	(6,052,810)	(5,001,298)
Accumulated deficit, end of year	$ (7,198,185)	$ (7,006,811)	$ (6,052,810)

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

LEAF RAPIDS TOWN PROPERTIES LTD.
Statement of Change in Net Debt

	2018	2018	2017
For the year ended March 31	**2018 Budget**	**2018 Actual**	**2017 Actual**
Annual deficit	$ (1,145,375)	$ (954,001)	$ (1,051,512)
Other Non-financial Assets			
Change in prepaid expense	-	11,133	(378)
Increase in net debt	(1,145,375)	(942,868)	(1,051,890)
Net debt, beginning of year	(6,065,674)	(6,065,674)	(5,013,784)
Net debt, end of year	$ (7,211,049)	$ (7,008,542)	$ (6,065,674)

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

LEAF RAPIDS TOWN PROPERTIES LTD.
Statement of Cash Flows

For the year ended March 31		2018		2017
Cash provided by (applied to):				
Operating Activities				
Annual deficit	$	(954,001)	$	(1,051,512)
Changes in:				
Accounts receivable		11,646		(16,628)
GST receivable		214,102		(31,198)
Prepaid expenses		11,133		(378)
Accounts payable and accrued liabilities		(7,837)		48,841
Deferred revenue		(600)		1,303
		(725,557)		(1,049,572)
Financing Activities				
Loan proceeds - Province of Manitoba		1,200,000		500,000
Increase (decrease) in cash and cash equivalents during the year		474,443		(549,572)
Cash and cash equivalents, beginning of year		427,988		977,560
Cash and cash equivalents, end of year	$	902,431	$	427,988
Represented by				
Cash	$	901,593	$	427,152
Short-term deposits		838		836
	$	902,431	$	427,988
Interest paid	$	76,216	$	58,118

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

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Leaf Rapids Town Properties Ltd. (the "company") 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.

b. Basis of Accounting

The financial statements have been prepared using Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board.

c. 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.

d. 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.

e. 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.

f. Revenue Recognition

(i) Government Transfers

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to a liability.

1. **Nature of Operations and Significant Accounting Policies (continued)**

f. Revenue Recognition (continued)

(ii) Exchange Transactions

Product revenue is recognized when the goods are shipped or delivered and title and risk of loss pass to the customer. Service revenue is recognized when the rendering of services is completed or substantially completed. Deferred revenue relates to rental revenue received in advance.

(iii) Other Revenue

Rental revenue is recorded on an accrual basis as earned over the rental term. All other revenues are recorded on an accrual basis.

g. Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the period. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

h. Non-financial Assets

Non-financial assets do not normally provide resources to discharge liabilities of the company. These assets are normally employed to provide future services.

(i) Prepaid Expenses

Prepaid expenses are payments for goods and services which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(ii) Tangible 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 11. Accordingly, there is no amortization for 2018.

1. Nature of Operations and Significant Accounting Policies (continued)

i. Use of Estimates

Financial statements prepared in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that 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.

2. Financial Instruments and Financial Risk Management

Measurement

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

The company records its financial assets at cost, which include cash and cash equivalents, accounts receivable and GST receivable. The company also records its financial liabilities at cost, which include accounts payable and accrued liabilities and the loans payable to the Province of Manitoba.

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

The company did not incur any remeasurement gains and losses during the year (2017 - $Nil).

Financial Risk Management - Overview

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

2. Financial Instruments and Financial Risk Management (continued)

Credit Risk

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

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

	2018	2017
Cash and cash equivalents	$ 902,431	$ 427,988
Accounts receivable	23,342	34,988
GST receivable	15,744	229,846
	$ 941,517	$ 692,822

Cash and cash equivalents: The company is not exposed to significant credit risk as these amounts are held by the Minister of Finance or a Chartered Bank.

Accounts receivable: The company is not exposed to significant credit risk as the accounts receivable are due from a large client base or the federal government. The company manages this credit risk through close monitoring of overdue accounts.

The company 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.

An analysis of accounts receivable that are past due but not impaired based on age of repayment outstanding is as follows:

Period of delinquency:	
Under 1 year	$ 20,684
1 to 2 years	2,658
Total accounts receivable in arrears	$ 2,658
Total accounts receivable not past due	20,684
Total accounts receivable	$ 23,342

2. Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they come due.

The company manages liquidity risk by maintaining adequate cash balances and by reviewing its cash flows 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 exchanges rates, will affect the company's income or the fair values of its financial instruments.

Interest Rate Risk

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

The interest rate risk on funds on deposit is considered to be low because of their short-term nature. The company is exposed to interest rate risk on its loans payable which carry a floating rate of interest. A 1% increase in interest rates would have the effect of increasing the deficit for the year by $76,000.

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

3. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with bank and short-term deposits with original maturities of three months or less.

4. Accounts Receivable

	2018	2017
Trade	$ 23,342	$ 34,988

5. Loans Payable - Province of Manitoba

The loans payable to the Province of Manitoba consist of eight $500,000 loans, one $400,000, one $700,000 loan, one $1,000,000 and one $1,500,000 loan, totaling $7,600,000 authorized under the Loan Act. The loans are payable on demand and carry a floating rate based on the one year crown corporate rate of 1.375% as at March 31, 2018.

6. Tangible Capital Assets

				2018	2017
	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

For the year ended March 31, 2018

7. **Accumulated Deficit**

	2018	2017
Deficit	$ (9,627,911)	$ (8,673,910)
Share capital	2,621,100	2,621,100
	$ (7,006,811)	$ (6,052,810)

Share capital is as follows:

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:

	2018	2017
100 common shares	$ 100	$ 100
26,210 preferred shares	2,621,000	2,621,000
	$ 2,621,100	$ 2,621,100

Ownership: All issued shares are held by the Minister of Finance of the Province of Manitoba.

8. **Interest Expense**

	2018	2017
Interest expense - loans from the Province of Manitoba	$ (96,804)	$ (76,216)

9. Related Party Transactions

All issued shares of the company are held by the Minister of Finance of the Province of Manitoba. Administrative expenses of $150,400 ($95,447 in 2017) were paid for by the Province of Manitoba for the company. The company has the following balances with the Province of Manitoba and its agencies reflected in these financial statements as at March 31, 2018. These transactions and balances are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

	2018	2017
Cash and cash equivalents	$ 838	$ 836
Accrued interest payable	96,804	76,216
Account payable	12,800	27,608
Loans payable - Province of Manitoba	7,600,000	6,400,000

10. Economic Dependence

The company is economically dependent on the Province of Manitoba.

11. 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. In 2002, the cost of land, buildings and equipment had been written down by $320,554 to reflect the reduction in their useful lives due to the closing of the Ruttan Mine.

During the 2015 fiscal year, the company began a project to upgrade its fire alarm, sprinkler system and emergency generator. The total cost of this project was approximately $577,900 in the 2016 fiscal year ($1,504,000 in 2015) and this amount was included in repairs and maintenance expenses.

During the 2016 fiscal year, the company entered into two separate contracts to repair its roof. The contracts were for approximately $229,000 and $87,000 respectively, and were completed as at March 31, 2016. The actual amount spent on the roof repairs under these contracts total approximately $316,000. This was included in repairs and maintenance expenses.

12. 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 by the funding provided by the Province of Manitoba up to the 2011 fiscal year and the loans in 2012, 2013, 2014, 2015, 2016, 2017 and 2018 fiscal years, the company continues to review their financial position and the long term viability of the company.

13. Subsequent Event

Subsequent to March 31, 2018 the Board has agreed to pay $65,914 for 75% of the Town of Leaf Rapids' electricity costs for the period from November 2013 to March 31, 2018, pursuant to an agreement that will be signed between the company and the Town. This expense will be recognized in the 2018 -2019 financial statements.

Responsibility for Financial Reporting

The accompanying financial statements of Legal Aid Manitoba are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards for the year ended March 31, 2018.

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

The responsibility of the Auditor General is to express an independent professional opinion on the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original Document Signed

GIL CLIFFORD
Executive Director
Legal Aid Manitoba

July 11, 2018

Auditor's Report

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba

We have audited the accompanying financial statements of Legal Aid Manitoba, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
July 11, 2018
Winnipeg, Manitoba

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

Statement of Financial Position

Statement of Financial Position
as at March 31, 2018

	2018	2017
ASSETS		
Current Assets		
Cash	$ $4,182,525	$ $3,861,336
Short-term investment	2,846,189	2,815,256
Client accounts receivable (Note 3)	163,330	159,147
Receivable from the Province of Manitoba	2,476,025	3,460,000
Other receivables (Note 4)	386,647	122,742
Prepaid expenses	227,695	240,851
	10,282,411	10,659,332
Capital Assets (Note 5)	235,493	291,096
Long-term receivable – charges on land (Note 6)	829,621	825,069
Long-term receivable – severance – Province of Manitoba (Note 7)	716,166	716,166
Long-term receivable – pension – Province of Manitoba (Note 14)	27,732,851	26,035,448
	29,278,638	27,576,683
	$ 39,796,542	$ 38,527,111
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 3,650,266	$ 2,560,094
Accrued vacation pay	1,365,005	1,219,142
Deferred revenue from clients	715,379	643,027
	5,730,650	4,422,263
Provision for employee future benefits (Note 8)	3,186,824	3,012,904
Provision for employee pension benefits (Note 14)	27,732,851	26,035,448
	30,919,675	29,048,352
Net Assets		
Invested in Capital Assets	235,493	291,096
Externally Restricted Net Assets (Note 15)	78,559	78,559
Internally Restricted Net Assets – Access to Justice (Note 16)	1,500,000	1,500,000
Internally Restricted Net Assets – Mega Case Fund (Note 17)	600,000	600,000
Unrestricted Net Assets	732,165	2,586,841
	3,146,217	5,056,496
	$ 39,796,542	$ 38,527,111

Approved by the Management Council

Original Document Signed — Chairperson

Original Document Signed — Council Member

Statement of Operations

Statement of Operations
for the year ended March 31, 2018

	2018	2017
Revenue		
Province of Manitoba (Note 9)	$ 33,983,102	$ 33,811,277
Manitoba Law Foundation (Note 10)	1,273,701	1,273,629
Contribution from clients	787,038	613,313
Recoveries from third parties	1,514,157	914,262
Judgement costs and settlements	342,327	275,850
Interest income	48,252	33,019
Other	7,867	11,814
	37,956,444	36,933,164
Expense		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	15,972,474	14,367,137
Duty counsel services	454,852	383,587
Transcripts	119,244	114,439
	16,546,570	14,865,163
Community Law Centres, Schedule 1	15,721,770	14,657,064
Public Interest Law Centre, Schedule 1	1,928,189	1,552,663
University of Manitoba Community Law Centre, Schedule 1	212,579	200,854
General and Administrative, Schedule 1	5,457,615	5,029,399
	39,866,723	36,305,143
Excess (Deficiency) of revenue over expense	$ (1,910,279)	$ 628,021

Statement of Changes in Net Assets

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

	2018						2017
	Invested in Capital Assets	Externally Restricted Net Assets (Note 15)	Internally Restricted Net Assets (Note 16)	Internally Restricted Net Assets (Note 17)	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 291,096	78,559	1,500,000	600,000	2,586,841	5,056,496	4,428,475
Excess (deficiency) of revenue over expense	-	-	-	-	(1,910,279)	(1,910,279)	628,021
Capital Asset Additions	8,853	-	-	-	(8,853)	-	-
Capital Asset Amortization	(64,456)	-	-	-	64,456	-	-
BALANCE, END OF YEAR	$ 235,493	$ 78,559	$ 1,500,000	$ 600,000	$ 732,165	$ 3,146,217	$ 5,056,496

Statement of Cash Flow

Statement of Cash Flow
for the year ended March 31

		2018		2017
Cash Flow Provided by (Used In) Operating Activities:				
Excess (Deficiency) of revenue over expense	$	(1,910,279)	$	628,021
Add items not affecting cash				
Amortization		64,456		78,787
Changes in working capital:				
Client accounts receivable		(4,183)		7,803
Province of Manitoba receivable		983,975		(10,000)
Other receivables		(263,905)		54,007
Prepaid expenses		13,156		(2,292)
Accounts payable and accrued vacation pay		1,236,035		82,339
Deferred revenue		72,352		234,974
Charges on land		(4,552)		(12,488)
Long-term funding commitments - pension		(1,697,403)		(1,470,678)
Severance liability		171,320		106,829
Sick leave liability		2,600		(24,200)
Provision for employee pension benefits		1,697,403		1,470,678
		360,975		1,143,780
Cash Flow Used in Investment Activities:				
Increase in short term investment		(30,933)		(25,668)
Purchase of capital assets		(8,853)		(70,805)
		(39,786)		(96,473)
Net Increase in Cash for the Year		321,189		1,047,307
Cash - Beginning of Year		3,861,336		2,814,029
Cash - End of Year	$	4,182,525	$	3,861,336

Supplemental Cash Flow Information		2018		2017
Interest Received	$	48,252	$	33,019

SCHEDULE 1

Schedule of Expenses
for the year ended March 31

	Community Law Centres		Public Interest Law Centre		University of Manitoba Community Law Centre		General and Administrative		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Advertising	$13,798	$16,898	$0	$0	$0	$0	$0	$236	$13,798	$17,134
Amortization	38,852	29,414	2,653	2,753	629	1,019	22,322	45,601	64,456	78,787
Bad debts	0	0	0	0	0	0	458,827	372,780	458,827	372,780
Bank charges	0	0	0	0	0	0	4,197	3,980	4,197	3,980
Collection costs	0	0	0	0	0	0	4,374	7,629	4,374	7,629
Computer costs	38,420	29,489	644	6,915	0	1,494	18,921	14,270	57,985	52,168
Council expenses	0	0	0	0	0	0	86,901	84,923	86,901	84,923
Duty counsel	229,606	219,416	4,283	4,094	819	538	120	720	234,828	224,768
Equipment maintenance	73,545	66,810	6,262	5,419	1,503	1,503	19,631	25,089	100,941	98,821
File disbursements	254,554	227,489	686,358	399,815	9,448	8,872	27,153	25,175	977,513	661,351
Library	89,059	79,838	13,014	12,829	829	971	2,588	1,446	105,490	95,084
Meetings	6,333	4,050	13,459	2,974	1,237	362	27,145	39,733	48,174	47,119
Office expenses	226,033	241,164	13,327	13,155	6,327	6,441	70,065	61,225	315,752	321,985
Office relocation	1,165	8,886	0	0	0	0	0	0	1,165	8,886
Pension costs (Note 14)	790,711	796,309	63,447	59,585	10,716	10,730	1,849,562	1,624,262	2,714,436	2,490,886
Premise costs	1,199,755	1,208,974	103,935	100,163	140	167	284,656	277,727	1,588,486	1,587,031
Professional fees	229,363	230,016	19,912	19,800	20	60	142,759	167,674	392,054	417,550
Salaries, benefits, and levy	11,922,959	10,883,223	960,067	886,768	174,159	161,903	2,161,702	2,093,484	15,218,887	14,025,378
Severance benefits	85,681	112,095	0	0	0	0	188,362	106,829	274,043	218,924
Sick leave provision	0	0	0	0	0	0	2,600	(24,200)	2,600	(24,200)
Staff development	58,114	103,016	4,283	6,008	1,359	75	12,169	12,181	75,925	121,280
Staff recruitment	27,832	34,649	261	205	222	455	188	177	28,503	35,486
Telephone	268,811	204,294	21,189	17,893	2,579	2,665	58,125	76,896	350,704	301,748
Transcripts	14,966	17,143	0	0	72	24	0	0	15,038	17,167
Travel	152,213	143,891	15,095	14,287	2,520	3,575	15,248	11,562	185,076	173,315
TOTAL	$15,721,770	$14,657,064	$1,928,189	$1,552,663	$212,579	$200,854	$5,457,615	$5,029,399	$23,320,153	$21,439,980

Notes to Financial Statements

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

1. Nature of the Corporation

Legal Aid Manitoba (the Corporation) was established by an Act of the Legislative Assembly of Manitoba.

The purpose of the Corporation, as set out in the Act, is to service the public interest by:

a) Providing quality legal advice and representation to eligible low-income individuals;
b) Administering the delivery of legal aid in a cost-effective and efficient manner; and
c) Providing advice to the Minister on legal aid generally and on the specific legal needs of low-income individuals.

The Corporation is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements are prepared in accordance with the Canadian standards for government not-for-profit organizations ("GNFPO") including Public Sector Accounting Handbook 4200 series as issued by the Canadian Public Sector Accounting Standards Board.

b) Financial Instruments

The Corporation's financial instruments include cash, short term investments, client accounts receivable, receivable from the Province of Manitoba, other receivables, long-term receivables, and accounts payable.

Financial assets and liabilities are recognized at cost or amortized cost.

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs.

c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

Estimates include the allowance for doubtful accounts, accrual for private bar fees and the provision for employee future benefits and provision for employee pension benefits. Actual results could differ from these estimates.

d) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

e) Short-Term Investments

Short-term investments consist of Guaranteed Investment Certificates with maturity dates within one year or that are expected to be cashed within one year.

f) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Corporation based on the clients' ability to pay.

i) Agreements to Pay – Partial

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the Legal Aid Certificate. The revenue and receivable are recognized when the service is provided.

ii) Agreements to Pay – Full

Under terms of Agreements to Pay - Full, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case. The maximum administration fee is $300. The revenue and receivable are recognized based on the date of the lawyer's billing which coincide with when the service is provided.

iii) Charges on Land

Charges on land are registered under section 17 of the *Corporations Act* in a land titles office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing which coincide with when the service is provided. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

g) 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.

h) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

- Furniture and office equipment – 10 years
- Computer hardware & software – 4 years
- Leasehold improvements – over the term of the lease

i) Pension Plan

Employees of the Corporation are pensionable under the *Civil Service Superannuation Act*. The Civil Service Superannuation Plan is a defined benefit pension plan. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment is amortized over the expected remaining service life of the employee group (EARSL) which is currently 15 years (2017 – 15 years). Amortization commences the year following the year when the actuarial gain or loss arises.

j) Severance Liability

The Corporation records the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

k) Sick Leave Liability

The Corporation records the estimated liability for accumulated sick leave 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.

3. Client Accounts Receivable

	2018	2017
Agreements to Pay – Partial	$ 24,211	$ 25,402
Agreements to Pay – Full	320,209	299,877
	344,420	325,279
Less: Allowance for Doubtful Accounts	181,090	166,132
Client accounts receivable	$ 163,330	$ 159,147

4. Other Receivables

	2018	2017
Court costs	$ 1,105,003	$ 802,898
Child and Family Services agencies	104,724	74,177
Employment and Income Assistance	63,420	20,267
GST recoverable, and miscellaneous	197,291	15,832
	1,470,438	913,174
Less: Allowance for Doubtful Accounts	1,083,791	790,432
Other receivables	$ 386,647	$ 122,742

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

5. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	$ 289,546	$ 248,585	$ 287,278	$ 234,713
Computer hardware & software	330,253	274,721	328,161	245,451
Leasehold improvements	232,353	93,353	232,353	76,532
	$ 852,152	$ 616,659	$ 847,792	$ 556,696
Net book value		$ 235,493		$ 291,096

6. Charges on Land

	2018	2017
Charges on land	$ 2,008,904	$ 1,849,884
Less: Allowance for Doubtful Accounts	1,179,283	1,024,815
Charges on land	$ 829,621	$ 825,069

7. Long-term Receivable - Severance Benefits

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

8. Provision for Employee Future Benefits

	2018	2017
Severance benefits	$ 2,815,224	$ 2,643,904
Sick leave benefits	371,600	369,000
	$ 3,186,824	$ 3,012,904

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

Severance benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2018. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2018 was $2,815,224 (2017 - $2,643,904). The report provides a formula to update the liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of 9 years of service and that the employee is retiring from the Corporation.

	2018	2017
Balance at beginning of year	$ 2,383,900	$ 2,395,237
Benefits accrued	141,067	118,049
Interest accrued on benefits	143,034	143,714
Benefits paid	(102,723)	(152,404)
Actuarial (gain) loss	(150,878)	(120,696)
Balance at end of year	2,414,400	2,383,900
Unamortized actuarial gains (losses)	400,824	260,004
	$ 2,815,224	$ 2,643,904

The Corporation’s severance costs consist of the following:

	2018	2017
Benefits accrued	$ 141,067	$ 118,049
Interest accrued on benefits	143,034	143,714
Amortization of actuarial losses (gains)	(10,058)	(42,839)
	$ 274,043	$ 218,924

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

Significant long-term actuarial assumptions used in the March 31, 2018 valuation, and in the determination of the March 31, 2018 present value of the accrued severance benefit obligation were:

	2018	2017
Annual rate of return		
Inflation component	2.00%	2.00%
Real rate of return	4.00%	4.00%
	6.00%	6.00%
Assumed salary increase rates		
Annual productivity increase	0.75%	0.75%
Annual general salary increase	2.00%	2.00%
Service, merit, & promotion (SMP) – average	1.00%	1.00%
	3.75%	3.75%

Sick leave benefits

Effective April 1, 2014, the Corporation commenced recording the estimated liability for sick leave benefits for their employees that accumulate but do not vest. The amount of this estimated liability is based on actuarial calculations.

An actuarial report was completed for the sick leave liability as at March 31, 2018. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include an annual rate of return of 6.00% and a salary increase rate of 3.75%. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2018 was $371,600 (2017 - $369,000).

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

9. Revenue from the Province of Manitoba

		2018		2017
Grant	$	19,534,939	$	19,117,021
Salaries and other payments		12,266,679		12,445,046
Health and post secondary education tax levy		261,526		267,486
Employer portion of employee benefits		1,919,958		1,918,624
Other government agencies		0		63,100
	$	33,983,102	$	33,811,277

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

		2018		2017
Statutory grant	$	1,007,701	$	1,007,629
Public Interest Law Centre		180,000		180,000
University Law Centre		86,000		86,000
	$	1,273,701	$	1,273,629

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, 2018, all funds received through these grants have been spent in the current year.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

11. Lease Commitments

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2019	$	1,146,614
2020		1,099,030
2021		1,103,774
2022		1,084,881
2023		754,957
Thereafter		2,399,108
	$	7,588,364

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

	2018			2017
	Fees	Disbursements	Total	Total
Legal aid certificates	$ 14,933,427	$ 1,039,047	$ 15,972,474	$ 14,367,137
Duty counsel services	454,852	0	454,852	383,587
Transcripts	0	119,244	119,244	114,439
	$ 15,388,279	$ 1,158,291	$ 16,546,570	$ 14,865,163

14. Provision for Employee Pension Benefits

Pension costs consist of benefits accrued, interest accrued on benefits and experience (gain) loss. This liability is determined by an actuarial valuation annually with the balances for the intervening periods being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2017. The actuary has projected the pension obligation to March 31, 2018.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

	2018	2017
Balance at beginning of year	$ 27,955,942	$ 25,425,066
Benefits accrued	895,648	899,266
Interest accrued on benefits	1,673,715	1,521,876
Benefits paid	(1,017,033)	(1,020,208)
Actuarial (gain) loss	43,826	1,129,942
Balance at end of year	29,552,098	27,955,942
Unamortized actuarial gains (losses)	(1,819,247)	(1,920,494)
	$ 27,732,851	$ 26,035,448

The Corporation's pension costs consist of the following:

	2018	2017
Benefits accrued	$ 895,648	$ 899,266
Interest accrued on benefits	1,673,715	1,521,876
Amortization of actuarial (gains) losses	145,073	69,744
	$ 2,714,436	$ 2,490,886
Employee contributions for the year	885,728	892,217

The key actuarial assumptions were a rate of return of 6.00% (2017 – 6.00%), 2.00% inflation (2017 – 2.00%), salary rate increases of 3.75% (2017 – 3.75%) and post retirement indexing 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2018.

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 $27,732,851 (2017 – $26,035,448), and has recorded revenue for 2017/18 equal to its increase in the unfunded pension liability during the year of $1,697,403 (2017 – $1,470,678). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

15. <u>Externally Restricted Net Assets - Wrongful Conviction Cases</u>

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 (2017 -

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

nil) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is $78,559.

16. Internally Restricted Net Assets – Access to Justice Initiatives

Effective the fiscal year ended March 31, 2015, the Management Council internally restricted $1,500,000 of the accumulated surplus for the purpose of implementing access to justice initiatives and addressing the low financial eligibility guidelines. These funds are not available for other purposes without approval by the Management Council.

17. Internally Restricted Net Assets – Mega Case Fund

Effective the fiscal year ended March 31, 2016, the Management Council internally restricted $600,000 of the accumulated surplus to fund legal aid services to eligible individuals charged with indictable offences that are complex and costly. These funds are not available for other purposes without approval by the Management Council.

18. Public Sector Compensation Disclosure

For the purposes of the *Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from the Corporation is disclosed in a separate statement.

19. Financial Risk Management

The Corporation has potential exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Interest rate risk; and
- Foreign currency risk

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Corporation's Management Council has overall responsibility for the establishment and oversight of the Corporation's objectives, policies and procedures for measuring, monitoring and managing these risks.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

Credit risk

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

The maximum exposure of the Corporation to credit risk at March 31, 2018 is:

Cash	$	4,182,525
Short-term investment		2,846,189
Client accounts receivable		163,330
Receivable from the Province of Manitoba		2,476,025
Other receivables		386,647
Long-term receivables:		
• Charges on land		829,621
• Severance - Province of Manitoba		716,166
• Pension - Province of Manitoba		27,732,851
	$	39,333,354

Cash: The Corporation is not exposed to significant credit risk as the cash is held by a large financial banking institution.

Short-term investment: The Corporation is not exposed to significant credit risk as the short-term investments consists of a Guaranteed Investment Certificate held by a large financial banking institution.

Client accounts receivable includes clients that contribute toward the cost of their case under the Agreements to Pay – Partial and Agreements to Pay – Full payment programs based on a contract. The Corporation manages its credit risk on these accounts receivables which are primarily small amounts held by a large client base. It is typically expected that clients will settle their account based on their payment program. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

Receivable from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

Other receivables include court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is exposed to significant credit risk related to court costs and therefore, an allowance of 95% is set up to recognize the likelihood of collection. In the case of receivables from Child and Family Services agencies and Employment and Income Assistance, they are funded through

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

the Province of Manitoba. Miscellaneous includes GST and other recoverable costs. 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 based on historical experience.

Long-term receivables – severance and pension – Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivables are with the provincial government.

The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, client analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2018	2017
Balance, beginning of the year	$ 1,981,380	$ 1,764,500
Provision for bad debts	458,827	372,780
Amounts written off	3,957	(155,900)
Balance, end of the year	$ 2,444,164	$ 1,981,380

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances. The Corporation prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified funding requirements are requested, reviewed and approved by the Minister of Finance to ensure adequate funding will be received to meet the obligations. The Corporation continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2018

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the fair values of its financial instruments. The significant market risks the Corporation is exposed to are: interest rate risk and foreign currency risk.

Interest rate risk

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

The interest rate risk is considered to be low on cash because of its short-term nature and low on accounts payable because they are typically paid when due.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

20. Measurement Uncertainty - Private bar

A certificate is issued to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines based on the type of legal case. The estimated liability on work performed but not yet billed is $2,200,000 (2017 – $2,200,000). The estimation is based on an analysis of historical costs and time frames to complete similar cases. The estimated liability is included in accounts payable. It is offset by an associated accounts receivable from the Province of Manitoba, which is included in the Receivable from the Province of Manitoba balance. Additionally, management estimates a future liability related to work not yet performed on outstanding certificates as at March 31, 2018 of $6,803,000 (2017 – $6,442,000). This amount has not been recorded in the financial statements.

The estimated liability is subject to measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used. While management's best estimates have been used for reporting the private bar liability, it is possible that there will be a material difference between estimated amount and actual costs.

LIQUOR AND GAMING AUTHORITY OF MANITOBA

Financial Statements
For the year ended March 31, 2018

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Board of the Liquor and Gaming Authority of Manitoba:

We have audited the accompanying financial statements of the Liquor and Gaming Authority of Manitoba, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Liquor and Gaming Authority of Manitoba as at March 31, 2018, and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
June 27, 2018
Winnipeg, Manitoba

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Financial Position

As at March 31	Actual 2018	Actual 2017
Financial assets		
Cash and cash equivalents	**$ 5,159,208**	$ 5,082,447
Accounts receivable (Note 4)	**497,594**	35,673
Long-term investment (Note 5)	**146,079**	146,079
	5,802,881	5,264,199
Liabilities		
Accounts payable and accrued liabilities (Note 6)	**924,508**	939,905
Deferred revenue (Note 7)	**448,238**	464,359
Severance benefits (Note 8)	**1,045,104**	964,473
Retirement benefits (Note 8)	**108,840**	233,845
Non-vested sick leave benefits (Note 8)	**172,168**	174,450
Total employee future benefits	**1,326,112**	1,372,768
	2,698,858	2,777,032
Net financial assets	**3,104,023**	2,487,167
Non-financial assets		
Tangible capital assets (Note 9)	**250,367**	259,804
Prepaid expenses	**73,764**	65,370
	324,131	325,174
Accumulated surplus	**$ 3,428,154**	$ 2,812,341

On behalf of the LGA board:

Original Document Signed Board Member

Original Document Signed Board Member

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget 2018	**Actual 2018**	Actual 2017
Revenue			
Licence fees – gaming	$ 6,116,000	**$ 6,162,867**	$ 6,070,906
Licence fees – liquor	1,743,500	**1,736,517**	1,741,853
MLLC funding transfer	2,700,000	**2,700,000**	2,708,000
Other revenue	20,300	**45,340**	33,360
Interest earned	36,400	**51,498**	35,400
	10,616,200	**10,696,222**	10,589,519
Expenses			
Salaries and benefits	7,718,800	**7,521,832**	7,893,392
Rent	666,900	**676,648**	661,841
Legal and professional fees	476,500	**352,181**	336,041
Transportation	343,900	**323,964**	308,905
Supplies and services	309,300	**281,530**	269,280
Communications	274,300	**262,449**	287,683
Public education	375,000	**247,579**	201,029
Education, training, conferences	150,000	**160,937**	202,582
Accommodations	84,800	**78,193**	69,616
Board	58,500	**71,829**	33,827
Amortization	69,000	**58,980**	70,481
Other expenses	60,800	**34,175**	49,574
Human resources/systems support	16,500	**8,451**	13,557
Loss on disposal of tangible capital assets	0	**1,661**	7,581
	10,604,300	**10,080,409**	10,405,389
Annual surplus	11,900	**615,813**	184,130
Accumulated surplus, beginning of year	2,812,341	**2,812,341**	2,628,211
Accumulated surplus, end of year	$ 2,824,241	**$ 3,428,154**	$ 2,812,341

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Change in Net Financial Assets

For the year ended March 31	Budget 2018	**Actual 2018**	Actual 2017
Annual surplus	$ 11,900	**$ 615,813**	$ 184,130
Acquisition of tangible capital assets	(103,000)	**(51,204)**	(59,627)
Amortization of tangible capital assets	69,000	**58,980**	70,481
Loss on disposal of tangible capital assets	0	**1,661**	7,581
	(34,000)	**9,437**	18,435
Decrease (increase) in prepaid expenses	0	**(8,394)**	2,380
Increase (decrease) in net financial assets	(22,100)	**616,856**	204,945
Net financial assets, beginning of year	2,487,167	**2,487,167**	2,282,222
Net financial assets, end of year	$ 2,465,067	**$ 3,104,023**	$ 2,487,167

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Cash Flows

For the year ended March 31	2018	2017
Operating transactions		
Annual surplus	$ **615,813**	$ 184,130
Loss on disposal of tangible capital assets	**1,661**	7,581
Changes in non-cash items		
Accounts receivable	**(461,921)**	59,249
Prepaid expenses	**(8,394)**	2,380
Accounts payable and accrued liabilities	**(15,397)**	(308,835)
Deferred revenue	**(16,121)**	(422,468)
Provision for employee severance benefits	**80,631**	8,329
Provision for employee pension benefits	**(125,005)**	38,045
Provision for employee sick leave benefits	**(2,282)**	(7,764)
Amortization	**58,980**	70,481
Cash provided by operating transactions	**127,965**	(368,872)
Capital transactions		
Cash used to acquire tangible capital assets	**(51,204)**	(59,627)
Increase (decrease) in cash and cash equivalents	**76,761**	(428,499)
Cash and cash equivalents, beginning of year	**5,082,447**	5,510,946
Cash and cash equivalents, end of year	$ **5,159,208**	$ 5,082,447
Supplemental cash flow information		
Interest received	**45,621**	33,595

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

1. Nature of Operations

The Liquor and Gaming Authority of Manitoba (LGA) began its operations on April 1, 2014. The LGA was established by *The Liquor and Gaming Control Act* and accompanying Lieutenant Governor in Council and LGA board regulations. As per this act, the Manitoba Gaming Control Commission is continued under the name LGA. The LGA regulates liquor sales, service and manufacturing, and regulates gaming employees, products and operations.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards, established by the Public Sector Accounting Board.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c. Employee Future Benefits

(i) The cost of severance obligations is determined using the annual actuarial report as at March 31, 2018. 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. For legacy Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, 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 LGA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement. The Manitoba Liquor and Lotteries Corporation (MLLC) will maintain the severance liability to March 31, 2014, for all former Manitoba Liquor Control Commission employees who transferred to the LGA.

(ii) All LGA employees belong to the Province of Manitoba's Civil Services Superannuation Fund (Superannuation Fund), which is a multi-employer joint trustee plan. The Superannuation Fund is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years.

The joint trustee board of the Superannuation Fund determines the required contribution rates.

The LGA's contribution to the Superannuation Fund is recorded as an expense for the year.

(iii) The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement.

d. Tangible Capital Assets

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

Equipment	20% declining balance basis
Furniture and fixtures	10% declining balance basis
Computer equipment	30% declining balance basis
Leasehold improvements	Straight-line method over remaining term of lease (0 months)

e. Prepaid Expenses

Prepaid expenses include rent, insurance and supplies and are charged to expenses over the periods expected to benefit from it.

f. Revenues

Revenues are recorded on an accrual basis except for gaming event licence fees, supplier licence fees, social occasion permit fees, and licence application fees, which are recognized on a cash receipt basis.

