



2006/07

PUBLIC ACCOUNTS

VOLUME 4 THE FINANCIAL STATEMENTS OF FUNDS,
ORGANIZATIONS, AGENCIES AND ENTERPRISES INCLUDED
IN THE GOVERNMENT REPORTING ENTITY

FOR THE YEAR ENDED MARCH 31, 2007



VOLUME 4



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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts for the fiscal year ended March 31, 2007 consist of four volumes:

Volume 1

- This is included in the Government's Annual Report.
- Section 1 focuses on the entire reporting entity and includes the Summary Financial Statements of the Government.
- Section 2 consists of the Special Purpose Financial Statements prepared for the Operating Fund. This section focuses on the Government's stewardship over the assets and operations of central Government. Performance is related to the legislative authorities provided by the annual appropriation of funds by the Legislature through the Estimates process.

Volume 2

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

Volume 3

- Contains the details of the Operating Fund Financial Statements.
- Contains the details of the Operating Fund borrowings and guarantees.
- Contains the details of the Operating Fund revenue and expense.
- Contains information provided under Statutory Requirement.
- Contains information concerning certain Operating Fund financial indicators.
- Contains glossary information.

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

- The Report of Amounts Paid to Members of the Assembly; and
- The Northern Affairs Fund

Volume 4

- Contains the audited financial statements of funds, organizations, agencies and enterprises included in the Government Reporting Entity.

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SPECIAL FUNDS

**THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>355,623</u>	<u>172,473</u>
RECEIPTS:		
Royalties.....	270,526	187,227
Other Recoveries.....	-	-
Interest.....	<u>3,953</u>	<u>1,360</u>
	<u>274,479</u>	<u>188,587</u>
DISBURSEMENTS:		
Rehabilitation payments.....	<u>121,816</u>	<u>5,437</u>
Balance, end of year.....	<u><u>508,286</u></u>	<u><u>355,623</u></u>

DEBT RETIREMENT FUND

STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of management of the Department of Finance and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgment regarding estimates and other data available up to July 10, 2007.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to properly safeguard assets of the Fund.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles.

On behalf of Management

Original signed by

Provincial Comptroller
July 10, 2007



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT On The Debt Retirement Fund

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Debt Retirement Fund as at March 31, 2007 and the statement of revenue and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Original signed by

Winnipeg, Manitoba
July 10, 2007

Carol Bellringer, FCA, MBA
Auditor General

**DEBT RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION**

As at March 31, 2007
(in thousands)

	2007 \$	2006 \$
ASSETS		
Funds on Deposit with the Minister of Finance (Note 3)	51,000	25,000
	51,000	25,000
FUND BALANCE		
Fund Balance	51,000	25,000
	51,000	25,000

**DEBT RETIREMENT FUND
STATEMENT OF REVENUE
AND FUND BALANCE**

For the Year Ended March 31, 2007
(in thousands)

	2007 \$	2006 \$
Revenue		
Interest Income	1,000	-
Fund Balance, beginning of year	25,000	-
	26,000	-
Transfers		
Transfer from the Operating Fund (Note 4)	110,495	110,495
Transfers for Pension Obligation (Note 4)	(85,495)	(85,495)
	25,000	25,000
Fund Balance, end of year	51,000	25,000
	51,000	25,000

**DEBT RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007**

1. Incorporation and Function

The Debt Retirement Fund was established under the authority of the *Balanced Budget, Debt Repayment and Taxpayer Protection Act*, which received Royal Assent on November 3, 1995. The purpose of the Fund was to assist in the orderly repayment of debt pursuant with sections 8(4) and 8(6) of the Act.

On August 18, 2000, the *Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act* was passed amending *The Balanced Budget, Debt Repayment and Taxpayer Protection Act*, with related amendments to *The Fiscal Stabilization Fund Act* and *The Financial Administration Act*. The Bill changed the name of the Act to *The Balanced Budget, Debt Repayment and Taxpayer Accountability Act*. This Act is deemed to have come into force on April 1, 2000 and applies to fiscal years commencing after March 31, 2000.

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b) Funds on Deposit with the Minister of Finance

Cash equivalents are recorded at cost which approximates market value. Portfolio investments are recorded at cost.

3. Funds on Deposit with the Minister of Finance

	(thousands)	
	2007	2006
	\$	\$
Cash and cash equivalents	<u>51,000</u>	<u>25,000</u>

4. Transfer for Debt Retirement and Pension Obligation

The Government transferred \$110 million (2006 - \$110 million) to the Debt Retirement Fund from the Operating Fund for the specific purpose of reducing general purpose debt and pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Allowances Fund. The transfer was made in accordance with subsection 8 (4) of *The Balanced Budget, Debt Repayment and Taxpayer Accountability Act*. The Government transferred \$85 million (2006 - \$85 million) from the Debt Retirement Fund for the specific purpose of providing for the future retirement of pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Allowances Fund. This transfer was made in accordance with subsection 8 (6) of *The Balanced Budget, Debt Repayment and Taxpayer Accountability Act*.

5. Statement of Cash Flows

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

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>475,819</u>	<u>463,769</u>
RECEIPTS:		
Interest Revenue.....	<u>18,610</u>	<u>12,050</u>
DISBURSEMENTS:		
Claims.....	<u>-</u>	<u>-</u>
Balance, end of year.....	<u><u>494,429</u></u>	<u><u>475,819</u></u>

FISCAL STABILIZATION FUND

STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of management of the Department of Finance and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgment regarding estimates and other data available up to July 31, 2007.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to properly safeguard assets of the Fund.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

Original signed by

Provincial Comptroller
July 31, 2007



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT On The Fiscal Stabilization Fund

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Fiscal Stabilization Fund as at March 31, 2007 and the statement of revenue and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
July 31, 2007

Original signed by

Carol Bellringer, FCA, MBA
Auditor General

**FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION**

As at March 31, 2007
(in thousands)

	2007 \$	2006 \$
ASSETS		
Funds on Deposit with the Minister of Finance (Note 3)	<u>663,150</u>	<u>531,987</u>
FUND BALANCE		
Fund Balance	<u>663,150</u>	<u>531,987</u>

**FISCAL STABILIZATION FUND
STATEMENT OF REVENUE
AND FUND BALANCE**

For the Year Ended March 31, 2007
(in thousands)

	2007 \$	2006 \$
Revenue		
Interest Income	20,648	14,959
Fund Balance, beginning of year	<u>531,987</u>	<u>485,943</u>
	<u>552,635</u>	<u>500,902</u>
Transfers		
Transfer from the Operating Fund (Note 4)	<u>110,515</u>	<u>31,085</u>
	<u>110,515</u>	<u>31,085</u>
Fund Balance, end of year (Note 5)	<u>663,150</u>	<u>531,987</u>

**FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007**

1. Incorporation and Function

The Fiscal Stabilization Fund was established at March 31, 1989, under the authority of *The Fiscal Stabilization Fund Act*, which received Royal Assent on December 13, 1989. The legislated purpose of the Fund is to assist in stabilizing the fiscal position of the government from year to year and to improve long-term fiscal planning. Under the provisions of the Act, the government may deposit in the Fund any part of the revenue or other financial assets received in the Operating Fund in any fiscal year and shall credit to the Fiscal Stabilization Fund any earnings from investment of the Fiscal Stabilization Fund. All or part of the fund balance can be transferred to the Operating Fund in accordance with the provisions of the Act.

On August 18, 2000, the *Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act* was passed amending *The Balanced Budget, Debt Repayment and Taxpayer Protection Act*, with related amendments to *The Fiscal Stabilization Fund Act* and *The Financial Administration Act*.

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b) Funds on Deposit with the Minister of Finance

Cash equivalents are recorded at cost which approximates market value.

c) Interest Income

Funds represented by specific investments (cash equivalents) attributed to the Fund earn interest income based upon the rates of return of those investments less a nominal administrative fee. Funds represented by cash earn interest income at the Bank of Canada overnight rate, less a nominal administrative fee. Transfers from the Fund are deemed to have incurred at the beginning of the year and transfers to the Fund occur at March 31.

3. Funds on Deposit with the Minister of Finance

	(thousands)	
	<u>2007</u>	<u>2006</u>
	\$	\$
Cash and cash equivalents	<u>663,150</u>	<u>531,987</u>

**FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007**

4. Transfer from the Operating Fund

The *Balanced Budget, Debt Repayment and Taxpayer Accountability Act* and *The Fiscal Stabilization Fund Act* require any Operating Fund positive balance to be transferred to the Fund until its target level is reached. The Minister of Finance has the authority, with the approval of the Lieutenant Governor in Council, to transfer additional positive balances to the Fund as he considers appropriate. The target level for the Fiscal Stabilization Fund is a minimum of 5% of the expenses of the Operating Fund or approximately \$436 million, based on 2006-2007 expenses. As reported in the Public Accounts of the Province of Manitoba for 2006-2007, the Operating Fund had a positive balance of \$110 million (2006 - \$31 million), which was transferred to the Fiscal Stabilization Fund.

5. Fiscal Stabilization Fund by Program

	(thousands)	
	\$ <u>2007</u>	\$ <u>2006</u>
Health Program		
Program Fund Balance - Beginning of Year	202,411	210,067
Interest Earnings	7,856	6,044
Transfer to General Programs		
- Wait Time Reduction Programming	(27,419)	(13,700)
- Other Health Related Programming	<u>(7,653)</u>	<u>-</u>
Program Fund Balance – End of Year	<u>175,195</u>	<u>202,411</u>
General Program		
Program Fund Balance – Beginning of Year	329,576	275,876
Interest Earnings	12,792	8,915
Recovered from Health Programs		
- Wait Time Reduction Programming	27,419	13,700
- Other Health Related Programming	7,653	-
Transfer from the Operating Fund		
- Year-end Positive Balance	<u>110,515</u>	<u>31,085</u>
Program Fund Balance – End of Year	<u>487,955</u>	<u>329,576</u>
Total Fund Balance, End of Year	<u>663,150</u>	<u>531,987</u>

It is the Government's policy to designate the Fiscal Stabilization Fund into two programs, the Health Program and the General Program. Funds were allocated to the Health Program based on funds received from the Federal Government for Wait Time Reduction Programming and Other Health Related programming. Interest earned by the Fiscal Stabilization Fund is allocated proportionately to these two programs. As funds are expended related to the Health Program, the Government will designate a transfer back to the General Program.