The annual funding transfer from the Manitoba Liquor and Lotteries Corporation is the amount that the LGA, with the approval of the Treasury Board, directs the Manitoba Liquor and Lotteries Corporation to pay to the LGA.

g. Expenses

Expenses are recorded on an accrual basis.

h. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Financial Instruments and Financial Risk Management

Measurement

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

The LGA records its financial assets at cost. Financial assets include cash and cash equivalents, temporary investments and accounts receivable. The LGA also records its financial liabilities at cost. Financial liabilities are accounts payable.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The LGA did not incur any re-measurement gains and losses during the year ended March 31, 2018 (2017 - $nil).

The LGA 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 LGA to credit risk consist principally of cash and cash equivalents, and accounts receivable.

The maximum exposure of the LGA to credit risk as at March 31, 2018 was:

	2018	2017
Cash and cash equivalents	$ **5,159,208**	$ 5,082,447
Accounts receivable	**497,594**	35,673
	$ **5,656,802**	$ 5,118,120

Cash and cash equivalents: The LGA is not exposed to significant credit risk as the deposits are primarily held by the Minister of Finance.

Accounts receivable: The LGA is not exposed to significant credit risk as the receivable is composed of fees due from clients and payment in full is typically collected when it is due. The LGA does not use an allowance for doubtful accounts. The policy is to write off any accounts deemed uncollectible during the year.

The aging of accounts receivable as at March 31, 2018 was:

Current	$ 488,315
30 to 60 days past billing date	2,975
61 to 90 days past the billing date	1,365
More than 90 days past the billing date	4,939
	$ 497,594

Liquidity risk

Liquidity risk is the risk that the LGA will not be able to meet its financial obligations as they come due.

The LGA manages liquidity risk by maintaining adequate cash balances. The LGA prepares and monitors forecasts of cash flows from operations, and anticipated investing and financing activities. The LGA continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the LGA's income or the fair values of its financial instruments. The significant market risk the LGA is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents. The interest rate risk on cash and cash equivalents is considered to be low, because of their short-term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The LGA is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. Accounts Receivable

	2018	2017
MLLC	**$ 459,523**	$ 10,700
Liquor service/retail beer vendor licensees	**7,125**	1,100
First Nation casinos	**6,650**	7,350
Social occasion permit holders	**3,775**	4,650
Gaming event licensees	**1,712**	2,523
Interest on short-term investments	**11,568**	5,691
Other trades	**7,241**	3,659
	$ 497,594	$ 35,673

5. Long-Term Investment

The Province of Manitoba had accepted responsibility for the severance pay benefits of $146,079 accumulated to March 31, 1998 for certain employees. Effective March 31, 2009, the Province of Manitoba placed the amount of $146,079 into an interest-bearing trust account to be held on the LGA's behalf until the cash is required to discharge the related liabilities. Interest earned on this investment this year was $1,002 (2017 - $906).

6. Accounts Payable and Accrued Liabilities

	2018	2017
Accounts payable and accrued liabilities	**$ 119,718**	$ 122,723
Salaries and benefits payable	**19,666**	16,987
Accrued vacation pay	**783,283**	798,899
Other	**1,841**	1,296
	$ 924,508	$ 939,905

7. Deferred Revenue

Deferred revenue consists of liquor service and retail beer vendor licence fees received to be recognized as revenue in the year in which the related revenues are earned.

	Balance at Beginning of Year	Receipts During Year	Transferred to Revenue	Balance at End of Year
Licence fees	$ 464,359	$ 875,796	$ 891,917	$ 448,238

8. Employee Future Benefits

a. Severance Benefits

The amount of the estimated liability for accumulated severance pay benefits for LGA employees is determined using the annual actuarial report of severance obligations as at March 31, 2018. It should be noted that the Manitoba Liquor and Lotteries Corporation will maintain the severance liability earned to March 31, 2014 for all former Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA. The LGA will continue to accrue the severance liability for former Manitoba Gaming Control Commission employees and will accrue the severance liability for former Regulatory Services Division employees of the Manitoba Liquor Control Commission April 1, 2014, and onwards.

For former Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, 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 LGA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement.

An actuarial report was completed for the severance pay liability as of March 31, 2018. The LGA's actuarially-determined net liability for accounting purposes as at March 31, 2018, was $927,826 (2017 - $991,721). An actuarial gain of $146,875 will be amortized over the expected average remaining service life of the employee group. This gain will begin to be amortized at the beginning of the next fiscal year. Severance payments for this year amounted to $53,575 (2017 - $134,957).

Significant long-term actuarial assumptions used in the March 31, 2018 valuation and in the determination of the March 31, 2018 present value of the accrued severance benefit obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	0.75%
	2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

The severance benefit liability at March 31, 2018 includes the following components:

	2018	2017
Accrued benefit liability	**$ 927,826**	$ 991,721
Unamortized actuarial gains (losses)	**117,278**	(27,248)
Severance benefit liability	**$ 1,045,104**	$ 964,473

The total expenses related to severance benefits at March 31, 2018 include the following components:

	2018	2017
Interest on obligation	$ 60,177	$ 57,665
Current period benefit cost	76,378	58,883
	136,555	116,548
Amortization of actuarial gain over expected average remaining service lifetime	(2,349)	(7,799)
Total expense related to severance benefit	$ 134,206	$ 108,749

b. Retirement Benefits

All employees of the LGA are members of the Province of Manitoba's defined benefit Superannuation Fund.

In accordance with the provisions of *The Civil Service Superannuation Act*, LGA employees are eligible for pension benefits. Plan members are required to contribute to the Superannuation Fund at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The LGA is required to match contributions contributed to the Superannuation Fund by the employees at prescribed rates, which is recorded as an operating expense. Under *The Civil Service Superannuation Act*, the LGA has no further pension liability. At December 31, 2016, the Superannuation Fund had a deficit of $4.3 billion.

The LGA's portion of contributions to the Superannuation Fund is recognized as an operating expense in the period of contribution. Total contributions for this year were $445,742. Contributions for the 2016/17 year were $488,627.

For employees whose annual earnings exceed the limit under the Superannuation Fund or are a disability retirement, a pension liability is established. Based on the annual actuarial report of pension obligations as at March 31, 2018, a reserve of $108,840 (2017 - $233,845) has been established as a pension liability. Due to the nature of the liability, actuarial gains or losses are recognized in operations in the year. Pension costs realized this year were reduced by $125,005 (2017 - increased by $38,045). Significant long-term actuarial assumptions used in the March 31, 2018 valuation and in the determination of the March 31, 2018 present value of the accrued basic pension benefit obligations were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.75%
	2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

c. Non-Vested Sick Leave Benefits

All employees are credited with sick day credits for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in the most recent collective agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plans are included in the financial statements. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement. These assumptions include a 3.83% discount rate and a 3.75% annual salary increase.

9. Tangible Capital Assets

March 31, 2018

	Equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
Opening balance	$ 54,442	$ 447,563	$ 1,110,566	$ 64,397	$1,676,968
Additions	1,834	21,466	27,904		51,204
Disposals		(2,739)	(9,659)		(12,398)
Closing Balance	$ 56,276	$ 466,290	$ 1,128,811	$ 64,397	$1,715,774
Accumulated amortization					
Opening balance	$ 50,313	$ 331,417	$ 971,037	$ 64,397	$1,417,164
Amortization	1,040	12,013	45,927		58,980
Disposals		(1,871)	(8,866)		(10,737)
Closing Balance	$ 51,353	$ 341,559	$ 1,008,098	$ 64,397	$1,465,407
				Net book value	**$250,367**

March 31, 2017

	Equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
Opening balance	$ 54,442	$ 445,334	$ 1,156,571	$ 64,397	$1,720,744
Additions		8,691	50,936		59,627
Disposals		(6,462)	(96,942)		(103,404)
Closing Balance	$ 54,442	$ 447,563	$ 1,110,565	$ 64,397	$1,676,967
Accumulated amortization					
Opening balance	$ 49,281	$ 323,096	$ 1,014,088	$ 56,040	$1,442,505
Amortization	1,032	12,669	48,423	8,357	70,481
Disposals		(4,348)	(91,475)		(95,823)
Closing Balance	$ 50,313	$ 331,417	$ 971,036	$ 64,397	$1,417,163
				Net book value	$259,804

10. Commitments

The LGA has an operating lease expiring on December 31, 2018 for its Winnipeg premises and an operating lease expiring on January 31, 2028 for its Brandon premises.

The minimum annual lease payment for the next five years is:

2019	$278,425
2020	44,550
2021	44,550
2022	44,550
2023	44,550

11. Budgeted Figures

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

12. Working Capital Advance

The Minister of Finance, with Lieutenant Governor in Council approval by Orders in Council (341/1997), has arranged for working capital advances to be available to the LGA. The aggregate of the outstanding advances is not to exceed $2,000,000 (2017 - $2,000,000). As at March 31, 2018, $2,000,000 (2017 - $2,000,000) of these advances were unused and available.

13. Related Party Transactions

The LGA is related in terms of common ownership to all Province of Manitoba created departments, agencies, and Crown corporations. The LGA enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Financial Statements

MASC
Manitoba Agricultural Services Corporation

Manitoba Agricultural Services Corporation

Responsibility for Financial Statements

The management of the Manitoba Agricultural Services Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available information.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included here. The Auditor General has access to MASC's Board of Directors, with or without management present, to discuss the results of their audit and the quality of MASC's financial reporting.

original signed by

Jared Munro
President & CEO

original signed by

Fern Comte
Chief Financial Officer

September 19, 2018

Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

We have audited the accompanying financial statements of the Manitoba Agricultural Services Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Office: 204. 945.3790 | 500-330 Portage Avenue | Winnipeg, Manitoba R3C 0C4 | oag.mb.ca

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

Basis for Qualified Opinion

Inappropriate accrual for government transfer not yet authorized

Manitoba Agricultural Services Corporation (MASC) recognized an expense as at March 31, 2018 for a $265 million transfer from the Corporation's insurance reserve funds to trust accounts they had not yet created. In this respect, the corporation's financial statements are not in accordance with Canadian public sector accounting standards. Canadian public sector accounting standards require that a government transfer be authorized at or before the financial statement date in order for it to be recognized by the transferring entity. In our opinion, the exercise of authority relevant to this transfer is the signing of the trust and contribution agreements by MASC and the Province of Manitoba, which had not taken place as of September 19, 2018.

Had the transfer not been recorded as at March 31, 2018, the following financial statement line items would have changed:

- A decrease of $265 million to contributions to the trust funds and income (loss) for the year
- A decrease of $265 million to contributions payable and an increase of $265 million to Accumulated surplus

Amounts disclosed as contributions payable in Note 15 of the financial statements would be decreased by $265 million.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Manitoba Agricultural Services Corporation as at March 31, 2018, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

original signed by

Office of the Auditor General
Winnipeg, Manitoba
September 19, 2018

Manitoba Agricultural Services Corporation
Statement of Financial Position

AS AT MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

	NOTE	MARCH 31, 2018	MARCH 31, 2017
FINANCIAL ASSETS			
Cash		**$ 6,211**	$ 6,445
Accounts receivable	8	**6,305**	4,772
Receivables from the Province of Manitoba	9	**12,020**	15,488
Receivables from the Government of Canada	10	**6,874**	8,283
Investments	11	**678,730**	510,048
Loans receivable	12	**745,332**	647,225
Total Financial Assets		**$ 1,455,472**	$ 1,192,261
LIABILITIES			
Accounts payable and accrued liabilities	13	**$ 18,884**	$ 20,586
Claims payable	14	**6,821**	19,058
Contributions payable	15	**265,003**	-
Loans from the Province of Manitoba	16	**773,528**	668,752
Provisions for losses on guaranteed loans	17	**10,913**	14,514
Future employee benefits	18	**8,565**	8,890
Total Liabilities		**$ 1,083,714**	$ 731,800
Net Financial Assets		**$ 371,758**	$ 460,461
NON-FINANCIAL ASSETS			
Inventories held for use	2	**$ 185**	$ 247
Prepaid expenses	2	**153**	108
Tangible capital assets	2	**190**	240
Total Non-Financial Assets		**$ 528**	$ 595
Accumulated surplus		**$ 372,286**	**$ 461,056**

Loan guarantees and contingencies	17
Commitments	19

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

Approved by the Board:

original signed by

Jim Wilson
Chair, Board of Directors

original signed by

Charles Mayer
Vice Chair, Board of Directors

Manitoba Agricultural Services Corporation
Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE			
Premiums from insured producers	$ 119,749	**$ 125,871**	$ 116,029
Interest from loans	26,751	**29,830**	26,766
Contribution from the Province of Manitoba	105,185	**101,043**	98,273
Contribution from the Government of Canada	94,136	**96,387**	89,103
Reinsurance recoveries	-	**29**	6,621
Investment income	3,280	**5,823**	3,552
Other income	161	**375**	296
	349,262	**359,358**	340,640
EXPENSE			
Lending Programs	27,795	**22,986**	22,523
AgriInsurance Program	253,750	**89,514**	121,002
Hail Insurance Program	29,716	**22,064**	50,109
Wildlife Damage Compensation Program	4,593	**6,991**	8,059
Farmland School Tax Rebate Program	41,039	**41,046**	40,383
Western Livestock Price Insurance Program	2,122	**1,996**	2,695
Other Programs	71	**(1,472)**	(556)
	359,086	**183,125**	244,215
Income from operations	$ (9,824)	**176,233**	96,425
Contributions to the trust funds	$ -	**265,003**	-
Income (loss) for the year	$ (9,824)	**(88,770)**	96,425
Accumulated surplus, beginning of year		**461,056**	364,631
Accumulated surplus, end of year		**$ 372,286**	$ 461,056

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

Manitoba Agricultural Services Corporation
Statement of Change in Net Financial Assets

FOR THE YEAR ENDED MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

	2018 ACTUAL	2017 ACTUAL
Income (loss) for the year	$ (88,770)	$ 96,425
Tangible capital assets		
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	50	60
	50	60
Other non-financial assets		
Disposal of inventory held for use	62	27
Decrease (increase) in prepaid expenses	(45)	4
	17	31
Increase (decrease) in net financial assets	(88,703)	96,516
Net financial assets, beginning of year	460,461	363,945
Net financial assets, end of year	$ 371,758	$ 460,461

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

Manitoba Agricultural Services Corporation
Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

	2018	2017
Cash provided by (used for):		
OPERATING		
Income (loss) for the year	$ (88,770)	$ 96,425
Amortization of tangible capital assets	50	60
	(88,720)	96,485
Changes in:		
Accrued interest receivable	(820)	(107)
Receivables	3,344	(5,641)
Loans receivable	(1,712)	(3,624)
Accounts payable and accrued liabilities	(1,702)	5,148
Claims payable	(12,237)	7,657
Contributions payable	265,003	-
Provisions for losses on guaranteed loans	(3,601)	(339)
Future employee benefits	(325)	56
Prepaid expenses	(45)	4
Inventories held for use	62	27
Cash provided by operating activities	159,247	99,666
CAPITAL		
Acquisition of tangible capital assets	-	-
Disposal of tangible capital assets	-	-
Cash used for capital activities	-	-
INVESTING		
Investments purchased	(417,967)	(1,084)
Loans disbursed	(223,017)	(201,162)
Loan principal received	126,622	125,988
Cash used for investing activities	(514,362)	(76,258)
FINANCING		
Debt repayments to the Province of Manitoba	(126,224)	(133,226)
Loans from the Province of Manitoba	231,000	206,500
Cash provided by financing activities	104,776	73,274
Net increase (decrease) in cash and cash equivalents	(250,339)	96,682
Cash and cash equivalents, beginning of year	409,999	313,317
Cash and cash equivalents, end of year	$ 159,660	$ 409,999
Cash and cash equivalents are comprised of the following:		
Investments	$ 678,730	$ 510,048
Investments with terms greater than 90 days and accrued interest	(525,281)	(106,494)
Investments with terms of 90 days or less	153,449	403,554
Cash	6,211	6,445
	$ 159,660	$ 409,999
Supplemental Cash Flow Information		
Interest paid	$ 20,146	$ 18,552
Interest received	$ 34,833	$ 30,211

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

Manitoba Agricultural Services Corporation
Notes to Financial Statements

AS AT MARCH 31, 2018 | TABULAR AMOUNTS IN THOUSANDS OF DOLLARS

1. NATURE OF ORGANIZATION

The Manitoba Agricultural Credit Corporation (MACC) was established under The Agricultural Credit Corporation Act. The Manitoba Crop Insurance Corporation (MCIC) was established under The Crop Insurance Act. As a result of the proclamation of The Manitoba Agricultural Services Corporation Act, C.C.S.M. c.A25 on September 1, 2005, MACC and MCIC were amalgamated to form a provincial Crown corporation called the Manitoba Agricultural Services Corporation (MASC) and the legislation establishing the former corporations was repealed.

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agriculture producers, loan guarantees, AgriInsurance and Hail Insurance. MASC also delivers the Wildlife Damage Compensation Program, Farmland School Tax Rebate Program, Western Livestock Price Insurance Program and other programs and services.

MASC is the trustee for the Production Insurance Trust and the Hail Insurance Trust. These trusts were created for the benefit of program participants. The trusts will be used to pay program indemnities to participating producers. Funding for the trusts will be provided by MASC.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

MASC's financial statements are presented in accordance with Canadian Public Sector Accounting (PSA) standards.

(A) Investments

Funds in excess of operational needs are invested with the Province of Manitoba, in accordance with Section 52(1) of The Manitoba Agricultural Services Corporation Act. Investments are carried at cost or amortized cost. Investments are normally held to maturity, but if early redemption is required and results in a gain or loss, the gain or loss is realized on disposal.

(B) Loans Receivable

Loans receivable are recorded at cost or amortized cost less any amount for provisions for credit losses.

Provisions for impaired loans are made when collection is in doubt. Interest is accrued on loans receivable until the date of write-off. The provision represents management's best estimate of probable losses. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for loss on loans identified on an individual loan basis, MASC establishes a general provision representing management's best estimate of additional probable losses based on other factors including the composition and credit quality of the portfolio and changes in economic and business conditions. Actual loan accounts that have been written off are charged to the appropriate provision once the available security has been realized and all other collection efforts have been exhausted.

(C) Claims Payable

Claims payable are comprised of claims approved but not yet disbursed and a provision for claims in process. The provision represents management's best estimate of probable claims against the programs and is determined through a review of each program. For most programs, the provision is established by reviewing outstanding claims and either providing individual claim estimates or establishing an average loss and multiplying this amount by the number of claims outstanding.

(D) Contributions Payable

The contributions payable to the trust funds are non-interest bearing and have no fixed term of repayment.

(E) Loans from the Province of Manitoba

Loans from the Province of Manitoba are carried at cost.

(F) Provision for Losses on Guaranteed Loans

The provision for losses on loan guarantees is determined annually through a review of each guarantee program. The provision represents management's best estimate of probable claims against the loan guarantees. Such provision is intended to cover MASC's share of principal, accrued and unpaid interest and any additional amounts that are recoverable by the financial institution that issued the loan.

Current year provisions for guaranteed loan losses are charged as expenses to the provision for guaranteed loan losses. Loan guarantee claims that have been paid are charged to the appropriate provision.

(G) Future Employee Benefits

The employees of MASC belong to the Manitoba Civil Service Superannuation Fund plan, which is a multi-employer joint trustee pension plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. Pension costs included in these statements are comprised of: the cost of employer contributions for the current year of service of employees, employer costs for past service costs relating to a portion of current and retired employees, plan amendments and accrued benefits. Experience gains and losses are amortized over the Expected Average Remaining Service Lifetime beginning in the year of the actuarial valuation.

MASC employees are entitled to vacation and severance pay in accordance with the terms of the collective agreements and corporate policy. The severance pay liability is recorded based on an actuarial valuation and vacation pay is recorded based on management's best estimate. Experience gains and losses are amortized over the Expected Average Remaining Service Life beginning in the year of the actuarial valuation.

Note 18 provides additional information on future employee benefits.

(H) Inventories Held for Use

Real estate that was acquired for the purpose of providing long-term leases to producers through the Land Lease Option Program is recorded at cost. Occasionally, real estate is acquired through foreclosure and voluntary transfer of title in the settlement of loans and is recorded at the appraised value of the real estate at acquisition date.

(I) Prepaid Expenses

Prepaid expenses are payments for goods or services, which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(J) Tangible Capital Assets

MASC's tangible capital assets are recorded at historical cost and amortized on a straight-line basis over their estimated useful life, as follows:

Leasehold improvements	remaining term of lease
Furniture and equipment	10 years
Computer hardware and software	4 years
Major software development	8 years

(K) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Transfers (revenues from non-exchange transactions) are recognized as revenue when: the transfer is authorized, all eligible criteria are met, and a reasonable estimate of the amount can be made.

(L) Premiums and Government Contributions

MASC recognizes as revenue all premiums earned on insurance policies in force during the year.

The Canada-Manitoba AgriInsurance Agreement, which is consolidated in Annex B of Growing Forward 2: A Federal Provincial Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy, provides for the cost sharing of AgriInsurance premiums. For most AgriInsurance Programs, premiums are paid 40% by insured producers, 36% by the Government of Canada and 24% by the Province of Manitoba. The exceptions are: the Excess Moisture Insurance (EMI) Reduced Deductible Option, which is paid entirely by participating producers; the highest EMI High Dollar Value Option, which is paid 67% by insured producers, 20% by the Government of Canada and 13% by the Province of Manitoba; and the Hay Disaster Benefit, which is paid 60% by the Government of Canada and 40% by the Province of Manitoba.

(M) Administrative Expenses

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The Canada-Manitoba AgriInsurance Agreement referred to in Section (L) of this note, stipulates that associated administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60%) and the Province of Manitoba (40%).

(N) Financial Instruments

MASC's financial instruments include: cash, receivables, investments, loans receivable, accounts payable and accrued liabilities, claims payable, loans from the Province of Manitoba and provisions for losses on guaranteed loans.

All financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

(O) Measurement Uncertainty

The preparation of financial statements that conform to Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, all at the date of the financial statements; as well as the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include: provisions for losses on accounts receivable, loans receivable, loan guarantees, liabilities for claims and program payments, future employee benefits and accrued administration liabilities.

(P) Changes in Accounting Policy

Effective April 1, 2017, MASC adopted five new accounting standards: Related Party Transactions (PS 2200), Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Inter-Entity Transactions (PS 3420). The adoption of these standards has resulted in additional note disclosure where necessary.

3. FINANCIAL STRUCTURE

(A) Funding

The Board of Directors approved MASC's 2017/18 budget in June 2017. MASC's approved budget includes provincial funding of $105,185,000. Inspection Services is budgeted under Other Programs, while other activities such as emergency assistance programming are not budgeted. The table below provides the budgeted amounts for the Province of Manitoba and the Government of Canada and a reconciliation to the amounts that are shown in MASC's Statement of Operations:

	Province of Manitoba	Government of Canada
Funding approved by governments	**$ 105,199**	94,105
Non-cash items*	**(14)**	31
Funding approved by MASC's Board of Directors	**$ 105,185**	$ 94,136

* Includes items such as amortization and unfunded pension expense.

(B) Lending Programs

The Lending Programs' accumulated deficit of $25,624,000 (2017 - $29,523,000) is mainly comprised of the provision for loan losses and the provision for losses on guaranteed loans. The Province of Manitoba only funds loan losses when they are written off or when an eligible claim is submitted by a private sector financial institution for a loan guarantee. Annual changes to the provisions are not funded, but are part of MASC's budget.

(C) AgriInsurance and Hail Insurance Fund Balance Restrictions

The AgriInsurance and Hail Insurance funds are restricted as set out in Sections 58 and 61 of The Manitoba Agricultural Services Corporation Act. The only items to be paid out of these funds are: indemnities payable under the contracts of insurance; premiums or other amounts payable for reinsurance; interest on any money borrowed for the purpose of the funds; and expenses relating to the administration of the funds (for Hail Insurance only).

4. WILDLIFE DAMAGE COMPENSATION PROGRAM

MASC administers the Wildlife Damage Compensation Program, which pays producers for damage to agricultural crops and related products caused by migratory waterfowl or wildlife (big game animals), as well as for the injury or death of domestic livestock caused by natural predators. The program compensates for 90% of production loss with the top-up level (80% to 90%) of protection funded entirely by the Province of Manitoba. Administrative expenses and program payments up to the 80% level of protection are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

5. FARMLAND SCHOOL TAX REBATE PROGRAM

In April 2005, MASC became responsible for administering the Farmland School Tax Rebate Program. The purpose of the program is to assist Manitoba farmland owners by providing a rebate on the school tax paid on farmland. The rebate level of 80% remained unchanged from the 2014 tax year to the 2017 tax year. The rebates are subject to a $5,000 maximum, which includes all parties that are related persons of the applicant. The definition of related persons for this program includes the spouse or common-law partner and any corporation controlled by the applicant and/or the applicant's spouse or common law partner. Eligible individuals and corporations who apply must be Manitoba residents. The application deadline is March 31 of the year following the taxation year.

Included in the 2017 tax rebates is a provision of $1,734,000 for rebates that have been applied for and are in process of payment as of March 31, 2018. A provision of $122,000 remains for pre-2017 rebates that are in process of payment. The Province of Manitoba pays for the full cost of the Farmland School Tax Rebate Program.

6. WESTERN LIVESTOCK PRICE INSURANCE PROGRAM

Introduced in Manitoba as a four-year pilot, the Western Livestock Price Insurance Program (WLPIP) offers price protection for cattle and hog producers, with settlement prices based on the average price in Western Canadian markets. Livestock price insurance was first implemented for Alberta producers in 2009 through the Agriculture Financial Services Corporation (AFSC). Producers in Manitoba, Saskatchewan and British Columbia were able to participate in the program starting in April 2014. In Manitoba, MASC is the insurer, with the application, premium payment and indemnity settlement being handled by AFSC (on behalf of MASC). AFSC's administrative expenses are shared by the participating provinces with MASC paying 20% of the cost. Participating producers pay 100% of the insurance premiums, with Canada and Manitoba sharing the administration expenses 60% and 40%, respectively. Canada is providing a financial backstop for WLPIP for the duration of the pilot. Any deficit on account of Manitoba producers at the end of the four-year pilot will be the responsibility of the Province of Manitoba. Indemnities totalled $703,000 in 2018 (2017 - $1,702,000).

7. OTHER PROGRAMS

(A) Inspection Services

In support of Manitoba's agricultural sector, MASC provides inspection services at a reasonable cost. These services include such things as assisting in adjusting hail claims for another province, third-party loss appraisals for private sector property insurers, and on-farm livestock inspections for the Manitoba Livestock Cash Advance Program. Inspection Services revenue totalled $40,000 in 2018 (2017 - $26,000).

(B) Flood 2011 - Building and Recovery Action Plan

In May 2011, MASC was given the responsibility of administering emergency assistance programs announced under the Flood 2011 - Building and Recovery Action Plan. These programs provided compensation for flood protection measures, property damage, income loss and feed and transportation costs for livestock. Total compensation payments of $119,964,000 include a provision for outstanding claims of $650,000. Administrative expenses are estimated to be $12,042,000. The program's total cost of $132,006,000 was funded by the Province of Manitoba.

(C) 2011 Manitoba AgriRecovery Programs

In June 2011, MASC was given the responsibility of administering emergency assistance programs to provide financial assistance for the restoration, maintenance and rehabilitation of farms that were impacted by excess moisture and flooding in 2011. Total compensation payments were $138,991,000. Administrative expenses were $1,532,000. The program's total cost of $140,523,000 was funded by the Government of Canada ($74,376,000) and the Province of Manitoba ($66,147,000).

(D) 2014 Canada-Manitoba Forage Shortfall and Transportation Assistance Initiative

In October 2014, MASC became responsible for the administration of the 2014 Canada-Manitoba Forage Shortfall and Transportation Assistance Initiative. The purpose of the program was to provide assistance to Manitoba livestock producers who experienced extraordinary costs caused by elevated water levels or excess moisture conditions in 2014. The program included a forage shortfall component that provided feed assistance to producers in the Lake Manitoba, Lake Winnipegosis and Lake St. Martin regions to maintain their breeding herds, as well as an all-province transportation component that provided assistance for extraordinary costs incurred in transporting feed to livestock or livestock to feed. Compensation payments totalling $3,375,000 were made to producers. Total administrative expenses for the program were $258,000. The program's total cost of $3,633,000 was funded by the Government of Canada ($2,205,000) and the Province of Manitoba ($1,428,000).

(E) 2014 Portage Diversion Fail-Safe Compensation Program

In October 2014, MASC became responsible for the administration of the 2014 Portage Diversion Fail-Safe Compensation Program. The purpose of the program was to provide financial assistance to Manitoba agricultural producers affected by 2014 flooding as a result of the operation of the Portage Diversion fail-safe structure. The program was funded entirely by the Province of Manitoba. Total compensation payments of $1,441,000 include a provision for outstanding claims of $290,000. Administrative expenses are estimated to be $24,000.

8. ACCOUNTS RECEIVABLE

	2018	2017
Amounts from insured persons:		
AgriInsurance	**$ 5,877**	$ 4,177
Hail Insurance	**1,330**	882
Other	**1,248**	1,694
	8,455	6,753
Less provision for credit losses	**(2,150)**	(1,981)
	$ 6,305	$ 4,772

The provisions for credit losses of $2,150,000 (2017 - $1,981,000) includes estimated losses on premiums and other accounts receivable, and is subject to measurement uncertainty. The provision estimate is formula based and depends on an assessment of MASC's ability to collect the outstanding balance. A 100% provision is assessed on accounts in arrears for more than two years, with lower provisions based on actual collection experience over the last seven years being applied to accounts that are in arrears by less than two years.

9. RECEIVABLES FROM THE PROVINCE OF MANITOBA

	2018	2017
AgriInsurance premiums (Note 2L)	**$ 3,745**	$ 6,798
Administrative expenses	**1,401**	1,598
Pension liability	**6,067**	6,282
Severance liability	**429**	429
Vacation pay liability	**169**	169
Other Programs (Note 7)	**209**	212
	$ 12,020	$ 15,488

Pension liability

The Province of Manitoba has accepted responsibility for funding MASC's pension liability (for pensionable service earned by employees of the former MACC prior to the amalgamation of MACC and MCIC on September 1, 2005) and related expense, which includes an interest component. MASC has therefore recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $6,067,000 as of March 31, 2018 (2017 - $6,282,000), and has recorded a decrease under other contributions from the Province of Manitoba for 2017/18 equal to the related pension reduction of $215,000 (2017 - $18,000 reduction). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

Severance liability

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC, an amount equal to its share of the current year's expense for severance. As a result, the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance pay expense. The receivable for severance pay will be paid by the Province of Manitoba when it is determined that the cash is required to discharge the related severance pay liabilities. As of March 31, 2018, the receivable for severance pay liability was $429,000 (2017 - $429,000).

Vacation pay liability

The amount recorded as a receivable from the Province of Manitoba for vacation pay expenses was initially based on the estimated value of the corresponding liability as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC, an amount equal to its share of the current year's expense for vacation pay entitlements. As of March 31, 2018, the receivable for vacation pay liability was $169,000 (2017 - $169,000).

10. RECEIVABLES FROM THE GOVERNMENT OF CANADA

	2018	2017
AgriInsurance Program	**$ 6,205**	$ 6,122
Wildlife Damage Compensation Program	**211**	1,485
Western Livestock Price Insurance Program	**253**	471
Other Programs	**205**	205
	$ 6,874	$ 8,283

11. INVESTMENTS

MASC's investments are with the Province of Manitoba and consist of the following as of March 31, 2018:

Maturity Terms	Average Interest Rate	Lending Programs	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	2018	2017
90 days or less	1.283%	$ 21,000	$ 99,480	$ 22,783	$ 923	$ 9,263	**$ 153,449**	$ 403,554
1 year	1.455%	-	486,938	9,113	-	-	**496,051**	62,084
3 years	1.170%	-	-	11,000	-	-	**11,000**	23,000
5 years	1.928%	-	-	17,000	-	-	**17,000**	21,000
	1.424%	21,000	586,418	59,896	923	9,263	**677,500**	509,638
Accrued Interest		3	1,114	101	2	10	**1,230**	410
		$ 21,003	$ 587,532	$ 59,997	$ 925	$ 9,273	**$ 678,730**	510,048

12. LOANS RECEIVABLE

MASC's loans receivable as of March 31, 2018 consist of the following:

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Recorded investment	$ 740,655	$ 10,794	**$ 751,449**	$ 641,098	$ 14,069	$ 655,167
Specific provision	(1,861)	(7,346)	**(9,207)**	(1,868)	(8,971)	(10,839)
General provision	(8,100)	(96)	**(8,196)**	(6,701)	(161)	(6,862)
Unamortized discount on loans with concessionary interest	-	-	**-**	-	(90)	(90)
	730,694	3,352	**734,046**	632,529	4,847	637,376
Accrued interest	11,104	182	**11,286**	9,599	250	9,849
Net carrying value	$ 741,798	$ 3,534	**$ 745,332**	$ 642,128	$ 5,097	$ 647,225

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Impaired loans included in the preceding schedule:

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Impaired loan balance	$ 26,311	$ 11,265	**$ 37,576**	$ 20,818	$ 12,327	$ 33,145
Specific provision	(1,861)	(7,346)	**(9,207)**	(1,868)	(8,971)	(10,839)
	$ 24,450	$ 3,919	**$ 28,369**	$ 18,950	$ 3,356	$ 22,306

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

A loan becomes impaired as a result of deterioration in credit quality to the extent that MASC no longer has reasonable assurance of timely collection of the full amount of principal and interest. The table above provides the amount of impaired loans and the specific provision for credit losses on these loans as of March 31, 2018. A total of $1,795,000 (2017 - $1,453,000) of interest on impaired loans was included in revenue for the year ended March 31, 2018.

Provisions for impaired loans:

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Beginning provision balance	$ 8,569	$ 9,132	**$ 17,701**	$ 8,012	$ 12,230	$ 20,242
Write-offs, net of recoveries	-	-	**-**	(227)	(96)	(323)
Provision (recovery) expense	1,392	(1,690)	**(298)**	784	(3,002)	(2,218)
Ending provision balance	$ 9,961	$ 7,442	**$ 17,403**	$ 8,569	$ 9,132	$ 17,701

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Included in loans receivable is a specific provision of $9,207,000 (2017 - $10,839,000) and a general provision of $8,196,000 (2017 - $6,862,000) that are subject to measurement uncertainty. The resulting amount established for specific and general provisions of $17,403,000 (see Note 2 (B)) could change substantially in the future, if the factors considered by management in establishing these estimates change significantly.

Loans receivable are secured by tangible assets consisting predominantly of land, followed by buildings, livestock and other types of assets. The estimated value of such tangible securities is $1,180,853,000 (2017 - $1,084,668,000).

Remaining terms to maturities are as follows:

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 5 years	$ 111,910	$ 6,794	**$ 118,704**	$ 85,599	$ 10,069	$ 95,668
5 years to up to 10 years	102,707	-	**102,707**	93,238	-	93,238
10 years to up to 15 years	115,168	4,000	**119,168**	104,801	4,000	108,801
15 years to up to 20 years	182,614	-	**182,614**	170,756	-	170,756
More than 20 years	228,256	-	**228,256**	186,704	-	186,704
Recorded investment	$ 740,655	$ 10,794	**$ 751,449**	641,098	$ 14,069	$ 655,167

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2018 consist of the following:

	Lending Programs	AgriInsurance Program	Wildlife Damage Compensation Program	Farmland School Tax Rebate Program	Western Livestock Price Insurance Program	Other Programs	2018	2017
Accounts payable - general	$ -	$ 4,878	$ 274	$ -	$ 163	$ 115	**$ 5,430**	$ 8,701
Salaries and benefits	-	203	23	-	-	63	**289**	704
Accrued vacation pay	-	1,282	-	-	-	-	**1,282**	1,270
Other*	130	3,857	-	-	-	7,896	**11,883**	9,911
	$ 130	$ 10,220	$ 297	$ -	$ 163	$ 8,074	**$ 18,884**	$ 20,586

* Other accounts payable of $7,896,000 includes amounts owing to the Province of Manitoba ($7,885,000) and the Government of Canada ($11,000) for various other programs administered by MASC.

14. CLAIMS PAYABLE*

	2018	2017
AgriInsurance Program	**$ 3,419**	$ 12,165
Hail Insurance Program	**-**	93
Wildlife Damage Compensation Program	**370**	2,282
Farmland School Tax Rebate Program	**1,884**	2,494
Western Livestock Price Insurance Program	**208**	-
Other Programs	**940**	2,024
	$ 6,821	$ 19,058

* Includes claims approved but not paid as well as provisions for outstanding claims.

15. CONTRIBUTIONS PAYABLE

MASC's contributions payable as of March 31, 2018 are payable to the following:

	2018	2017
Production Insurance Trust	**$ 203,573**	$ -
Hail Insurance Trust	**61,430**	-
	$ 265,003	$ -

16. LOANS FROM THE PROVINCE OF MANITOBA

Following the practices established by the Province of Manitoba, MASC must repay advances according to the amortization schedule or be subject to a prepayment penalty. The prepayment penalty is calculated as the net present value of the future cash flows of the loan being prepaid minus the net present value of a loan with the same terms, except for the interest rate, which is equal to the rate for a semi-annual non-callable Province of Manitoba bond with the same term to maturity. Advances are repayable in equal annual blended instalments of principal and interest, with March 31, 2018 interest rates ranging from 1.5% to 7.625% (2017 – 1.1% to 7.625%).

Maturities of principal over the following terms	2018	2017
1 year	**$ 144,249**	$ 175,432
2 years	**82,207**	69,564
3 years	**77,091**	61,980
4 years	**62,867**	56,306
5 years	**56,537**	41,510
More than 5 years	**350,577**	263,960
	$ 773,528	$ 668,752

17. LOAN GUARANTEES AND CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2018 are shown below:

	2018			2017		
	Contingent Liability	Provision for Losses	**Net Contingent Liability**	Contingent Liability	Provision for Losses	Net Contingent Liability
Operating Credit Guarantees for Agriculture	$ 8,104	$ (811)	**$ 7,293**	$ 8,601	$ (860)	$ 7,741
Operating Credit Guarantees for Rural Small Business	102	(10)	**92**	45	(4)	41
Manitoba Livestock Associations Loan Guarantees	9,369	(1,405)	**7,964**	8,152	(1,223)	6,929
Enhanced Diversification Loan Guarantees	44,160	(6,730)	**37,430**	50,346	(10,196)	40,150
Rural Entrepreneur Assistance Program	10,279	(1,957)	**8,322**	10,763	(2,231)	8,532
	$ 72,014	$(10,913)	**$ 61,101**	$ 77,907	$(14,514)	$ 63,393

The change in the provision for guaranteed loan losses is as follows:

	2018	2017
Beginning provision balance	**$ 14,514**	$ 14,853
Write-offs, net of recoveries	**-**	(55)
Provision expense (recovery)	**(3,601)**	(284)
Ending provision balance	**$ 10,913**	$ 14,514

The Operating Credit Guarantee for Agriculture Program was introduced in 2003, replacing the Guaranteed Operating Loan Program. MASC guarantees the actual eligible loss incurred by the participating private lender up to 25% of the maximum amount advanced under an individual's line of credit. The maximum allowable loan is $700,000 for individuals and $1,000,000 for partnerships, corporations and co-operatives.

The Operating Credit Guarantee for Rural Small Business Program was introduced in 2009. MASC guarantees 75% of the actual eligible loss incurred by the participating private sector lender based on 25% of the maximum amount advanced under an individual's line of credit. To be eligible for the program, annual sales have to be less than $2,000,000. The maximum allowable loan is $200,000.

The Manitoba Livestock Associations Loan Guarantee Program was introduced in 1991. For each participating livestock association, MASC provides a 25% guarantee to the association's lending institution, based on a maximum loan of $8,000,000 per association.

The Diversification Loan Guarantee Program was introduced in 2001, whereby guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

The Rural Entrepreneur Assistance (REA) Program provides a guarantee of up to 80% of the principal amount of a qualifying loan made by participating lenders to small rural non-agricultural businesses. REA guarantees loans up to a maximum of $200,000. MASC assumed administration of the program in 2005.

(B) Certain 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.

18. FUTURE EMPLOYEE BENEFITS

Severance Liability

MASC's employees are eligible for severance, as a result of retirement, permanent layoff or death. Benefits are based on an employee's years of service. Commencing March 31, 1999, MASC began recording the accumulated severance pay benefit. The amount of recorded severance pay obligation is based on actuarial calculations.

Actuarial valuations are carried out every three years to provide an estimate of the accrued liability for severance pay benefits. An actuarial valuation of the severance obligations as of March 31, 2017 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include an interest rate of 6.0% (2014 - 6.5%), severance rate of 0.85% of average salary of $69,519 for administration staff and 0.37% of average salary of $43,872 for adjusting staff (2014 - 0.74% of average salary of $64,946 for administration staff and 0.44% of average salary of $42,015 for adjusting staff), and salary inflation rate increases of 3.75% (2014 - 3.75%). The accrued benefit cost method with salary projection was used.

The average remaining service life of the employees is nine years for administration staff and six years for adjusting staff. For 2017/18, the amortization of the net actuarial loss was $2,000 (2017 - $10,000).

Provision for severance liability	2018	2017
Accrued severance obligation, beginning of year	$ 2,763	$ 2,707
Benefits accrued	97	138
Interest accrued on benefits	156	176
Benefits paid	(369)	(258)
Actuarial (gain)	(109)	-
Accrued severance obligation, end of year	$ 2,538	$ 2,763
Unamortized actuarial gain (loss)	19	(91)
Provision, end of year	2,557	2,672

MASC's severance costs consist of the following:	2018	2017
Benefits accrued	$ 97	$ 138
Interest accrued on benefits	156	176
Amortization of experience loss	2	10
Severance cost	255	324

Pension Liability

MASC's employees are eligible for pension benefits in accordance with the provision of 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 length of service and on the average of annualized earnings calculated on the best five years of service prior to retirement, termination or death that provides the highest earnings. MASC is required to match the contributions made to the Fund by employees at prescribed rates, which is recorded as an operating expense.

MASC contributes 50% of the pension disbursements made to retired employees of the former MACC for service up to September 1, 2005. In addition, MASC has pension liability for employees whose earnings are out of the scope of the Civil Service Superannuation Fund plan.

Effective April 1, 1998, the former MCIC became a fully funded matching employer. Upon the formation of MASC, the current pension obligations to the Civil Service Superannuation Board (CSSB) for former MCIC employees continued to be matched by MASC. As a matching employer for this particular group of employees, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

Prior to the amalgamation of MACC and MCIC into MASC, MACC did not match employees' current service contributions, and instead contributed 50% of the pension disbursements made to retired employees. Starting September 1, 2005, the current pension contributions for former MACC employees have been matched. MASC accrues a provision for its liability for the pensionable service that was earned by MACC employees prior to September 1, 2005, which includes future cost of living adjustments based on an actuarial valuation. The Province of Manitoba provides funding for this liability (Note 9).

Actuarial valuations are carried out every year to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as of December 31, 2016 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include a rate of return of 6.00% (2015 - 6.0%), inflation of 2.0% (2015 - 2.00%), salary inflation rate increases of 3.75% (2015 - 3.75%), discount rate of 6.00% (2015 - 6.00%) and post-retirement indexing at two-thirds of the inflation rate. The service to date projected benefit method prorated on services has been applied and the liabilities (adjusted for a provision for adverse experience and a trust fund credit) have been estimated to March 31, 2018, all according to the formula prescribed by the consulting actuary.

The average remaining service life of this group of employees is five years. For 2017/18, the amortization of the net actuarial gain was $18,000 (2017 - $52,000).

Provision for employer's share of employees' pension plan		2018		2017
Accrued pension obligation, beginning of year	**$**	**6,111**	$	6,292
Interest accrued on benefits		**392**		377
Benefits paid		**(570)**		(334)
Actuarial (gain) loss		**157**		(224)
Accrued pension obligation, end of year	**$**	**6,090**	$	6,111
Unamortized actuarial gain (loss)		**(82)**		107
Provision, end of year	**$**	**6,008**	$	6,218

MASC's pension plan costs consist of the following:		2018		2017
Interest accrued on benefits	**$**	**392**	$	377
Interest earned		**(16)**		(8)
Amortization of experience gain		**(18)**		(52)
Pension cost	**$**	**358**	$	317

19. COMMITMENTS

		2018		2017
Approved, undisbursed loans	**$**	**30,183**	$	29,546
Estimated farm loan incentives		**4,128**		4,341
Operating leases		**241**		306
Service agreements		**1,059**		-
	$	**35,611**	$	34,193

The estimated farm loan incentives relate to future payments for the Young Farmer Rebate and Management Training Credit programs. The Young Farmer Rebate is based on rebates that clients under 40 years of age at the time of the loan application can earn for the first five years of a loan, with the rebate being applied to the client's loan balance. The Management Training Credit is deducted from the loan balance once the eligible training has been completed. Management Training Credits are no longer being offered, with the program in a run-off situation in respect of existing obligations.

The operating lease commitments are for equipment and vehicles.

The service agreements are for content migration software and internet services.

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments comprise the majority of MASC's assets and liabilities. For lending operations, MASC borrows from the Province of Manitoba at fixed interest rates and then provides fixed term loans to clients at interest rates that generally earn a reasonable interest rate margin to cover associated administrative expenses. For insurance operations, MASC places the retained funds mainly in short-term investments, in order to have sufficient capital available to make insurance payments when losses exceed the current year's premium income plus interest revenue less reinsurance premiums.

MASC's risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third-party compliance reporting and by reviews conducted by MASC's internal auditors.

MASC is exposed to credit, liquidity and market risks in respect of its use of financial instruments.

Credit Risk

Credit risk is the likelihood of one party to a financial instrument failing to discharge an obligation and causing financial loss to the counter party. The financial instruments that potentially subject MASC to credit risk mainly consist of accounts receivable, loans receivable and guarantees on loans. MASC's investments are held by the Province of Manitoba, which guarantees the associated payments of principal and interest.

MASC's maximum possible exposure to credit risk is as follows:

	2018	2017
Investments	**$ 678,730**	$ 510,048
Accounts receivable	**6,305**	4,772
Receivables from the Province of Manitoba	**12,020**	15,488
Receivables from the Government of Canada	**6,874**	8,283
Loans receivable	**745,332**	647,225
Loan guarantees	**72,014**	77,907
	$ 1,521,275	$ 1,263,723

Investments - MASC is not exposed to significant credit risk as its investments are held by the Province of Manitoba, with a guarantee of the associated payments of principal and interest.

Accounts Receivable - MASC's accounts receivable consist largely of insurance premiums due from participating producers and private reinsurance recoveries. The insurance programs offer credit for producer premiums, which are due and payable at the time of billing. Interest is charged on premiums that are not paid by October 31 of that crop year, with March 31 being the final payment deadline. MASC terminates the insurance contracts of producers who do not make acceptable payment arrangements prior to the upcoming crop year. The importance of insurance programs to the financial well being of an ongoing farming operation serves to mitigate the credit risk associated with the non-payment of insurance premiums. There is a very high probability that MASC will receive full payment for the reinsurance recoveries from the private reinsurers, therefore MASC is not exposed to a significant credit risk.

Receivables from the Province of Manitoba and the Government of Canada - MASC is not exposed to significant credit risk given the very high probability that payment in full will be collected when due.

Loans Receivable - Impairment provisions are provided for losses that have been incurred as of the end of the fiscal year. Significant changes in the economic well being of Manitoba's agricultural industry or the deterioration of specific sectors of the industry, which represent a concentration within MASC's overall loan portfolio, may result in losses that differ from those provided for as of the date of the Statement of Financial Position. Management of credit risk associated with loans is an integral part of MASC's activities, with careful monitoring and appropriate remedial actions.

The Board of Directors is responsible for approving and monitoring MASC's tolerance of credit exposures, which it does through review and approval of the guidelines for lending and loan guarantee programs and by setting general limits on credit exposures to individual clients. MASC has comprehensive policy and procedures manuals in place for all lending programs. In general, MASC emphasizes responsible lending, which is comprised of a combination of adequate loan security and a client's ability to pay.

MASC is also mandated to deliver higher risk special assistance loan programs on behalf of the Manitoba Government and economic development loans (referred to as Enterprise Development Loans) as directed by the Manitoba Government, which fall outside the normal limits set out in regular loan policies. These loans have provisions for credit losses that are established by the Provincial Treasury Board. In addition, MASC closely monitors the performance of these loans in an effort to mitigate losses. Special assistance loans make up 1% of MASC's overall lending portfolio.

Summarized below are the loan balances that are past due but not impaired.

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 1 year in arrears	$ 13,368	$ 2	**$ 13,370**	$ 8,985	$ -	$ 8,985
1 to 2 years in arrears	6,380	8	**6,388**	3,323	23	3,346
Over 2 years in arrears	274	-	**274**	-	-	-
	$ 20,022	$ 10	**$ 20,032**	$ 12,308	$ 23	$ 12,331

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Loans that are past due but not impaired generally reflect situations where it is thought that the client has sufficient cash flow to meet their payment obligations and the loan is adequately secured. The majority of MASC's term loans have semi-annual payments and therefore a loan that is in the "Less than 1 year" category is generally only one payment in arrears. Two payments in arrears put the loan in the "1 to 2 years" category. In addition, Stocker Loans, which provide short-term financing for the purchase or retention of feeder cattle, are due at the end of the term, which is generally one year. Any delay in the sale of the cattle at the end of the term technically puts the loan in arrears, however, such loans are normally paid in full once the associated cattle are sold.

MASC's lending exposure, as provided in Note 12, is broken down by agricultural sector as shown in the table below:

Loans Receivable by Agricultural Sector

	2018			2017		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Grains and oilseeds	$ 440,253	$ 203	**$ 440,456**	$ 392,196	$ 1,834	$ 394,030
Potatoes	536	-	**536**	552	-	552
Other crops	7,803	55	**7,858**	8,444	51	8,495
Cattle	260,244	949	**261,193**	211,112	1,167	212,279
Hogs	4,100	5,506	**9,606**	2,381	7,019	9,400
Poultry	5,371	-	**5,371**	5,311	-	5,311
Dairy	17,080	-	**17,080**	16,277	-	16,277
Other	16,372	4,263	**20,635**	14,424	4,248	18,672
Provisions and concessions	(9,961)	(7,442)	**(17,403)**	(8,569)	(9,222)	(17,791)
	$ 741,798	$ 3,534	**$ 745,332**	$ 642,128	$ 5,097	$ 647,225

* Includes Manitoba Hog Assistance, BSE Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Given that the Province of Manitoba provides funding for the full amount of loans that are written off, MASC's loans receivable risk is minimal.

Loan Guarantees - MASC provides loan guarantees to private sector financial institutions, which encourage the provision of credit to operations that financial institutions consider to be higher risk. Each loan guarantee request is reviewed to assess its viability and to ensure a fit within the established program parameters. Loan guarantees are approved based on a delegated approval authority. MASC's loan guarantee activity involves five separate programs: Operating Credit Guarantees for Rural Small Business and Rural Entrepreneur Assistance, which are directed at rural non-agricultural businesses; Manitoba Livestock Associations Loan Guarantees, which are directed at the cattle industry; and Operating Credit Guarantees for Agriculture and Diversification Loan Guarantees, which are generally available to Manitoba's agricultural industry.

MASC's loan guarantee exposure by agricultural sector is summarized below:

Loan Guarantees by Agricultural Sector

	Diversification Loan Guarantees		Operating Credit Guarantees	
	2018	2017	**2018**	2017
Grains and oilseeds	**-**	-	**55%**	59%
Potatoes	**3%**	5%	**3%**	3%
Other crops	**4%**	3%	**4%**	2%
Cattle	**1%**	-	**18%**	14%
Hogs	**16%**	23%	**9%**	9%
Poultry	**10%**	10%	**1%**	-
Dairy	**59%**	53%	**2%**	2%
Other	**7%**	6%	**8%**	11%
	100%	100%	**100%**	100%

The Province of Manitoba provides funding for all claims by private sector financial institutions on loan guarantees, resulting in minimal associated risk eligible to MASC.

Interest Rate Risk

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

Investments - MASC's investment portfolio is mainly in short-term interest bearing investments. These investments are normally held to maturity so changes in interest rates do not affect the value of the investments. All of MASC's investments are placed through Manitoba Finance.

Loans Receivable/Loans from the Province of Manitoba - MASC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at 1.5 percentage points above the associated borrowing rate. The vast majority of loans from the Province of Manitoba have fixed or renewable interest rates for the full term of the advance and MASC offers fixed and renewable interest rate loans to its clients. This arrangement mitigates MASC's interest rate risk; however, some interest rate risk is imparted through MASC's lending policy of allowing prepayment of loans without penalty, given that MASC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MASC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

Loans Receivable and Advances from the Province of Manitoba

	Scheduled Repayments						
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Not Interest Rate Sensitive*	**2018**	2017
Loans Receivable	$ 88,866	194,195	174,959	293,429	(6,117)	**$ 745,332**	$ 647,225
Average Interest Rate	4.36%	4.42%	4.45%	4.36%	-	**4.40%**	4.33%
Due to the Province of Manitoba	$ 144,249	278,702	180,338	170,239	-	**$ 773,528**	668,752
Average Interest Rate	3.03%	3.14%	3.15%	3.09%	-	**3.11%**	3.01%
	$ (55,383)	(84,507)	(5,379)	123,190	(6,117)	**$ (28,196)**	$ (21,527)

* Includes provisions for impaired loans, unamortized discount on loans with concessionary interest and accrued interest.

Liquidity Risk

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

Advances from the Province of Manitoba have a direct correlation to the loans receivable, as the funds borrowed are directly lent to MASC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written off. Consequently, MASC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

MASC's primary liquidity risk relates to its liability for insurance claims. MASC does not have material liabilities that can be called unexpectedly at the demand of a lender or client, and has no material commitments for capital expenditures, or need for same, in the normal course of business.

Insurance indemnities are funded firstly out of current net revenue, which normally exceeds cash requirements. In addition, insurance program funds are retained and placed in short-term investments, making such funds available to pay claims in excess of current net revenue. Private sector reinsurance is in place for AgriInsurance and Hail Insurance, providing significant protection against catastrophic losses. If all of the above are exhausted for AgriInsurance, the Government of Canada and the Province of Manitoba have an agreement in place that provides for unlimited additional funding for claim payments (Note 23). MASC also has the ability to borrow funds from the Province of Manitoba for AgriInsurance and Hail Insurance, if required.

21. ACTUARIAL REVIEW

Actuarial certifications of AgriInsurance premium rates and the financial sustainability of the overall AgriInsurance Program were completed by IAO Actuarial Consulting Inc. in January 2018 and August 2017, respectfully. The actuarial review concluded that: the premium rate methodologies are actuarially sound and therefore sufficient to meet expected claim costs over time; and that the entire program meets the overall financial self-sustaining criteria, as defined by the Government of Canada. The actuarial review of the methodologies used to establish the probable yields and coverage levels was completed in October 2013, by Towers Watson, consulting actuary, and with the finding that the methodologies reflect the productive capabilities. MASC requires that all program changes receive actuarial approval prior to implementation and that the probable yield tests as prescribed by the Federal Government be completed annually.

22. RELATED PARTY TRANSACTIONS

MASC is related in terms of common ownership to all Province of Manitoba departments, agencies and Crown corporations. MASC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Information is provided throughout these statements which disclose the significant related party transactions. The value for interest paid and interest earned are as follows:

	2018	2017
Interest earned on investments from the Province of Manitoba	**$ 5,518**	$ 3,298
Interest paid on loans from the Province of Manitoba	**$ 20,146**	$ 18,552

23. REINSURANCE FUNDS

AgriInsurance

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the AgriInsurance Program.

When indemnities paid to insured producers exceed the funds retained by MASC, after accounting for private sector reinsurance recoveries, transfers are made from the reinsurance funds to MASC. Interest is not credited or charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. The balances in the Crop Reinsurance Fund of Canada for Manitoba and the Crop Reinsurance Fund of Manitoba are held by the Government of Canada and the Province of Manitoba, respectively. Federal-provincial reinsurance is essentially an agreement on how to share the financing of any deficits in the AgriInsurance Program.

	Crop Reinsurance Fund of Canada for Manitoba		Crop Reinsurance Fund of Manitoba	
	2018	2017	**2018**	2017
Opening surplus	**$ 36,026**	$ 36,024	**$ 58,046**	$ 58,044
Current year premium contributions (net)*	**-**	2	**-**	2
Net book value	**$ 36,026**	$ 36,026	**$ 58,046**	$ 58,046

* For 2017/18, there were no current year premium contributions, as the reinsurance premium rates for the year were zero. The current year premium contributions (net) are the result of prior year adjustments and are shown net of an allowance for uncollectible accounts, which in 2017/18 is zero (2017 - $4,000 recovery).

In addition to the financial protection provided by federal-provincial reinsurance as noted above, MASC entered into a one-year agreement with private sector reinsurers for the 2017 crop year. The agreement involved 32 reinsuring companies assuming 90% (2017 - 90%) of losses (including deemed losses for adjusting expenses) from 15.0% to 27.5% of AgriInsurance liability (coverage). Reinsurance premiums were $32,194,000 (2017 - $29,869,000). There was no private sector reinsurance recovery for 2018.

Hail Insurance

For 2017/18, MASC entered into a one-year agreement with private sector reinsurers for the Hail Insurance Program. The agreement involved 22 reinsuring companies assuming 90% of hail insurance losses (including actual loss adjusting expenses) from 4.25% to 7.00% of hail insurance liability (coverage). Reinsurance premiums were $1,540,000 (2017 - $1,499,000), with a reinsurance recovery of $29,000 (2017 - $6,542,000).

Western Livestock Price Insurance

Alberta's Agriculture Financial Services Corporation (AFSC) administers this program on behalf of MASC. AFSC entered into a private reinsurance agreement for 2017/18 for excess of loss reinsurance, whereby reinsuring companies assumed 100% of the losses between 200% to 500% of gross net written premium. This agreement included Manitoba's share of the program. Manitoba's share of reinsurance premiums were $158,000 (2017 - $145,000).

Beginning in 2017/18, the program also entered into a separate quota share reinsurance agreement whereby the reinsurer assumed 46.5% of all losses incurred for the Western Livestock Price Insurance Program. Manitoba's share of total reinsurance premiums, net of commissions were $649,000. The reinsurers share of Manitoba's losses were $329,000. Manitoba's total net quota share reinsurance premiums were $320,000.

24. SUBSEQUENT EVENT

Effective April 1, 2018, the Province of Manitoba and the Government of Canada entered into a new framework agreement, the Canadian Agricultural Partnership. The agreement provides the funding arrangements for the AgriInsurance and Wildlife Damage Compensation programs for the next five years.

25. COMPARATIVE FIGURES

Certain prior year balances have been adjusted to reflect current year presentation.

Manitoba Agricultural Services Corporation
Schedule 1: Schedule of Operations and Accumulated Surplus

FOR THE YEAR ENDED MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

	Lending Programs		AgriInsurance Program		Hail Insurance Program	
	2018	2017	2018	2017	2018	2017
REVENUE						
Insurance premiums						
Insured producers	$ -	$ -	$ 97,258	$ 88,132	$ 26,790	$ 26,874
Province of Manitoba	-	-	56,904	51,800	-	-
Government of Canada	-	-	85,360	77,703	-	-
	-	-	239,522	217,635	26,790	26,874
Interest from loans	29,830	26,766	-	-	-	-
Other contributions - Province of Manitoba	(3,324)	(1,679)	4,515	4,372	-	-
Other contributions - Government of Canada	-	-	6,748	6,539	-	-
Reinsurance recoveries	-	-	-	-	29	6,542
Investment income	44	46	4,802	2,512	853	925
Other income	335	270	-	-	-	-
Total revenue	26,885	25,403	255,587	231,058	27,672	34,341
EXPENSE						
Insurance indemnities and compensation payments	-	-	45,760	79,428	15,972	43,578
Reinsurance premiums (Note 23)	-	-	32,194	29,869	1,540	1,499
Interest on borrowed funds	20,146	18,552	-	-	-	-
Provision (recoveries) for credit losses	(298)	(2,218)	296	794	(21)	24
Provision (recoveries) for guaranteed loan losses (Note 17)	(3,601)	(284)	-	-	-	-
Young farmer incentives	1,505	1,751	17	14	-	-
Farmland school tax rebates (Note 5)	-	-	-	-	-	-
Other program payments (Note 7)	-	-	-	-	-	-
Administrative expenses (Schedule 2)	5,234	4,722	11,247	10,897	4,573	5,008
Total expenses	22,986	22,523	89,514	121,002	22,064	50,109
Income from operations	3,899	2,880	166,073	110,056	5,608	(15,768)
Contributions to trust funds	-	-	203,573	-	61,430	-
Income (loss) for the year	3,899	2,880	(37,500)	110,056	(55,822)	(15,768)
Accumulated surplus (deficit), beginning of year	(29,523)	(32,403)	434,872	324,816	55,822	71,590
Surplus (deficit), end of year	$ (25,624)	$ (29,523)	$ 397,372	$ 434,872	$ -	$ 55,822

Wildlife Damage Compensation Program		Farmland School Tax Rebate Program		Western Livestock Price Insurance Program		Other Programs		Total	Total
2018	2017	2018	2017	2018	2017	2018	2017	**2018**	2017
$ -	$ -	$ -	$ -	$ 1,823	$ 1,023	$ -	$ -	**$ 125,871**	$ 116,029
-	-	-	-	-	-	-	-	**56,904**	51,800
-	-	-	-	-	-	-	-	**85,360**	77,703
-	-	-	-	1,823	1,023	-	-	**268,135**	245,532
-	-	-	-	-	-	-	-	**29,830**	26,766
3,201	3,706	41,015	40,368	326	339	(1,594)	(633)	**44,139**	46,473
3,790	4,353	-	-	489	509	-	(1)	**11,027**	11,400
-	-	-	-	-	79	-	-	**29**	6,621
-	-	31	15	11	2	82	52	**5,823**	3,552
-	-	-	-	-	-	40	26	**375**	296
6,991	8,059	41,046	40,383	2,649	1,952	(1,472)	(556)	**359,358**	340,640
6,063	7,232	-	-	703	1,702	-	-	**68,498**	131,940
-	-	-	-	478	145	-	-	**34,212**	31,513
-	-	-	-	-	-	-	-	**20,146**	18,552
-	-	(11)	15	-	-	(7)	106	**(41)**	(1,279)
-	-	-	-	-	-	-	-	**(3,601)**	(284)
-	-	-	-	-	-	-	-	**1,522**	1,765
-	-	40,655	39,836	-	-	-	-	**40,655**	39,836
-	-	-	-	-	-	(1,038)	(684)	**(1,038)**	(684)
928	827	402	532	815	848	(427)	22	**22,772**	22,856
6,991	8,059	41,046	40,383	1,996	2,695	(1,472)	(556)	**183,125**	244,215
-	-	-	-	653	(743)	-	-	**176,233**	96,425
-	-	-	-	-	-	-	-	**265,003**	-
-	-	-	-	653	(743)	-	-	**(88,770)**	96,425
-	-	-	-	(115)	628	-	-	**461,056**	364,631
$ -	$ -	$ -	$ -	$ 538	$ (115)	$ -	$ -	**$ 372,286**	$ 461,056

Manitoba Agricultural Services Corporation
Schedule 2: Schedule of Administrative Expenses

FOR THE YEAR ENDED MARCH 31, 2018 | IN THOUSANDS OF DOLLARS

		2018		2017
Adjustors' wages, benefits and expenses	**$**	**4,842**	$	5,485
Advertising		**365**		384
Amortization expense		**50**		60
Appeal Tribunal		**27**		38
Audit fees and legal		**253**		390
Directors' remuneration and expense		**75**		57
Furniture and equipment		**87**		82
Information technology		**965**		608
Office rental and utilities		**1,252**		1,310
Other administrative expenses		**1,239**		811
Other administrative recoveries		**(899)**		(933)
Postage		**174**		173
Printing and office supplies		**177**		140
Salaries and employee benefits		**13,528**		13,659
Telephone		**271**		240
Travel and vehicle expenses		**366**		352
Total administrative expenses	**$**	**22,772**	$	22,856
Administrative expenses allocation:				
Lending Programs	**$**	**5,234**	$	4,722
AgriInsurance Program		**11,247**		10,897
Hail Insurance Program		**4,573**		5,008
Wildlife Damage Compensation Program		**928**		827
Farmland School Tax Rebate Program		**402**		532
Western Livestock Price Insurance Program		**815**		848
Other Programs		**(427)**		22
Total administrative expenses	**$**	**22,772**	$	22,856

MANITOBA ARTS COUNCIL FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and note disclosures are the responsibility of management of Manitoba Arts Council and have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. The financial statements have been reviewed by the Audit/Finance/HR Committee and approved by Council on June 26, 2018.

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

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are being followed.