6. Statement of Cash Flows

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

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>148,190</u>	<u>125,049</u>
RECEIPTS:		
Premiums.....	<u>23,529</u>	<u>23,141</u>
DISBURSEMENTS:		
Claims.....	<u>1,203</u>	<u>-</u>
Balance, end of year.....	<u><u>170,516</u></u>	<u><u>148,190</u></u>

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>40,676</u>	<u>47,818</u>
RECEIPTS:		
Department of Justice.....	85,000	85,000
Law Society of Manitoba.....	-	-
Manitoba Law Foundation.....	<u>75,000</u>	<u>100,000</u>
	<u>160,000</u>	<u>185,000</u>
DISBURSEMENTS:		
Claims.....	<u>168,001</u>	<u>192,142</u>
Balance, end of year.....	<u><u>32,675</u></u>	<u><u>40,676</u></u>

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	181,343	-
RECEIPTS:		
Contributions.....	-	125,000
Interest.....	7,215	
Miscellaneous.....	343,661	56,343
	350,876	181,343
DISBURSEMENTS:		
Payments.....	-	-
Balance, end of year.....	532,219	181,343

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>13,046,575</u>	<u>13,596,675</u>
RECEIPTS:		
Transfer of Mining Tax Revenues.....	2,924,738	1,156,550
Ruttan Worker Adjustment Committee Recovery.....	50,693	-
Interest received during the year.....	<u>534,658</u>	<u>371,466</u>
	<u>3,510,089</u>	<u>1,528,016</u>
DISBURSEMENTS:		
Hudson Bay Mining and Smelting Company Ltd.....	-	-
RBC Financial Group.....	-	118,839
Snow Lake Family Resource.....	-	5,967
Snow Lake Relocation.....	-	99,607
Town of Leaf Rapids.....	195,000	-
Town of Lynn Lake.....	26,646	47,169
Town of Snow Lake.....	20,000	9,979
Transfer to General Revenue.....	<u>1,802,566</u>	<u>1,796,554</u>
	<u>2,044,212</u>	<u>2,078,116</u>
Balance, end of year.....	<u><u>14,512,452</u></u>	<u><u>13,046,575</u></u>

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>198,412</u>	<u>116,972</u>
RECEIPTS:		
Royalties.....	281,066	76,755
Interest.....	8,745	4,685
	<u>289,811</u>	<u>81,440</u>
DISBURSEMENTS:		
Payments.....	<u>25,967</u>	<u>-</u>
Balance, end of year.....	<u>462,256</u>	<u>198,412</u>

**PENSION ASSETS FUND
STATEMENT OF FINANCIAL POSITION**

As at March 31, 2007

	2007	2006
ASSETS		
Funds on Deposit:		
Minister of Finance	-	2,203
Civil Service Superannuation Fund	323,688,626	250,180,228
Teacher's Retirement Allowances Fund	<u>375,575,601</u>	<u>286,803,870</u>
	<u>699,264,227</u>	<u>536,986,301</u>
FUND BALANCE		
Fund Balance	<u>699,264,227</u>	<u>536,986,301</u>

**PENSION ASSETS FUND
STATEMENT OF RECEIPTS, EXPENSES
AND FUND BALANCE**

For the Year Ended March 31, 2007

	2007	2006
RECEIPTS		
Contributions:		
Debt Retirement Fund	85,495,180	85,495,180
Special Operating Agencies	1,763,402	1,769,742
Operating Fund	6,947,799	5,552,728
Crown Organizations	1,526,117	1,065,289
Investment earnings (loss)	<u>67,523,877</u>	<u>61,549,434</u>
	163,256,375	155,432,373
DISBURSEMENTS		
Management fees	<u>978,449</u>	<u>788,374</u>
Excess of receipts over disbursements	162,277,926	154,643,999
Fund Balance, beginning of year	<u>536,986,301</u>	<u>382,342,302</u>
Fund Balance, end of year	<u>699,264,227</u>	<u>536,986,301</u>

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>5,901,287</u>	<u>5,457,422</u>
RECEIPTS:		
Royalties.....	1,749,903	1,712,112
Interest.....	<u>204,450</u>	<u>128,689</u>
	<u>1,954,353</u>	<u>1,840,801</u>
DISBURSEMENTS:		
Rehabilitation payments.....	<u>1,789,061</u>	<u>1,396,935</u>
Balance, end of year.....	<u><u>6,066,579</u></u>	<u><u>5,901,287</u></u>

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

**For the Year Ended March 31, 2007
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>2,578</u>	<u>3,578</u>
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch.....	8,175	10,400
Repayment of bursaries.....	<u>15,600</u>	<u>15,600</u>
	<u>23,775</u>	<u>26,000</u>
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act.....	<u>21,600</u>	<u>27,000</u>
Balance, end of year.....	<u><u>4,753</u></u>	<u><u>2,578</u></u>

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

**For the Year Ended March 31, 2006
(with comparative figures for the year ended March 31, 2006)**

	2007	2006
	\$	\$
Balance, beginning of year.....	<u>1,674,289</u>	<u>1,776,517</u>
RECEIPTS:		
Surcharge on Provincial Fines.....	4,516,610	2,805,232
Interest.....	<u>53,320</u>	<u>40,113</u>
	<u>4,569,930</u>	<u>2,845,345</u>
DISBURSEMENTS:		
Operating expenses.....	<u>3,697,210</u>	<u>2,947,573</u>
Balance, end of year.....	<u><u>2,547,009</u></u>	<u><u>1,674,289</u></u>



CROWN ORGANIZATIONS

Financial Statements and Audited Reports

Addictions Foundation of Manitoba

(incorporated under the Addictions Foundation of Manitoba Act)

Financial Statements

March 31, 2007

The accompanying financial statements are the responsibility of management and have been prepared in accordance with accounting policies stated in Note 2 to the financial statements. 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 of the reliability and accuracy of the financial information and that the assets of the Foundation are properly safeguarded.

The responsibility of the Auditor and their staff is to express an independent professional opinion on whether the financial statements are fairly presented. The Auditor's report outlines the scope of the audit examination and provides the audit opinion.

Original signed by

Chief Executive Officer

Original signed by

Director, Finance

June 30, 2007

Date



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

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

AUDITORS' REPORT

To the Board of Governors of Addictions Foundation of Manitoba

We have audited the statement of financial position of Addictions Foundation of Manitoba as at March 31, 2007 and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG
LLP*

Chartered Accountants

Winnipeg, Canada

June 1, 2007

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	\$ 1,832,271	\$ 2,111,788
Accounts receivable	558,663	561,386
Prepaid insurance	22,835	16,309
	<u>2,413,769</u>	<u>2,689,483</u>
Capital assets (note 3)	2,966,802	2,638,871
Due from Province of Manitoba:		
Vacation pay receivable [note 2(b)]	667,567	667,567
Pre-retirement pay receivable [note 2(c)]	1,153,316	1,153,316
Long-term pension funding commitments [note 2(d)]	17,474,908	16,332,241
	<u>19,295,791</u>	<u>18,153,124</u>
	<u>\$ 24,676,362</u>	<u>\$ 23,481,478</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 895,420	\$ 1,299,661
Accrued vacation pay [note 2(b)]	1,008,077	918,792
	<u>1,903,497</u>	<u>2,218,453</u>
Accrued pre-retirement pay [note 2(c)]	1,570,591	1,467,912
Provision for employee pension benefits [note 2(d)]	17,474,908	16,332,241
Deferred contributions (note 4)	58,500	59,500
Net assets:		
Invested in capital assets	2,966,802	2,638,871
Internally restricted (note 5)	1,338,300	962,000
Unrestricted	(636,236)	(197,499)
	<u>3,668,866</u>	<u>3,403,372</u>
Commitments (note 6)		
	<u>\$ 24,676,362</u>	<u>\$ 23,481,478</u>

See accompanying notes to financial statements.

On behalf of the Board of Governors:

Original signed by _____ Chairman

Original signed by _____ Treasurer

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Revenue and Expenses

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Government of the Province of Manitoba:		
Operating grant	\$ 13,739,481	\$ 13,176,400
Long-term pension revenue [note 2(d) and 2(e)]	938,845	2,915,468
Other	528,401	177,817
Other:		
Impaired Drivers Program fees	862,595	656,663
Manitoba Lotteries Corporation funding	2,630,000	2,500,000
School Support Program	461,833	334,108
Recovery of wages, medical and treatment services and travel expenses	906,622	1,111,088
Training course fees	79,787	95,781
Donations	34,139	36,885
Interest	67,333	47,678
Property rental	24,397	29,946
Parking rentals	23,844	23,519
Manitoba Government and General Employees' Union	15,499	12,629
Miscellaneous	7,991	8,373
Conferences	22,985	15,620
Youth Residential Programs	339,050	277,425
Drug Treatment Court Program	280,596	202,340
Long-term disability pension contribution refund	301,066	-
Youth Outreach Program	87,500	-
Youth Stabilization Program	240,000	-
	<u>21,391,964</u>	<u>21,621,740</u>
Expenses (schedule)	21,126,470	21,804,728
<u>Excess (deficiency) of revenue over expenses</u>	<u>\$ 265,494</u>	<u>\$ (182,988)</u>

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Changes in Net Assets

Year ended March 31, 2007, with comparative figures for 2006

				2007	2006
	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 2,638,871	\$ 962,000	\$ (197,499)	\$ 3,403,372	\$ 3,586,360
Excess (deficiency) of revenue over expenses	(175,726)	-	441,220	265,494	(182,988)
Investment in capital assets	503,657	-	(503,657)	-	-
Internally imposed restrictions, net (note 5)	-	376,300	(376,300)	-	-
Balance, end of year	\$ 2,966,802	\$ 1,338,300	\$ (636,236)	\$ 3,668,866	\$ 3,403,372

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 265,494	\$ (182,988)
Items not involving cash:		
Amortization	175,726	191,594
Changes in the following:		
Accounts receivable	2,723	(304,795)
Prepaid insurance	(6,526)	(547)
Accounts payable and accrued liabilities	(404,241)	290,347
Accrued vacation pay	89,285	(42,129)
Accrued pre-retirement pay	102,679	(14,260)
Net change in deferred contributions	(1,000)	(26,100)
	224,140	(88,878)
Financing and investing activities:		
Additions to capital assets	(503,657)	(24,081)
Decrease in cash	(279,517)	(112,959)
Cash, beginning of year	2,111,788	2,224,747
Cash, end of year	\$ 1,832,271	\$ 2,111,788

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements

Year ended March 31, 2007

1. Nature of the Foundation:

The Foundation is incorporated under the *Addictions Foundation of Manitoba Act*. The Foundation is the provincial authority for providing prevention, education and treatment programs related to addictions to individuals and communities, for conducting research into the negative effects of addictions, and in so doing, 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. Significant accounting policies:

The financial statements have been prepared in accordance with the significant accounting policies as set out below. Transactions and balances not specifically addressed by these accounting policies have been accounted for in accordance with Canadian generally accepted accounting principles.

(a) Internally restricted net assets:

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

(b) Province of Manitoba vacation pay receivable:

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.