The financial statements have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of Manitoba Arts Council

Original Document Signed

Debra Solmundson
Acting Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Council of Manitoba Arts Council

Report on the Financial Statements

We have audited the accompanying financial statements of Manitoba Arts Council, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Arts Council as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

Magnus

Magnus LLP
Chartered Professional Accountants
June 26, 2018
Winnipeg, Canada

STATEMENT OF FINANCIAL POSITION MARCH 31, 2018

	Grants & Programs Fund	Bridges Fund	Total 2018	Total 2017
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$968,905	$0	$968,905	$435,205
Accounts receivable (NOTE 4)	24,164	0	$24,164	1,214
Prepaid expenses	11,030	0	11,030	11,427
	1,004,099	**0**	**1,004,099**	**447,846**
Recoverable from Province of Manitoba (NOTE 9)	36,000	0	36,000	36,000
Portfolio investments (NOTE 5)	213,718	0	213,718	212,160
Capital assets (NOTE 6)	77,691	0	77,691	16,229
Interfund balances	0	0	0	0
TOTAL ASSETS	**$1,331,508**	**$0**	**$1,331,508**	**$712,235**
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities (NOTE 8)	$122,533	$0	$122,533	$98,397
Commitments for grants and programs	638,785	0	638,785	311,175
	761,318	**0**	**761,318**	**409,572**
Employee future benefits (NOTE 9)	112,491	0	112,491	98,945
FUND BALANCES:				
Invested in capital assets	77,691	0	77,691	16,229
Unrestricted	380,008	0	380,008	187,489
	457,699	**0**	**457,699**	**203,718**
Collections (NOTE 7)				
Designated Assets (NOTE 9)				
Commitments (NOTES 6, 10)				
TOTAL LIABILITIES AND FUND BALANCES	**$1,331,508**	**$0**	**$1,331,508**	**$712,235**

Approved on behalf of Council,

Original Document Signed

CHAIR

Original Document Signed

ACTING CEO

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

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2018

	Grants & Programs Fund	Bridges Fund	Total 2018	Total 2017
REVENUE				
Province of Manitoba - Operating Grant	$8.403.900	$0	$8,403,900	$8,598,900
Province of Manitoba - Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba - Royal Manitoba Theatre Centre	0	150,000	150,000	150,000
Province of Manitoba - Manitoba Opera Association	0	150,000	150,000	0
Province of Manitoba - Winnipeg Symphony Orchestra	0	125,000	125,000	0
Other	138,000	0	138,000	45,000
Investment Income	17,662	0	17,662	13,645
	8,559,562	**1,300,000**	**9,859,562**	**9,682,545**
EXPENSES				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	162,500	0	162,500	162,500
Arts Service Organizations	48,000	0	48,000	94,000
Dance Companies	882,050	0	882,050	882,050
Music Organizations	1,197,060	275,000	1,472,060	1,197,060
Theatre Companies	1,657,450	150,000	1,807,450	1,807,450
Visual Arts Organizations	881,840	0	881,840	881,840
Book Publishers	268,200	0	268,200	268,200
Periodical Publishers	207,690	0	207,690	207,690
	5,304,790	**425,000**	**5,729,790**	**5,500,790**
Touring Grants	280,000	0	280,000	270,500
Presentation Grants	428,350	0	428,350	337,700
Management & Governance	0	18,500	18,500	18,500
	6,013,140	**443,500**	**6,456,640**	**6,127,490**
INDIVIDUALS				
Professional Development Grants	188,142	0	188,142	194,851
Creation and Production Grants	599,382	0	599,382	573,321
Touring Grants	16,000	0	16,000	16,000
Aboriginal Arts Grants	0	56,000	56,000	68,000
	803,524	**56,000**	**859,524**	**852,172**
ARTS DEVELOPMENT				
Residencies	410,901	0	410,901	405,984
ArtsSmarts Projects	91,168	0	91,168	131,623
Award of Distinction	30,000	0	30,000	0
Special Projects	10,692	89,128	99,820	134,625
Community Connections & Access	0	149,470	149,470	151,870
Arts Education Initiatives	0	20,000	20,000	20,000
	542,761	**258,598**	**801,359**	**844,102**
	7,359,425	**758,098**	**8,117,523**	**7,823,764**
Arts Program Delivery Expenses	625,907	96,029	721,936	794,165
	7,985,332	**854,127**	**8,839,459**	**8,617,929**
Administrative Expenses	814,391	0	814,391	753,105
	8,799,723	**854,127**	**9,653,850**	**9,371,034**
Rescinded Commitments	(48,269)	0	(48,269)	(43,106)
Total Expenses	**8,751,454**	**854,127**	**9,605,581**	**9,327,928**
(Deficiency) Excess of Revenue over Expenses	**($191,892)**	**$445,873**	**$253,981**	**$354,617**

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

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2018

	GRANTS & PROGRAMS FUND		BRIDGES FUND		
	Invested In Capital Assets	General		Total 2018	Total 2017
FUND BALANCES, BEGINNING OF YEAR	**$16,229**	**187,489**	**$0**	**203,718**	**(150,899)**
(Deficiency) Excess of Revenue over Expenses	(12,657)	(179,235)	445,873	253,981	354,617
Additions to Capital Assets	74,119	(74,119)	0	0	0
Interfund Transfers (NOTE 11)	0	445,873	(445,873)	0	0
FUND BALANCES, END OF YEAR	**$77,691**	**380,008**	**$0**	**457,699**	**203,718**

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

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2018

	2017	2016
CASH PROVIDED BY (APPLIED TO)		
Operating activities:		
Excess (Deficiency) of Revenue over Expenses	$253,981	$354,617
Adjustment for:		
Amortization of capital assets	12,657	14,019
	266,638	368,636
Changes in the following:		
Accounts receivable	(22,905)	18,536
Prepaid expenses	397	1,732
Accounts payable and accrued liabilities	24,136	(28,575)
Commitments for grants and programs	327,610	(238,631)
Employee future benefits	13,546	13,190
Cash (applied to) operating activities	609,377	134,888
Investing activities:		
Change in portfolio investments	(1,558)	(25,119)
Cash provided by (applied to) investing activities	(1,558)	(25,119)
Capital activities:		
Acquisition of capital assets	(74,119)	(3,540)
Cash (applied to) capital activities	(74,119)	(3,540)
Change in cash and cash equivalents	533.700	106,229
Cash and cash equivalents, beginning of year	**435,205**	**328,976**
Cash and cash equivalents, end of year	**$968,905**	**$435,205**

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

1. Nature of Organization

The Arts Council Act established the Manitoba Arts Council (the "Council") in 1965 to "...promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

3. Summary of Significant Accounting Policies

(a) Fund Accounting

The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Program Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of the Council as defined in *The Arts Council Act*.

(ii) Bridges Fund

This fund was established in June of 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 revenue over expenses, if any, is transferred to the Grants & Programs Fund at an amount as determined by the Council to fulfill similar goals and objectives.

(b) Revenue Recognition

(i) Contributions

The Council follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue in the applicable fund when received or receivable and when collection is reasonably assured.

(ii) Investment Income

Investment income is recognized on the accrual basis.

(c) Expenses

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

(d) Cash and Cash Equivalents

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

(e) Accounts Receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

(f) Portfolio Investments

Portfolio investments include term deposits and investments with original maturities greater than three months. These investments are recognized at cost.

(g) Capital Assets

Capital assets are recognized at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Office furniture and equipment 5-10 years straight-line

Computer hardware and software 3 years straight-line

(h) Collections of Musical Instruments and Works of Visual Art

The Council has collections of musical instruments and works of visual art which are not recognized in the financial statements. See Note 7 for information relating to the Council's collections.

(i) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year, the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(j) Commitments for Grants and Programs

Grants and program commitments are recognized as expenses when funding is formally approved and committed by the Council. Cancellations of prior years' grant expenses are reflected as rescinded commitments in the statement of operations in the year of cancellation.

(k) Financial Instruments - Measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost. The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on any financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

(l) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4. Accounts Receivable

Accounts receivable at March 31 is comprised of the following:

	2018	2017
Accrued interest	$4,097	$1,156
Due from the Province of Manitoba	20,000	0
Other receivables	67	58
	$24,164	$1,214

As at March 31, 2018, amounts due from the Province of Manitoba are from Manitoba Education and Training in support of the ArtsSmarts Manitoba project.

5. Portfolio investments

As at March 31, 2018, the market value of the Council's portfolio investments is $213,339 (2017 - $211,786).

6. Capital Assets

	2018		
	Cost	Accumulated Amortization	Net Book Value
Office furniture and equipment	$133,730	$133,530	$200
Computer hardware and software	598,414	520,923	77,491
	$723,144	$654,453	$77,691

The Council has entered into an agreement with a software provider to design and develop a new on-line grants management system for a total cost of $70,840. As at March 31, 2018, the total costs incurred pursuant to this contract amounted to $49,588 with $21,252 remaining to be incurred in 2019. As at March 31, 2018, the total net book value of capital assets not subject to amortization is $49,588 (2017 - $nil).

7. Collections

Works of Visual Art

The Council's collection of works of visual art is comprised of 399 pieces of art currently in the care of the Arts Gallery of Southwestern Manitoba in Brandon, Manitoba and at Council's Winnipeg, Manitoba office. There were no acquisitions or disposals of collection items during the year (2017 - $nil). Total expenditures on collection items during the year amounted to $224 for framing and repairs (2017 - $2,662). The most recent appraisal of the visual art collection was completed in 2005 indicating a market value of $449,222.

7. Collections (continued)

Musical Instruments

The Manitoba Arts Council jointly owns a collection of stringed instruments with the Universities of Manitoba and Brandon, Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2017 - $nil). The most recent valuation of these instruments indicated a value of $424,770.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2018	2017
Trade payables and accruals	$28,436	$17,333
Accrued vacation entitlements	82,793	79,012
Accrued overtime entitlements	10,704	1,195
Other accruals	600	857
	$122,533	$98,397

9. Employee Future Benefits

Pension Benefits

Employees of the Council are provided pension benefits as a result of the participation of its eligible employees in the Civil Service Superannuation Act (CSSA). The Council participates on a fully funded basis and its contributions of $58,659 (2017 - $59,900) represents the total pension expense for the year. Pursuant to the CSSA, the Council has no further liability for pension benefits as at year end.

Severance Liability

Effective March 31, 1999, Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of $36,000 as at April 1, 1998 and the Council has recorded a corresponding recoverable from the Province; this recoverable from the Province is designated for future severance obligations of the Council. Any subsequent changes to the severance liability is the responsibility of the Council.

As at March 31, 2018, the Council recorded a severance liability of $112,491 (2017 - $98,945) based on the provisions of its Employee Handbook and management's best assumptions regarding severance rates and compensation increases.

The assumptions used parallel those used by the Province of Manitoba and include a 3.8% (2017 - 6%) rate of return and 3.75% (2017 - 3.75%) annual salary increases. The liability is based on actuarial calculations and is updated annually based on a formula included in the most recent actuarial valuation dated December 31, 2016.

The periodic actuarial valuations of this liability may determine that adjustments are needed when actual experience is different than expected or when there are changes in the actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the employee group of 15 years.

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

	2018	2017
Severance liability, beginning of year	$98,945	$85,755
Actuarial (gains) losses	(9,000)	-
Interest cost	4,030	5,146
Current service cost	10,116	8,044
Severance benefits paid during the year	-	-
	104,091	98,945
Less: Unamortized actuarial (gains) losses	8,400	-
Severance liability, end of year	$112,491	$98,945

10 Commitments

The Council has entered into an agreement to lease office premises for ten years commencing April 1, 2012, expiring March 31, 2022. The 2018 basic annual rent was $131,013. The 2019 basic annual rent is estimated to be $132,360. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

11. Interfund Transfers and Internally Restricted Fund Balances

In 2018, there were no internally restricted funds allocated to programs. In addition, $445,873 (2017 - $395,412) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Organizations and Arts Development Grants during the year.

12. Financial Instruments and Financial Risk Management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2017 - $nil).

Financial Risk Management - Overview

The Council has exposure to the following risks resulting from its financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba.

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

	2018	2017
Cash and cash equivalents	$968,905	$435,205
Accounts receivable	24,164	1,214
Portfolio investments	213,718	212,160
Recoverable from the Province of Manitoba	36,000	36,000
	$1,242,787	$684,579

Cash and Cash Equivalents and Portfolio Investments

The Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

Accounts Receivable and Recoverable from the Province of Manitoba

The Council is not exposed to significant credit risk as any significant balances are due from the Province of Manitoba. The Council manages this credit risk through close monitoring and follow up of any overdue accounts. When necessary, the Council establishes an allowance for doubtful accounts that represent its estimate of potential credit losses. The balance in the allowance for doubtful accounts as at March 31, 2018 is $nil (2017. - $nil).

Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

Interest rate risk

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

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

SCHEDULE 1 - ARTS PROGRAM DELIVERY EXPENSES

YEAR ENDED MARCH 31, 2017

	Grants & Programs Fund	Bridges Fund	Total 2018	Total 2017
Salaries and benefits	$469,657	$74,745	$544,402	$597,537
Jurors' fees and expenses	42,412	5,464	47,876	61,030
Rent	65,830	13,146	78,976	78,156
Communications	27,423	0	27,423	32,743
Staff travel and expenses	2,092	1,287	3,379	2,749
Postage, courier and telephone	8,187	1,270	9,457	10,564
Office supplies	586	117	703	1,052
Sundry	0	0	0	257
Memberships & partnerships	9,720	0	9,720	10,077
	$625,907	**$96,029**	**$721,936**	**$794,165**

SCHEDULE 2 - ADMINISTRATIVE EXPENSES

YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund 2018	Grants & Programs Fund 2017
Salaries and benefits	$517,626	$458,825
Council expenses	32,167	42,404
Rent	52,606	61,694
Postage, courier and telephone	11,914	12,225
Office supplies, printing and stationery	8,915	9,945
Communications:		
Recruitment costs	352	18
Advocacy	7,230	3,639
Annual report	8,231	8,077
Strategic planning	7,812	20,890
Amortization	12,657	14,019
Equipment repairs and maintenance	43,386	45,981
Professional fees	70,614	25,281
Memberships and subscriptions	15,252	14,582
Insurance and sundry	5,741	9,508
Staff travel and expenses	4,664	7,362
Other (Art Bank Administration)	15,224	18,658
	$814,391	**$753,105**

Financial Statements of

MANITOBA CENTENNIAL CENTRE CORPORATION

Year ended March 31, 2018

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 public sector accounting standards. We understand that fair presentation of these financial statements includes: 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 KPMG is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Auditors' Report outlines the scope of the audit examination and provides their opinion.

On behalf of Management,

Original Document Signed

Robert Olson
Chief Executive Officer

Original Document Signed

Mark Krueger
Director, Finance and Administration

KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Manitoba Centennial Centre Corporation

We have audited the accompanying financial statements of Manitoba Centennial Centre Corporation which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Centennial Centre Corporation as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 20, 2018

Winnipeg, Canada

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 749,870	$ 544,624
Term deposits - Province of Manitoba	404,054	202,036
Short term investments	200,586	–
Accounts receivable	445,466	394,823
Capital grant receivable - Province of Manitoba (note 10)	174,067	2,473
Inventory	55,460	52,508
Prepaid expenses	33,248	52,024
Vacation pay recoverable from the Province of Manitoba (note 4)	199,964	199,964
Other investments (note 9)	108,717	107,897
	2,371,432	1,556,349
Amounts recoverable - Province of Manitoba:		
Severance (note 4)	307,561	307,561
Pension (note 5)	6,375,000	6,403,000
Capital assets (note 6)	678,016	769,542
	$ 9,732,009	$ 9,036,452

	2018	2017

Liabilities, Deferred Contributions and Fund Balances

	2018	2017
Current liabilities:		
Accounts payable and accrued liabilities	$ 888,936	$ 280,232
Accrued vacation liability (note 4)	237,316	256,497
Deferred revenue	312,777	33,966
Rental deposits	47,323	53,688
	1,486,352	624,383
Accrued severance pay (note 4)	259,384	322,835
Accrued sick leave (note 4)	32,095	42,635
Pension liability (note 5)	6,375,000	6,403,000
Deferred contributions related to capital assets (note 7)	364,415	601,920
Fund balances		
Invested in capital assets (note 8)	313,601	167,622
Internally restricted funds (note 9)	508,039	427,223
Unrestricted funds:		
General fund	393,123	446,834
	1,214,763	1,041,679
	$ 9,732,009	$ 9,036,452

See accompanying notes to financial statements.

On behalf of the Board

Original Document Signed Director   Original Document Signed Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	General	Capital	Internally restricted	2018 Total	2017 Total
Revenue:					
Concert Hall	$ 1,766,110	$ –	$ –	$ 1,766,110	$ 1,250,788
Rental fees	228,946	–	–	228,946	247,040
Concession sales	518,653	–	–	518,653	473,461
Parking fees	1,456,632	–	–	1,456,632	1,369,770
Miscellaneous	62,268	–	–	62,268	73,060
	4,032,609	–	–	4,032,609	3,414,119
Province of Manitoba grants:					
Operating	2,495,800	–	–	2,495,800	2,999,585
Amortization of deferred contributions (note 7)	–	267,951	–	267,951	258,847
Province of Manitoba - pension, net (note 5)	(163,279)	–	–	(163,279)	(182,922)
	2,332,521	267,951	–	2,600,472	3,075,510
Recoveries of expenses	250,986	–	–	250,986	225,098
Investment income (note 9)	–	–	816	816	603
Total revenues, grants and recoveries	6,616,116	267,951	816	6,884,883	6,715,330
Expenses:					
Administration and general	706,472	–	–	706,472	735,817
Amortization of capital assets	–	302,499	–	302,499	330,322
Concession operations	323,548	–	–	323,548	280,273
Building services and maintenance	1,370,214	–	–	1,370,214	1,307,023
Host services and special projects	449,519	–	–	449,519	464,053
Manitoba Production Centre	285,302	–	–	285,302	253,234
Parking services	172,234	–	–	172,234	292,981
Pension (note 5)	335,811	–	–	335,811	292,754
Security services	537,011	–	–	537,011	588,016
Stage operations	522,029	–	–	522,029	441,321
	4,702,140	302,499	–	5,004,639	4,985,794
Expenses incurred on behalf of The Manitoba Museum (note 11)	1,707,160	–	–	1,707,160	1,840,499
Total expenses (schedule - operating expenses)	6,409,300	302,499	–	6,711,799	6,826,293
Excess (deficiency) of revenue over expenses	$ 206,816	$ (34,548)	$ 816	$ 173,084	$ (110,963)

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	General	Capital	Internally restricted	2018 Total	2017 Total
Fund balances, beginning of year	$ 446,834	$ 167,622	$ 427,223	$ 1,041,679	$ 1,152,642
Excess (deficiency) of revenue over expenses	206,816	(34,548)	816	173,084	(110,963)
Transfer of funds related to internally funded capital asset additions	(180,527)	180,527	–	–	–
Transfer of funds from unrestricted to internally restricted funds (note 9)	(80,000)	–	80,000	–	–
Fund balances, end of year	$ 393,123	$ 313,601	$ 508,039	$ 1,214,763	$ 1,041,679

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ 173,084	$ (110,963)
Adjustments for:		
Amortization of deferred contributions	(267,951)	(258,847)
Amortization of capital assets	302,499	330,322
	207,632	(39,488)
Change in other investments	(820)	(603)
Change in accrued severance pay	(63,451)	14,355
Change in accrued sick leave	(10,540)	2,061
Change in non-cash working capital balances:		
Accounts receivable	(50,643)	(61,711)
Inventory	(2,952)	(1,952)
Prepaid expenses	18,776	(14,029)
Accounts payable and accrued liabilities	608,704	(189,384)
Accrued vacation liability	(19,181)	4,881
Deferred revenue	278,811	(1,550)
Rental deposits	(6,365)	9,650
	959,971	(277,770)
Financing:		
Capital assets grants receivable - Province of Manitoba	(141,148)	279,511
Investing:		
Purchase of capital assets	(210,973)	(247,225)
Short term investments	(200,586)	–
	(411,559)	(247,225)
Increase (decrease) in cash and cash equivalents	407,264	(245,484)
Cash and cash equivalents, beginning of year	746,660	992,144
Cash and cash equivalents, end of year	$ 1,153,924	$ 746,660
Cash and cash equivalents consist of:		
Cash	$ 749,870	$ 544,624
Term deposits - Province of Manitoba	404,054	202,036
	$ 1,153,924	$ 746,660

See accompanying notes to financial statements.

1. Nature of the Corporation's operations:

Manitoba Centennial Centre Corporation (the Corporation) was established in 1968 for the development and management of a permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts. The Corporation is exempt from income taxes under Sub-section 149(1) of the *Income Tax Act.*

2. Properties of the Corporation:

The Corporation oversees properties on behalf of the Province of Manitoba. At March 31, 2018, registered titles to these properties, being the Manitoba Centennial Centre, Manitoba Production Centre (MPC), 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 Letters of Understanding/Agreement between Manitoba Culture, Heritage and Tourism and Manitoba Centennial Centre Corporation dated December 14, 2005 in which the Corporation agreed to manage this property for the Province.

3. Significant accounting policies:

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

3. Significant accounting policies (continued):

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis.

The General fund is used to account for the operations of the Corporation.

Internally restricted funds consist of the Foundation of the Future Fund which is to be used towards funding of youth based arts and culture, Manitoba Production Centre Fund which is to be reinvested in that facility, an Equipment Purchases Fund which is used to acquire capital equipment and a Special Projects Fund to support significant one-time expenditures as approved by the Board from time to time. Internally restricted funds cannot be expended without the approval of the Board of Directors.

The Capital Asset fund reports the assets, liabilities, revenues and expenses related to capital assets other than assets that are funded by the Province of Manitoba (notes 2, 3[e] and 8).

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and government grants.

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

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

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis corresponding with the amortization rate for the related capital assets.

Revenue from ticket sales, fees contracts and sales of goods is recognized when the services are provided or the goods are sold.

Deferred revenue comprises proceeds from advance ticket sales and deferred income.

3. Significant accounting policies (continued):

(c) Inventory:

Inventory is valued at the lower of cost, using the first-in, first-out basis, and net replacement cost.

(d) Cash:

Cash includes cash on hand and balances with banks.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	20%
Concert hall and museum refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

3. Significant accounting policies (continued):

Assets under construction are included in the appropriate asset category. Assets under construction are not amortized until asset construction is complete.

The financial statements of the Corporation exclude capital assets that are recorded as capital assets in the accounts of the Province of Manitoba. Expenditures on these excluded assets, and the related advances from the Province of Manitoba, are presented in note 10. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements. Such assets are accounted for in accordance with the requirements of Canadian public sector accounting standards section 4230.

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Investments consist of term deposits, and are recorded at cost plus accrued interest, which approximates fair value.

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

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

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

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

The Corporation did not incur any remeasurement gains and losses during the year ended March 31, 2018 (2017 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

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

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

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

(g) Employee benefits:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees. A provision for employee severance pay is recognized based on the number of eligible employees and years of service.

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Corporation to contribute 50 percent of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for the employer's share of current and past service pension obligations.

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(h) Use of estimates:

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

3. Significant accounting policies (continued):

(i) Accounting changes:

On April 1, 2017, the Corporation adopted Canadian public sector accounting standards PS 2200 Related party disclosures, PS 3420 Inter-entity transactions, PS 3210 Assets, PS 3320 Contingent assets, and PS 3380 Contractual rights. The adoption of these standards did not result in an accounting policy change for the Corporation and did not result in any adjustments to the financial statements as at April 1, 2017.

4. Employee benefits:

(a) Accrued vacation pay:

The Province of Manitoba funds a portion of the vacation pay benefits of the Corporation, which is limited to the amount estimated at March 31, 1995. Accordingly, the Corporation has recorded a recoverable in the amount of $199,964 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. Each year the Corporation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba. At March 31, 2018, the Corporation has an accrued vacation liability of $237,316 (2017 - $256,497).

(b) Accrued severance pay:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2018, based on an actuarial estimate, the obligation for accrued severance pay is $259,384 (2017 - $322,835). The significant actuarial assumptions include an interest rate of 6.0 percent (2017 - 6.0 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 per collective agreement) 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.

4. Employee benefits (continued):

The amount of funding which will be provided by the Province of Manitoba for severance pay benefits of $307,561, represents the amount accumulated to March 31, 1998 by the employees of the Corporation, and is recorded as amounts recoverable - Province of Manitoba on the statement of financial position. This receivable from the Province of Manitoba has no specified terms of repayment. The Corporation is responsible for funding liabilities for severance pay benefits accumulated after March 31, 1998 through its operating grants from the Province of Manitoba. As a result, the change in the accrued severance pay liability, including the interest accretion, is reflected in the funding for severance expense.

(c) Sick leave:

The Corporation provides accumulating sick leave benefits to employees. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporation's accumulated non-vested sick leave benefits include a discount rate of 6.0 percent (2017 - 6.0 percent) and a rate of salary increase of 1 percent (2017 - 1 percent). At March 31, 2018, the Corporation has an accrued sick leave of $32,095 (2017 - $42,635).

5. Pension liability:

The Corporation records the pension liability and the related pension expense, including an interest component, in its financial statements. Based on extrapolation from the most recent actuarial report as at December 31, 2016, the Corporation has recorded an amount of $6,375,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2018 (2017 - $6,403,000). Total pension expense of $507,906 (2017 - $470,900) has been recorded in the statement of operations (see schedule - operating expenses), or $335,811 (2017 - $292,754) net of expenses incurred on behalf of Manitoba Museum.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense. The Corporation has therefore recorded an amount recoverable from the Province of Manitoba of $6,375,000 (2017 - $6,403,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of $163,279 (2017 - $182,922) in the statement of operations. The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

5. Pension liability (continued):

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

	2018	2017
Balance, beginning of year	$ 6,403,000	$ 6,442,829
Decrease (increase) in trust account held by the Province of Manitoba	(28,697)	(13,880)
Benefits accrued	187,641	193,796
Interest accrued (6.0 percent; 2017 - 6.0 percent)	418,310	431,898
Benefits paid	(672,373)	(670,045)
Actuarial losses[1]	67,119	18,402
Balance, end of year	$ 6,375,000	$ 6,403,000

[1]The actuarial valuations as at December 31, 2016 and 2015 were completed in 2017 and 2016, respectively. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years. Assumed salary rate increases are 3.75 percent (2015 - 3.75 percent).

6. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	$ 151,738	$ 106,451	$ 45,287	$ 5,518
Concert hall refurbishments	309,879	250,956	58,923	71,908
Concrete replacement	10,060	8,853	1,207	2,012
Equipment and furnishings	278,748	187,129	91,619	71,349
Marquee	382,230	382,230	–	–
Office renovations	593,028	560,807	32,221	52,087
Courtyard vestibule	250,017	175,012	75,005	100,007
Physical plant and building controls	227,941	213,968	13,973	41,357
Stage equipment	909,563	724,816	184,747	283,796
Security equipment	502,060	434,098	67,962	103,184
System and motor controls	71,158	71,158	–	7,115
Assets under construction	107,072	–	107,072	31,209
	$ 3,793,494	$ 3,115,478	$ 678,016	$ 769,542

7. Deferred contributions:

Deferred contributions represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2018	2017
Balance, beginning of year	$ 601,920	$ 694,773
Capital grants received and receivable (note 10)	30,446	165,994
Less amortized to revenue	(267,951)	(258,847)
Balance, end of year	$ 364,415	$ 601,920

8. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2018	2017
Capital assets (note 6)	$ 678,016	$ 769,542
Amounts financed by deferred contributions (note 7)	(364,415)	(601,920)
	$ 313,601	$ 167,622

9. Internally restricted funds and other investments:

a) Internally restricted funds:

	2018	2017
Foundation of the Future Fund:		
Balance, beginning of year	$ 107,901	$ 107,298
Investment income	816	603
Balance, end of year	$ 108,717	$ 107,901
Manitoba Production Centre Fund:		
Balance, beginning and end of year	$ 30,000	$ 30,000
Equipment Purchases Fund:		
Balance, beginning and end of year	$ 169,322	$ 169,322
Special Projects Fund:		
Balance, beginning of year	$ 120,000	$ 120,000
Transfer from the General fund	80,000	–
Balance, end of year	$ 200,000	$ 120,000
Total internally restricted funds, end of year	$ 508,039	$ 427,223

9. Internally restricted funds and other investments (continued):

During the year ended March 31, 2018, the Corporation transferred an amount of $80,000 from the General Fund to internally restricted net assets, allocated to the Special Projects Fund.

(b) Other investments:

Foundation of the Future funds are held in term deposits with the Province of Manitoba maturing within twelve months of the balance sheet date.

10. Capital advances:

Changes in capital funds on projects awarded by the Province of Manitoba during fiscal 2018 and the remaining advances not yet undertaken at March 31, 2018 were as follows:

	2018	2017
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	$ –	$ 48,434
Funded during the year/awarded and receivable	537,999	165,994
	537,999	214,428
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 3[e]):		
Tenant improvements	–	45,000
Backstage renovations	–	3,434
Marquee sign	159,580	–
Building elevators	194,220	–
MPC building	153,753	–
	507,553	48,434
Capital expenditures reflected in the Corporation's financial statements (note 3[e])	30,446	165,994
Advances carried forward to future years	$ –	$ –

11. Grant of service:

Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to $1,707,160 for the year ended March 31, 2018 (2017 - $1,840,499). Included in these expenses is $218,763 (2017 - $231,103) of administration and general expenses of the Corporation that are allocated to The Manitoba Museum proportionately on a predetermined basis.

12. Financial risk and concentration of credit risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, capital grant receivable - Province of Manitoba, amounts recoverable - Province of Manitoba for severance and pension, cash, term deposits - Province of Manitoba and short term investments.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at March 31, 2018 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. There was no allowance for doubtful accounts at March 31, 2018 and 2017. As at March 31, 2018 and 2017, there were no accounts receivable past due.

There have been no significant changes to the credit risk exposure from 2017.

(b) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2017.

13. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

14. Capital management:

The Corporation's objective when managing its capital is to maintain sufficient capital to cover its costs of operations, while fulfilling its mandate under the *Manitoba Centennial Centre Corporations Act*. The Corporation's capital consists of unrestricted funds, internally restricted funds and funds invested in capital assets. The Corporation's ability to meet its capital objectives is dependent on its cash flows, including operating and capital grants received from the Province of Manitoba.

The Corporation is not subject to externally imposed capital requirements.

The Corporation manages financial risk by maintaining a minimum balance of approximately one month of salary and benefits in its unrestricted funds.

There were no other changes in the Corporation's approach to capital management during the period.

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Administration and general:		
Salaries and employee benefits	$ 563,588	$ 549,072
Audit and legal	24,016	16,625
Insurance	82,235	77,292
Telephone and fax	37,528	30,247
Box office credit card fees and other	38,612	–
Other	168,136	240,529
Marketing	11,121	53,153
	925,236	966,918
Building services and maintenance:		
Salaries and employee benefits	1,417,137	1,404,999
Repairs, maintenance and supplies	407,236	510,969
Utilities	793,386	756,654
	2,617,759	2,672,622
Concession operations:		
Salaries and employee benefits	117,148	112,133
Cost of goods sold	183,410	161,356
Other	22,990	6,784
	323,548	280,273
Host services and special projects:		
Salaries and employee benefits	421,251	438,014
Other	28,268	26,039
	449,519	464,053
Manitoba Production Centre:		
Salaries and employee benefits	5,283	1,950
Administration costs	58,150	56,211
Repairs, maintenance and supplies	52,522	33,335
Property taxes	103,609	102,367
Utilities	65,738	59,371
	285,302	253,234
Parking services:		
Salaries and employee benefits	62,761	189,227
Agency fees and expenses	92,251	85,919
Other	17,223	17,835
	172,235	292,981
Pension	507,906	470,900
Security services:		
Salaries and employee benefits	583,994	628,874
Other	21,772	24,795
	605,766	653,669
Stage operations:		
Salaries and employee benefits	416,377	360,573
Repairs, supplies and equipment	105,652	80,748
	522,029	441,321
Total expenses of general fund	$ 6,409,300	$ 6,495,971

MANITOBA COMBATIVE SPORTS COMMISSION

Financial Statements

Year Ended March 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of Manitoba Combative Sports Commission

We have audited the accompanying financial statements of Manitoba Combative Sports Commission, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Combative Sports Commission as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba
June 12, 2018

1-554 St. Mary's Road, Winnipeg, MB R2M 3L5
Telephone: (204) 943-4584 Fax: (204) 957-5195
E-mail: info@exg.ca Website: www.exg.ca

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Financial Position

March 31, 2018

		2018		2017
ASSETS				
CURRENT				
Cash	**$**	**97,422**	$	93,228
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**4,646**	$	4,646
Deposits received		**-**		15,000
		4,646		19,646
NET ASSETS				
Unrestricted		**92,776**		73,582
	$	**97,422**	$	93,228

ON BEHALF OF THE BOARD

Original Document Signed _Director_

Original Document Signed _Director_

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Revenue and Expenses

Year Ended March 31, 2018

	2018	2017
REVENUE		
Event administration fees	**$ 49,370**	$ 1,500
Grant - Province of Manitoba	**15,900**	15,900
Commission, licenses, and permits	**5,680**	1,660
Other	**200**	280
Interest	**131**	152
	71,281	19,492
EXPENSES		
Card expenses - boxing	**100**	296
Dues and subscriptions	**139**	125
Event official	**2,000**	3,746
Event related	**19,205**	-
Honoraria	**4,200**	4,200
Interest and bank charges	**15**	48
Meetings, training and travel	**7,555**	3,244
Office	**8,896**	830
Professional fees	**9,978**	7,235
Wages and employee benefits	**-**	8,537
	52,088	28,261
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**$ 19,193**	$ (8,769)

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Changes in Net Assets

Year Ended March 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	**$ 73,582**	$ 82,351
Excess of revenue over expenses	**19,193**	(8,769)
NET ASSETS - END OF YEAR	**$ 92,776**	$ 73,582

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Cash Flow

Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from funders and others	**$ 71,151**	$ 19,339
Cash paid to suppliers and employees	**(67,088)**	(13,261)
Interest received	**131**	152
INCREASE IN CASH	**4,194**	6,230
CASH - BEGINNING OF YEAR	**93,228**	86,998
CASH - END OF YEAR	**$ 97,422**	$ 93,228

See notes to financial statements

1. DESCRIPTION OF OPERATIONS

Manitoba Combative Sports Commission was incorporated under the Province of Manitoba by a proclamation dated October 16, 1983.

On June 14, 2012 the Provincial government passed legislation changing the name of the Manitoba Boxing Commission and the name of The Boxing Commission Act. As per section 4 of The Statute Correction and Minor Amendments Act, 2012, the name of commission will be The Manitoba Combative Sports Commission and the Act will be The Boxing Act. The purpose of the organization is to regulate professional combative sport matches in the Province of Manitoba in accordance with regulations set down in the Act

Manitoba Combative Sports Commission is tax-exempt as a registered charity under paragraph 149(1)(f) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital Assets

Capital assets are expensed in the year of acquisition.

Revenue recognition

Revenue is recognized when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue is generated through interest received from bank. The revenue is recognized as interest when received.

3. FINANCIAL INSTRUMENTS

The commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the commission's risk exposure and concentration as of March 31, 2018.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The commission is exposed to credit risk from customers. In order to reduce its credit risk, the commission reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The commission has a significant number of customers which minimizes concentration of credit risk.

4. ECONOMIC DEPENDENCE

The organization is economically dependent on the Province of Manitoba which provides funding through an annual grant.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

FINANCIAL STATEMENTS

MARCH 31, 2018

Del Halliday
Chartered Professional Accountant Inc.

Del Halliday

Chartered Professional Accountant Inc.

200-960 Portage Avenue Phone (204) 783-3118
Winnipeg, MB R3G 0R4 Fax (204) 772-7541
Email: delhalliday@200partnership.com

Del Halliday, CPA, CMA
Tom Tasker, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Members of
Manitoba Community Services Council Inc.

I have audited the accompanying financial statements of Manitoba Community Services Council Inc., which comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets and operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

I draw your attention to Note 1 to the financial statements which describes the Council's economic dependence on grant funding from the Province of Manitoba. During the year, the Council was notified that funding would not continue for the fiscal year ending March 31, 2019. Consequently, the operations of the Council are being wound down. The going concern assumption is not appropriate and these financial statements are prepared on a liquidation basis. My audit opinion is not qualified in respect of this matter.

I also draw your attention to Note 7 to the financial statements which describes the Council's participation in the Community Agencies Retirement Plan for its employees. As a result of the wind down, the Council has made a request to the Plan administrators for a determination on the Council's financial obligation with respect to any deficiency that may exist. As of the date of the audit report, the Council had not received a determination from the Plan administrators, the outcome is indeterminable and any financial liability is unknown and therefore no liability has been recorded in these financial statements. My audit opinion is not qualified in respect of this matter.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Community Services Council Inc. as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Winnipeg, Manitoba
June 28, 2018

Original Document Signed
Chartered Professional Accountant

Del Halliday
Chartered Professional Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

Assets	2018	2017
Current assets		
Cash	$ 479,558	$ 182,513
Accrued interest	-	6,700
GST refund	1,465	1,146
Prepaid expense	657	1,928
	481,680	192,287
Guaranteed investment certificates (note 4)	-	523,703
Capital assets (note 5)	4,248	10,182
	$ 485,928	$ 726,172

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 159,319	$ 9,396
Grant allocations payable	87,502	378,022
	246,821	387,418

Net assets		
Invested in capital assets	4,248	10,182
Restricted net assets	234,859	328,572
	239,107	338,754
	$ 485,928	$ 726,172

Approved on Behalf of the Board

Original Document Signed Director

Del Halliday
Chartered Professional Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
Revenue		
Province of Manitoba		
Department of Municipal Relations	$ 1,704,000	$ 1,704,000
Manitoba Liquor & Lotteries	857,900	-
Interest	14,084	11,682
Loss on early redemption of guaranteed investment certificates	(8,647)	-
	2,567,337	1,715,682
Allocations and expenses		
Administrative expenses		
Amortization	5,934	7,312
Bank charges	1,518	1,687
Communications	2,188	1,996
Computer expense	7,801	8,416
Insurance	6,707	2,444
Meeting costs and volunteer travel	24,626	20,447
Occupancy	36,704	36,759
Office supplies	5,783	6,059
Postage, courier and delivery	564	1,241
Professional and consulting fees	27,202	17,271
Salaries and benefits and severance	342,303	182,929
Telephone	4,852	4,892
	466,182	291,453
Grant allocations – bingos	857,900	-
Grant allocations - regular	1,337,702	1,354,980
Grant allocations - emergency capital	44,400	124,000
Grant allocations (recovered)	(39,200)	(41,600)
	2,666,984	1,728,833
Deficiency of revenue over allocations and expenses	$ (99,647)	$ (13,151)

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Invested in Capital Assets	Restricted Net Assets	Total 2018	Total 2017
Balance, beginning of year	$ 10,182	$ 328,572	$ 338,754	$ 351,905
Deficiency of revenue over allocations and expenses	(5,934)	(93,713)	(99,647)	(13,151)
Balance, end of year	$ 4,248	$ 234,859	$ 239,107	$ 338,754

Del Halliday
Chartered Professional Accountant Inc.

1. Purpose and objectives

Manitoba Community Services Council Inc. was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of allocating grants and bingo events to non-profit, volunteer community service, recreation and health-related organizations in Manitoba.

Economic dependence and going concern assumption

The Council generates substantially all of its revenue from the Province of Manitoba grant. The ability of the Council to continue operations is dependent upon this agreement remaining in effect. On January 9, 2018, the Council was notified by the Province of Manitoba, Department of Municipal Relations, of the Province's decision to not renew its agreement with the Council for the 2018/2019 fiscal year. Consequently, the operations of the Council are being wound down. The Council expects to cease operations, fulfil its financial obligations and liabilities (see note 7, pension plan for contingent pension liability) and to complete and file all necessary sales and income tax returns in accordance with provincial and federal regulations up to the date of dissolution.

As a result of the impending wind down, the going concern assumption is not appropriate and these financial statements are presented on a liquidation basis. Subsequent to year end the Council will return to the Province all assets in its possession including cash and capital assets.

2. Summary of significant accounting policies

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The financial statements include the following significant accounting policies:

a) Statement of cash flows

A statement of cash flows has not been presented since information concerning cash flows is evident from the financial statements presented.

b) Guaranteed investment certificates

Guaranteed investment certificates are carried at cost. Interest earned but unpaid at the date of the statement of financial position is recorded as accrued interest receivable.

2. Summary of significant accounting policies, cont'd

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:

Computer equipment	20%
Computer software	20%
Furniture and equipment	20%

Subsequent to year end, all capital assets were returned to the Province of Manitoba.

d) Revenue recognition

Funding for programs and grant allocations comes from the Province of Manitoba, Department of Municipal Relations and Manitoba Liquor and Lotteries. 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.

(e) Restricted net assets

The business of the Council will be winding down subsequent to year end. During the wind down period, the organization will incur expenses in the form of administration, payroll and personnel, professional fees and occupancy costs. A cash flow forecast has been provided to the Province of Manitoba, Department of Municipal Relations. Prior to final dissolution, the Council will be responsible to return any funds on hand to the Province of Manitoba.

3. Financial instruments

The Council's financial instruments consist of cash, guaranteed investment certificates, accrued interest, accounts payable and allocations not yet paid. The Council initially measures its financial assets and liabilities at fair value and subsequently carries all financial assets and liabilities at amortized cost. The Council manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Governance Policies. The objective of this policy is to reduce volatility in cash flow and earnings. The Council monitors compliance with risk management policies and reviews risk management policies on an annual basis.

The Council's investment policy is to invest funds not currently needed for operating purposes at the highest rate obtainable consistent with safety of the principal and their most effective possible utilization in serving the best interest of the general public. Investments must be guaranteed by the federal or provincial governments, a chartered bank or credit union or a CDIC member institution. The duration of the term of the deposit is not to exceed a period of three years.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its obligations associated with its financial liabilities. The Council actively manages its cash, adjusts spending as needed and maintains an appropriate level of cash to meet its current obligations, and therefore mitigating liquidity risk.

Credit risk

Credit risk is the risk that a third party to a financial instrument fails to meet its obligations under terms of the financial instrument. The Council's financial assets consist primarily of cash and GIC's. The Council's cash and GIC's are held with a large, provincially and federally regulated financial institution in Canada, therefore mitigating credit risk.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or other price risks arising from these financial instruments.

4. Guaranteed investment certificates

	2018	2017
Assiniboine Credit Union, bearing interest at 1.95%, redeemed March 27, 2018.	$ -	$ 312,380
Assiniboine Credit Union, bearing interest at 1.85%, redeemed March 27, 2018.	-	211,323
	$ -	$ 523,703
Long-term portion	$ -	$ 523,703

5. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 22,371	$ 20,336	$ 22,371	$ 16,253
Computer software	17,908	16,649	17,908	15,275
Furniture and equipment	38,122	37,168	38,122	36,691
	$ 78,401	$ 74,153	$ 78,401	$ 68,219
Cost less accumulated amortization		$ 4,248		$ 10,182

6. Commitment

The Council has leased realty pursuant to a lease agreement, until March 31, 2020. 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 lease was terminated effective May 31, 2018 due to the wind-up of the Council.

7. Pension plan

The employees of Manitoba Community Services Council Inc. are members of the Community Agencies Retirement Plan, a multi-employer, defined benefit pension plan, covering eligible members of participating community agencies in Manitoba.

The Plan is registered under the Pension Benefits Act of Manitoba and is funded by employee and agency matching contributions. The contributions are based on each employee's salary. At least every three years an actuarial valuation is performed to determine if the contributions are adequate to finance the benefits accruing under the Plan and finance the amortization of any unfunded liabilities. Should contributions on a matching basis prove to be inadequate, then special payments are required to be made by the agencies.

An actuarial valuation prepared as at December 31, 2016 estimated that, on the basis of the data, assumptions and methods employed in the valuation, the Plan has a going concern surplus as at December 31, 2016. In addition, the value of the Plan's assets would be less than the actuarial liabilities if the Plan had been wound up on the Valuation Date (solvency ratio of 87.6%). The Plan has been granted a permanent solvency exemption and is not required to make special payments.

As part of the wind down process, Manitoba Community Services Council Inc. has made a request from the administrators of the Plan for a determination as to whether the Council has to remit money to the Plan to eliminate any deficiency. The administrators of the Plan have not concluded their assessment. As a result the outcome is indeterminable and any financial liability is unknown and therefore no liability has been recorded in these financial statements.

While the Community Agencies Retirement Plan is a defined benefit pension plan, it is accounted for as a defined contribution plan – given that it is a multi-employer plan which makes it difficult to differentiate Manitoba Community Services Council Inc.'s portion. Manitoba Community Services Council Inc.'s pension contribution and expense for the year was $11,743 (2017 - $9,606).

Financial Statements of

MANITOBA DEVELOPMENT CORPORATION

Year ended March 31, 2018

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Manitoba Development Corporation are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 25, 2018.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Development Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Development Corporation

Original Document Signed

Jeff Hodge, General Manager

June 25, 2018

KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

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

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Manitoba Development Corporation

We have audited the accompanying financial statements of Manitoba Development Corporation, which comprise the statement of financial position as at March 31, 2018, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including Schedules A to D.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Development Corporation as at March 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 25, 2018

Winnipeg, Canada

MANITOBA DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	PNP-B	Business support	MTI	2018 Total	2017 Total
Assets					
Cash and cash equivalents	$ 49,430,113	$ 1,571,474	$ 34,036	$ 51,035,623	$ 44,030,190
Accounts receivable (note 3)	320,668	21,047	432,585	774,300	277,689
Loans receivable (note 4)	–	48,802,385	–	48,802,385	54,382,578
Portfolio investments (note 5)	8,137,780	4,250,000	500,000	12,887,780	17,056,252
Restricted funds (note 8)	71,793,101	–	–	71,793,101	63,672,652
Prepaid expenses	–	–	6,032	6,032	237,830
	$ 129,681,662	$ 54,644,906	$ 972,653	$ 185,299,221	$ 179,657,191
Liabilities and Surplus					
Liabilities:					
Accounts payable and accrued liabilities	$ 4,544,626	$ 404,048	$ 3,849	$ 4,952,523	$ 5,221,136
Deferred revenue (note 6)	–	316,146	14,000	330,146	341,083
Operating advance payable (note 7)	–	–	500,000	500,000	500,000
Funds provided by the Province of Manitoba	–	48,802,385	–	48,802,385	54,382,578
Deposits payable (note 8)	71,793,101	–	–	71,793,101	63,672,652
	76,337,727	49,522,579	517,849	126,378,155	124,117,449
Accumulated surplus (note 9)	53,343,935	5,122,327	454,804	58,921,066	55,539,742
Contingencies (note 10)					
Commitments (note 11)					
	$ 129,681,662	$ 54,644,906	$ 972,653	$ 185,299,221	$ 179,657,191

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

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Income:			
Income from portfolio investments	$ 372,412	$ 383,242	$ 425,749
Interest income	9,871,588	3,579,996	3,587,470
Deposit retentions (note 8)	8,175,000	8,426,675	9,024,807
Application processing fees (note 8)	1,000,000	698,432	1,117,475
Participation fees	170,000	512,946	50,550
Project revenue	96,000	8,437	64,953
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	1,387,156	(815,792)	(206,611)
Provision for decline in value of investments	105,000	–	–
Provision for (reversal of) loan guarantees	–	(500,000)	500,000
	21,177,156	12,293,936	14,564,393
Expenses:			
Program administration	2,558,000	1,920,639	1,475,410
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	2,553,328	3,005,545
Project costs	96,000	8,437	64,953
Provision for (reversal of) doubtful loans receivable	1,387,156	(815,792)	(206,611)
Provision for decline in value of investments	105,000	–	–
Provision for (reversal of) loan guarantees	–	(500,000)	500,000
	12,956,156	3,166,612	4,839,297
Transfers to the Department of Education and Training (note 12)	4,640,000	3,996,000	3,728,000
Transfers to the Department of Growth, Enterprise and Trade (note 12)	2,350,000	1,750,000	2,292,000
	19,946,156	8,912,612	10,859,297
Annual surplus	1,231,000	3,381,324	3,705,096
Accumulated surplus, beginning of year		55,539,742	51,834,646
Accumulated surplus, end of year		$ 58,921,066	$ 55,539,742

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

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	$ 3,381,324	$ 3,705,096
Net financial assets, beginning of year	55,539,742	51,834,646
Net financial assets, end of year	$ 58,921,066	$ 55,539,742

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

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 3,381,324	$ 3,705,096
Adjustments for:		
Provision for (reversal of) doubtful loans receivable	(815,792)	(206,611)
Provision for (reversal of) loan guarantees	(500,000)	500,000
Deposit retentions	(8,426,675)	(9,024,807)
Amortization of bond premiums	180,635	236,518
Capitalized interest	(9,398)	(44,571)
Recovery (reimbursement) of Business Support expenses to the Province of Manitoba	1,315,792	(293,389)
Change in non-cash operating working capital:		
Restricted funds	(8,131,287)	(9,901,084)
Accounts receivable	(496,611)	18,067
Loan interest receivable	(21,570)	40,977
Prepaid expenses	231,798	(237,830)
Accounts payable and accrued liabilities	(268,613)	25,919
Deferred revenue	(10,937)	(57,453)
Net change in deposits payable	16,547,124	18,911,700
Net cash provided by operating activities	2,975,790	3,672,532
Investing activities:		
Loans receivable principal repayments	8,919,953	20,423,574
Issuance of loans receivable	(2,493,000)	(1,300,000)
Purchase of portfolio investments	(4,750,000)	(4,750,000)
Redemption of portfolio investments	8,748,675	8,767,526
Net cash provided by investing activities	10,425,628	23,141,100
Financing activities:		
Funds provided by (paid to) the Province of Manitoba for Business Support	(6,395,985)	(19,119,980)
Increase in cash and cash equivalents	7,005,433	7,693,652
Cash and cash equivalents, beginning of year	44,030,190	36,336,538
Cash and cash equivalents, end of year	$ 51,035,623	$ 44,030,190
Cash and cash equivalents consists of the following:		
Cash	$ 13,481,917	$ 16,172,172
Cash equivalents	37,553,706	27,858,018
	$ 51,035,623	$ 44,030,190
Supplementary information:		
Cash paid for interest	$ 2,553,328	$ 3,005,545
Cash received for interest	4,079,847	4,274,679

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

1. Nature of operations and economic dependence:

The Manitoba Development Corporation (the "Corporation") provides loans, guarantees and investments under the *Manitoba Development Corporation Act*. The objectives of the Corporation are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are three divisions administered by the Corporation: Business Support, the Business Investor Stream of the Provincial Nominee Program (PNP-B) and Manitoba Trade and Investment (MTI). Business Support administers the Manitoba Industrial Opportunities Program (MIOP), the Third-Party Investment Funds Program (Investment Program) and other financial assistance (Other Loans). The PNP-B is a program for international entrepreneurs who wish to immigrate and establish a business in Manitoba. MTI delivers targeted programs and services to Manitoba small and medium sized enterprises to promote Manitoba as a destination for foreign direct investment.

The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for the financial assets due to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets. Losses are the responsibility of the Province and are charged directly against advances received from the Province.

The Corporation considers its capital to comprise its accumulated surplus (including share capital, restricted surplus and unrestricted surplus). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation's operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which is included in accumulated surplus in the statement of financial position. A portion of these 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 accumulated surplus for the year to be equal to three years' operating expenses of the PNP-B (based on the most recent year's actual expenses) plus 25 percent of the previous year's PNP-B deposit retentions. This is a reserve which is not available for distribution to the Province. Any excess beyond that amount, once it has been released by the Province, would then be transferred to unrestricted accumulated surplus. For the year ended March 31, 2018, the Corporation has complied with these restrictions.

2. Significant accounting policies:

The Corporation's financial statements have been prepared by management in accordance with Canadian public sector accounting standards as defined by the Chartered Professional Accountants of Canada.

(a) Revenue recognition:

Income from deposit retentions is recognized when depositors fail to meet their agreement terms thereby forfeiting their deposits. Income from application processing fees is recognized as applications are processed. Interest income from portfolio investments and loans receivable is recognized on an accrual basis in the fiscal period in which it is earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with the Province of Manitoba and banks with maturities of three months or less.

(c) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

2. Significant accounting policies (continued):

(d) Loans receivable under Business Support:

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans receivable to their estimated realizable amounts. Estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans and estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. Interest on loans is recorded as income on an accrual bases except for loans considered impaired. When a loan is classified as impaired, accrual of interest on the loan ceases.

Provisions are established for individual loans for which the estimated realizable amount is less than the carrying value. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans receivable as an adjustment of the provision.

(e) Portfolio investments:

Portfolio investments consist of provincial bonds, term deposits, guaranteed investment certificates (GICs) and equity investments.

The Corporation's investments in provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. The Corporation's investments in GICs and term deposits are recorded at cost.

The Corporation's equity investments related to share capital investments are recorded at cost. The Corporation's investment in the CentreStone Ventures Limited Partnership and Manitoba Science and Technology Fund are accounted for using the cost method of accounting.

When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

2. Significant accounting policies (continued):

(f) Restricted funds:

Restricted funds are deposits held under the PNP-B (note 8) and consist of balances with banks, provincial bonds and term deposits with maturities of three months or less held with the Province of Manitoba. The provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. Term deposits are recorded at cost.

(g) Deferred revenue:

Deferred revenue represents funds received for specific projects for which expenditures will be incurred in future periods as well as fees received in advance of event days for specific trade projects.

(h) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Guarantees:

Manitoba Development Corporation in the normal course of business, may provide a guarantee to honour repayment of debt or loans of an organization.

Guarantees by Manitoba Development Corporation are made through specific agreements to repay promissory notes, banks loans, lines of credit, mortgages and other securities. The provision for losses on guaranteed loans is determined by a review of individual guarantees. A provision for losses on these guarantees is recorded when it is likely that a loss will occur. The amount of the loss provision represents management's best estimate of probable claims against the guarantees.

(j) 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.

2. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates and assumptions include the carrying amount of loans receivable and portfolio investments and provisions for losses on loan guarantees. Actual results could differ from those estimates.

(l) Changes in accounting policies:

On April 1, 2017, the Corporation adopted Canadian public sector accounting standards PS 2200 *Related party disclosures*, PS 3420 *Inter-entity transactions*, PS 3210 *Assets*, PS 3320 *Contingent assets*, and PS 3380 *Contractual rights*. The adoption of these standards did not have a material impact on the financial statements.

3. Accounts receivable:

	2018	2017
Accrued interest:		
PNP-B	$ 320,668	$ 253,168
Business support	21,047	17,705
Other receivables	432,585	6,816
	$ 774,300	$ 277,689

4. Loans receivable managed for the Province of Manitoba:

	2018	2017
Business support:		
Manitoba Industrial Opportunities Program - repayable	$ 57,625,255	$ 65,600,122
Other loans receivable	9,019,003	7,440,121
	66,644,258	73,040,243
Provision for doubtful loans receivable	(17,841,873)	(18,657,665)
	$ 48,802,385	$ 54,382,578

4. Loans receivable managed for the Province of Manitoba (continued):

The Manitoba Industrial Opportunities Program (MIOP) provides repayable, secured loans for businesses that undertake significant investment in fixed assets and/or create jobs. Loan principal is due as follows:

	2018	2017
2019	$ 6,866,732	$ 8,638,926
2020	7,445,272	9,168,005
2021	5,282,596	7,379,428
2022	7,626,596	7,160,752
2023	7,626,596	7,560,752
Subsequent to 2023	22,156,367	25,108,483
Accrued and capitalized interest	621,096	583,776
	57,625,255	65,600,122
Provision for doubtful loans receivable	(17,091,873)	(17,907,665)
	$ 40,533,382	$ 47,692,457

Interest rates charged for Manitoba Industrial Opportunities Program 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, under the direction of the Province, may charge interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba, but this has not happened since 2003. 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:

	2018	2017
Greater than nil, less than 5%	$ 32,886,416	$ 36,418,132
5% or greater, less than 6%	24,117,743	28,291,547
6% or greater, less than 7%	–	–
7% or greater, less than 8%	–	306,667
Accrued and capitalized interest	621,096	583,776
	57,625,255	65,600,122
Provision for doubtful loans receivable	(17,091,873)	(17,907,665)
	$ 40,533,382	$ 47,692,457

4. Loans receivable managed for the Province of Manitoba (continued):

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

At March 31, 2018, other loans receivable include non-interest bearing loans in the amount of $6,520,211 and an interest bearing loan in the amount of $2,498,792 bearing interest at 5.30 percent (2017 - non-interest bearing loans) and maturities ranging from no fixed terms of repayment to December 2022 (2017 - ranging from no fixed terms of repayment to December 2022). At March 31, 2018, the provision for doubtful loans receivable for these loans is $750,000 (2017 - $750,000).

5. Portfolio investments:

Portfolio investments are comprised of the following:

	2018	2017
Provincial bonds	$ 8,137,780	$ 12,306,252
Term deposits	4,750,000	4,750,000
Equity investments	–	–
	$ 12,887,780	$ 17,056,252

The provincial bonds, which are included in PNP-B, bear interest at rates ranging from 2.40 percent to 4.15 percent (2017 - 2.40 percent to 4.50 percent) and mature between December 2018 and December 2019 (2017 - between December 2017 and December 2019). Interest earned on provincial bonds for the year ended March 31, 2018 totaled $374,941 (2017 - $457,767). Amortization of bond premiums for the year ended March 31, 2018 totaled $169,797 (2017 - $222,327). Fair value of the provincial bonds at March 31, 2018 is $8,165,600 (2017 - $12,502,560).

The term deposits, which are included in Business Support and MTI, bear interest at rates ranging from 1.62 percent to 1.93 percent (2017 - 0.69 percent to 1.25 percent) and mature between May 2018 and March 2019 (2017 - June 2017 and March 2018). Fair values approximate cost. Interest earned on term deposits for the year ended March 31, 2018 totaled $83,182 (2017 - $75,386).

5. Portfolio investments (continued):

Equity investments managed for the Province of Manitoba included in Business Support consist of the following:

	2018	2017
CentreStone Ventures Limited Partnership	$ 3,408,522	$ 3,408,522
Manitoba Science and Technology Fund	1,832,233	1,832,233
	5,240,755	5,240,755
Provision for decline in value of investments	(5,240,755)	(5,240,755)
	$ –	$ –

6. Deferred revenue:

	2018	2017
Business Support		
BFO funding (geothermal program)	$ 148,782	$ 156,582
Electric vehicle initiative	143,691	143,691
Manitoba Hydro funding (shallow unconventional shale gas project)	13,968	14,605
Other unearned project receipts	9,705	9,705
	316,146	324,583
MTI	14,000	16,500
Deferred revenue	$ 330,146	$ 341,083

7. Operating advance payable:

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba for MTI. The advance is payable on demand.

8. Restricted funds and deposits payable:

As at March 31, restricted funds held under the PNP-B and invested with a Schedule I chartered bank and the Province of Manitoba were as follows:

	2018	2017
Cash and cash equivalents with a chartered bank	$ 7,917,794	$ 11,095,540
Amounts invested with the Minister of Finance	63,875,307	52,577,112
	$ 71,793,101	$ 63,672,652

Included within amounts invested with the Minister of Finance is a provincial bond with a carrying value of $5,020,328 (2017 - $5,032,491) with the remainder consisting of term deposits with maturities of three months or less held with the Province of Manitoba.

The provincial bond bears interest at a rate of 2.45 percent (2017 - 2.45 percent) and matures December 2019 (2017 - matures December 2019).

Interest earned on the provincial bond for the year ended March 31, 2018 totaled $105,753 (2017 - $129,114). Amortization of bond premium for the year ended March 31, 2018 totaled $10,838 (2017 - $14,191). Fair value of the provincial bond at March 31, 2018 is $5,044,250 (2017 - $5,165,500).

As at March 31, deposits payable under the PNP-B were as follows:

	2018	2017
Deposits payable	$ 71,793,101	$ 63,672,652

The Corporation, Manitoba Growth, Enterprise and Trade and Manitoba Education and Training operate a program known as the Business Investor Stream of the Provincial Nominee Program(formerly the Provincial Nominee Program for Business) (PNP-B). The PNP-B offers individuals who wish to immigrate to Manitoba to establish and operate a business, the opportunity to obtain a provincial Nomination Certificate. During the 2003 fiscal year, the Corporation began entering into agreements with qualified individuals whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within a specified period of time after landing in Canada.

8. Restricted funds and deposits payable (continued):

As evidence of their commitment, upon approval the immigrants were required to deposit $100,000 (or $75,000 under the Farm Strategic Recruitment Initiative) with the Corporation prior to receiving the Nomination Certificate. These deposits are held by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the deposit agreements. The final decision as to admission to Canada for Permanent Residence is made by the Government of Canada. In the event that a nominee is not granted a Permanent Resident visa by the Government of Canada, the Corporation refunds the deposit. 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.

In 2014, a number of changes were introduced to the PNP-B. The deposit for the PNP-B was raised to $100,000 from $75,000. The Young Farmer Program was replaced by a Farm Strategic Recruitment Initiative (FSRI) which is a special rural economic initiative under the auspices of the PNP-B. Approved immigrants under the FSRI are required to deposit $75,000 with the Corporation. Under both the PNP-B and the FSRI, a non-refundable application processing fee of $2,500 was introduced. Total application processing fees collected during the year were $698,432 (2017 - $1,117,475).

In November 2017, further changes were introduced to the PNP-B. Application processing fees will continue to be collected; however, they will not be administered by the Corporation. Also, the PNP-B now has two pathways:

- The Entrepreneur Pathway, for applicants seeking to open a business in Manitoba; and

- The Farm Investor Pathway for those intending to operate a farm operation in rural Manitoba.

After November 2017, new business investors under the Entrepreneur Pathway are not required to submit a deposit or enter into an agreement with the Corporation. As of March 31, 2018, the PNP-B continues to process a backlog of applications submitted prior to November 2017; however, once this backlog is cleared, there will be no further application fees received and deposits ($75,000) will only be received from individuals under the Farm Investor Pathway (which replaced the FSRI).

Actual deposits retained during the year amounted to $9,026,770 (2017 - $9,399,985) and are presented net of the reversal of amounts previously retained of $600,095 (2017 - $375,178) as a result of immigrants subsequently satisfying the conditions of the agreements. Net deposits retained are $8,426,675 (2017 - $9,024,807).

9. Accumulated surplus:

Accumulated surplus is made up of the following:

	PNP-B	Business support	MTI	2018	2017
Unrestricted surplus	$ 46,866,084	$ 5,121,327	$ 454,804	$ 52,442,215	$ 48,961,738
Restricted surplus	6,477,851	–	–	6,477,851	6,577,004
Share capital	–	1,000	–	1,000	1,000
	$ 53,343,935	$ 5,122,327	$ 454,804	$ 58,921,066	$ 55,539,742

10. Contingencies:

Manitoba Development Corporation has guaranteed the repayment of debt, bank loans and lines of credit held by others. Debt guaranteed by MDC is guaranteed, as to principal and interest, until the debt is matured or redeemed.

The authorized limits and the outstanding guarantees are summarized as follows:

	Authorized Limit	2018	2017
Friends of the Canadian Museum for Human Rights	$ 25,000,000	$ 7,150,000	$ 10,500,000
Other	2,000,000	1,205,000	2,005,000
	$ 27,000,000	$ 8,355,000	$ 12,505,000

At March 31, 2018, a reversal of the provision for future losses on guarantees in the amount of $500,000 (2017 - a provision for future losses on guarantees in the amount of $500,000) has been recognized in the statement of operations and accumulated surplus.

11. Commitments:

Commitments and undisbursed balances of approved loans and equity investments:

	2018	2017
Manitoba Industrial Opportunities Program	$ 3,475,000	$ 3,475,000
Manitoba Science & Technology Fund	667,767	667,767
CentreStone Ventures Limited Partnership	1,381,525	1,381,525
	$ 5,524,292	$ 5,524,292

12. Growing Through Immigration Strategy and Economic Development Support:

Funds transferred to support the Growing Through Immigration Strategy and Economic Development Support are made up of the following, as approved by Treasury Board:

	2018	2017
Education and Training	$ 3,996,000	$ 3,728,000
Growth, Enterprise and Trade	1,750,000	2,292,000
	$ 5,746,000	$ 6,020,000

13. Related party transactions:

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

14. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instruments fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Corporation to credit risk consist principally of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable and trust funds.

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

	2018	2017
Cash and cash equivalents	$ 51,035,623	$ 44,030,190
Accounts receivable	774,300	277,689
Loans receivable	48,802,385	54,382,578
Portfolio investments	12,887,780	17,056,252
Restricted funds	71,793,101	63,672,652
	$ 185,293,189	$ 179,419,361

Cash and cash equivalents and restricted funds: the Corporation is not exposed to significant credit risk as the cash and cash equivalents and restricted funds are primarily held by the Minister of Finance and with a Schedule 1 Canadian chartered bank.

14. Financial risks and concentration of risk (continued):

Accounts receivable, loans receivable and portfolio investments: the Corporation establishes an allowance that represents its estimate of potentially uncollectible loans and recoverable portfolio investments. The provision for doubtful loans receivable is determined with reference to the Corporation's historical loss experience on similar loans and 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. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of estimates.

Management of credit risk is an integral part of the Corporation's activities with careful monitoring and appropriate remedial actions being taken.

Management has determined that the provision required for loans receivable as at March 31, 2018 is $17,841,873 (2017 - $18,657,665).

Management has determined that the provision required for loan guarantees as at March 31, 2018 is nil (2017 - $500,000).

Management has determined that the provision required for portfolio investments as at March 31, 2018 is $5,240,755 (2017 - $5,240,755).

(ii) 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 term deposits with the Minister of Finance and a Schedule I Canadian chartered bank. The term deposits are interest bearing with short-terms to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

14. Financial risks and concentration of risk (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations. Funds provided by the Province of Manitoba have a direct correlation to the loans receivable and equity investments as funds borrowed are used for these purposes. Funding is provided by the Province of Manitoba for the full amount of loans receivable and equity investments that are written off. Subsequently, the Corporation has minimal liquidity risk on its loans receivable and equity investments in respect of the funds provided by the Province of Manitoba.

There have been no significant changes to the Corporation's exposure to financial risks, concentration of risk in how they arise nor how risks are managed since the previous period.

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - PNP-B

Schedule A

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Income:			
Income from portfolio investments	$ 247,412	$ 300,060	$ 350,363
Interest income	846,588	1,026,738	552,062
Deposit retentions	8,175,000	8,426,675	9,024,807
Application processing fees	1,000,000	698,432	1,117,475
	10,269,000	10,451,905	11,044,707
Expenses:			
Program administration	2,278,000	1,394,551	1,408,666
Transfers to the Department of Education and Training	4,640,000	3,996,000	3,728,000
Transfers to the Department of Growth, Enterprise Enterprise and Trade	2,350,000	1,750,000	2,292,000
	9,268,000	7,140,551	7,428,666
Annual surplus	1,001,000	3,311,354	3,616,041
Accumulated surplus, beginning of year		50,032,581	46,416,540
Accumulated surplus, end of year		$ 53,343,935	$ 50,032,581

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - Business Support — Schedule B

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Income:			
Interest from portfolio investments	$ 110,000	$ 79,751	$ 72,286
Interest income	9,025,000	2,553,258	3,035,408
Project revenue	96,000	8,437	64,953
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	1,387,156	(815,792)	(206,611)
Provision for decline in value of investments	105,000	–	–
Provision for (reversal of) loan guarantees	–	(500,000)	500,000
	10,723,156	1,325,654	3,466,036
Expenses:			
Program administration	110,000	20,331	21,929
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	2,553,328	3,005,545
Project costs	96,000	8,437	64,953
Provision for (reversal of) doubtful loans receivable	1,387,156	(815,792)	(206,611)
Provision for decline in value of investments	105,000		–
Provision for (reversal of) loan guarantees	–	(500,000)	500,000
	10,508,156	1,266,304	3,385,816
Annual surplus	215,000	59,350	80,220
Accumulated surplus, beginning of year		5,062,977	4,982,757
Accumulated surplus, end of year		$ 5,122,327	$ 5,062,977

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - MTI | Schedule C

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Income:			
Income from portfolio investments	$ 15,000	$ 3,431	$ 3,100
Participation fees	170,000	512,946	50,550
	185,000	516,377	53,650
Expenses:			
Program administration	170,000	505,757	44,815
Annual surplus	15,000	10,620	8,835
Accumulated surplus, beginning of year		444,184	435,349
Accumulated surplus, end of year		$ 454,804	$ 444,184

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted Schedule D

Year ended March 31, 2018

Under the *Manitoba Development Corporation Act*, there was no new assistance authorized in the current year.

MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION

Financial Statements

For the year ended March 31, 2018

BDO

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION

We have audited the accompanying financial statements of **MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION**, which comprise the statement of financial position as at March 31, 2018, and the statement of operations, statement of net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION** as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 13, 2018

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Financial Position

March 31		2018	2017
Assets			
Current Assets			
Cash and bank (Note 2)	$	**1,964,911**	$ 1,928,467
Short-term investment (Note 3)		**57,685**	75,870
Accounts receivable		**1,000**	5,661
Prepaid expenses		**31,332**	71,254
		2,054,928	2,081,252
Capital assets (Note 4)		**97,885**	78,701
	$	**2,152,813**	$ 2,159,953
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accruals	$	**131,190**	$ 139,269
Carry-over commitments (Note 5)		**1,057,482**	1,147,724
		1,188,672	1,286,993
Commitments (Note 7)			
Net Assets			
Invested in capital assets		**97,885**	78,701
Unrestricted		**866,256**	794,259
		964,141	872,960
	$	**2,152,813**	$ 2,159,953

Approved on behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Operations

For the year ended March 31		2018		2017
Revenue				
Province of Manitoba	$	**3,582,600**	$	3,865,600
Other		**49,551**		33,697
		3,632,151		3,899,297
Expenditures (Schedule)				
Corporate services		**221,580**		227,088
Federal film screening initiative (Note 14)		**7,355**		-
File commission/location services		**288,457**		349,395
Film and television programs		**1,723,054**		1,800,110
Industry support		**183,589**		189,074
Music programs		**620,000**		604,968
Program delivery - film/television, tax credits and music programs (Note 8)		**692,665**		747,610
		3,736,700		3,918,245
Deficiency of revenue over expenditures before program recoupments		**(104,549)**		(18,948)
Program recoupments (Note 11)		**195,730**		236,751
Excess of revenue over expenditures	**$**	**91,181**	$	217,803

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Changes in Net Assets

For the year ended March 31

	Invested in capital assets	Unrestricted	2018 Total	2017 Total
Net assets, beginning of year	$ 78,701	$ 794,259	$ 872,960	$ 655,157
Excess of revenue over expenditures	(17,508)	108,689	91,181	217,803
Purchase of capital assets	36,692	(36,692)	-	-
Net assets, end of year	$ 97,885	$ 866,256	$ 964,141	$ 872,960

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

Statement of Cash Flows

For the year ended March 31	2018	2017
Cash Flows from Operating Activities		
Excess of revenue over expenditures	**$ 91,181**	$ 217,803
Amortization of capital assets	**17,508**	17,938
	108,689	235,741
Changes in non-cash working capital balances		
Short-term investment	**18,185**	(3,606)
Accounts receivable	**4,661**	30,300
Prepaid expenses	**39,922**	(23,597)
Accounts payable and accruals	**(8,079)**	(270)
Carry-over commitments	**(90,242)**	179,989
	73,136	418,557
Cash Flows from Investing Activities		
Purchase of capital assets	**(36,692)**	(4,099)
Increase in cash and bank during the year	**36,444**	414,458
Cash and bank, beginning of year	**1,928,467**	1,514,009
Cash and bank, end of year	**$ 1,964,911**	$ 1,928,467

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

For the year ended March 31, 2018

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

Manitoba Film & Sound Recording Development Corporation (the "Organization") is a statutory corporation created by the Province of Manitoba through The Manitoba Film and Sound Recording Development Corporation Act and is exempt from income taxes. The main objective of the Organization is to foster growth of the Manitoba film and music recording industries by providing financing and other assistance.