The Foundation was instructed by the Province to record a receivable from the Province and accrue vacation pay liability as at March 31, 1995 in the amount of \$667,567. Any subsequent variances in the vacation pay liability are recorded in the statement of revenue and expenses as the receivable from the Province will remain fixed. The Province has guaranteed payment of this amount, but has not communicated the terms of repayment. The amount of the receivable has been recorded on a non-discounted basis. The fair value of the receivable on a discounted basis could be significantly less than the carrying value and the difference would be materially influenced by the effective discount rate utilized.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

2. Significant accounting policies (continued):

(c) Province of Manitoba pre-retirement pay receivable:

The Foundation is obligated to pay its employees severance pay upon their retirement. The accrued pre-retirement pay liability is determined based on actuarial probability factors established by the Province.

The Foundation was instructed by the Province to record a receivable from the Province and accrue pre-retirement pay liability as at April 1, 1998 in the amount of \$1,153,316. Any subsequent variances in the pre-retirement pay liability are recorded in the statement of revenue and expenses as the receivable from the Province will remain fixed. The Province has guaranteed payment of this amount, but has not communicated the terms of repayment. The amount of the receivable has been recorded on a non-discounted basis. The fair value of the receivable on a discounted basis could be significantly less than the carrying value and the difference would be materially influenced by the effective discount rate utilized.

(d) Province of Manitoba long-term pension funding commitments:

Since April 1, 2000, the Foundation has recorded an obligation with respect to the pension plan which certain employees of the Foundation participate in. This obligation is determined by an actuarial valuation every three years with the liability for the intervening years determined using formulas provided by the actuary.

Since April 1, 2000, the Foundation has been instructed by the Province to record a receivable from the Province equal to the amount of the liability for employee pension benefits. The increase in the pension receivable is recorded as Government of the Province of Manitoba long-term pension revenue.

(e) Pension costs:

In accordance with the provisions of the *Manitoba Civil Service Superannuation Act*, the Foundation contributes approximately 50 percent of the pension disbursements made to retired employees of the Foundation. Pension costs for the year include the amount of this contribution as well as the increase in the unfunded pension liability during the fiscal year.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

2. Significant accounting policies (continued):

The pension liability is determined by an actuarial valuation every three years with the liability for the intervening years determined using formulas provided by the actuary. The most recent valuation was as at December 31, 2004.

For all new employees hired on or after October 1, 2002, the Foundation is required to pay to the Province a contribution as follows:

- 5.1 percent on pensionable earnings up to yearly maximum pensionable earnings (YMPE); plus
- 7 percent on pensionable earnings in excess of YMPE.

The Foundation recognizes a reduction in the amount of \$203,822 (2006 - \$133,235) in the Government of the Province of Manitoba long-term pension revenue for this equivalent contribution as incurred.

(f) 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 applicable to the various classes of assets are as follows:

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

(g) 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. With respect to recovery of wages, medical and treatment services, revenue is recognized upon completion of the related treatment.

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

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, 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. Capital assets:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 535,065	\$ —	\$ 535,065	\$ 535,065
Buildings	4,348,664	2,573,476	1,775,188	1,410,743
Computer equipment	776,305	584,129	192,176	213,907
Furniture and equipment	160,497	133,058	27,439	37,069
Leasehold improvements	639,425	202,491	436,934	442,087
	\$ 6,459,956	\$ 3,493,154	\$ 2,966,802	\$ 2,638,871

4. Deferred contributions:

	2007	2006
Balance, beginning of year	\$ 59,500	\$ 85,600
Amount recognized as revenue in the current year	(1,000)	(26,100)
Balance, end of year	\$ 58,500	\$ 59,500

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

5. Internally restricted net assets:

	2007	2006
Balance, beginning of year	\$ 962,000	\$ 937,600
Internal restrictions settled in the current year	(38,700)	(210,400)
Internal restrictions imposed for future years	415,000	234,800
	376,300	24,400
Balance, end of year	\$ 1,338,300	\$ 962,000

Internal restrictions have been imposed for the following:

	2007	2006
Retroactive Pay	\$ 295,000	\$ -
Ontario Health Referrals potential cancellation	325,000	325,000
Pathways Conference	13,700	19,300
Provincial Technology Program	200,000	150,000
Youth Services	269,200	288,600
Problem Gambling Services Special Projects	235,400	179,100
	\$ 1,338,300	\$ 962,000

6. Commitments:

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2008 and 2012. 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:

2008	\$ 211,107
2009	178,880
2010	68,266
2011	29,031
2012	11,450
	\$ 498,734

ADDICTIONS FOUNDATION OF MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

7. Fair value:

The fair value of the vacation pay receivable, the pre-retirement pay receivable and the long-term pension funding commitments from the Province of Manitoba and the accrued vacation pay, the accrued pre-retirement pay and the provision for employee pension benefits is not readily determinable due to their underlying terms and conditions [note 2(b), 2(c) and 2(d)].

The fair value of the Foundation's other financial assets and financial liabilities approximates their carrying value due to their short-term to maturity.

ADDICTIONS FOUNDATION OF MANITOBA

Schedule - Expenses

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Salaries	\$ 10,530,669	\$ 9,598,694
Wages	2,704,813	2,728,945
Advertising and exhibits	94,105	83,047
Amortization	175,726	191,594
Audio-visual aids	24,250	15,512
Audit	23,190	18,681
Board of Governors' honorarium	14,902	14,860
Books, newspapers and periodicals	28,349	29,470
Courier and freight	35,245	33,623
Drug Treatment Court program	280,596	202,340
Educational literature	89,247	110,854
Employee benefits	1,198,970	1,169,663
Fees	637,592	595,927
Food supplies	347,741	333,830
Health and post-secondary education tax levy	264,955	266,709
Household supplies	87,387	83,626
Materials, repairs and maintenance	599,598	643,779
Medical services and supplies	338,554	286,212
Miscellaneous	6,184	2,335
Pension [note 2(e)]	1,977,997	3,655,609
Postage and telephone	295,709	283,260
Printing, stationery and office supplies	238,892	267,650
Rent, insurance and property taxes	375,633	380,117
Staff development	80,776	56,417
Training	21,673	37,283
Transportation of patients	21,349	16,391
Travel and automobile	408,003	475,466
Utilities	224,365	222,834
	\$ 21,126,470	\$ 21,804,728



BDO Dunwoody LLP
Chartered Accountants
and Advisors

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Brandon Manitoba Canada R7A 4E7
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www.bdo.ca

Auditors' Report

**To the Members of
Assiniboine Community College**

We have audited the statement of financial position of Assiniboine Community College as at June 30, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
September 8, 2006

**ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2006
(in thousand \$)**

<u>ASSETS</u>	2006	2005
CURRENT		
Cash and short term investments (note 1)	2,246	1,635
Accounts receivable (note 2)	899	1,314
Due from Province of Manitoba (note 3)	522	511
Inventories (note 4)	589	532
Prepays	590	531
	<u>4,846</u>	<u>4,523</u>
NON-CURRENT		
Due from Province of Manitoba (note 2)	<u>1,999</u>	<u>1,999</u>
CAPITAL ASSETS (note 5)		
Land, buildings and equipment	5,418	5,757
Library holdings	960	959
	<u>6,378</u>	<u>6,716</u>
	<u>13,223</u>	<u>13,238</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT		
Accounts payable and accrued liabilities (note 6)	2,935	2,443
Deferred revenue (note 7)	1,160	1,447
	<u>4,095</u>	<u>3,890</u>
NON-CURRENT		
Accrued severance liability (note 8)	<u>1,782</u>	<u>1,709</u>
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 9)	<u>2,845</u>	<u>3,156</u>
NET ASSETS		
Net assets invested in capital assets	3,531	3,559
Net assets internally restricted (note 10)	840	840
Unrestricted net assets	130	84
	<u>4,501</u>	<u>4,483</u>
	<u>13,223</u>	<u>13,238</u>

**ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

	Budget (unaudited)	2006	2005
REVENUES			
Academic training fees	2,780	2,929	2,667
Grants	17,734	17,747	17,347
Market driven training	1,750	1,989	2,167
Continuing education	1,092	1,074	1,106
Ancillary services (bookstore)	1,253	1,125	1,150
Apprenticeship training	1,224	1,368	1,336
Other revenue	365	398	379
Amortization of deferred contributions	1,040	1,040	1,037
	<u>27,238</u>	<u>27,670</u>	<u>27,189</u>
EXPENDITURES			
Academic	16,536	16,818	16,649
Administration	5,160	5,480	4,928
Program support	1,111	1,043	1,032
Plant	421	398	384
Management information services	1,069	973	1,070
Library	263	273	337
Ancillary services	1,100	1,090	1,049
Amortization of capital assets	1,578	1,578	1,694
	<u>27,238</u>	<u>27,653</u>	<u>27,143</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>17</u>	<u>46</u>

**ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2006 TOTAL	2005 TOTAL
Balance - beginning of year	3,560	840	84	4,484	4,437
Excess of revenue over expenditures	-	-	17	17	46
Add: amortization of deferred contributions	1,040	-	(1,040)	-	-
Less: amortization of capital assets	(1,578)	-	1,578	-	-
Deferred contributions received from grant	(680)	-	680	-	-
Donated assets	(50)	-	50	-	-
Investment in capital assets	1,239	-	(1,239)	-	-
Balance - end of year	<u>3,531</u>	<u>840</u>	<u>130</u>	<u>4,501</u>	<u>4,483</u>

**ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

	2006	2005
Cash from operating activities		
Excess of revenues over expenditures	17	46
Amortization of capital assets	1,578	1,694
Amortization of deferred capital contributions	(1,040)	(1,037)
Loss on disposal of capital assets	-	-
Change in non-cash working capital items	565	258
Net cash generated through operating activities	1,120	961
Financing and investing activities		
Purchase of capital assets	(1,239)	(1,115)
Contributions received for capital purposes	680	798
Contributions received for capital purposes	50	-
Net cash used in financing and investing activities	(509)	(317)
Net increase in cash and short term investments	611	644
Cash and short term investments, beginning of year	1,635	991
Cash and short term investments, end of year	2,246	1,635

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2006

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.

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable, and severance liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. Accounts receivable are not concentrated to any one or group of students or organizations. Likewise, trade payables are subject to normal credit terms and are not concentrated to any one or group of suppliers. Amounts relating to severance and vacation liabilities are not subject to interest, penalties or set terms of repayment.

Investments

Investments are recorded at the lower of cost or market value.

Inventories

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

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2006

Capital Assets

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

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

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.

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.

Revenue Recognition

The College uses the deferral method of accounting for contributions. Restricted contributions are deferred and matched with related expenses as incurred.