The Organization has been designated by the Minister of Finance to administer the Manitoba Film and Video Production Tax Credit Program, including the registration of productions and review of tax credit applications.

Basis of Accounting

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

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Amortization, is provided using the straight line method based on the estimated useful life of the asset, at the following rates:

Computer equipment	30%
Equipment	20%
Furniture and fixtures	20%
Leasehold improvements	5%
Website	30%

Program Funding

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and music recording artists and industries. The grant may take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

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

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue as follows:

a) Province of Manitoba funding

Province of Manitoba funding is based on the Province of Manitoba's annual allocation to the Organization and is recorded as revenue on an accrual basis.

b) Program recoupments

Any recovery of principal or return on investment of programs funded is recorded as program recoupments when received.

c) Jump Start program recoupments

Any recovery of principal or return on investment of programs funded under the Jump Start program must be re-invested in the Organization's Market Driven Television Production and Market Driven Feature Film Production financing programs within the fiscal year that the recoupment occurs, if possible. If not possible, recoupments will be deferred to the following fiscal year and recognized as revenue at that time.

Short-term Investments

Short-term investments consist of guaranteed investment certificates held with the Organization's financial institution, and are measured at cost less impairment.

Use of Estimates

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

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash has been designated to be in the fair value category. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Due to the nature of the financial instruments held by Manitoba Film & Sound Recording Development Corporation, there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses are not required for these financial statements.

2. Cash and Bank

	2018	2017
Cash	$ 907,429	$ 780,743
Internally designated cash	1,057,482	1,147,724
	$ 1,964,911	$ 1,928,467

Cash on deposit and internally designated cash earn monthly interest at the Chartered Bank's commercial rates. The Organization has internally designated a portion of its cash as noted above to satisfy commitments made as disclosed in Note 5 for carry-over commitments.

3. Short-term Investment

Short-term investment consists of a guaranteed investment certificate with a maturity date of April 1, 2019, bearing interest at a rate of 0.60% per annum.

4. Capital Assets

	2018			2017		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 100,263**	**$ 69,997**	**$ 30,266**	$ 71,393	$ 65,783	$ 5,610
Equipment	**11,440**	**9,962**	**1,478**	10,760	9,313	1,447
Furniture and fixtures	**65,820**	**58,942**	**6,878**	59,378	57,878	1,500
Leasehold improvements	**145,609**	**89,965**	**55,644**	145,609	82,684	62,925
Website	**43,113**	**39,494**	**3,619**	42,413	35,194	7,219
	$ 366,245	**$ 268,360**	**$ 97,885**	$ 329,553	$ 250,852	$ 78,701

5. Carry-Over Commitments

Due to lead times required to obtain all the resources necessary to complete film, television and music recording projects, the Organization approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2018 and prior years, which were not fully advanced as at March 31, 2018 are as follows:

	Year of Commitment			Total	
	2017-2018	2016-2017	2015-2016 & Older	**2018**	2017
Development Financing Programs	$ 88,112	$ 14,047	$ 8,448	**$ 110,607**	$ 87,772
Production Financing Programs	430,500	209,455	98,500	**738,455**	887,455
Emerging Talent Matching Funds	16,900	998	3,900	**21,798**	12,898
Feature Film Marketing Program	3,712	800	-	**4,512**	2,400
Access to Markets/Festivals	5,000	-	-	**5,000**	5,000
	544,224	225,300	110,848	**880,372**	995,525
Sound Recording Production Fund Level 1	2,930	1,494	-	**4,424**	7,341
Sound Recording Production Fund Level 2	25,998	20,572	-	**46,570**	66,559
Sound Recording Production Fund Level 3	35,000	-	3,536	**38,536**	10,536
Sound Recording Production Fund for Out-of-Province Artists	15,850	860	400	**17,110**	6,450
Music Video Fund	6,600	-	-	**6,600**	8,605
Record Product Marketing Fund	36,700	-	-	**36,700**	31,568
Recording Artist Touring Fund	23,670	-	-	**23,670**	12,040
Music Business Development Fund	-	-	-	**-**	3,600
Market Access Fund	3,500	-	-	**3,500**	5,500
	150,248	22,926	3,936	**177,110**	152,199
Total Commitments	$ 694,472	$ 248,226	$ 114,784	**$ 1,057,482**	$ 1,147,724

6. Industry Support

The Organization indirectly supports the ongoing development of creative talent, business skills and capacity building of various film, television and music recording professionals by providing funding for specific programming administered by organizations such as Manitoba Music, On Screen Manitoba, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include Access to Markets, Indigenous Music Program, Features First, Drama Prize, Totally Television, New Voices and WFG First Film, as well as support to Post-Production and Marketing funds.

7. Lease Commitments

The Organization occupies leased premises subject to minimum monthly rent payments until August 2023, plus various equipment leases with quarterly payments until March 2022. Future minimum annual payments are as follows:

2019	$ 77,471
2020	85,024
2021	84,456
2022	78,110
2023	76,149

8. 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. The cost to administer the MTC Program in the fiscal year was approximately $78,560 (2016 - $77,762). A total of 132 applications were received for processing during the 2018 fiscal year (2017 - 120).

9. Capital Management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide financial and other assistance to applicants.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of 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:

	2018	2017
Invested in capital assets	$ 97,885	$ 78,701
Unrestricted net assets	866,256	794,259
	$ 964,141	$ 872,960

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take. There have been no significant changes in the Organization's capital management objectives, policies and processes during the year.

10. Employee Future Benefits

a) Pension Benefits

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund (the "Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contribution to the Fund. The Organization's contribution for the year was $58,280 (2017 - $59,451) and is included in employees benefits expense.

10. Employee Future Benefits (continued)

b) Enhanced Pension Benefit Obligation

Certain employees of the Organization are entitled to enhanced pension benefits. A pension liability has been established for those employees whose annual earnings exceed the limit under the Civil Service Superannuation Fund Plan. The cost is actuarially determined using the projected benefit methods and reflects management's best estimate of salary increase and the age at which the employee will retire. The Organization measures its accrued enhanced pension benefit obligation as of December 31 each year. The most recent actuarial report was December 31, 2016.

The pension obligation liability at March 31 includes the following components:

	2018	2017
Accrued obligation liability		
Balance, beginning of the year	$ 75,870	$ 72,264
Current service costs	4,976	5,080
Interest cost	4,463	4,251
Effect of changes in assumptions	(357)	142
Experience gain and transitional adjustment	(27,267)	(5,867)
Balance, end of year	$ 57,685	$ 75,870

The total expenses related to pension benefits at March 31 include the following components:

	2018	2017
Current service costs	$ 4,976	$ 5,080
Interest cost	4,463	4,251
Effect of changes in assumptions	(357)	142
Experience gain and transitional adjustment	(27,267)	(5,867)
Balance, end of year	$ (18,185)	$ 3,606

Significant long-term actuarial assumptions used in the December 31, 2016 valuation and in the determination of the March 31, 2018 present value of the accrued pension obligation were:

	2018	2017
Discount rate	6.00%	6.00%
Rate of compensation increase	3.75%	3.75%

The Organization has internally designated its short-term investment (see Note 3) to meet its obligation for providing enhanced pension benefits to eligible employees.

11. Program Recoupments

During the year the Organization received total program recoupments of $195,730 (2017 - $236,751) of which $2,912 (2017 - $7,479) related to the Jump Start program. These Jump Start recoupments were reinvested into new projects during the year.

12. Financial Risk Management

In the normal course of operations, the Organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Organization does not meaningfully participate in the use of financial instruments to control these risks. The Organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Credit Risk

Credit risk arises from the possibility that entities that owe funds to the Organization may experience financial difficulty and not be able to fulfill their commitment. The maximum exposure to credit risk is equal to the carrying value of the cash, short-term deposits and receivables. The risk has not changed in the year.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as cash flow risk, or on the fair value of other financial instruments known as interest rate price risk.

The Organization is not exposed to interest rate cash flow risk as the Organization does not have any short-term or long-term debt. The risk has not changed in the year.

The Organization does not trade in financial instruments and is not exposed to interest rate price risk. The risk has not changed in the year.

Liquidity Risk

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The main source of the Organization's liquidity is government funding and various grants used to finance the Organization's operations and is adequate to meet the Organization's financial obligations associated with financial liabilities.

Contractual cash outflows consist of accounts payable that are due within one year.

Liquidity risk may arise from unanticipated expenditures in excess of the financial capability of the Organization. It is management's opinion that the Organization is not exposed to significant liquidity risk from their financial instruments. The risk has not changed in the year.

13. Economic Dependence

The Organization's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

14. Federal Film Screening Initiative

The Organization has participated in a special initiative along with Telefilm Canada to host an "invitation only" red-carpet screening to profile made-in-Manitoba feature films. Telefilm Canada and other partners/sponsors provide financial assistance. The Organization's contribution is minimal. A screening initiative took place in April 2017. Screenings may occur in future years, depending on continued support from Telefilm Caanada and initiative.

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Schedule of Expenditures

For the year ended March 31		2018		2017
Corporate Services				
Salaries and benefits	$	**159,005**	$	154,261
Operating		**62,575**		72,827
		221,580		227,088
Federal Film Screening Initiative		**7,355**		-
Film Commission/Location Services		**288,457**		349,395
Film and Television Programs				
Development Funding		**103,943**		140,452
Production Financing		**1,560,022**		1,596,717
Emerging Talent Matching Funds		**36,500**		34,721
Feature Film Marketing		**19,677**		20,741
Jump Start		**2,912**		7,479
		1,723,054		1,800,110
Industry Support				
Film industry associations		**60,000**		50,000
Film sponsorships/partnerships		**31,589**		43,574
Music industry associations		**75,000**		75,000
Music sponsorship/partnerships		**17,000**		20,500
		183,589		189,074
Music Programs				
Music Recording Production Levels 1-3		**163,496**		167,785
Music Business Development Fund		**-**		10,549
Music Video		**36,941**		47,574
Record Product Marketing Support		**92,332**		65,320
Recording Artist Touring Support		**259,031**		248,390
Sound Recording Production Fund for Out-of-Province Artists		**33,200**		10,350
Market Access Fund		**35,000**		55,000
		620,000		604,968
Program Delivery - Film/Television, Tax Credits and Music Programs				
Salaries and benefits		**516,268**		535,459
Operating		**176,397**		212,151
		692,665		747,610
Total expenditures	**$**	**3,736,700**	$	3,918,245

MANITOBA HABITAT HERITAGE CORPORATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Financial Statements

For the year ended March 31, 2018

BDO

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of
Manitoba Hazardous Waste Management Corporation

We have audited the accompanying financial statements of **Manitoba Hazardous Waste Management Corporation**, which comprise the balance sheet as at March 31, 2018 and the statements of operations and deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Manitoba Hazardous Waste Management Corporation** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 22, 2018

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Balance Sheet

March 31		2018		2017
Assets				
Current Assets				
Cash and bank	$	**794,550**	$	728,811
Long-term Investment				
Miller Environmental Corporation (Note 3)		**1,509,486**		1,509,486
Capital Assets				
Land, at cost		**170,305**		170,305
	$	**2,474,341**	$	2,408,602
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	**10,352**	$	10,325
Contingencies (Note 6)				
Equity				
Share capital (Note 4)		**7,500,000**		7,500,000
Deficit		**(5,036,011)**		(5,101,723)
		2,463,989		2,398,277
	$	**2,474,341**	$	2,408,602

On behalf of the Board:

Original Document Signed
________________________ Director

Original Document Signed
________________________ Director

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Operations and Deficit

For the year ended March 31		2018		2017
Revenue				
Rent - Miller Environmental Corporation (Note 5)	$	**90,000**	$	90,000
Pattern Energy Wind Rent		**820**		810
		90,820		90,810
Expenses				
General and administrative		**25,108**		27,721
Net income for the year		**65,712**		63,089
Deficit, beginning of year		**(5,101,723)**		(5,164,812)
Deficit, end of year	$	**(5,036,011)**	$	(5,101,723)

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2018		2017
Cash Flows from Operating Activities				
Net income for the year	$	65,712	$	63,089
Changes in non-cash working capital balances				
Accounts payable and accrued liabilities		27		(3,959)
Increase in cash and cash equivalents for the year		65,739		59,130
Cash and cash equivalents, beginning of year		728,811		669,681
Cash and cash equivalents, end of year	$	794,550	$	728,811

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

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

(b) Management's Responsibility for the Financial Statements and Basis of Accounting

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

(c) Revenue Recognition

Rental revenue is recognized over the term which it applies and when collectibility is reasonably assured.

(d) Financial Instruments

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

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

(e) Use of Estimates

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

2. Financial Instruments and Financial Risk Management

The corporation is exposed to different types of risk in the normal course of operations. There have been no changes in risk exposure since the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of cash and bank and long-term investments.

The maximum exposure of the corporation to credit risk at March 31, 2018 is:

Cash and bank	$ 794,550
Long-term investment	1,509,486
	$ 2,304,036

Cash and bank: The corporation is not exposed to significant credit risk as the cash and bank deposits are primarily held by a Canadian chartered bank.

Long-term investment: The corporation is not exposed to significant credit risk as the long-term investment is in another reliable organization that had positive cash flows and net earnings for the past year. The long-term investment represents an investment in Miller and was written down to $1,000,000 in 2003 due to it being impaired. Since 2003, the shareholders' equity of Miller has increased, which has resulted in the investment not being a significant credit risk to the corporation. During the 2011 year end, an additional $509,486 was invested in Miller in settlement of rent arrears owing to the corporation.

Liquidity Risk

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

2. Financial Instruments and Financial Risk Management (continued)

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the corporation's income or the fair values of its financial instruments. The significant market risks the corporation is exposed to are interest rate risk and foreign currency risk.

Interest Rate Risk

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

The interest rate risk on cash and bank is considered to be low because of the short-term nature of these financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

3. Long-term Investment - Miller Environmental Corporation

The investment in Miller is recorded at cost of $3,000,000 less $2,000,000 writedown in 2003 to represent the estimated value of the investment after taking into consideration an impairment in value at that time. In addition, on August 12, 2010 the outstanding rent receivable of $509,486 (net of a $45,000 payment received) from Miller was converted into an additional 1,242,648 Class A special preferred shares in Miller Environmental Corporation for a total of 4,242,648 shares.

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:

	2018	2017
75,000 common shares	$ 7,500,000	$ 7,500,000

5. Related Party Transactions - Miller Environmental Corporation

On March 1, 2008, a rental agreement was entered into with Miller requiring fixed monthly rent payments of $7,500. The agreement was renewed for the period March 1, 2018 to February 28, 2023 with no change to the rent payments.

6. Contingencies

Under the terms of the agreements with Miller, the corporation would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

7. Economic Dependence

The corporation is economically dependent on Miller. The corporation's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

8. Public Sector Compensation

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $4,357 (4,500 in 2017). No employee's compensation exceeded $50,000 per year.

MANAGEMENT REPORT

Management of Manitoba Health, Seniors and Active Living is responsible to the Minister of Health, Seniors and Active Living for the integrity and objectivity of the financial statements of the Manitoba Health Services Insurance Plan. The financial statements for the year ended March 31, 2018 have been prepared in accordance with Canadian public sector accounting standards.

Manitoba Health, Seniors and Active 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, and an organization structure which provides for appropriate delegation of authority and segregation of responsibilities.

The Office of the Auditor General is responsible to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. 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 (equivalent) meets to review audit, financial reporting and related matters.

On behalf of the management,

Original Document Signed

Karen Herd, CA
Deputy Minister of Health, Seniors and Active Living

Original Document Signed

Dan Skwarchuk, CPA, CGA
Assistant Deputy Minister and
Chief Financial Officer

Winnipeg, Manitoba
June 28, 2018

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health, Seniors and Active Living

We have audited the accompanying financial statements of the Manitoba Health Services Insurance Plan, which is comprised of the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus and net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Health Services Insurance Plan as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
June 28, 2018
Winnipeg, Manitoba

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Financial Position
As At March 31, 2018
(in thousands of dollars)

	2018	2017
Financial Assets		
Cash	$ 21,996	$ 17,752
Funds on deposit with the Province of Manitoba	247,142	317,052
Due from:		
Province of Manitoba - vacation pay (Note 5)	121,663	121,663
Province of Manitoba - post employment benefits (Note 5)	128,177	128,177
Other Provinces and Territories	28,668	28,231
Other	4,436	4,031
	552,082	616,906
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	187,453	290,284
Due to:		
Province of Manitoba	114,789	76,782
Province of Manitoba - vacation pay (Note 5)	121,663	121,663
Province of Manitoba - post employment benefits (Note 5)	128,177	128,177
	552,082	616,906
Accumulated Surplus and Net Debt	$ -	$ -

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Operations and Accumulated Surplus and Net Debt
For the Year Ended March 31, 2018
(in thousands of dollars)

	Budget 2018	Actual 2018	Actual 2017
Revenue			
Province of Manitoba - Grants (Note 7)	$ 6,018,786	$ 5,890,973	$ 5,873,135
Inter-provincial reciprocal recoveries - Hospital	63,977	59,191	60,432
Inter-provincial reciprocal recoveries - Medical	16,121	17,260	17,894
Third party recoveries	27,388	55,778	52,496
Miscellaneous	-	1,481	4,034
	6,126,272	6,024,683	6,007,991
Expenses			
Health Authorities and Facilities	4,160,496	4,088,662	4,052,424
Medical	1,421,787	1,335,299	1,376,287
Provincial programs	215,977	229,340	219,868
Pharmacare	328,012	371,382	359,412
	6,126,272	6,024,683	6,007,991
Annual Surplus and Net Debt	-	-	-
Accumulated Surplus and Net Debt, Beginning of Year	-	-	-
Accumulated Surplus and Net Debt, End of Year	$ -	$ -	$ -

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Cash Flow
For the Year Ended March 31, 2018
(in thousands of dollars)

	2018	2017
Operating Activities		
Annual Surplus (Deficit)	$ -	$ -
Changes in Working Capital:		
Due from:		
Province of Manitoba	-	2,020
Other Provinces and Territories	(437)	(1,667)
Other	(405)	8,887
Accounts Payable and Accrued Liabilities	(102,831)	(128,607)
Due to:		
Province of Manitoba	38,007	76,782
	(65,666)	(42,585)
Decrease in Cash and Funds on deposit	(65,666)	(42,585)
Cash and Funds on deposit with the Province, Beginning of year	334,804	377,389
Cash and Funds on deposit with the Province, End of year	$ 269,138	$ 334,804
Consists of:		
Cash	$ 21,996	$ 17,752
Funds on deposit with Province of Manitoba	247,142	317,052
	$ 269,138	$ 334,804

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

1. Nature of Operations

The Manitoba Health Services Insurance Plan (the Plan) operates under the authority of the Health Services Insurance Act. The Plan is not a separate entity with the power to contract in its own name and cannot sue or be sued. 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. Adoption of New Accounting Standards

New accounting standards that apply to government components, PS 2200, Related Party Disclosure and PS 3420, Inter-Entity Transactions, PS 3210, Assets, and PS 3320, Contingent Assets, became effective April 1, 2017. The Plan adopted these accounting standards in the current year, resulting in a revised accounting policy for related party transactions which is presented in Note 3 f.

3. Significant Accounting Policies

a. General

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b. Revenue Recognition

Funds drawn from Province of Manitoba appropriations (including supplementary estimates or special warrants), net of any funds to be repaid, are recognized as revenue. Revenue from the Province of Manitoba appropriations is accrued when further eligible expenses were incurred or recoveries from provincial departments are due.

Under inter-provincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Revenue related to reciprocal recoveries is recognized in the year that the services are provided.

Manitoba Health recovers amounts for hospital and medical services provided to individuals who are covered under other insurance plans, primarily Manitoba Public Insurance. Revenue related to third party recoveries is recognized in the year that the services are provided.

All other revenues are recognized at a gross amount on an accrual basis.

c. Financial Instruments

The financial instruments of the Plan consist of cash, funds on deposit, accounts receivable, accounts payable and accrued liabilities, and amounts due to or from the Province of Manitoba. All of the Plan's financial instruments are carried at cost.

Impaired financial assets are written down to their net recoverable value with the write-down being recognized in the statement of operations.

d. Net Debt

Net Debt is equivalent to accumulated surplus as there are no non-financial assets.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include any allowance for doubtful accounts related to accounts receivable, and the estimation of accrued liabilities related to Health Authorities, Medical Service Claims, Pharmacare Claims, and General.

Actual results could differ from these estimates.

f. Related Party Transactions

All Province of Manitoba created departments, agencies and crown corporations are related parties of the Plan based on common control. The Plan enters into transactions with these entities in the normal course of business.

Key management personnel and their close family members are related parties. They are identified as the Minister and Deputy Minister of the Department of Health, Seniors and Active Living, and their spouses, and any controlled businesses.

Related party transactions are recorded at the exchange amount. Material transactions, in aggregate, or balances are disclosed separately.

The Department of Health, Seniors and Active Living provides administrative services to the Plan at no charge. The cost of these services include a portion of the salaries and benefits of departmental staff and other expenses. Management has not estimated the cost of these services and these unallocated costs are not recognized in the financial statements.

4. Financial Instrument Risk Management

The Plan has exposure to the following risks from its use of financial instruments: credit, interest rate, and liquidity risk. Based on the Plan's small amount of foreign currency denominated assets, a change in exchange rates would not have a material effect on its Statement of Operations. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Plan to credit risk include cash, funds on deposit, and accounts receivable.

Cash and funds on deposit are not exposed to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba.

Accounts receivable are not exposed to significant credit risk. The majority of the amounts is due from the Province of Manitoba and other provinces and territories; both typically pay in full. No allowance for doubtful accounts is required.

Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its financial obligations as they come due.

The Plan manages liquidity risk by maintaining adequate cash balances and by review from the Department of Health to ensure adequate funding will be received to meet its obligations.

(in thousands of dollars)

5. 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.

6. Accounts Payable and Accrued Liabilities

	2018	2017
Health Authorities and Facilities	**$53,861**	$150,613
Provincial Health Services	**8,517**	4,277
Medical Service Claims	**88,306**	96,934
Pharmacare Claims	**9,175**	7,486
General	**27,594**	30,974
	$187,453	$290,284

7. Province of Manitoba – Grants

	Budget 2018	**Actual 2018**	Actual 2017
Department of Health, Seniors and Active Living	$5,956,612	$5,819,360	$5,807,315
Department of Families – Pharmacare Expense Recoveries	62,174	71,613	65,820
	$6,018,786	**$5,890,973**	$5,873,135

8. Expenditures for Hospital, Medical, and Other Health Services

The following table summarizes expenditures including accrual impact during the fiscal year.

Hospital service payments include services that an insured person is entitled under the Plan to receive at any hospital, surgical facility or personal care home without payment except for any authorized charges that he or she may be liable to pay are:

- in-patient services and out-patient services in a hospital and out-patient services in a surgical facility;
- such services in a hospital as may be specified in the regulations as being additional hospital services that an insured person is entitled to receive under the Plan; and

(in thousands of dollars)

- subject to any special waiting period in respect of personal care prescribed in the regulations, and subject to meeting the admission requirements for the personal care home personal care provided in premises designated as personal care homes.

Medical service payments include all services rendered by a medical practitioner that are medically required but does not include services excepted by the regulations.

Other health service payments include chiropractic, optometric, or midwifery services, or to services provided in hospitals by certified oral surgeons, or to the provision of prosthetic or orthotic devices, or to any or all of those services.

	2018	2017
Hospital Services	**$3,274,363**	$3,294,055
Medical Services	**1,302,572**	1,333,401
Other Health Services	**49,378**	51,849

9. Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

10. 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.

11. Comparative Figures

Certain of the 2017 comparative figures have been reclassified to conform with the presentation adopted for 2018.

MANITOBA HORSE RACING COMMISSION

Financial Statements
For the year ended March 31, 2018

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. 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 as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

* It should be noted that the Pari-mutual fund is overstated by an amount of $2,800. This difference is reflected in the Minister of Finance amount of $3,800 overstatement and CTHS understatement of $1,000. This difference was discussed with the auditors and deemed insignificant on the wide scope.

Original Document Signed

LaLarry Huber
Executive Director

Date: June 1st, 2018

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Commissioners of
MANITOBA HORSE RACING COMMISSION

We have audited the accompanying financial statements of **MANITOBA HORSE RACING COMMISSION**, which comprise the statement of financial position as at March 31, 2018, and the statement of operating revenue and expenses and fund balances and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Horse Racing Commission as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 3, 2018

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31			Restricted Funds					2018	2017
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	Total
Assets									
Current Assets									
Cash (bank indebtedness)	$ 94,393	$ -	$ -	$ 44,299	$ 462	$ 96,813	$ 127,660	$ 363,627	$ 249,596
Long-term investment (Note 2)	274,840	-	-	-	-	-	-	274,840	272,492
Capital assets (Note 3)	-	7,305	-	-	-	-	-	7,305	8,633
Receivable from the Province of Manitoba - Pension (Note 4)	155,772	-	-	-	-	-	-	155,772	120,897
	430,612	7,305	-	-	-	-	-	437,917	402,022
	$ 525,005	$ 7,305	$ -	$ 44,299	$ 462	$ 96,813	$ 127,660	$ 801,544	$ 651,618
Liabilities and Fund Balances									
Current Liabilities									
Accounts payable and accrued liabilities	$ 54,710	$ -	$ -	$ 44,299	$ 462	$ 96,813	$ 127,660	$ 323,944	$ 232,738
Provision for employee pension benefits (Note 4)	430,612	-	-	-	-	-	-	430,612	393,389
	485,322	-	-	44,299	462	96,813	127,660	754,556	626,127
Fund Balances									
Unrestricted	39,683	-	-	-	-	-	-	39,683	16,858
Invested in capital assets	-	7,305	-	-	-	-	-	7,305	8,633
	39,683	7,305	-	-	-	-	-	46,988	25,491
	$ 525,005	$ 7,305	$ -	$ 44,299	$ 462	$ 96,813	$ 127,660	$ 801,544	$ 651,618

Approved on behalf of the Commission:

Original Document Signed — Chairman

Original Document Signed — Controller

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

MANITOBA HORSE RACING COMMISSION
Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31

			Restricted Funds					2018	2017
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	Total
Revenue									
Fees, licenses and fines (Note 5)	$ 170,891	$ -	$ -	$ -	$ -	$ -	$ -	$ 170,891	$ 172,680
Grant from Manitoba Agriculture	156,300	-	-	-	273,626	-	-	429,926	331,957
Interest	364	-	-	-	-	-	-	364	389
Pari-mutuel levy	-	-	2,241,108	-	-	-	-	2,241,108	2,240,838
Sundry	146	-	-	-	-	-	-	146	31
	327,701	-	2,241,108	-	273,626	-	-	2,842,435	2,745,895
Expenditures									
General Fund operating expenses (Schedule 1)	538,023	-	-	-	-	-	-	538,023	549,431
Overnight purse support thoroughbred	-	-	-	339,547	-	1,319,155	349,259	2,007,961	2,006,851
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-	-	-
Amortization of capital assets	-	1,328	-	-	-	-	-	1,328	1,328
Standard rural	-	-	-	-	273,626	-	-	273,626	279,500
	538,023	1,328	-	339,547	273,626	1,319,155	349,259	2,820,938	2,837,110
Excess (deficiency) of revenue over expenditures for the year	(210,322)	(1,328)	2,241,108	(339,547)	-	(1,319,155)	(349,259)	21,497	(91,215)
Pari-Mutuel Levy Fund transfer	233,147	-	(2,241,108)	339,547	-	1,319,155	349,259	-	-
Fund balances, beginning of year	16,858	8,633	-	-	-	-	-	25,491	116,707
Fund balances, end of year	$ 39,683	$ 7,305	$ -	$ -	$ -	$ -	$ -	$ 46,988	$ 25,491

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

MANITOBA HORSE RACING COMMISSION
Statement of Cash Flows

For the year ended March 31		2018		2017
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenditures	$	21,497	$	(91,216)
Amortization of capital assets		1,328		1,328
		22,825		(89,888)
Changes in non-cash working capital balances				
Accounts receivable		-		40
Receivable from Province of Manitoba - pension		(34,875)		(46,194)
Prepaid expenses		-		4,334
Accounts payable and accrued liabilities		91,206		18,299
Deferred revenue		-		(4,320)
Provision for employee pension benefits		37,223		48,075
		116,379		(69,654)
Cash Flows from Investing Activities				
Net change in investments		(2,348)		(1,881)
Increase (decrease) in cash and bank during the year		114,031		(71,535)
Cash, beginning of year		249,596		321,131
Cash, end of year	$	363,627	$	249,596

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

For the year ended March 31, 2018

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

Manitoba Horse Racing Commission (the "Organization") was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. The Commission's sustainability is dependent upon on-going financial resources realized through The Horse Racing Commission Act.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from Manitoba Agriculture, interest earned on the General Fund, as well as a proportionate share of the Pari-Mutuel Levy according to the Plan for Distribution.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

Effective April 1, 1997, Pari-Mutuel Levy Act (the "Act") was enacted. The Act provides for the establishment of a Pari-Mutuel Levy Fund for the promotion of horse racing in Manitoba. The levy is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

The Minister of Finance Fund is used for levies deducted and paid to the Minister of Finance as per 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 Manitoba Agriculture.

Horsemen's Benevolent Protection Association (H.B.PA) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.PA Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Canadian Thoroughbred Horsemen Society (C.T.H.S) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards and include the following significant accounting policies:

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

Basis of Accounting (continued)

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions, and maintains seven funds: General Fund, Capital Asset Fund, Pari-Mutuel Levy Fund, Minister of Financial Fund, Rural Fund, H.B.PA Fund, and C.T.H.S. Fund.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

Pension Costs

Employees of the Commission are pensionable under the Civil Service Superannuation Act. Pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2014. Actuarial gains and losses are amortized over the average remaining service life of employees, commencing in the year following when the actuarial gain or loss arises.

Measurement Uncertainty (Use of Estimates)

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

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

Basis of Accounting (continued)

Fund Transfers

i) Capital asset fund transfer

Fund transfers represent allocations from the General Fund to the Capital Asset Fund for capital acquisitions.

ii) Pari-mutuel levy fund transfer

A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Security equipment	10 years
Computer equipment	5 years
Furniture and fixtures	10 - 20 years

Financial Instruments

The financial instruments of the Commission consist of cash, receivable from the Province of Manitoba - pension, long term investment, and accounts payable and accrued liabilities.

All of the Commission's financial instruments are carried at cost or amortized cost.

If an impairment loss is determined by The Commission and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operating revenue and expenses and fund balances.

2. Long-term Investment

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment was placed in an interest bearing trust account on March 31, 2009 and is held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this investment is classified as long term.

3. Capital Assets

	2018			2017		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	$ 13,118	$ 11,146	$ 1,972	$ 13,118	$ 9,997	$ 3,121
Furniture and fixtures	7,571	7,335	236	7,571	7,285	286
Computer equipment	12,299	7,202	5,097	12,299	7,073	5,226
	$ 32,988	$ 25,683	$ 7,305	$ 32,988	$ 24,355	$ 8,633

4. Provision for Employee Pension Benefits

The Commission records the pension liability and the related pension expense, including an interest component, in its financial statements. An actuarial valuation of the employee pension benefit liability as at December 31, 2016 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (6.00% in 2015), 2.00% inflation (2.00% in 2015), salary rate increases of 3.75% (3.75% in 2015), discount rate of 6.00% (6.00% in 2015) 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, 2018 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

The Province of Manitoba has accepted responsibility for the pension liability, net of the long-term investment balance. The Commission has therefore recorded an amount recoverable from the Province of Manitoba of $155,772 (2017 - $120,897) equal to the estimated value of its actuarially determined liability in its financial statements less the long-term investment balance. The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation. Total pension expense of $14,254 (2016 - $17,407) has been recorded in the statement of operations.

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

	2018	2017
Accrued benefit obligation, beginning of year	$ 393,389	$ 345,314
Benefits accrued	26,465	12,595
Interest accrued on benefits	24,908	21,956
Benefits paid	(20,312)	(17,962)
Experience loss	7,789	33,610
Increase in trust account held by Province of Manitoba	(1,627)	(2,124)
Balance, end of year	$ 430,612	$ 393,389

For the year ended March 31, 2018

5. Fees, Licenses and Fines

	2018	2017
Assiniboia Downs		
Daily licenses	$ 134,865	$ 134,865
Fees and licenses	30,606	29,560
Fines	3,100	5,630
	168,571	170,055
Rural Circuit		
Fees and licenses	1,070	1,325
Fines	1,250	1,300
	2,320	2,625
	$ 170,891	$ 172,680

6. Financial Instruments

The Commission has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Liquidity risk arises from the possibility of the Commission having insufficient financial resources to meet its financial obligations when they come due. The Commission mitigates this risk through cash management. Accounts payable and accrued liabilities are typically paid when due.

6. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and long term investment. The interest rate risk on cash and long term investment is considered to be low due to their short term nature and the long term investment is reinvested annually.

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, accounts receivable and receivable from Province of Manitoba - pension.

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

Long term investment and receivable from Province of Manitoba - pension are not exposed to significant credit risk as both are with the Province of Manitoba.

Accounts receivable is not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

Foreign Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Commission is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

7. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Commission is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Commission enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

MANITOBA HORSE RACING COMMISSION
Schedule of General and Administrative Expenses

For the year ended March 31		2018		2017
Commissioners' per diem and honoraria	$	**5,700**	$	8,461
Drug, alcohol and security		**10,128**		14,211
Employee benefits		**44,790**		65,593
Equipment and office furniture		**1,299**		9,747
Insurance		**341**		2,015
Membership and dues		**5,128**		816
Office		**21,556**		11,942
Pension cost		**14,254**		17,407
Professional fees		**19,911**		16,014
Repairs and maintenance		**-**		(5,785)
Salaries				
Administration		**206,844**		174,907
Security		**7,522**		7,252
Stewards and judges		**115,369**		126,380
Veterinarian services		**51,129**		52,912
Support grant		**13,359**		25,835
Telephone		**11,068**		11,531
Travel		**9,625**		10,193
	$	**538,023**	$	549,431

Independent Auditor's Report

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the accompanying financial statements of The Manitoba Housing and Renewal Corporation, which comprise of the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Manitoba Housing and Renewal Corporation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
July 25, 2018
Winnipeg, Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Financial Position

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 89,692,148	$ 49,296,481
Accounts receivable (note 4)	86,392,535	87,056,638
Prepaid expenses	1,351,501	1,628,627
Current portion of loans and mortgages receivable (note 5)	8,745,277	8,455,606
	166,181,461	146,437,352
Other long-term receivables (note 4)	22,062,658	21,982,150
Loans and mortgages receivable (note 5)	84,152,801	93,831,215
Land inventory (note 6)	41,601,039	59,806,187
Capital assets (note 7)	826,474,978	814,570,702
	$ 1,140,472,937	$ 1,136,427,606
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 55,778,611	$ 52,914,591
Current portion of long-term debt (note 8)	61,093,838	57,268,725
	116,872,449	110,183,316
Long-term debt (note 8)	1,036,988,705	1,048,434,256
Other long-term liabilities (note 9)	15,574,655	14,800,419
Deferred revenue (note 10)	10,490,185	7,667,564
Deferred contributions: (note 11)		
Expenses of future periods	8,300,781	8,266,877
Capital assets	22,361,054	22,717,179
Funds held for third party expenses	52,043,623	51,729,465
Housing Development and Rehabilitation Fund	17,652,340	4,741,149
	100,357,778	87,454,670
Net assets:		
Unrestricted	(139,790,835)	(132,112,619)
Contractual rights (note 15)		
Contingencies (note 22)		
Commitments (note 23)		
Guarantees (note 24)		
	$ 1,140,472,937	$ 1,136,427,606

See accompanying notes to financial statements

On behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Operations

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Revenue:		
Grants from the Province of Manitoba (note 12)	$ 103,715,897	$ 127,135,829
Contributed services (note 13)	558,000	794,000
Rental revenue (note 14)	82,340,855	79,286,188
Other government contributions (note 15)	75,454,231	59,931,183
Housing Development and Rehabilitation Fund (note 11)	10,821,400	11,153,223
Recoveries related to advance agreement	66,890	1,559,333
Amortization of deferred contributions (note 11)	1,166,188	924,191
	274,123,461	280,783,947
Interest:		
Loans and mortgages	8,022,273	8,776,054
Bank and other	828,841	267,535
	8,851,114	9,043,589
Sales of land:		
Waverley West (note 11)	32,476,509	31,524,043
Other land holdings	3,714,884	20,000,000
	36,191,393	51,524,043
Gain on disposal of capital assets	12,420,826	1,070,796
Other	1,404,289	3,852,678
Total revenue	332,991,083	346,275,053
Expenses:		
Housing operations - excluding amortization and interest (note 14)	131,977,263	129,242,227
Housing operations amortization (note 14)	47,963,887	40,335,377
Housing operations interest (note 14)	35,207,564	33,485,229
Rental subsidies (note 16)	40,127,064	39,785,555
Grants and subsidies (note 17)	4,860,259	4,923,914
Interest expense	9,117,687	9,950,075
Administrative services	3,492,100	3,702,400
Provision for loss and write downs	31,263	546,625
Cost of land sales - Waverley West (note 11)	32,476,509	31,524,043
Cost of land sales - other land holdings	594,494	3,024,013
Housing program supports (note 18)	29,938,959	16,505,910
Pension (note 19)	405,607	(26,003)
Expenses related to advance agreement	66,890	1,559,333
Other amortization	135,950	157,988
Other	4,273,803	544,986
	340,669,299	315,261,672
Excess (deficiency) of revenue over expenses	$ (7,678,216)	$ 31,013,381

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Net assets, beginning of year	$ (132,112,619)	$ (163,226,000)
Contributed land	-	100,000
Excess (deficiency) of revenue over expenses	(7,678,216)	31,013,381
Net assets, end of year	$ (139,790,835)	$ (132,112,619)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (7,678,216)	$ 31,013,381
Non-cash changes in operations:		
Amortization of capital assets	47,963,887	40,335,377
Amortization of other capital assets	135,950	157,988
Amortization of deferred contributions related to capital assets	(1,166,188)	(924,191)
Provision for loss and write downs	31,263	546,625
Gain on disposal of capital assets	(12,420,826)	(1,070,796)
Change in non-cash working capital:		
Accounts receivable	20,664,103	(62,114,239)
Prepaid expenses	277,126	(245,680)
Other long-term receivables	(80,508)	1,385,362
Land inventory	18,205,148	14,419,498
Accounts payable and accrued liabilities	2,864,020	(4,102,139)
Other long-term liabilities	774,236	120,156
Net increase/(decrease) in deferred revenue	2,822,621	(3,859,507)
Net increase in deferred contributions related to expenses of future periods	33,884	36,192
Net increase in deferred contributions related to Housing Development and Rehabilitation Fund	12,911,191	4,006,942
Net increase in deferred contributions related to funds held for third party expenses	314,158	43,157,612
	85,651,849	62,862,580
Capital activities:		
Net increase in deferred contributions related to capital assets	810,063	3,463,892
Proceeds from disposal of land	-	15,100
Proceeds from disposal of capital assets	18,714,993	2,144,971
Purchase of capital assets	(66,298,280)	(113,059,627)
	(46,773,224)	(107,435,664)
Investing activities:		
Additions to loans and mortgages receivable	(400,920)	(445,604)
Proceeds from repayment of loans and mortgages receivable	9,558,400	9,272,168
	9,157,480	8,826,564
Financing activities:		
Repayment of long-term debt	(172,839,867)	(220,217,065)
Proceeds from long-term debt	165,199,429	250,875,470
	(7,640,438)	30,658,405
Net increase/(decrease) in cash	40,395,667	(5,088,114)
Cash and cash equivalents, beginning of year	49,296,481	54,384,596
Cash and cash equivalents, end of year	$ 89,692,148	$ 49,296,481

See accompanying notes to financial statements

1. General

The Manitoba Housing and Renewal Corporation (MHRC) operates under the authority of The Housing and Renewal Corporation Act, being Chapter H 160 Revised Statutes of Manitoba 1987. The purposes and objectives of the Act are:

a) to ensure that there is an adequate supply of housing stock in Manitoba;
b) to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs;
c) to maintain and improve the condition of existing housing stock; and
d) to stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

MHRC is under the management and control of a Board of Directors appointed by the Lieutenant Governor in Council. The board shall consist of not fewer than five members and not more than 13 members and the Lieutenant Governor in Council may designate one of the members of the board as chairperson and one member as vice-chairperson.

MHRC is economically dependent on the Government of the Province of Manitoba.

2. Significant accounting policies

a) Basis of presentation

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

b) Revenue recognition

MHRC follows the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

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

Rental revenue is recognized in the fiscal period during which the service is provided.

Land sales are recognized in the period in which the ownership is transferred, except for the profit component associated with land development revenue. Land development profits are restricted as to their use by Legislation approved by the Province of Manitoba and therefore revenue recognition is deferred until the profits are used to support eligible expenditures (note 11).

Interest is recognized on an accrual basis in the fiscal period in which it is earned.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

d) Financial instruments

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost using the effective interest method, unless management has elected to carry a group of financial instruments at fair value in accordance with its risk management or investment strategy. MHRC has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

2. Significant accounting policies (continued)

e) Loans and mortgages receivable

MHRC maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to MHRC's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. MHRC does not provide an additional non-specific, general provision for loan impairment. MHRC's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. MHRC records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, MHRC records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance. Any Federal Government contributions towards forgivable loans are recorded as revenue as loans are disbursed.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Construction in progress is transferred to the appropriate capital asset category when the project is completed and the asset is placed in service at which time, amortization commences. Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction. Repairs and maintenance costs are charged to expense. Betterments which extend or improve the life of an asset are capitalized. When a capital asset no longer contributes to MHRC's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	25 and 40 years
Building improvements	15 years
Leasehold improvements	Over the lease term
Computer - major application	15 years
Computer software - other	4 years
Computer system - hardware	4 years
Furniture and equipment	8 years

g) Land inventory

Land under development includes the value of land and all costs directly related to the land improvement. Development costs include, but are not limited to, site preparation, architectural, engineering, surveying, fencing, landscaping and infrastructure for electrical, roads and underground works.

Land held for future development or sale is valued at the lower of cost or appraised value adjusted for estimated disposition costs. Cost includes the original purchase price and related acquisition costs.

2. Significant accounting policies (continued)

h) Employee future benefits

MHRC accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension, severance, compensated absences and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

Actuarial gains/(losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets, if applicable, for that period. Actuarial gains/(losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains/(losses) are amortized over the expected average remaining service life (EARSL) of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years (2017 - 10 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Current service contributions for Direct Managed employees are recognized as operating expenses.

i) Contributed services

Under an agreement entered into between MHRC and the Province of Manitoba in 1984, the Departments of the Province of Manitoba provide administrative services to MHRC at no cost. The value of these contributed and administrative services is recorded as revenue and expenses.

j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accounts receivable, loans and mortgages receivable, accrued liabilities, and other long-term liabilities. Actual results could differ from those estimates.

k) Adoption of new accounting standards

On April 1, 2017, MHRC adopted Canadian public sector accounting standards PS 2200 Related party disclosures, PS 3420 Inter-entity transactions, PS 3210 Assets, PS 3320 Contingent assets, and PS 3380 Contractual rights. The adoption of the these standards did not result in an accounting policy change for MHRC and did not result in any adjustments to the financial statements as at April 1, 2017. MHRC's contractual rights are disclosed in note 15.

3. Cash and cash equivalents

	2018	2017
Bank	$ 81,384,214	$ 41,022,006
Risk Reserve related to Social Housing Agreement	8,300,759	8,266,876
Petty cash	7,175	7,599
	$ 89,692,148	$ 49,296,481

4. Accounts receivable

	2018	2017
Current accounts receivable:		
Canada Mortgage and Housing Corporation	$ 23,644,916	$ 63,162,466
Government of the Province of Manitoba and its agencies	1,396,678	872,208
Rent receivables - net of allowance of $7,416,922 (2017 - $6,973,202)	3,172,973	3,085,325
Accrued interest on loans and mortgages receivable	255,225	307,761
City of Winnipeg	757,543	774,650
Other - net of allowance of $28,216 (2017 - $24,555)	37,165,200	18,854,228
	$ 66,392,535	$ 87,056,638

	2018	2017
Other long-term receivables:		
Government of the Province of Manitoba:		
Pension recoverable (note 19)	$ 9,092,845	$ 8,687,238
Severance benefits (note 20)	1,446,105	1,446,105
	10,538,950	10,133,343
Securities for Waverley West installation of services - City of Winnipeg	11,523,708	11,848,807
	$ 22,062,658	$ 21,982,150

5. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2018	2017
Federal/Provincial Housing Programs:		
Private Non-Profit Housing	$ 57,375,143	$ 63,226,284
Rural and Native Housing	43,888	121,077
Urban Native Housing	8,274,494	9,227,819
	65,693,525	72,575,180
Market Rental Programs:		
Co-operative HomeStart	4,273,395	4,603,262
Co-operative Index Linked	319,565	941,822
	4,592,960	5,545,084
Other Programs:		
Community Residences	785,954	1,131,965
Homeowner Rehabilitation	13,610	18,893
Affordable Rental Housing	17,467,427	18,035,288
Other	7,800,675	8,230,098
	26,067,666	27,416,244
	96,354,151	105,536,508
Less - allowance for loan impairment	(3,456,073)	(3,449,687)
Subtotal repayable loans and mortgages receivable	92,898,078	102,086,821
Forgivable loans	296,890,898	269,319,527
	389,788,976	371,406,348
Less - forgivable loans asset valuation allowance	(296,890,898)	(269,319,527)
Loans and mortgages receivable	$ 92,898,078	$ 102,086,821
Current portion of loans and mortgages receivable	$ 8,745,277	$ 8,455,606
Long-term portion of loans and mortgages receivable	84,152,801	93,631,215
Loans and mortgages receivable	$ 92,898,078	$ 102,086,821

Loans and mortgages receivable bear interest at various rates between 0% and 13.50% (2017 - 0% and 14.25%) with maturities at various dates to 2053.
The loans and mortgages receivable for Federal/Provincial Housing Programs, Market Rental Programs, Community Residences and Affordable Rental Housing are secured by a mortgage on the underlying property.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2019	$ 8,745,277
2020	8,799,135
2021	9,280,060
2022	9,635,847
2023	9,647,537
Thereafter	50,246,295
	$ 96,354,151

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2018	2017
Other programs	$ 3,456,073	$ 3,449,686
	$ 3,456,073	$ 3,449,686

6. Land inventory

		2018		2017
Land under development	$	41,058,120	$	59,057,563
Future development or sale		542,919		748,624
	$	41,601,039	$	59,806,187

7. Capital assets

		2018		2017
Land	$	32,555,046	$	32,465,024
Buildings and improvements		1,211,306,051		1,121,644,992
Less - accumulated amortization		(556,823,954)		(514,093,246)
Buildings - net book value		654,482,097		607,551,746
Under construction		129,288,391		167,063,250
Total land and buildings		816,325,534		807,080,020
Other assets		13,144,548		10,156,739
Less - accumulated amortization		(2,995,104)		(2,666,057)
Other assets - net book value		10,149,444		7,490,682
Net book value	$	826,474,978	$	814,570,702

MHRC has capitalized $1,343,416 (2017 - $1,921,257) of interest during 2018 to construction in progress.

8. Long-term debt

	2018	2017
Government of the Province of Manitoba:		
Advances, interest only payments until construction is complete, at which point it is converted into long-term advances. The interest rate as at March 31, 2018 was 2.70% (2017 - 1.95%).	$ 229,155,054	$ 266,374,473
Long-term advances, at interest rates from 2.63% to 11.32% (2017 - 2.63% to 11.32%) maturing at various dates to 2055 and requiring annual principal and interest payments of $85,793,219 (2017 - $81,997,952).	781,068,425	742,734,701
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.67% to 5.93% (2017 - 5.67% to 5.93%) maturing at various dates to 2030 and requiring annual principal and interest payments of $14,449,688 (2017 - $14,449,688).	87,501,057	96,233,045
Mortgages payable (assumed on property acquisitions), at an interest rate of 10.50% (2017 - 10.50%) maturing at various dates to 2027 and requiring annual principal and interest payments of $50,337 (2017 - $50,337).	338,007	360,762
	$ 1,098,062,543	$ 1,105,702,981
Current portion of long-term debt	$ 61,093,838	$ 57,268,725
Long-term debt	1,036,968,705	1,048,434,256
	$ 1,098,062,543	$ 1,105,702,981

Principal repayments on the long-term debt, excluding unfixed term advances of $229,155,054 are estimated as follows:

2019	$ 61,093,838.00
2020	64,153,602
2021	67,968,445
2022	68,740,872
2023	68,985,689
Thereafter	537,965,043
	$ 868,907,489

9. Other long-term liabilities

	2018	2017
Pension liability (note 19)	$ 9,092,845	$ 8,687,238
Severance liability (note 20)	5,750,710	5,410,756
Sick leave liability	731,100	702,425
	$ 15,574,655	$ 14,800,419

10. Deferred revenue

		2018		2017
Tenant prepaid rent	$	2,574,852	$	2,783,460
Prepaid land lease		33,205		34,744
Lot options - land under development		7,881,128		4,846,860
Deposit for future sales		1,000		2,500
	$	10,490,185	$	7,667,564

11. Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent restricted funding received under various agreements primarily to mitigate future operating risks.

		2018		2017
Balance, beginning of year	$	8,266,877	$	8,230,684
Amount reclassified from accounts payable and accrued liabilities		1,161		3,469
Amount recovered from loans and mortgages receivable		32,723		32,724
Balance, end of year	$	8,300,761	$	8,266,877

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the construction and rehabilitation of capital assets.

		2018		2017
Balance, beginning of year	$	22,717,179	$	20,177,478
Contributions received		810,063		3,463,892
Amount amortized to revenue in the year		(1,166,188)		(924,191)
Balance, end of year	$	22,361,054	$	22,717,179

11. Deferred contributions (continued)

c) Funds held for third party expenses

Deferred contributions related to funds held for third party expenses represents restricted funding received under two agreements with the Federal Government and funding from the Provincial Government related to the Advance Agreement. The Federal agreement consists of the Investment in Affordable Housing (IAH) and the Social Infrastructure Fund (SIF) agreements. The balances as of March 31, 2018 for the two federal agreements is $51,343,757 (2017 - $51,729,465) and $699,866 for the Advance Agreement (2017 - nil)

	2018	2017
Balance, beginning of year	$ 51,729,465	$ 8,571,853
Contributions received	25,319,281	58,154,152
Amounts recognized as other government contributions	(25,005,123)	(14,996,540)
Balance, end of year	$ 52,043,623	$ 51,729,465

d) Housing Development and Rehabilitation Fund

On November 8, 2007, The Housing and Renewal Corporation Amendment Act provided for the establishment of a fund known as the "Housing Development and Rehabilitation Fund".

The fund is to be credited with suburban land development profits realized by MHRC in respect of land owned and developed by it or by a partnership or joint venture in which MHRC is or was a participant. The gross proceeds from land development was $56,198,625 (2017 - $46,604,607) and the cost of land sales was $32,476,509 (2017 - $31,524,043) during the year ended March 31, 2018. Interest earned on the amount is to be credited to the fund. The fund may be used to provide support for housing projects in areas of need within a municipality in which MHRC realized profits, including the development of new housing or the rehabilitation, repair and maintenance of existing housing.

All costs allocated to the portions of land sold in a land development project are deducted from the gross proceeds realized from sale of those portions of land in order to determine land development profits. MHRC uses the net yield method to allocate costs to the individual portions which are sold as part of a land development project. Common costs for the development project are allocated to portions which are sold based on acreage, and the cost allocation includes both an allocation of actual land development costs incurred as well as an allocation of costs which are required to complete those portions of the land which are reported as sold.

	2018	2017
Balance, beginning of year	$ 4,741,149	$ 734,208
Land development profits	23,722,116	15,080,564
Interest earned	10,475	79,600
Amounts recognized as Housing Development and Rehabilitaion Fund revenue	(10,821,400)	(11,153,223)
Balance, end of year	$ 17,652,340	$ 4,741,149

12. Grants from the Province of Manitoba

	2018	2017
Department of Families		
MHRC operating programs	$ 84,022,529	$ 107,195,762
MHRC administration	15,821,471	16,459,079
Grants and subsidies	3,401,115	3,412,159
	103,245,115	127,067,000
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	65,175	94,832
Change to pension obligation (note 19)	405,607	(26,003)
	470,782	68,829
	$ 103,715,897	$ 127,135,829

13. Contributed services

		2018		2017
Administrative services provided by Departments of the Province of Manitoba were allocated as follows:				
Included in Statement of Operations, administrative services	$	74,200	$	164,900
Included in administrative expenses in note 14, direct managed housing operations		471,600		546,400
Included in administrative expenses in note 14, sponsor managed housing operations		900		15,900
Included in rental subsidies, note 16		11,300		48,900
Included in housing program supports, note 18		-		17,900
	$	558,000	$	794,000

14. Housing operations

The management and operation of all MHRC owned social housing projects are direct managed and sponsor managed. The operating results are as follows:

	2018			2017		
	Direct Managed	Sponsor Managed	Total	Direct Managed	Sponsor Managed	Total
Revenue:						
Rental revenue	$ 60,371,483	$ 21,969,372	$ 82,340,855	$ 60,559,629	$ 18,726,559	$ 79,286,188
Expenses:						
Administrative (note 13)	37,578,881	4,872,565	42,451,446	38,107,366	4,529,100	42,636,466
Property operating	53,538,610	17,937,879	71,476,489	54,466,922	15,265,701	69,732,624
Grants in lieu of taxes	14,624,702	3,424,626	18,049,328	13,406,878	3,466,260	16,873,137
Amortization	35,760,271	12,203,616	47,963,887	31,540,314	8,795,062	40,335,377
Interest	25,131,686	10,075,878	35,207,564	24,161,867	9,323,362	33,485,229
	166,634,150	48,514,564	215,148,714	161,683,348	41,379,486	203,062,833
Operating loss	$ 106,262,667	$ 26,545,192	$ 132,807,859	$ 101,123,718	$ 22,652,926	$ 123,776,645

15. Other government contributions

		2018		2017
Other Provincial contributions (a)		5,805,175		-
Federal contributions (b-d)	$	69,045,571	$	59,347,892
Municipal contributions (e)		603,485		583,291
	$	75,454,231	$	59,931,183

15. Other government contributions (continued)

a) Other Provincial Contributions

On March 15, 2018, MHRC entered into an agreement with the Department of Families (Families) to provide all necessary services and expertise to administer and manage the capital funding provided by Families to MHRC for purposes of funding early learning and child care projects which are approved by Families. The agreement is effective until March 31, 2020 and the annual funding will be determined by Families in each of the fiscal years covered.

b) Federal Contributions - Social Housing Agreement (SHA Agreement)

The Social Housing Agreement took effect on October 1, 1998 and expires August 31, 2031. Pursuant to the agreement, CMHC will pay pre-established annual contributions to MHRC for individual housing projects over the term of the agreement. Contributions due over the remaining term of the agreement are as follows:

2019	$	41,688,280
2020		39,794,321
2021		37,556,927
2022		34,731,527
2023		31,099,958
2024 to 2032		90,810,329
	$	275,681,342

c) Federal Contributions - Investment in Affordable Housing (IAH) Agreement

The Supplementary Agreement to the IAH Agreement (the "2014-2019 Extension") provides for CMHC to make contributions to MHRC of up to $51.750 million or $10.350 million annually for five years. In 2018 and prior years, total claims of $41.400 million were claimed from CMHC based on approved commitments. Federal contributions of $10.350 million remain available in respect of other commitment that are approved by March 31, 2019.

d) Federal Contributions - Social Infrastructure Fund Agreement (SIF) Agreement

The SIF Agreement provides for CMHC to make contributions to MHRC of up to $51.440 million in 2017 and $16.240 in 2018, for a total funding of $67.680 million. All Federal Contributions under this agreement were claimed by March 31, 2018.

e) Municipal Contributions

The City of Winnipeg signed an agreement in October 18, 1962 to provide funding of up to 12.5% of operating losses of three specific projects located in Winnipeg to help alleviate shortage of affordable housing. The City is billed based on actual operating results of this projects on an annual basis.

16. Rental subsidies

Rental subsidies are provided in accordance with project operating agreements with third parties which establish the basis of eligibility for subsidy assistance. The net rental subsidies required by these organizations are as follows:

	2018	2017
Not-for-Profit Housing	$ 25,487,837	$ 24,316,261
Co-operative Housing	2,850,059	3,673,176
Private Landlords	11,789,168	11,796,118
	$ 40,127,064	$ 39,785,555

17. Grants and subsidies

	2018	2017
Portable Housing Benefit	$ 1,744,163	$ 1,755,207
Emergency Shelter Assistance	1,656,952	1,656,952
School Tax Assistance for Tenants 55 Plus	65,174	94,833
Elderly & Infirm Persons Housing	128,229	143,973
Co-op HomeStart	71,741	86,859
Homeless Strategy	1,194,000	1,186,090
	$ 4,860,259	$ 4,923,914

18. Housing program supports

	2018	2017
Forgivable loans	$ 27,130,737	$ 13,366,747
Administration and delivery agent fees	2,808,222	3,139,163
	$ 29,938,959	$ 16,505,910

19. Pension obligations

Employees of MHRC and Direct Managed employees are eligible for pensions under the Manitoba Civil Service Superannuation Fund (Superannuation Fund). This pension plan is a defined benefit plan. The extrapolation of the most recent actuarial valuation of the Superannuation Fund at December 31, 2016 reported the Superannuation Fund had a deficiency of net assets over actuarial value of pension obligations of $4.3 billion. For Direct Managed employees, MHRC is required to contribute an amount approximately equal to the employees' contribution to the Superannuation Fund for current services. Such payments are charged to housing operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned by Direct Managed employees. Pension expense recorded for Direct Managed employees for the year ended March 31, 2018 was $1,813,682 (2017 - $2,027,931).

MHRC has a liability associated with the annual cost of pension benefits earned by employees of MHRC. This liability is determined by an actuarial valuation each year based on data provided by MHRC with the balance for the intervening year being estimated by a formula provided by the actuary. The most recent valuation was completed at March 31, 2018.

	2018	2017
Pension liability per actuarial valuation:		
Balance at beginning of year	$ 9,572,116	$ 9,170,078
Interest cost on benefit obligations	574,327	550,205
Current service costs	657,756	687,282
Benefits paid	(916,472)	(1,306,392)
Experience loss (amortized over EARSL)	94,057	470,943
Balance at end of year	9,981,784	9,572,116
Unamortized actuarial loss	(888,939)	(884,878)
Pension liability balance at end of year	$ 9,092,845	$ 8,687,238

At March 31, 2018, the unamortized actuarial loss to be recognized in future periods is as follows:

	2018	2017
Unamortized actuarial loss:		
Balance at beginning of year	$ (884,878)	$ (456,837)
In year loss amortized over EARSL - 2018 - 10 years (2017 - 10 years)	(94,057)	(470,943)
Amortization of actuarial loss	89,996	42,902
Balance at end of year	$ (888,939)	$ (884,878)

	2018	2017
Change to pension obligation:		
Interest cost on benefit obligations	$ 574,327	$ 550,205
Current service costs	657,756	687,282
Benefits paid	(916,472)	(1,306,392)
Amortization of actuarial loss	89,996	42,902
Change to pension obligation	$ 405,607	$ (26,003)

The above liability is in respect of active employees only and does not reflect any liability with respect to retired or former employees. The key actuarial assumptions were a rate of return of 6.00% (2017 - 6.00%), 2.00% inflation (2017 - 2.00%), general salary rate increases of 2.75% (2017 - 2.75%), excluding the 1.00% service and merit increases and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been calculated as at March 31, 2018 by the actuary.

The Province of Manitoba has accepted responsibility for funding MHRC's liability and related expense which includes an interest component. Therefore, MHRC has recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $9,092,845 as of March 31, 2018 (2017 - $8,687,238) and has recorded a increase in revenue for fiscal 2018 equal to the related pension liability increase of $405,607 (2017 - $26,003 decrease). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

20. Severance

a) Severance pay liability

Effective April 1, 1998, MHRC commenced recording the estimated liability for accumulated severance pay benefits for its Direct Managed employees. The amount of this estimated liability is determined and recorded annually using the method of calculation set by the Province of Manitoba.

Severance pay, at the Direct Managed employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 22 weeks). Eligibility will require that the employee has achieved a minimum of ten years of service and that the employee is retiring from MHRC.

Severance pay, at the MHRC employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 23 weeks). Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from MHRC.

An actuarial report was completed for the severance pay liability as at March 31, 2018. MHRC's actuarially determined liability relating to the Direct Managed employees as at March 31, 2018 was $3,921,048 (2017 - $3,683,040). The report provides a formula to update the liability on an annual basis.

MHRC recorded a severance liability as at April 1, 2003 in the amount of $569,000 associated with the severance benefits earned by the former Department of Family Services and Housing employees who were transferred to MHRC on February 8, 2003. The amount of this estimated liability is determined and recorded annually using a method of calculation set by the Province of Manitoba.

An actuarial report was completed for the severance pay liability as at March 31, 2018. MHRC's actuarially determined liability relating to the MHRC employees as at March 31, 2018 was $1,313,349 (2017 - $1,271,578). The report provides a formula to update the liability on an annual basis.

	2018	2017
Severance liability per actuarial valuation:		
Direct Managed employees:		
Balance at beginning of year	$ 3,683,040	$ 3,512,458
Interest cost on benefit obligations	220,981	210,747
Current service costs	302,551	295,626
Benefits paid	(238,472)	(299,996)
Experience gain (amortized over EARSL)	(47,052)	(35,795)
Balance at end of year	3,921,048	3,683,040
MHRC employees (including former Department of Family Services and Housing employees):		
Balance at beginning of year	1,271,578	1,192,049
Interest cost on benefit obligations	76,294	71,524
Current service costs	83,469	85,774
Benefits paid	(53,778)	(120,943)
Experience loss/(gain) (amortized over EARSL)	(64,214)	43,174
Balance at end of year	1,313,349	1,271,578
Unamortized actuarial gain	516,313	456,138
Severance liability balance at end of year	$ 5,750,710	$ 5,410,756

20. Severance (continued)

At March 31, 2018, the unamortized actuarial gain to be recognized in future periods is as follows:

		2018		2017
Unamortized actuarial gain/(loss):				
Direct Managed employees:				
Balance at beginning of year	$	282,766	$	274,649
In year gain amortized over EARSL - 2018 - 10 years (2017 - 10 years)		47,052		35,795
Amortization of actuarial gain		(31,257)		(27,678)
Balance at end of year		298,561		282,766
MHRC employees (including former Department of Family Services and Housing employees):				
Balance at beginning of year		173,372		240,697
In year gain amortized over EARSL - 2018 - 10 years (2017 - 10 years)		64,214		(43,174)
Amortization of actuarial gain		(19,834)		(24,151)
Balance at end of year		217,752		173,372
Balance at end of year	$	516,313	$	456,138

		2018		2017
Change to severance obligation:				
Direct Managed employees:				
Interest cost on benefit obligations	$	220,981	$	210,747
Current service costs		302,551		295,626
Benefits paid		(238,472)		(299,996)
Amortization of actuarial gain		(31,257)		(27,678)
		253,803		178,699
MHRC employees (including former Department of Family Services and Housing employees):				
Interest cost on benefit obligations		76,294		71,524
Current service costs		83,469		85,774
Benefits paid		(53,778)		(120,943)
Amortization of actuarial gain		(19,834)		(24,151)
		86,151		12,204
Change to severance obligation	$	339,954	$	190,903

The key actuarial assumptions were a rate of return of 6.00% (2017 - 6.00%), 2.00 % inflation (2017 - 2.00%), and general salary rate increases of 2.75%, excluding the 1.00% service and merit increases (2017 - 2.75%). The projected benefit method was used and the liability has been calculated as at March 31, 2018 by the actuary.

b) Severance pay receivable

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by MHRC's employees. Accordingly, MHRC recorded effective April 1, 1998, a receivable of $877,105 from the Province of Manitoba, which was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

The amount recorded as a receivable from the Province for severance pay of $569,000 for former Department of Family Services and Housing employees was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at April 1, 2003. Subsequent to April 1, 2003, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

21. Financial instruments and financial risk management

Financial instruments comprise the majority of MHRC assets and liabilities. MHRC risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third party compliance reporting and by reviews conducted by MHRC.

MHRC is exposed to credit, interest, and liquidity risks in respect of its use of financial instruments.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The financial instruments that potentially subject MHRC to credit risk consist principally of accounts receivable, loans and mortgages receivable and guarantees on loans.

MHRC's maximum possible exposure to credit risk is as follows:

	2018	2017
Accounts receivable (note 4)	$ 88,455,193	$ 109,038,787
Loans and mortgage receivable (note 5)	92,898,078	102,086,821
Loan guarantees (note 24)	11,146,596	9,087,756
	$ 192,499,867	$ 220,213,364

MHRC establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on MHRC's estimates and assumptions regarding customer analysis, historical payment trends and statutes of limitations. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2018	2017
Balance, beginning of the year	$ 6,997,757	$ 7,114,922
Provision for receivable impairment	810,616	556,053
Amounts written off	(363,234)	(673,218)
Balance, end of the year	$ 7,445,139	$ 6,997,757

As at March 31, 2018, $4,647,437 (2017 - $4,567,965) of accounts receivable and $329,704 (2017 - $227,988) of loans and mortgages receivable were past due, but not impaired.

Accounts receivable

The accounts receivable partially consists of $23,644,916 (2017 - $63,162,466) due from Canada Mortgage and Housing Corporation, $11,935,629 (2017 - $11,005,551) from the Province of Manitoba and $12,281,251 (2017 - $12,623,457) from the City of Winnipeg.

Loans and mortgage receivable

Impairment provisions are provided for losses that have been estimated as of the Statement of Financial Position date. Management of credit risk is an integral part of MHRC's activities with careful monitoring and appropriate remedial actions being taken. To mitigate credit risk, loans and mortgage recievable are mostly secured by registering a mortgage on title of the applicable property.

21. Financial instruments and financial risk management (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to deposit with the banks, loans and mortgages receivable, and long-term debt.