Deferred Revenue

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

Assiniboine Community College Summary of Significant Accounting Policies

June 30, 2006

Revenue Recognition

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

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

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

Donations are reported when received. Donations of Capital Assets are reported at fair market value.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Assiniboine Community College
Notes to Financial Statements**

June 30, 2006

1. Cash and short-term investments

	2006	2005
Cash	\$ 439	\$ 286
Term deposits - Manitoba Finance	1,807	1,349
	\$ 2,246	\$ 1,635
 Market value	 \$ 2,246	 \$ 1,635

2. Accounts Receivable

	2006	2005
Tuition and contract training	\$ 900	\$ 1,310
Goods and Services Tax rebate	33	24
Allowance for doubtful accounts	(34)	(20)
	\$ 899	\$ 1,314

**Assiniboine Community College
Notes to Financial Statements**

June 30, 2006

3. Due from Province of Manitoba

	2006	2005
Current		
Property taxes	\$ 331	\$ 331
Accommodation cost-recovery system	180	180
10% tuition rebate	11	-
	\$ 522	\$ 511
Non-current		
Vacation pay	\$ 875	\$ 875
Severance pay	1,124	1,124
	\$ 1,999	\$ 1,999
	\$ 2,521	\$ 2,510

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 \$558,382 in severance pay relating to pre-1998 employee service (in actual \$). No payments have been received from the Province with respect to this receivable.

4. Inventories

	2006	2005
Books and supplies	\$ 589	\$ 532
	\$ 589	\$ 532

**Assiniboine Community College
Notes to Financial Statements**

June 30, 2006

5. Capital assets

	2006	2005
Net book value, beginning of year	\$ 5,757	\$ 6,335
Add: Purchases	1,239	1,116
Less: Current year amortization	6,996 (1,578)	7,451 (1,694)
	\$ 5,418	\$ 5,757
 Library holdings, at estimated value	 \$ 960	 \$ 959

6. Accounts payable and accrued liabilities

	2006	2005
Trade payables	\$ 938	\$ 539
Accrued vacation pay	1,997	1,904
	\$ 2,935	\$ 2,443

7. Deferred revenue

	2006	2005
Tuition and commitment fees	\$ 244	\$ 340
Contract training fees	712	1,073
Classroom rentals, parking and other deferrals	204	34
	\$ 1,160	\$ 1,447

**Assiniboine Community College
Notes to Financial Statements**

June 30, 2006

8. Accrued Severence Liability

	2006
Service to date obligations at June 30, 2005	\$ 1,709,220
Add: interest	128,192
Add: current service costs	88,249
Less: actual payouts over the period	143,917
Service to date obligations at June 30, 2006	\$ 1,781,744

The service to date obligation is calculated based on an actuarial report as at March 31, 2005. The calculations used in the actuarial report to determine the liability outstanding as at March 31, 2005 are applied to the current year to determine the estimated accrued severence liability at June 30, 2006.

9. Deferred Contributions Related to Capital Assets

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

	2006	2005
Balance, beginning of year	\$ 3,155	\$ 3,395
Add: Capital contributions during the year		
Government grant	680	797
Add: Donations in kind	50	-
Less: Current year amortization	(1,040)	(1,037)
Net book value, end of year	\$ 2,845	\$ 3,155

**Assiniboine Community College
Notes to Financial Statements**

June 30, 2006

10. Net Assets Internally Restricted

	General Operating Reserve	General Capital Reserve	General Technology Reserve	Total Reserve
Opening balance	\$ 435	\$ 64	\$ 341	\$ 840
Appropriations	-	-	-	-
Withdrawals	-	-	-	-
Ending balance	<u>\$ 435</u>	<u>\$ 64</u>	<u>\$ 341</u>	<u>\$ 840</u>

11. Grants

	COPSE Grant	Aboriginal Healing Grant	Other Grants	Total Grants
Grants Received	\$ 18,645,759	\$ -	\$ -	\$ 18,645,759
Add:				
Release of deferred revenue	11,232	-	-	11,232
Less:				
Deferred capital contributions	(680,200)	-	-	(680,200)
	<u>\$ 17,976,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,976,791</u>
Represented by:				
Base	\$ 17,746,791	\$ -	\$ -	\$ 17,746,791
Market Driven Training	230,000	-	-	230,000
	<u>\$ 17,976,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,976,791</u>

12. Pension Costs and Obligations

The College's employees are eligible for membership in the Civil Service Superannuation Plan operated by the Province of Manitoba. Although this is a defined benefit pension plan, any experience gains or losses determined by actuarial valuations are the responsibility of the Province of Manitoba. Accordingly, no disclosure has been made in the financial statements relating to the effects of participation in the pension plan by the College and its employees. Effective October 1, 2002, the College is responsible for paying their portion of the current pension costs on behalf of all employees enrolled in the Civil Service Superannuation Plan.

Assiniboine Community College Notes to Financial Statements

June 30, 2006

13. Related Party Transactions

During the year the College provided a grant of \$7,850 (2005 - \$7,850) to Assiniboine Community College Foundation Inc. (in actual \$), a grant of \$5,000 (2005 - \$10,000) to Assiniboine Campus Radio Society Inc. (in actual \$), and a grant of \$16,020 (2005 - Nil) to the student association (in actual \$). Transactions with the Assiniboine Community College Foundation Inc., Assiniboine Campus Radio Society Inc., and the Student Association are measured at the exchange amount.

14. 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:

2006/07	\$	335
2007/08		288
2008/09		143

15. Economic Dependence

The College presently receives annual funding of approximately \$18,645,759 (\$18,255,426 in 2005) from the Province of Manitoba to finance operations and capital acquisitions (in actual \$). Without such funding, future viability of the College is not assured. Transactions with the Province of Manitoba are measured at the exchange amount.

16. Income Taxes

The College is exempt from income taxes.

Assiniboine Community College Notes to Financial Statements

June 30, 2006

17. 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	\$ 9,786
Cash - restricted	105,346
Accounts receivable	109,480
Investments	949,647
Equipment	10,660
Accounts payable	1,062
Deferred revenue	29,691
Deferred contributions	421,954
Unrestricted net assets	(13,281)
Endowment funds	734,831
Invested in capital assets	8,528
Revenue	254,437
Expenditures	256,048

ASSINIBOINE COMMUNITY COLLEGE
SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2006
(in thousand \$)

Schedule 1

	Budget (unaudited)	2006	2005
Academic Training Fees			
Day program tuition fees	2,780	2,929	2,667
Grants			
Provincial (note 10)	17,729	17,747	17,316
Industry partnerships	5	-	31
	<u>17,734</u>	<u>17,747</u>	<u>17,347</u>
Market Driven / Contract Training (schedule 2)	<u>1,750</u>	<u>1,989</u>	<u>2,167</u>
Continuing Education (schedule 3)	<u>1,092</u>	<u>1,074</u>	<u>1,106</u>
Ancillary Services (schedule 4)	<u>1,253</u>	<u>1,125</u>	<u>1,150</u>
Apprenticeship Training (schedule 5)	<u>1,224</u>	<u>1,368</u>	<u>1,336</u>
Sundry and Other Revenue			
Interest	80	133	79
Other	285	265	300
	<u>365</u>	<u>398</u>	<u>379</u>
Amortization of deferred capital contributions	<u>1,040</u>	<u>1,040</u>	<u>1,037</u>
Total Revenue	<u>27,238</u>	<u>27,670</u>	<u>27,189</u>

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

**ASSINIBOINE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

Schedule 1
Continued

	Budget (unaudited)	2006	2005
Salaries			
Instructional	10,129	10,450	10,376
Administrative	2,182	2,173	1,925
Program Support	143	143	138
Fringe Benefits	1,080	1,068	1,027
Operating	3,002	2,984	3,183
	<u>16,536</u>	<u>16,818</u>	<u>16,649</u>
Administration			
Salaries	2,254	2,473	2,145
Fringe Benefits	499	550	466
Operating	2,407	2,457	2,317
	<u>5,160</u>	<u>5,480</u>	<u>4,928</u>
Program Support			
Salaries	918	881	818
Fringe Benefits	80	75	69
Operating	113	87	145
	<u>1,111</u>	<u>1,043</u>	<u>1,032</u>
Plant			
Salaries	298	288	278
Fringe Benefits	31	29	27
Operating	92	81	79
	<u>421</u>	<u>398</u>	<u>384</u>
Management Information Services			
Salaries	651	668	666
Fringe Benefits	55	55	56
Operating	363	250	348
	<u>1,069</u>	<u>973</u>	<u>1,070</u>
Library			
Salaries	170	165	240
Fringe Benefits	20	16	21
Operating	73	92	76
	<u>263</u>	<u>273</u>	<u>337</u>
Ancillary Services (schedule 4)	<u>1,100</u>	<u>1,090</u>	<u>1,049</u>
Amortization of Capital Assets	<u>1,578</u>	<u>1,578</u>	<u>1,694</u>
Total Expenditures	<u>27,238</u>	<u>27,653</u>	<u>27,143</u>

**ASSINIBOINE COMMUNITY COLLEGE
MARKET DRIVEN TRAINING
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

Schedule 2

	Budget (unaudited)	2006	2005
Revenue			
Tuition fee contracts	37	43	27
Contract training	1,307	1,486	1,898
Grants	396	450	226
Other revenue	10	10	16
Total Revenue	1,750	1,989	2,167
Expenditures			
Direct Expenditures			
Instructional salaries	709	933	964
Fringe benefits	65	84	84
Operating	405	236	569
	1,179	1,253	1,617
Indirect Expenditures			
Administrative salaries	190	170	192
Fringe benefits	15	13	15
Operating	15	14	14
	220	197	221
Total Expenditures	1,399	1,450	1,838
Excess of Revenue over expenditures	351	539	329

**ASSINIBOINE COMMUNITY COLLEGE
CONTINUING EDUCATION
SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2006
(in thousand \$)**

Schedule 3

	Budget (unaudited)	2006	2005
Revenue			
Brandon campus	433	425	548
Dauphin campus	144	176	141
Regional Centres	515	473	417
Total Revenue	1,092	1,074	1,106
Expenditures			
Direct Expenditures			
Instructional salaries	371	436	373
Fringe benefits	36	35	31
Operating	265	345	290
	672	816	694
Indirect Expenditures			
Administrative salaries	478	475	475
Fringe benefits	47	44	44
Operating	130	142	127
	655	661	646
Total Expenditures	1,327	1,477	1,340
Deficiency of Revenue over Expenditures	(235)	(403)	(234)

**ASSINIBOINE COMMUNITY COLLEGE
 ANCILLARY SERVICES
 SCHEDULE OF REVENUE AND EXPENDITURES
 YEAR ENDED JUNE 30, 2006
 (in thousand \$)**

Schedule 4

	Budget (unaudited)	2006	2005
Revenue	<u>1,253</u>	<u>1,125</u>	<u>1,150</u>
Expenditures			
Cost of goods sold	904	897	872
Salaries & benefits	131	132	127
Operating	64	61	50
Total Expenditures	<u>1,099</u>	<u>1,090</u>	<u>1,049</u>
Excess of Revenue over Expenditures	<u>154</u>	<u>35</u>	<u>101</u>

**ASSINIBOINE COMMUNITY COLLEGE
 APPRENTICESHIP
 SCHEDULE OF REVENUE AND EXPENDITURES
 YEAR ENDED JUNE 30, 2006
 (in thousand \$)**