Loans and mortgage receivable/loans from the Province of Manitoba

MHRC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at a reasonable percentage above the associated borrowing rate. For long-term advances that have fixed interest rates for the full term of the advance, MHRC only offers fixed interest rate loans to its clients. Due to this corresponding arrangement, MHRC does not incur significant interest rate risk. However, some interest rate risk may result due to MHRC's lending policy of allowing prepayment of loans without penalty, given that MHRC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MHRC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

In addition, MHRC's advances from the Province of Manitoba have variable interest rates which expose MHRC to cash flow interest rate risk. At March 31, 2018, had prevailing interest rates increased or decreased by 1.00%, the estimated impact on interest expense would be approximately $2,292,000 (2017 - $2,664,000).

c) Liquidity risk

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

Advances from the Province of Manitoba have a direct correlation to the loans receivable as the funds borrowed are directly lent to MHRC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written off. As a result, MHRC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

22. Contingencies

MHRC is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of MHRC. Any settlement will be recognized in the year the settlement occurs.

23. Commitments

MHRC has the following commitments as at March 31, 2018:

Capital assets:

a) Housing project enhancements and new construction	$	54,303,568
b) Third party repair, renovation and new construction	$	5,782,373

Public housing operations:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is fully responsible for the funding commitments of all social housing projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2019	$	129,172,000
2020		139,687,000
2021		148,669,000
2022		165,337,000
2023		175,787,000

24. Guarantees

MHRC has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The total authorized for MHRC is $20,000,000. The outstanding guarantees are as follows:

	2018	2017
Waverley West Letters of Credit	$ 9,086,596	$ 9,086,596
Thompson Lions Seniors Manor Non Profit Housing Coop Inc.	2,060,000	-
Mobile Home Loan Guarantee Program	-	1,160
	$ 11,146,596	$ 9,087,756

25. Related party transactions

MHRC is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. MHRC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Financial Statements of

MANITOBA OPPORTUNITIES FUND LTD.

Year ended March 31, 2018

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Manitoba Opportunities Fund Ltd. are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 25, 2018.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Opportunities Fund Ltd. are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Opportunities Fund Ltd.

Original Document Signed

Jeff Hodge, General Manager

June 25, 2018

KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

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

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Manitoba Opportunities Fund Ltd.

We have audited the accompanying financial statements of Manitoba Opportunities Fund Ltd., which comprise the statement of financial position as at March 31, 2018, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Opportunities Fund Ltd. as at March 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 25, 2018

Winnipeg, Canada

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Financial Position

March 31, 2018, with comparative information for 2017

		2018		2017
Financial Assets				
Cash equivalents (note 3)	$	16,109,980	$	16,388,423
Portfolio investments (note 4)		86,985,120		119,479,649
Accrued interest receivable		19,022		8,437
	$	103,114,122	$	135,876,509
Liabilities				
Accounts payable and accrued liabilities	$	444,515	$	475,000
Borrowings (note 5)		87,186,914		120,984,502
		87,631,429		121,459,502
Net financial assets	$	15,482,693	$	14,417,007
Non-Financial Assets				
Deferred charges	$	690,543	$	1,909,538
Accumulated surplus	$	16,173,236	$	16,326,545

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

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Investment income	$ 2,240,600	$ 2,012,292	$ 2,770,628
Expenses:			
Amortization of deferred charges	1,233,900	1,234,088	1,818,266
Provision for decline in value of investment	–	499,999	–
Program administration	20,000	4,514	4,001
	1,253,900	1,738,601	1,822,267
Operating income for the year	986,700	273,691	948,361
Growing Through Immigration Strategy and Economic Development Support (note 6)	511,000	427,000	562,000
Annual surplus (deficiency)	475,700	(153,309)	386,361
Accumulated surplus, beginning of year		16,326,545	15,940,184
Accumulated surplus, end of year		$ 16,173,236	$ 16,326,545

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

MANITOBA OPPORTUNITIES FUND LTD.
Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficiency)	$ (153,309)	$ 386,361
Deferred charges:		
Additions of deferred charges	(15,093)	(31,857)
Amortization of deferred charges	1,234,088	1,818,266
	1,218,995	1,786,409
Increase in net financial assets	1,065,686	2,172,770
Net financial assets, beginning of year	14,417,007	12,244,237
Net financial assets, end of year	$ 15,482,693	$ 14,417,007

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficiency)	$ (153,309)	$ 386,361
Amortization of deferred charges	1,234,088	1,818,266
Provision for decline in value of investment	499,999	–
Increase in present value of portfolio investments	(1,875,602)	(2,679,647)
Changes in:		
Accrued interest receivable	(10,585)	(796)
Accounts payable and accrued liabilities	(30,485)	132,456
Net cash provided by (used) in operating activities	(335,894)	(343,360)
Investing activities:		
Purchase of portfolio investments	(359,928)	(410,333)
Redemption of portfolio investments	34,230,060	54,799,628
Net cash provided by investing activities	33,870,132	54,389,295
Financing activities:		
Repayment of borrowings	(34,194,999)	(54,795,768)
Advances of borrowings	382,318	445,771
Net cash used in financing activities	(33,812,681)	(54,349,997)
Decrease in cash equivalents	(278,443)	(304,062)
Cash equivalents, beginning of year	16,388,423	16,692,485
Cash equivalents, end of year	$ 16,109,980	$ 16,388,423

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

1. Nature of operations and economic dependence:

Manitoba Opportunities Fund Ltd. (the organization) was incorporated under the laws of Manitoba on April 3, 2003. The organization was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Federal Immigrant Investor Program (FIIP). In addition, the organization administers the Manitoba Innovation Growth Side Car Fund on behalf of the Province of Manitoba. The Minister of Finance holds the one class A common share issued as a designated representative of Her Majesty the Queen in Right of the Province of Manitoba with a value of nil. The organization considers itself to be an Other Government Organization as defined by the Chartered Professional Accountants of the Canada Public Sector Accounting Handbook.

As an approved fund under the FIIP, the objective is to hold and invest the provincial allocation of immigrants' investments made through the Federal Department of Immigration, Refugees and Citizenship Canada (IRCC) Immigrant Investor Program. The FIIP sought to attract experienced persons and capital to Canada. Prior to December 1, 2010 investors had to demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. In 2010, IRCC made changes to the FIIP. Effective December 1, 2010, applicants were required to meet a minimum personal net worth requirement of $1.6 million, and make an investment deposit of $800,000. The funds invested are distributed among participating provinces. After five years, the organization returns the provincial allocation, without interest, to IRCC who then returns the funds to the individual investors who have become Permanent Residents of Canada. However, prior to the approval and issuance of a Permanent Resident's Visa, an investor may be refused or withdraw from the program and IRCC will request that the organization repay the provincial allocation of the individual investment at such time.

Manitoba, as a participating province, through the organization invests the provincial allocation funds for a period of five years. The purpose of the interest income generated on the funds is to create jobs and help the Manitoba economy grow.

In February 2014, IRCC announced the phase out the Federal Immigrant Investor Program. The FIIP is no longer open to new applications, but IRCC continues to process previously submitted applications and provincial allocations continue. The organization continued to invest allocations throughout 2017-18 in accordance with program requirements. Once IRCC stops allocating to provinces, there will be a five-year repayment period during which the organization will continue to operate.

The organization is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

2. Significant accounting policies:

The organization's financial statements have been prepared by management in accordance with Canadian public sector accounting standards as defined by the Chartered Professional Accountants of Canada.

(a) Revenue recognition:

Interest revenue on temporary investments is recorded on an accrual basis. Investment income on portfolio investments is determined by the difference in the present value of the term note and the cost of the term note.

(b) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(c) Contributed services:

During the year, the Province of Manitoba provided office space and other administrative services to the organization at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

(d) Deferred charges:

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

(e) Cash equivalents:

Cash equivalents include term deposits with the Province of Manitoba with maturities of up to three months.

2. Significant accounting policies (continued):

(f) Portfolio investments:

Portfolio investments consist of provincial bonds, term notes with the Province of Manitoba and equity investments.

The organization's investments in provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. The term notes are recorded at cost which represents the discounted value of the term notes. Over time, the value of the term notes increases equal to the effective interest rates on the term notes. The increase in the present value of term notes during the year is recorded as an increase in the portfolio investments and as investment income.

The organization's equity investments relate to share capital and are recorded at cost.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

(g) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The organization has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates include the carrying value of portfolio investments. Actual results could differ from those estimates.

(i) Changes in accounting policies:

On April 1, 2017, the organization adopted Canadian public sector accounting standards PS 2200 *Related party disclosures*, PS 3420 *Inter-entity transactions*, PS 3210 *Assets*, PS 3320 *Contingent assets*, and PS 3380 *Contractual rights*. The adoption of these standards did not have a material impact on the financial statements.

3. Cash equivalents:

Cash equivalents consist of 30 to 90 days term deposits held by the Province of Manitoba.

4. Portfolio investments:

Portfolio investments are comprised of the following:

	2018	2017
Term notes	$ 86,485,119	$ 118,479,649
Equity investments	500,001	1,000,000
	$ 86,985,120	$ 119,479,649

Term notes are made up of five-year zero coupon term notes which the organization purchases from the Province of Manitoba to correspond with provincial allocations received. The maturity dates range monthly from April 2018 to December 2022 (2017 - April 2017 to February 2022). The effective interest rates range from 0.79 percent to 2.18 percent (2017 - 0.79 percent to 2.18 percent) payable at the end of the five-year term.

4. Portfolio investments (continued):

Equity investments managed for the Province of Manitoba under the Manitoba Innovation Growth Side Car Fund consist of the following:

	2018	2017
Cubresa Inc.	$ 1	$ 500,000
Librestream Technologies Ltd.	500,000	500,000
	$ 500,001	$ 1,000,000

5. Borrowings:

The borrowings represent the provincial allocation of immigrants' investments repayable to the Federal Government five years after the Federal Government has distributed these funds to Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being advanced to Manitoba Opportunities Fund Ltd.

2019	$ 64,895,989
2020	19,625,850
2021	1,856,952
2022	410,712
2023	397,411
	$ 87,186,914

6. Growing Through Immigration Strategy and Economic Development Support:

Funds transferred to support the Growing Through Immigration Strategy and Economic Development Support are made up of the following, as approved by the Treasury Board:

	2018	2017
Education and Training	$ 216,000	$ 251,000
Growth, Enterprise and Trade	211,000	311,000
	$ 427,000	$ 562,000

7. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instruments fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Organization to credit risk consist principally of cash equivalents and portfolio investments.

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

	2018	2017
Cash equivalents	$ 16,109,980	$ 16,388,423
Portfolio investments	86,985,120	119,479,649
	$ 103,095,100	$ 135,868,072

The organization is not exposed to significant credit risk as the term deposits and term notes are primarily held by the Minister of Finance.

(ii) 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 term deposits with the Minister of Finance. The term deposits are interest bearing with short-term to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

(iii) Liquidity risk:

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due.

The organization manages liquidity risk by maintaining adequate cash and cash equivalent balances and matching its purchasing of five-year zero coupon bonds with the allocation of immigrants' investments and the related borrowings.

There have been no significant changes to the Organization's exposure to financial risks and concentration of risk and how they arise nor how they are managed since the previous period.

Manitoba Potash Corporation
Revenue & Expenditures
April 1, 2017 - March 31, 2018

	2017
Revenues	36,003.5
Expenditures:	
Interest expense	88,861.8
Other Operating	258,818.3
Total Expenditures	347,680.0
Net income (loss)	(311,676.6)

Note: Manitoba Potash Corp does not have an audited financial statements as all the revenue and expenses are flowed through the Province's SAP system

Manitoba

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.

Original Document Signed

D. Shwaluk, P. Eng.
General Manager

Original Document Signed

C. Brigden
Chief Financial Officer

August 13, 2018

Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

We have audited the accompanying financial statements of the Manitoba Water Services Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Water Services Board as at March 31, 2018, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
August 13, 2018
Winnipeg, Manitoba

THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2018

		March 31, 2018		March 31, 2017
Financial assets				
Cash	$	3,165,923	$	-
Accounts Receivable		24,216,083		15,494,529
Due from Province of Manitoba		1,087,144		746,743
Accrued Interest		31,638		15,533
Unbilled construction costs to Municipalities (note 4)		19,647,713		19,237,116
		48,148,501		35,493,921
Liabilities				
Bank Indebtedness (note 15)		-		1,430,295
Accounts payable and accrued charges		14,151,628		9,214,387
Advances from The Province of Manitoba payable on demand (note 13)		42,120,000		30,300,000
		56,271,628		40,944,682
Net Debt		(8,123,127)		(5,450,761)
Non-financial assets				
Tangible capital assets (note 5)		10,310		10,310
Prepaid supplies		63,954		66,060
		74,264		76,370
Accumulated surplus (deficit) (note 6)	$	(8,048,863)	$	(5,374,391)

Commitments (note 9)
Contingencies (note 10)

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

On behalf of Board:

Original Document Signed ____ Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2018

	Budget (note 14)	2018	2017
Revenues:			
Sale of Water	$ 5,153,620	$ 5,503,824	$ 4,818,375
Administrative expenses paid by the Province of Manitoba (note 8)	2,610,000	2,613,171	2,658,788
Strategic Municipal Investment Fund	18,823,600	20,605,387	16,510,784
Interest	5,000	16,105	5,238
	26,592,220	28,738,487	23,993,185
Expenses:			
Direct expenses for water supply plants:			
Interest expense	800,000	1,100,731	728,971
Interest allocated to new construction	(1,021,000)	(1,200,518)	(779,215)
	(221,000)	(99,787)	(50,244)
Chemicals	808,000	545,349	810,852
Heat, telephone, light and power	1,000,000	1,541,117	1,308,082
Professional services	681,000	724,866	745,010
Salaries and benefits	1,660,600	1,832,613	1,683,256
Repairs and maintenance	1,683,000	1,000,944	1,055,747
Administrative (note 8)	2,610,000	2,613,171	2,658,788
	8,221,600	8,158,273	8,211,491
Grants to Municipalities	18,823,600	20,605,387	16,510,784
Annual deficit	(452,980)	(25,173)	(729,090)
Accumulated deficit, beginning of year	(3,038,733)	(5,374,391)	(3,038,733)
Net disbursements to municipalities (note 6)	(7,001,245)	(2,649,299)	(1,606,568)
Accumulated deficit, end of year	$ (10,492,958)	$ (8,048,863)	$ (5,374,391)

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

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2018

	Budget (note 14)	2018	2017
Annual Surplus (Deficit)	$ (452,980)	$ (25,173)	$ (729,090)
New construction costs	(80,000,000)	(111,361,082)	(70,704,451)
Funds recovered from:			
Strategic Municipal Investment Fund	18,823,600	20,605,387	16,510,784
Municipalities	55,058,760	90,345,098	69,016,159
Change in unbilled construction costs	(6,117,640)	410,597	(14,822,492)
	(12,235,280)	-	-
Decrease (increase) in prepaid supplies	1,000	2,106	(1,588)
Tangible capital assets	-	-	184
Net disbursements to municipalities	(7,001,245)	(2,649,299)	(1,606,568)
Increase in net debt	(19,688,505)	(2,672,366)	(2,337,062)
Net debt, beginning of year	(3,113,699)	(5,450,761)	(3,113,699)
Net debt, end of year	$ (22,802,204)	$ (8,123,127)	$ (5,450,761)

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

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2018

		2018		2017
Cash provided by (used in):				
Operating activities:				
Annual surplus (deficit)	$	(25,173)	$	(729,090)
Change in non-cash operating working capital:				
Accounts receivable		(8,721,554)		(8,869,623)
Due from Province of Manitoba		(340,401)		75,794
Prepaid supplies		2,106		(1,588)
Accounts payable and accrued charges		4,937,241		(2,415,583)
Accrued Interest		(16,105)		(5,238)
Cash provided by (used in) operating activities		(4,163,886)		(11,945,328)
Financing activities:				
Advances received		27,720,000		16,400,000
Advances repaid		(15,900,000)		(22,200,000)
Cash provided by (used in) financing activities		11,820,000		(5,800,000)
Capital activities:				
New construction costs		(111,361,082)		(70,704,451)
Funding recovered from:				
Province of Manitoba		20,605,387		16,510,784
Municipalities		90,345,098		69,016,159
Increase (decrease) in unbilled construction costs		(410,597)		14,822,492
Tangible capital assets		-		184
Net disbursements to municipalities		(2,649,299)		(1,606,568)
Cash used in capital activities		(3,059,896)		13,216,108
Increase (decrease) in cash		4,596,218		(4,529,220)
Cash, beginning of year		(1,430,295)		3,098,925
Cash, end of year	$	3,165,923	$	(1,430,295)

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

Supplementary Financial Information

Interest paid $1,100,731 (2017 - $728,971)
Interest received $1,200,559 (2017 - $779,215)

1. Nature of operations:

The Manitoba Water Services Board (the Board) was established in July 1972 under The *Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared using Canadian public sector accounting standards established by the Public Sector Accounting Board.

(b) Classification and measurement of financial instruments:

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

The Board records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and accrued interest. The Board also records its financial liabilities at cost or amortized cost, which include accounts payable and accrued charges and advances from the Province of Manitoba.

Amortized cost is determined using the effective interest method.

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

The Board did not incur any remeasurement gains and losses during the year (2017 – nil).

2. Significant accounting policies (continued):

(c) Tangible capital assets and construction in progress:

Tangible capital assets are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Asset	Term
Plants constructed prior to January 1, 1972:	
Equipment	18 years
Buildings	35 years
Plants constructed after January 1, 1972:	
Equipment	20 years
Buildings	20 years

Unbilled construction costs represents costs incurred to date, net of recoveries, for capital projects managed by the board on behalf of municipalities. Financing costs are included in the unbilled construction costs amounts.

(d) Revenue recognition:

Revenue from the sale of water is recognized in the period when consumed by the town or municipality.

Revenue for the administrative reimbursements is recognized in the period when the expense is recognized.

Revenue for the grants is recognized in the period when the corresponding amount is paid to the municipalities.

Unrestricted revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(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.

2. Significant accounting policies (continued):

(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.

(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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and tangible capital assets. Actual results could differ from those estimates.

3. Financial instruments and financial risk management:

Financial risk management - overview:

The Board has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk, and
- Interest rate risk

The Board manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Board's Directors have the overall responsibility for the establishment and oversight of the Board's objectives, policies and procedures for measuring, monitoring and managing these risks.

The Board has exposure to the following risks associated with its financial instruments:

Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk is as follows:

		March 31, 2018		March 31, 2017
Accounts receivable	$	25,303,227	$	16,241,272
Accrued interest		31,638		15,533
	$	25,334,865		16,256,805

3. Financial instruments and financial risk management (continued):

Accounts receivable: The Board is not exposed to significant credit risk as the receivables are with Municipal and other government entities and payment in full is typically collected when it is due. Credit evaluations are done for each Rural Municipality.

The aging of accounts receivable are as follows:

		March 31, 2018		March 31, 2017
Current	$	10,432,136	$	8,198,719
30-60 days past billing date		14,867,607		8,042,553
60-90 days past billing date		-		-
90-120 days past billing date		3,484		-
	$	25,303,227	$	16,241,272

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to receivables with municipalities for ongoing construction and payment is anticipated at the completion of the work.

Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances as required. The Board prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified capital supply requirements are reviewed and approved by the Minister of Finance to ensure adequate funding will be available to meet the Board's obligations utilizing bridge financing through The *Loan Act*. The Board continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba.

The interest rate risk on the above exposures is considered to be low because of their short-term nature.

4. Unbilled Construction costs to Municipalities:

	March 31, 2018	March 31, 2017
Balance, beginning of year	$ 19,237,116	$ 34,059,608
New construction costs	111,361,082	70,704,451
	130,598,198	104,764,059
Funding recovered from:		
Municipalities	90,345,098	69,016,159
Province of Manitoba	20,605,387	16,510,784
	110,950,485	85,526,943
Unbilled Construction costs to Municipalities	$ 19,647,713	$ 19,237,116

5. Tangible capital assets:

March 31, 2018	Cost	Accumulated Amortization	Net book value
Land and easements	$ 10,310	—	$ 10,310

March 31, 2017	Cost	Accumulated Amortization	Net book value
Land and easements	$ 10,310	—	$ 10,310

6. Accumulated Surplus/(Deficit):

Accumulated surplus/(deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

	No.	March 31, 2018	No.	March 31, 2017
Plants with a deficit	6	$ (9,032,705)	6	$ (6,530,911)
Plants with a surplus	4	883,842	4	1,056,520
Total funds retained (deficit), water supply plants	10	(8,148,863)	10	(5,474,391)
Interest and adjustment fund account (note 7)		100,000		100,000
		$ (8,048,863)		$ (5,374,391)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Costs relating to this during 2017/2018 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional ($82,195), South Central ($2,699,515), Southwest Regional $236,708, Whitehead-Elton ($32,422) and Yellowhead ($71,875). There were no water plants transferred in 2017/2018, therefore the net disbursement to municipalities totaled ($2,649,299)

7. Interest and adjustment fund account:

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest costs incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

8. Administrative expenses paid by the Province of Manitoba:

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2018	2017
Professional services	$ 6,994	$ 13,218
Salaries and benefits	2,487,041	2,527,222
Telephone and utilities	19,705	20,727
Travel	351	677
Other administrative	99,080	96,944
	$ 2,613,171	$ 2,658,788

9. Commitments:

	March 31, 2018	March 31, 2017
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	$173,402,009	$161,489,091
These commitments are expected to be funded as follows:		
Subsidization of construction costs – Province of Manitoba	$35,524,700	$34,344,800
Recovery of construction costs – Municipalities and cooperatives	137,877,309	127,144,291
	$173,402,009	$161,489,091

10. Contingencies:

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

11. Related party transactions:

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

12. Economic dependency:

The Board is economically dependent on the Province of Manitoba.

13. Advances from The Province of Manitoba payable on demand:

The Board finances construction in progress by borrowing advances from the Province through The *Loan Act*. The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75 percent. During 2017/2018 the rate of interest charged fluctuated and increased from 1.95 percent to 2.70 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives for their share of the eligible project costs.

As at March 31, 2018, the Province had unused authority of $79,719,000 under The *Loan Act* - 2017 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

14. Budgeted figures:

The budgeted figures presented in these financial statements have been derived from the estimates approved by the Board.

15. Bank Indebtedness:

The Board does not have an overdraft in place on its bank account. However, funds could be borrowed from the Province of Manitoba as needed to fund cash deficits. At March 31, 2018, the bank indebtedness is nil. The bank indebtedness for 2017 is a result of outstanding cheques that had not been cashed at March 31, 2017. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.

METIS CHILD AND FAMILY SERVICES AUTHORITY

Financial Statements
For the year ended March 31, 2018

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Directors of the METIS CHILD AND FAMILY SERVICES AUTHORITY

We have audited the accompanying financial statements of the **METIS CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 14 through 17 of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** financial statements.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
August 29, 2018

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Financial Position

March 31	2018	2017
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 1,699,421**	$ 1,341,162
Accounts receivable (Note 3)	**1,429,404**	658,744
Prepaid expenses	**33,835**	60,895
	3,162,660	2,060,801
Advances due from agencies (Note 5)	**4,567,500**	4,567,500
Capital assets (Note 4)	**162,390**	77,475
	$ 7,892,550	$ 6,705,776
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	**$ 1,841,650**	$ 882,368
Deferred revenue (Note 7)	**134,270**	105,005
	1,975,920	987,373
Advances due to Province of Manitoba (Note 5)	**4,567,500**	4,567,500
Deferred contributions related to capital assets (Note 8)	**36,982**	77,475
	6,580,402	5,632,348
Commitments (Note 11)		
Net Assets		
Unrestricted net assets (Page 5)	**1,312,148**	1,073,428
	$ 7,892,550	$ 6,705,776

Approved on behalf of the Board of Directors:

Original Document Signed Director

Original Document Signed Director

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

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Province of Manitoba (Note 9)	$ 19,163,068	$ 20,319,997	$ 19,072,018
Amortization of deferred contributions (Note 8)	38,060	40,493	36,385
Interest	10,000	18,018	8,633
	19,211,128	20,378,508	19,117,036
Expenses			
Agency operations (Schedules 3 and 4)	15,159,099	16,468,189	15,499,033
Salaries and benefits	3,094,205	2,921,790	2,553,131
Office	353,920	317,581	279,220
Agency education and training	127,658	96,236	92,644
Board expenses	54,716	61,603	56,691
Professional fees	86,884	57,726	59,342
Communications	20,000	53,498	1,743
Information technology	177,180	45,129	50,235
Amortization of capital assets	38,060	40,493	36,385
Staff expenses	47,500	37,204	28,664
Annual general meeting	16,000	24,080	14,689
Insurance	11,906	11,906	11,232
Professional development	23,000	3,023	8,338
Bank charges	1,000	1,330	1,322
Standing committee programming	-	-	2,750
	19,211,128	20,139,788	18,695,419
Excess of revenue over expenses	$ -	238,720	421,617
Net assets, beginning of year		1,073,428	651,811
Net assets, end of year		$ 1,312,148	$ 1,073,428

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

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Cash Flows

For the year ended March 31	2018	2017
Cash Flows from Operating Activities		
Excess of revenue over expenses	$ **238,720**	$ 421,617
Adjustments for non-cash items		
Amortization of capital assets	**40,493**	36,385
Amortization of deferred contributions related to capital assets	**(40,493)**	(36,385)
	238,720	421,617
Changes in non-cash working capital items		
Accounts receivable	**(770,660)**	(379,264)
Prepaid expenses	**27,061**	(43,524)
Accounts payable and accrued liabilities	**959,282**	331,762
Deferred revenue	**29,265**	46,712
	483,668	377,303
Cash Flows used in Investing Activities		
Disposal of capital assets	**-**	42,075
Purchase of capital assets	**(125,409)**	(8,829)
Contributions received for purchase of capital assets	**-**	8,829
Contributions for capital assets - disposal	**-**	(42,075)
	(125,409)	-
Increase in cash and cash equivalents for the year	**358,259**	377,303
Cash and cash equivalents, beginning of year	**1,341,162**	963,859
Cash and cash equivalents, end of year	$ **1,699,421**	$ 1,341,162

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

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

The Metis Child and Family Services Authority (the "Authority") was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 excerpt section 20; the Act came into force by proclamation on November 24, 2003.

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Metis and Inuit people. In partnership with the Manitoba Metis Federation and the Province of Manitoba, the Authority is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of Metis and Inuit people in Manitoba.

The Authority is a non-profit organization and as such is exempt from income taxes under The Income Tax Act (the "Act"). In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for not-for-profit organizations.

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.

Capital Assets

Capital assets funded by the Province of Manitoba are recorded at cost less accumulated amortization and the related funding is recorded as deferred contributions.

Deferred contributions are amortized in accordance with the estimated useful lives of the assets to which they relate.

Other capital assets are recorded at cost less accumulated amortization.

Capital assets are amortized on a straight-line basis as follows:

Computer equipment	5 years
Office furniture and equipment	5 years

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalent consist of cash on hand, bank balances and investments in cashable instruments.

Pension Plan

The Authority maintains defined contribution pension plans for its personnel. Expenses for this plan are equal to the Authority's required contribution for the year.

Financial Instruments

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

2. Cash and Cash Equivalents

Cash and cash equivalents contains guaranteed investment certificates in the amount of $10,347. The GICs bear interest rate of 0.50% and mature in August and November 2018.

3. Accounts Receivable

	2018	2017
Due from Province of Manitoba	$ 1,327,726	$ 567,577
GST receivable	32,749	25,108
Other	68,929	66,059
	$ 1,429,404	$ 658,744

4. Capital Assets

	2018			2017		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 390,638**	**$ 249,862**	**$ 140,776**	$ 278,516	$ 219,373	$ 59,143
Furniture and fixtures	**111,346**	**92,520**	**18,826**	101,545	83,213	18,332
Leasehold improvements	**3,485**	**697**	**2,788**	-	-	-
	$ 505,469	**$ 343,079**	**$ 162,390**	$ 380,061	$ 302,586	$ 77,475

5. Advances due from Agencies and Advance due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of $4,567,500 ($4,567,500 in 2017), 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.

	2018	2017
Metis Child, Family and Community Services	**$ (3,513,048)**	$ (3,513,048)
Michif Child and Family Services	**(1,054,452)**	(1,054,452)
	$ (4,567,500)	$ (4,567,500)

6. Accounts Payable and Accrued Liabilities

	2018	2017
Due to agencies	**$ 1,265,336**	$ 411,602
Trade payables	**62,809**	70,960
Accrued expenses	**513,505**	399,806
	$ 1,841,650	$ 882,368

7. Deferred Revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenditures are expected to be incurred.

	2018	2017
Balance, beginning of year	$ 105,005	$ 58,293
Unspent contributions received:		
Province of Manitoba - Core operations	79,166	50,001
Province of Manitoba - Standing Committee	195,283	194,977
	274,449	244,978
Less amounts recognized as revenue in the year		
Core operations	(50,001)	1,674
Standing Committee	(195,183)	(199,940)
	(245,184)	(198,266)
Balance, end of year	$ 134,270	$ 105,005

Deferred contributions are restricted for the following programs as at March 31:

	2018	2017
Core operations	$ 79,166	$ 50,001
Standing Committee operations	55,104	55,004
	$ 134,270	$ 105,005

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents funds received during the year for the purpose of purchasing furniture, computers and other equipment. These contributions are deferred and subsequently amortized on the same basis as the related assets.

	2018	2017
Balance, beginning of year	$ 77,475	$ 147,105
Funds received by Province of Manitoba	-	8,829
Amortization	(40,493)	(36,385)
Disposals	-	(42,074)
Balance, end of year	$ 36,982	$ 77,475

9. Revenue from Province of Manitoba

	2018	2017
Revenue as per Province of Manitoba confirmation	$ 20,292,367	$ 19,595,394
Add		
Deferred revenue amounts recognized as revenue in the year	245,184	198,266
Other	56,895	-
	302,079	198,266
Deduct		
Unspent contributions received	274,449	244,978
Grants related to capital assets	-	8,829
Funding of prior year accounts receivable	-	99,768
Other	-	368,067
	274,449	721,642
Revenue from Province of Manitoba	$ 20,319,997	$ 19,072,018

10. Related Party Disclosures

The Authority rents office space from the Manitoba Metis Federation Inc. as disclosed in Note 11. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

This transaction is in the normal course of operations and is measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for the leased premises.

11. Commitments

The Authority leases office space from the Manitoba Metis Federation Inc. The Authority expects the minimum annual lease payments of $120,146 until May 31, 2022.

Minimum annual lease payments over the next five years are as follows:

2019	$ 193,914
2020	188,138
2021	183,770
2022	180,495
2023	33,211

12. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk, market risk and liquidity risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $1,429,404 ($658,744 at March 31, 2017).

The Authority is not exposed to significant credit risk as the majority of the receivables are from the Province of Manitoba and agencies funded by the Authority.

12. Financial Risk Management (continued)

Market Risk

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk as its cash and investments are held in short-term or variable rate products.

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

Liquidity Risk

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

Fair Value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

13. Pension

During the year the Authority contributed $71,222 ($54,149 in 2017) to a defined contribution pension plan. Contributions are made at 3% of employee salaries and invested in RRSPs held with Great-West Life.

14. Economic Dependence

The Authority's primary source of income is the grant funding received from the Province of Manitoba Department of Family Services and Housing. The Authority's ability to continue viable operations is dependent upon maintaining its ability to obtain funding. As at the date of these financial statements, the Authority believes that the grant funding from the Province of Manitoba will continue.

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 1 - Statement of Program Operations: Core Operations (Unaudited)

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Grant - Province of Manitoba			
Core	$ 2,119,946	$ 1,993,247	$ 2,025,842
Other	332,700	445,961	355,015
Education and training	127,658	127,660	127,658
Centralization	1,206,699	1,206,699	866,746
Standing committee IT revenue	21,682	21,684	36,000
Amortization of deferred contributions related to capital assets	38,060	40,493	36,385
Interest	10,000	18,018	8,633
	3,856,745	3,853,762	3,456,279
Expenses			
Salaries and benefits	2,944,987	2,768,783	2,403,297
Office	335,238	301,801	279,220
Agency education and training	127,658	96,236	92,644
Board expenses	54,716	61,603	56,691
Professional fees	70,000	54,822	59,342
Communications	20,000	53,498	1,743
Information technology	174,180	42,129	50,235
Amortization of capital assets	38,060	40,493	36,385
Staff expenses	45,000	37,204	28,431
Annual general meeting	16,000	24,080	14,689
Insurance	11,906	11,906	11,232
Professional development	18,000	3,023	8,338
Bank charges	1,000	1,330	1,322
	3,856,745	3,496,908	3,043,569
Excess of revenue over expenses	$ -	$ 356,854	$ 412,710

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 2 - Statement of Program Operations: Office of the Child and Family Services Standing Committee (Unaudited)

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Grant - Province of Manitoba			
Current year funding	$ 195,284	$ 195,283	$ 197,724
Expenses			
Salaries and benefits	149,218	153,007	149,834
Office	18,682	15,780	18,000
Information technology	3,000	3,000	3,000
Professional fees	16,884	2,904	15,000
Staff expenses	2,500	-	233
Professional development	5,000	-	-
Standing committee programming	-	-	2,750
	195,284	174,691	188,817
Excess of revenue over expenses	$ -	$ 20,592	$ 8,907

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 3 - Statement of Program Operations: Metis Child, Family and Community Services Agency Inc. (Unaudited)

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Grant - Province of Manitoba			
Core and operational	$ 9,854,596	$ 9,855,674	$ 10,055,963
Other	-	1,126,211	-
	9,854,596	10,981,885	10,055,963
Expenses			
Grant to Agency			
Core and operational	9,854,596	9,855,674	10,055,963
Other	-	1,126,211	-
	9,854,596	10,981,885	10,055,963
Excess of revenue over expenses	$ -	$ -	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 4 - Statement of Program Operations: Michif Child and Family Services Inc.
(Unaudited)

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Grant - Province of Manitoba			
Core and operational	$ 5,304,503	$ 5,347,578	$ 5,443,070
Expenses			
Grant to Agency			
Core and operational	5,304,503	5,347,578	5,443,070
Other	-	138,726	-
	5,304,503	5,486,304	5,443,070
Excess of revenue over expenses	$ -	$ (138,726)	$ -