Schedule 5

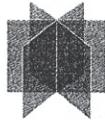
	Budget (unaudited)	2006	2005
Revenue			
Tuition Revenue	1,224	1,368	1,336
Expenditures			
Direct Expenditures			
Instructional salaries	928	1,003	906
Fringe benefits	83	88	77
Operating	224	257	203
Total Expenditures	1,235	1,348	1,186
Excess (Deficiency) of Revenue over Expenditures	(11)	20	150

**Assiniboine Community College
Board Member Compensation**

For the year ended June 30

2006

Harvey Armstrong	\$	1,800
David Barnes		1,500
Janet Chaboyer		1,500
Kim Fallis		1,800
Jane Hunter		2,100
Joseph Kay		1,800
Erin Lambert		1,500
Louis Lapointe		1,800
Vince Lelond		150
Mary Neil		750
Allen Patterson		3,000
Steve Prince		1,200
Brent Richards		1,800
Brettney Wray		300
		<hr/>
	\$	21,000



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 2006 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
April 3, 2007

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

**Statement of Financial Position
December 31, 2006**

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current Assets		
Cash	\$ 25,246	\$ 24,363
Short-term Investments (note 3)	13,320	13,104
Accrued Interest Receivable	263	213
Total Current Assets	38,829	37,680
Non-Current Assets		
Accrued Interest Receivable	4,311	2,284
Long-term Investments (notes 3 and 4)	50,000	50,000
Total Non-Current Assets	54,311	52,284
	\$ 93,140	\$ 89,964
 <u>LIABILITIES AND UNRESTRICTED NET ASSETS</u>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 3,582	\$ 3,124
Deferred Revenue	22,900	27,200
Total Current Liabilities	26,482	30,324
Unrestricted Net Assets	66,658	59,640
	\$ 93,140	\$ 89,964

Approved on Behalf of The Board of Administration

Original signed by
Caroline Kaus
Chairperson

Original signed by
Tracy Weyursky
Secretary-Treasurer

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

**Statement of Cash Flows
For the year ended December 31, 2006**

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Licence Fees	\$ 28,700	\$ 35,800
Interest on Short-term Investments	216	213
Graduation	(900)	(1,075)
Audit	(2,600)	(2,600)
Honoraria - Registrar	(8,000)	(8,000)
Honoraria - Board Members	(6,758)	(6,322)
Miscellaneous	(388)	(1,659)
Board Meetings	(3,911)	(4,789)
Communications	(1,492)	(1,178)
Conferences	(2,447)	(991)
Office Supplies and Postage	(629)	(1,816)
Legal Fees	(692)	(2,758)
Net Cash provided by Operating Activities	<u>1,099</u>	<u>4,825</u>
 Cash Flows from Investing Activities		
Purchases of Guaranteed Investment Certificates	(13,320)	(13,104)
Maturities of Guaranteed Investment Certificates	13,104	12,891
Net Cash (used in) provided by Investing Activities	<u>(216)</u>	<u>(213)</u>
 Net Increase in Cash	883	4,612
Cash, beginning of the year	24,363	19,751
Cash, end of year	<u>\$ 25,246</u>	<u>\$ 24,363</u>

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Operations and Changes in Unrestricted Net Assets
for the year ended December 31, 2006

<u>REVENUE</u>	<u>2006</u>	<u>2005</u>
Funeral Home Licences	\$ 9,000	\$ 8,600
Embalmer and Funeral Director Licences	24,000	23,500
Interest	2,293	1,440
	<u>35,293</u>	<u>33,540</u>
<u>EXPENSES</u>		
Audit	3,120	2,800
Honoraria - Board Members	6,649	6,104
Honoraria - Registrar	8,000	8,000
Miscellaneous	388	1,096
Board Meetings	3,911	3,991
Graduation	900	1,075
Communications	1,513	1,178
Office Supplies and Postage	655	754
Conferences	2,447	1,594
Legal Fees	692	2,479
	<u>28,275</u>	<u>29,071</u>
Excess (Deficiency) of Revenue Over Expenses	7,018	4,469
Unrestricted Net Assets		
Beginning of the Year	<u>59,640</u>	<u>55,171</u>
Unrestricted Net Assets		
End of the Year	<u>\$ 66,658</u>	<u>\$ 59,640</u>

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
For the year ended December 31, 2006

1. **Nature of Operations**

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

2. **Basis of Accounting**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

3. **Summary of Significant Accounting Policies:**

a) **Investments**

Short-term Investments are carried at cost, which approximates fair value.

Long-term Investments are recorded at cost. If the fair value of these investments falls below cost and this decline in value is considered to be other than temporary, the investments are written-down to fair value.

b) **Revenue Recognition**

The board recognizes revenue for Funeral Home Licenses and Embalmer and Funeral Director Licenses on an accrual basis.

Revenue from interest earned on long term investments is recognized on an accrual basis.

c) **Contributed Services**

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

d) **Use of Estimates**

In preparing these financial statements, management must make estimates and assumptions that primarily affect the reported values of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

e) **Financial Instruments**

The Board's financial instruments consist of cash, short-term investments, long-term investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of each of these financial instruments approximates their respective carrying value.

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
For the year ended December 31, 2006

4. Long-term Investments

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

	<u>2006</u>	<u>2005</u>
i.) CIBC Cashable Escalating Rate GIC Maturity Date: January 5, 2008 Interest Rate 3.10%	\$15,000	\$15,000
ii.) CIBC Cashable Escalating Rate GIC Maturity Date: January 5, 2009 Interest Rate 3.50%	15,000	15,000
iii.) CIBC Non-Cashable Escalating Rate GIC Maturity Date: January 5, 2008 Interest Rate 3.00 %	20,000	20,000
	<u>\$50,000</u>	<u>\$50,000</u>

5. The Public Sector Compensation Disclosure Act

In accordance with Section 2 of The Public Sector Compensation Disclosure Act, the following summarizes compensation paid during the year ended December 31, 2005:

(i) No individual received compensation of \$50,000 or more;		
(ii) The Board has no employees;		
(iii) The aggregate amount paid to Board members was:	<u>2006</u>	<u>2005</u>
(a) Honoraria, Board Members	\$6,649	\$6,104
(b) Honoraria, Registrar	\$8,000	\$8,000

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

Original signed by

Scott Stewart
Treasurer, Board of Governors

May 11, 2007

Original signed by

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



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Governors of Brandon University

We have audited the statement of financial position of Brandon University as at March 31, 2007 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by

Winnipeg, Manitoba
May 11, 2007

Carol Bellringer, FCA•MBA
Auditor General

Brandon University

Statement of Financial Position as at March 31, 2007

ASSETS

	2007	2006
Current Assets		
Cash and cash equivalents (note 3)	\$ 6,765,842	\$ 4,574,416
Accounts receivable	1,685,569	3,411,212
Inventory	409,040	429,030
Prepaid expenses	<u>253,958</u>	<u>307,076</u>
	<u>9,114,409</u>	<u>8,721,734</u>
Loan receivable (note 8)	<u>-</u>	<u>43,560</u>
Capital Assets and Collections (notes 2E and 6)	<u>40,945,646</u>	<u>41,466,193</u>
	<u>\$ 50,060,055</u>	<u>\$ 50,231,487</u>

LIABILITIES & NET ASSETS

	2007	2006
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,554,663	\$ 3,417,483
Deferred income	248,437	304,233
Deferred contributions (note 7)	2,865,905	2,355,353
Current portion of long term debt (note 11)	<u>103,985</u>	<u>97,990</u>
	<u>6,772,990</u>	<u>6,175,059</u>
Long term Liability		
Mortgages payable (note 11)	<u>1,426,420</u>	<u>1,530,405</u>
Unamortized Deferred Capital Contributions (note 7)	<u>32,156,051</u>	<u>33,717,703</u>
Net Assets		
Unrestricted net assets	1,914,538	2,192,761
Internally restricted net assets (note 5)	530,864	495,462
Investment in capital assets and collections	<u>7,259,192</u>	<u>6,120,097</u>
	<u>9,704,594</u>	<u>8,808,320</u>
	<u>\$ 50,060,055</u>	<u>\$ 50,231,487</u>

Approved by the Brandon University
Board of Governors on June 28, 2007

Original signed by

Treasurer

Original signed by

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, 2007

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2007	Total 2006
Balance, beginning of year	\$ 2,192,761	\$ 495,462	\$ 6,120,097	\$ 8,808,320	\$ 7,633,023
Reclassify account balances	<u>(2,753)</u>			<u>(2,753)</u>	
Restated balance, beginning of year	2,190,008	495,462	6,120,097	8,805,567	7,633,023
Excess of revenues over expenses	857,887			857,887	1,142,033
Direct increases to net assets					
Donations of capital assets			41,140	41,140	33,264
Transfers					
Internally funded					
Capital asset additions	(1,732,804)		1,732,804		
Capital asset disposals (net)	12,400		(12,400)		
Amortization	720,439		(720,439)		
Repayment of long term debt	(97,990)		97,990		
Allocation to internally restricted net assets	(186,342)	186,342			
Internally restricted net asset purchases	<u>150,940</u>	<u>(150,940)</u>			
Balance, end of year	<u>\$ 1,914,538</u>	<u>\$ 530,864</u>	<u>\$ 7,259,192</u>	<u>\$ 9,704,594</u>	<u>\$ 8,808,320</u>

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

Brandon University

Statement of Operations for the Year Ended March 31, 2007

	2007	2006
Revenues		
Tuition fees and other student fees	\$ 9,679,692	\$ 9,887,643
Grants		
Council on Post-Secondary Education	27,714,213	26,876,891
Province of Manitoba	540,403	420,029
Government of Canada	1,768,023	1,914,228
Sales of goods and services	6,440,886	5,963,612
Brandon University Foundation	2,071,568	1,785,291
Amortization of deferred capital contributions	2,281,090	1,617,527
Gain on disposal of capital assets	76,985	
Miscellaneous	<u>1,148,058</u>	<u>781,544</u>
	<u>51,720,918</u>	<u>49,246,765</u>
Expenses		
Salaries - academic	17,510,541	16,892,662
Salaries - support	11,340,040	11,137,176
Benefits	4,375,852	4,229,867
Travel	1,662,348	1,723,307
Supplies and consumable expenses	7,109,619	6,003,625
Major renovations	1,375,570	374,687
Property taxes	134,175	499,893
Utilities	1,207,085	1,348,042
Cost of goods sold	1,915,022	1,923,986
Scholarships and bursaries	1,005,420	980,786
Interest on long term debt	118,598	124,490
Amortization expense	3,001,530	2,816,828
Loss on disposal of capital assets		999
Increase in amount of accrued expenses	<u>107,231</u>	<u>48,384</u>
	<u>50,863,031</u>	<u>48,104,732</u>
Excess of revenues over expenses	<u>\$ 857,887</u>	<u>\$ 1,142,033</u>

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

Brandon University

Statement of Cash Flow for the Year Ended March 31, 2007

	2007	2006
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	\$ 857,887	\$ 1,142,033
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,281,090)	(1,617,527)
Amortization of capital assets	3,001,530	2,816,828
Loss/(gain) on disposal of capital assets	(76,985)	999
Increase in non-cash operating working capital	<u>2,387,934</u>	<u>(1,417,831)</u>
	<u>3,889,276</u>	<u>924,502</u>
Cash Provided By (Used In) Investing Activities		
Decrease in loan receivable	43,560	6,996
Capital asset additions	(2,493,383)	(2,485,483)
Proceeds on disposal of capital assets	<u>89,385</u>	<u>3,092</u>
	<u>(2,360,438)</u>	<u>(2,475,395)</u>
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(97,990)	(92,097)
Capital contributions received	<u>760,578</u>	<u>1,082,729</u>
	<u>662,588</u>	<u>990,632</u>
Increase/(Decrease) in cash and cash equivalents	2,191,426	(560,261)
Cash and cash equivalents, beginning of year	<u>4,574,416</u>	<u>5,134,677</u>
Cash and cash equivalents, end of year	<u>\$ 6,765,842</u>	<u>\$ 4,574,416</u>

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

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

1. Authority and Purpose

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

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

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

B. Revenue Recognition

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

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

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

C. Short Term Investments

Short term investments are recorded at cost and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University. Short term investments also includes a mutual fund that provides a benefit provision for a former WESTARC employee as a part of that individual's contract of employment.

D. Brandon University Foundation

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

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

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

E. 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
Furnishings and equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Library collections	10 years

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

F. Inventory

Inventories are valued at the lower of cost and net realizable value.

G. Pension Plans

The University contributes to the Brandon University Retirement Plan which is a trustee-administered pension plan for University employees. Contributions by the University are recorded as expenses.

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

H. 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 and determination of useful lives of capital assets for amortization. Actual results could differ from these estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	2007	2006
Cash	\$ 2,882,968	\$ 1,827,047
Short term investments	3,835,876	2,700,371
Mutual funds	<u>46,998</u>	<u>46,998</u>
	<u>\$ 6,765,842</u>	<u>\$ 4,574,416</u>

The fair market value of the short term investments and mutual funds is \$ 3,906,658 (2006 -\$ 2,767,415).

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

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

Statement of Financial Position

	2006	2005
Assets	<u>\$ 35,342,145</u>	<u>\$ 27,553,976</u>
Liabilities	<u>\$ 1,523,664</u>	<u>\$ 1,124,044</u>
Deferred contributions	<u>7,386,303</u>	<u>2,482,454</u>
Net Assets		
Unrestricted and internally restricted net assets	385,328	131,010
Endowment funds	<u>26,046,850</u>	<u>23,816,468</u>
	<u>26,432,178</u>	<u>23,947,478</u>
Total Liabilities and Net Assets	<u>\$ 35,342,145</u>	<u>\$ 27,553,976</u>

Statement of Operations

	2006	2005
Revenue		
Investment income	\$ 1,100,089	\$ 666,076
Donations	596,138	748,507
Other contributions	<u>206,647</u>	<u>259,184</u>
	<u>1,902,874</u>	<u>1,673,767</u>
Expense		
Grants to Brandon University	1,119,422	980,768
Scholarships and bursaries	758,982	711,693
Campaign expenses - BU & You	448,736	
Other expenses	<u>64,081</u>	<u>38,242</u>
	<u>2,391,221</u>	<u>1,730,703</u>
Net loss for the year	<u>\$ (488,347)</u>	<u>\$ (56,936)</u>

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

The net result of the transactions from January 1, 2007 to March 31, 2007 was a gain of \$ 643,509 (2006 - \$ 288,757) and an unrealized investment loss of \$ 746,457 (2006 - \$ -).

The value of outstanding pledges to the Foundation as at March 31, 2007 is \$ 651,405 (2006 - \$ 870,008). These will be recorded as revenue by the University when transferred to the University from the Foundation.

5. Internally Restricted Net Assets

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

	Opening Balance	Current Provision	Purchases	2007 Closing Balance
Ancillary Services	\$ 294,467	\$ 137,790	\$	\$ 432,257
Building renovations	88,890		(88,890)	
Facility & Wellness Fee	23,862			23,862
Mail/Print services	1,350		(37,789)	(36,439)
Telephone replacement	72,984	48,552	(24,261)	97,275
Vehicle replacement	<u>13,909</u>	<u></u>	<u></u>	<u>13,909</u>
	<u>\$ 495,462</u>	<u>\$ 186,342</u>	<u>\$ (150,940)</u>	<u>\$ 530,864</u>

6. Capital Assets and Collections

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Land	\$ 498,680	\$	\$ 498,680	\$ 500,530
Buildings	63,882,710	(33,380,218)	30,502,492	31,822,754
Furniture and equipment	17,995,634	(11,546,304)	6,449,330	5,809,529
Library collections	7,935,188	(5,626,260)	2,308,928	2,188,304
Collections	<u>1,186,216</u>	<u></u>	<u>1,186,216</u>	<u>1,145,076</u>
	<u>\$ 91,498,428</u>	<u>\$(50,552,782)</u>	<u>\$ 40,945,646</u>	<u>\$ 41,466,193</u>

Capital asset additions during the year included donations in kind in the amount of \$ 41,140 (2006- \$ 33,264).

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

7. Deferred Contributions and Unamortized Deferred Capital Contributions

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

	2007	2007 Unamortized Deferred Capital	2006	2006 Unamortized Deferred Capital
	Contributions	Contributions	Contributions	Contributions
Balance, beginning of year	\$ 2,355,353	\$ 33,717,703	\$ 2,699,202	\$ 34,285,765
Contributions received	7,754,056		7,369,601	
Transfers to revenue				
Tuition, grants and contributions	(6,524,066)		(6,663,985)	
Amortization of assets acquired from capital assets		(2,281,090)		(1,617,527)
Transferred to acquire capital assets	<u>(719,438)</u>	<u>719,438</u>	<u>(1,049,465)</u>	<u>1,049,465</u>
Balance, end of year	<u>\$ 2,865,905</u>	<u>\$ 32,156,051</u>	<u>\$ 2,355,353</u>	<u>\$ 33,717,703</u>
Balance consists of:				
Research	\$ 2,374,679		\$ 2,006,055	
Special programs	491,226		349,298	
	<u>\$ 2,865,905</u>		<u>\$ 2,355,353</u>	

8. Loan Receivable

The University issued a loan of \$96,240 to Bran-U-Day Care Inc. on April 1, 1995 to cover the remaining debt on the building. The terms are weekly installments of \$173.73 continuing weekly up to and including the 1st day of June, 2009. The rate of interest for this 5 year period is the 5-year variable rate charged by CIBC to residential customers.

On March 31, 2007 Bran-U-Daycare retired the loan.

The loan receivable as at March 31, 2007, was \$ - (2006- \$ 43,560).

9. Pension Plans

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 by CIBC Mellon Global Securities Services Company 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. Connor, Clark & Lunn Investment Management Ltd.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

invests the Plan assets according to 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. 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.

Actuarial valuations of the Brandon University Retirement Plan are carried out every three years and provide an estimate of the accrued pension benefits. The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. Based on the latest actuarial valuation of the plan conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2006 the accrued pension benefits were \$91,657,000. This valuation established a Plan surplus of \$4,053,000 using the accrued benefit method as at that date. The next actuarial valuation is required as at December 31, 2009 and will be completed in 2010.

The actuarial present value of pension benefits as at December 31, and the principal components of changes in the actuarial present values during the year, were as follows:

	(in thousands of dollars)	
	2006	2005
Actuarial present value of accrued pension benefits, beginning of year	\$ 83,453	\$ 79,492
Interest accrued on benefits	5,000	4,746
Benefits accrued	3,445	3,173
Benefits paid	(3,680)	(3,958)
Actuarial gain	<u>3,439</u>	<u> </u>
Actuarial present value of accrued pension benefits, end of year	<u>\$ 91,657</u>	<u>\$ 83,453</u>

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation at December 31, 2006 were:

Rate of return on investments	5.75%
Rate of salary increases	4.00%

The actuarial value of net assets available for pension benefits has been determined at amounts that reflect long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four-year moving average market method with the market value being the underlying basis. The method has been slightly modified this year. Last year, the market value was adjusted by amortizing the fund's gains or losses over a four year period. This year, the market value has been adjusted by amortizing over a four year period the differences in each year between the fund's actual return and a 5.75% return.

The actuarial values of net assets as at December 31 were:

	(in thousands of dollars)	
	2006	2005
Market value of net assets available for pension benefits	\$ 103,318	\$ 92,509
Market value changes not reflected in the actuarial value of net assets	<u>(7,608)</u>	<u>(9,551)</u>
Actuarial value of net assets available for pension benefits	<u>\$ 95,710</u>	<u>\$ 82,958</u>

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

Pension contributions by the University for the year ended March 31, 2007 were \$ 1,606,957 (2006 - \$ 1,608,522).

10. Accrued Expenses

The following expenses have been accrued and will be funded from future revenues:

	2007	2006
Unfunded employee vacation accruals	\$ 713,114	\$ 667,455
Unfunded employee future benefits	888,000	810,000
Unfunded property taxes	<u>33,544</u>	<u>49,972</u>
	<u>\$ 1,634,658</u>	<u>\$ 1,527,427</u>

11. Long Term Liability - Mortgages Payable

	2007	2006
Canada Mortgage and Housing Corporation 5 1/8% mortgage, \$41,608 combined principal and interest payable semi-annually July 1 and January 1 to 2012.	\$ 394,487	\$ 455,144
Canada Mortgage and Housing Corporation 8 1/4% mortgage, \$66,686 combined principal and interest payable semi-annually April 1 and October 1 to 2021.	<u>1,135,918</u>	<u>1,173,251</u>
	1,530,405	1,628,395
Current portion of long term debt	<u>103,985</u>	<u>97,990</u>
	<u>\$ 1,426,420</u>	<u>\$ 1,530,405</u>
Interest paid	<u>\$ 118,598</u>	<u>\$ 124,490</u>

Principal payments in the next five years are as follows:

2008		\$ 103,985
2009		\$ 111,001
2010		\$ 118,181
2011		\$ 125,852
2012		\$ 134,050

12. 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.

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

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.

13. 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.

14. Commitments

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 \$ 47,048 for the year ended March 31, 2007 (2006 - \$ 73,850).

15. Employee Future Benefits

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

The transitional obligation arising from the adoption of the accounting standard was fully recognized as at the adoption date of April 1, 2000. Subsequent actuarial gains or losses are fully recognized in the year immediately following the year in which they arise. The most recent actuarial valuation was as at March 31, 2005 with the next valuation due at at March 31, 2009.

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

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

	2007	2006
Net benefit cost	\$ 118,000	\$ 180,000
Accrued benefit obligation	888,000	810,000
Accrued benefit liability	881,000	788,000
Unamortized actuarial loss	(7,000)	(22,000)
Employer's contributions	25,000	58,000
Benefits paid	25,000	58,000

Brandon University

Notes to the Financial Statements for the year ended March 31, 2007

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

	2007	2006
Discount rate	4.9%	5.0%
Rate of compensation increase		
IUOE(A)	3.0%	3.0%
IUOE(D)	5.0%	5.0%
MGEU	5.0%	5.0%
Exempt MPO	7.5%	7.5%
Exempt ESS	5.0%	5.0%

16. Financial Instruments

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

17. Restatement of Accounts

Comparative figures for the year ended March 31, 2006 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 2007.



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AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the statement of financial position of CancerCare Manitoba as at March 31, 2007 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 31, 2007

CANCERCARE MANITOBA

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

				2007	2006
	General Fund	Building Fund	Clinical and Basic Research Fund	Total	Total
Assets					
Current assets:					
Cash	\$ 11,687,843	\$ -	\$ 798	\$ 11,688,641	\$ 818,637
Short-term investments	2,502,498	-	-	2,502,498	2,223,573
Due from Manitoba Health (note 3)	6,090,741	-	-	6,090,741	1,317,047
Accounts receivable (note 4)	802,822	-	5,238,996	6,041,818	5,803,257
Inter-fund accounts	(805,813)	1,662,372	(856,559)	-	-
Prepaid expenses	455,971	-	-	455,971	310,763
Vacation entitlements receivable	1,817,453	-	-	1,817,453	1,702,096
	22,551,515	1,662,372	4,383,235	28,597,122	12,175,373
Retirement entitlement obligation receivable (note 5)	1,646,660	-	-	1,646,660	1,646,660
Investments (note 10)	2,702,592	-	2,427,747	5,130,339	7,311,566
Capital assets (note 6)	10,253,342	55,040,464	1,652,954	66,946,760	67,170,416
	\$ 37,154,109	\$ 56,702,836	\$ 8,463,936	\$102,320,881	\$ 88,304,015

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 20,733,414	\$ 89,972	\$ 11,226	\$ 20,834,612	\$ 6,753,910
Due to Manitoba Health (note 3)	107,638	-	-	107,638	786,826
Deferred contributions [note 7(a)]:					
Expenses of future periods	1,887,505	-	-	1,887,505	1,993,631
	22,728,557	89,972	11,226	22,829,755	9,534,367
Deferred contributions - capital assets [note 7(b)]	9,791,592	56,612,864	-	66,404,456	67,252,379
Retirement entitlement obligations (note 13)	2,360,856	-	-	2,360,856	2,092,176
	34,881,005	56,702,836	11,226	91,595,067	78,878,922
Fund balances:					
Invested in capital assets (note 8)	461,750	-	1,652,954	2,114,704	2,096,547
Externally restricted (note 9)	-	-	4,626,456	4,626,456	4,562,090
Internally restricted	-	-	2,173,300	2,173,300	1,632,328
Unrestricted	1,811,354	-	-	1,811,354	1,134,128
	2,273,104	-	8,452,710	10,725,814	9,425,093
Contingencies (note 11)					
	\$ 37,154,109	\$56,702,836	\$ 8,463,936	\$102,320,881	\$ 88,304,015

See accompanying notes to financial statements.

Approved by the Members:

Original signed by

Original signed by

Member

Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2007, with comparative figures for 2006

				2007	2006
	General Fund	Building Fund	Clinical and Basic Research Fund	Total	Total
Revenue:					
Manitoba Health (note 12)	\$ 81,086,303	\$ 14,636	\$ -	\$ 81,100,939	\$ 55,267,411
Other recoveries	850,928	-	-	850,928	2,634,142
Grants	-	-	11,988,515	11,988,515	10,283,652
Amortization of deferred contributions	2,490,723	2,421,569	-	4,912,292	4,514,270
	84,427,954	2,436,205	11,988,515	98,852,674	72,699,475
Expenses:					
Compensation	30,606,291	-	5,611,402	36,217,693	33,586,120
Medical remuneration	13,044,485	-	-	13,044,485	8,249,328
Building occupancy	781,512	-	-	781,512	847,696
Amortization of capital assets	2,960,723	2,421,569	510,653	5,892,945	5,304,057
General administration	3,288,414	-	-	3,288,414	2,151,169
Equipment rentals and maintenance	1,231,802	-	-	1,231,802	1,358,515
Supplies and other departmental expenses	3,245,780	-	4,785,990	8,031,770	7,381,970
Drugs	27,373,421	-	-	27,373,421	13,403,108
Interest	-	14,636	-	14,636	19,029
Referred-out services	2,125,178	-	119,357	2,244,535	1,758,749
	84,657,606	2,436,205	11,027,402	98,121,213	74,059,741
Excess (deficiency) of revenue over expenses before the undernoted	(229,652)	-	961,113	731,461	(1,360,266)
Investment income	437,709	-	131,551	569,260	467,070
Excess (deficiency) of revenue over expenses	208,057	-	1,092,664	1,300,721	(893,196)
Fund balances, beginning of year	2,065,047	-	7,360,046	9,425,093	10,318,289
Fund balances, end of year	\$ 2,273,104	\$ -	\$ 8,452,710	\$ 10,725,814	\$ 9,425,093

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2007, with comparative figures for 2006

				2007	2006
	General Fund	Building Fund	Clinical and Basic Research Fund	Total	Total
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	\$ 208,057	\$ -	\$ 1,092,664	\$ 1,300,721	\$ (893,196)
Amortization of capital assets	2,960,723	2,421,569	510,653	5,892,945	5,304,057
Amortization of deferred contributions related to capital assets	(2,490,723)	(2,421,569)	-	(4,912,292)	(4,514,270)
Loss on disposal of investments	-	-	2,505	2,505	-
Change in non-cash operating working capital	8,055,510	89,972	(16,788)	8,128,694	(23,450)
Increase in retirement entitlement obligations	268,680	-	-	268,680	320,506
	9,002,247	89,972	1,589,034	10,681,253	193,647
Investing activities:					
Inter-fund transfers	(28,897)	516,138	(487,241)	-	-
Additions to capital assets	(3,012,892)	(1,658,418)	(997,979)	(5,669,289)	(4,126,495)
Purchase of investments	-	-	(452,102)	(452,102)	(3,568,538)
Proceeds on disposal of investments	-	-	125,000	125,000	-
Change in investment classification	2,502,498	-	-	2,502,498	-
Amortization of premiums (discounts) on investments	(6,886)	-	10,212	3,326	13,342
	(546,177)	(1,142,280)	(1,802,110)	(3,490,567)	(7,681,691)
Financing activities:					
Deferred contributions related to capital assets	1,890,000	1,052,308	-	2,942,308	3,178,247
Deferred contributions related to expenses of future periods	1,015,935	-	-	1,015,935	280,079
	2,905,935	1,052,308	-	3,958,243	3,458,326
Increase (decrease) in cash and short-term investments	11,362,005	-	(213,076)	11,148,929	(4,029,718)
Cash and short-term investments, beginning of year	2,828,336	-	213,874	3,042,210	7,071,928
Cash and short-term investments, end of year	\$ 14,190,341	\$ -	\$ 798	\$ 14,191,139	\$ 3,042,210
Cash and short-term investments are comprised of:					
Cash	\$ 11,687,843	\$ -	\$ 798	\$ 11,688,641	\$ 818,637
Short-term investments	2,502,498	-	-	2,502,498	2,223,573
Cash and short-term investments, end of year	\$ 14,190,341	\$ -	\$ 798	\$ 14,191,139	\$ 3,042,210

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Notes to Financial Statements

Year ended March 31, 2007

1. Purpose of the organization:

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

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

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(a) Fund accounting:

The organization follows the deferral method of accounting for contributions.

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

The Building Fund reports the assets, liabilities, revenues and expenses related to the organization's building expansion and renovation program.

The Clinical and Basic Research Fund reports grants received for specific clinical and basic research projects undertaken by the organization. Externally restricted funds are held for research projects, education purposes and other specific purposes. Internally restricted funds represent funds that the organization has designated for specific purposes.

(b) Revenue recognition:

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

Restricted and unrestricted investment income is recognized as revenue of the appropriate fund in the year in which the income was earned.

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.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

2. Significant accounting policies (continued):

(c) Investments:

Investments are recorded at cost. Investment premiums and discounts are amortized on a straight-line basis over the life of the investment. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

(d) Capital assets:

Purchased capital assets are recorded at cost. Incremental interest incurred during the construction of capital assets is included in cost. Contributed capital assets are recorded at fair value at the date of contribution.

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

(e) Contributed services:

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

(f) Future employee benefits:

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

(g) Deferred contributions:

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

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

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, 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. Manitoba Health funding:

(a) In-globe funding:

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

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

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

(b) Out-of-globe funding:

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

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

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

3. Manitoba Health funding (continued):

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

At March 31, 2007, the organization had a balance of \$107,638 (2006 - \$786,826) payable to Manitoba Health, representing repayment of 2007 out-of-globe Provincial Oncology Drug Program funding and capital interest, and a balance of \$6,090,741 (2006 - \$1,317,047) receivable from Manitoba Health as follows:

	2007	2006
Out-of-globe 2006/2007	\$ 4,751,454	\$ -
Out-of-globe 2005/2006	110,321	110,321
Out-of-globe 2003/2004	-	277,624
Approved capital funding	937,568	839,061
Other	291,398	90,041
	<u>\$ 6,090,741</u>	<u>\$ 1,317,047</u>

4. Accounts receivable:

			2007	2006
	General Fund	Clinical and Basic Research Fund	Total	Total
CancerCare Manitoba Foundation Inc.	\$ -	\$ 4,414,348	\$ 4,414,348	\$ 4,470,979
Grace General Hospital	-	21,566	21,566	150,977
Winnipeg Regional Health Authority	-	235,979	235,979	134,233
Government of Canada	-	77,987	77,987	10,076
University of Manitoba	-	122,526	122,526	80,505
University Medical Group	660,768	-	660,768	486,361
Other	142,054	366,590	508,644	470,126
	<u>\$ 802,822</u>	<u>\$ 5,238,996</u>	<u>\$ 6,041,818</u>	<u>\$ 5,803,257</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

5. Retirement entitlement obligation receivable:

The retirement entitlement obligation receivable is due from Manitoba Health and is non-interest bearing.

The amount of funding which will be provided by Manitoba Health for these pre-retirement benefits has been capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the statement of financial position. Manitoba Health has guaranteed payment of this amount, but has not communicated the terms of repayment. The amount of the receivable has been recorded on a non-discounted basis. This accounting policy is consistent with that advocated and followed by Manitoba Health, a related party to CancerCare Manitoba. The fair value of the receivable on a discounted basis would be significantly less than the carrying value and the difference would be materially influenced by the effective discount rate utilized.

6. Capital assets:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
<i>General Fund:</i>				
Equipment	\$ 22,933,853	\$ 12,680,511	\$ 10,253,342	\$ 10,201,173
<i>Building Fund:</i>				
Building	57,793,460	8,919,676	48,873,784	50,268,548
Equipment	9,513,291	4,954,955	4,558,336	5,535,067
Construction in progress	1,608,344	—	1,608,344	—
	68,915,095	13,874,631	55,040,464	55,803,615
<i>Clinical and Basic Research Fund:</i>				
Equipment	2,912,133	1,259,179	1,652,954	1,165,628
	\$ 94,761,081	\$ 27,814,321	\$ 66,946,760	\$ 67,170,416

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

7. Deferred contributions:

(a) Expenses of future periods:

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

	2007	2006
Balance, beginning of year	\$ 1,993,631	\$ 2,434,626
Add amount received related to future periods	1,015,935	280,079
Less amounts transferred to deferred contributions - capital assets	(1,122,061)	(721,074)
	<u>\$ 1,887,505</u>	<u>\$ 1,993,631</u>

(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.

	2007	2006
Balance, beginning of year	\$ 67,252,379	\$ 67,867,328
Additional contributions received	2,942,308	3,178,247
Add amounts transferred from deferred contributions - expenses of future periods	1,122,061	721,074
Less amounts amortized to revenue	(4,912,292)	(4,514,270)
	<u>\$ 66,404,456</u>	<u>\$ 67,252,379</u>

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

	2007	2006
Unamortized capital asset contributions used to purchase capital assets	\$ 66,199,217	\$ 67,127,554
Unspent contributions	205,239	124,825
	<u>\$ 66,404,456</u>	<u>\$ 67,252,379</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

7. Deferred contributions (continued):

Unamortized capital contributions of \$66,404,456 (2006 - \$67,252,379) 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:

	2007	2006
Bearing interest at prime, repayment terms to be established once construction in progress is complete	\$ 961,373	\$ -
Bearing interest at prime, repayable in monthly instalments of \$13,700, plus interest	-	2,348,831
Bearing interest at prime, repayable in monthly instalments of \$4,775 plus interest	-	253,725
Bearing interest at prime, repayable in monthly instalments of \$19,325 plus interest	-	1,628,797
Bearing interest at prime, repayable in monthly instalments of \$875 plus interest	-	144,586
Bearing interest at prime, repayable in monthly instalments of \$14,320 plus interest	-	1,415,618
Bearing interest at prime, repayable in monthly instalments of \$800 plus interest	-	143,659
	<u>\$ 961,373</u>	<u>\$ 5,935,216</u>

Unamortized capital contributions of \$66,404,456 (2006 - \$67,252,379) also include contributions received from the Province of Manitoba to pay down third party borrowings that were utilized for the purchase of capital assets. The organization has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province of Manitoba, and the payment of these liabilities is guaranteed and funded by Manitoba Health. No further funding is expected to be received with respect to these obligations and no revenue or expense is recorded in connection with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2007	2006
6.25% maturing March 31, 2020, repayable in monthly instalments of \$76,754, plus interest	\$ 12,050,438	\$ 12,971,491
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly instalments of \$50,439, plus interest	9,078,947	9,684,210
4.80% maturing November 30, 2016, repayable in monthly instalments of \$50,000, plus interest	5,800,000	-
	<u>\$ 26,929,385</u>	<u>\$ 22,655,701</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

7. Deferred contributions (continued):

During 2005, the organization established arrangements for a bridge facility of non-revolving demand loans to a maximum of \$5,000,000 to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at the prime rate, repayment terms are established for each individual demand loan and the facility is secured by letters of authorization and comfort from Manitoba Health. The organization has utilized \$961,373 of this facility as of March 31, 2007 (2006 - \$1,559,277).

On November 30, 2006, the Province of Manitoba approved the consolidation of \$6,000,000 of the organization's borrowings with the Department of Finance. The advance has been recorded as a deferred contribution as described above.

8. Invested in capital assets:

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

	2007	2006
Capital assets	\$ 66,946,760	\$ 67,170,416
Amounts financed by:		
Unamortized deferred contributions	(66,404,456)	(67,252,379)
Inter-fund and working capital	1,572,400	2,178,510
	<u>\$ 2,114,704</u>	<u>\$ 2,096,547</u>

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

	2007	2006
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	\$ 4,912,292	\$ 4,514,270
Amortization of capital assets	(5,892,945)	(5,304,057)
	<u>\$ (980,653)</u>	<u>\$ (789,787)</u>

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

8. Invested in capital assets (continued):

Invested in capital assets:		
Purchase of capital assets	\$ 5,669,289	\$ 4,126,495
Amounts funded by:		
Deferred contributions	(2,942,308)	(3,178,247)
Inter-fund and working capital	(606,110)	292,152
Amount transferred from deferred contributions - expenses of future periods	(1,122,061)	(721,074)
	<u>\$ 998,810</u>	<u>\$ 519,326</u>

9. Externally restricted fund balances:

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

	2007	2006
Restricted for research projects, education purposes and other specific purposes	\$ 4,626,456	\$ 4,562,090

10. Fair value of financial instruments:

The carrying value of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.

The fair values of long-term investments are measured at their current market rates. The fair market value of investments at March 31, 2007 and 2006 is \$5,136,590 and \$7,282,559, respectively.

Management has reviewed currently available information regarding those investments whose market value is less than carrying value, and has determined that the carrying values are expected to be recovered. The carrying value of those investments is \$3,079,643 and the market value is \$3,059,301.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

11. Contingencies - HIROC:

On July 1, 1997, 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, 2007.

12. Economic dependence:

The organization received approximately 86 percent (2006 - 81 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

13. Employee future benefits:

(a) Retirement entitlement obligations:

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

- (i) have ten years service and have reached age 55; or
- (ii) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee; or
- (iii) retire at or after age 65; or
- (iv) terminate employment at any time due to permanent disability.

The organization undertook an actuarial valuation of the accrued retirement entitlements as at March 31, 2007. The significant actuarial assumptions adopted in measuring the organization's accrued retirement entitlements include mortality, disability and withdrawal rates, a discount rate of 4.85 percent (2006 - 5.00 percent) and a rate of salary increase of 3.0 percent plus age-related merit/promotion scale (2006 - rate of salary increase of 3.0 percent plus age related merit/promotion scale). The actuarial valuation established the retirement entitlement obligations in the amount of \$2,360,856 (2006 - \$2,092,176).

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

13. Employee future benefits (continued):

(b) Pension plans:

Most of the employees of the organization are members of the Healthcare Employees Pension Plan – Manitoba (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the Plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook, Section 3461.

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

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members or through a reduction of benefits. The most recent actuarial valuation of the Plan as at December 31, 2005, reported that the Plan had a going-concern deficiency and a solvency deficiency.

Actual contributions to the Plan made during the year by the organization on behalf of its employees amounted to \$1,766,663 (2006 - \$1,555,580) and are included in the statement of operations and changes in fund balances. Contribution rates increased on July 1, 2006 to 6.6% of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.2% on earnings in excess of the YMPE. As of July 1, 2007, contribution rates will increase to 6.8% and 8.4%, respectively.

Some of the employees of the organization are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for organization employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the Civil Service Superannuation Plan by the organization and its employees. No contributions were made during 2007 or 2006 by the organization to the Civil Service Superannuation Plan on behalf of its employees.

CANCERCARE MANITOBA

Notes to Financial Statements (continued)

Year ended March 31, 2007

14. CancerCare Manitoba Foundation Inc.:

The organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2007, net resources of CCMF Inc. amounted to \$29,573,917, of which \$10,060,304 are restricted contributions. CCMF Inc.'s purpose is to support the organization in its provision of a program of diagnosis of, treatment of, and research in respect of cancer. CCMF Inc. will solicit, receive, maintain and accumulate funds for distribution on a periodic basis to the organization, to support principally research activities that are supplementary to those funded by Manitoba Health. During the year, CCMF Inc. contributed funds in the amount of \$5,761,391 (2006 - \$5,291,142) to the organization.

15. Comparative figures:

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



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of Le Centre culturel franco-manitobain as at March 31, 2007 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
May 25, 2007

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Financial Position

March 31 **2007** **2006**

Assets

Current Assets

Cash and bank	\$	-	\$	2,654
Grants receivable		92,763		129,338
Accounts receivable		42,407		36,664
Inventory		3,999		3,753
Prepaid expenses		22,686		13,196
		<hr/>		<hr/>
		161,855		185,605

Non-Current Assets

Accounts receivable - Province of Manitoba (Note 9)		25,891		25,891
Accounts receivable		3,613		6,313
Capital assets (Note 3)		43,298		54,868
Deferred charges		6,280		8,118
		<hr/>		<hr/>
		79,082		95,190
		<hr/>		<hr/>
	\$	240,937	\$	280,795

Liabilities and Fund Balances

Current Liabilities

Bank indebtedness	\$	85,574	\$	-
Working capital advance - Province of Manitoba (Note 4)		-		100,000
Accounts payable and accrued liabilities		51,719		98,921
Deferred contributions (Note 5)		6,059		8,228
Rental and damage deposits		20,500		26,975
		<hr/>		<hr/>
		163,852		234,124

Deferred contributions related to capital assets (Note 6)		37,463		47,575
		<hr/>		<hr/>
		201,315		281,699

Fund Balances

Unrestricted Funds				
Operations		50,709		(31,631)
Cultural Programs		(16,922)		23,434
Invested in capital assets		5,835		7,293
		<hr/>		<hr/>
		39,622		(904)
		<hr/>		<hr/>
	\$	240,937	\$	280,795

Approved on behalf of the Board:

_____ Director

_____ Director

The notes are an integral part of these financial statements.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Operations and Changes in Fund Balances

For the year ended March 31

2007

2006

	Operations	Cultural Programs	Capital	Fund Raising	Total	Total
Revenue						
Administration fees	\$ 241	\$ -	\$ -	\$ -	\$ 241	\$ 581
Admission fees	-	20,712	-	-	20,712	34,980
Bar	38,619	-	-	-	38,619	54,372
Bingos	-	-	-	-	-	3,000
Commissions	1,600	7,122	-	-	8,722	7,759
Corporate sponsorship and donations	211	6,446	-	-	6,657	15,744
Grants						
Government of Canada	-	172,734	-	-	172,734	179,422
Government of Manitoba	412,038	20,000	72,216	-	504,254	569,756
Miscellaneous	2,000	39,724	-	-	41,724	28,300
Interest	5,182	-	-	-	5,182	2,651
Miscellaneous (Note 12)	79,377	9,468	-	-	88,845	75,359
Rent (Note 10)	254,538	-	-	-	254,538	208,390
Sale of office supplies and other	9,632	-	-	-	9,632	4,826
Technical services	54,842	-	-	-	54,842	59,615
	858,280	276,206	72,216	-	1,206,702	1,244,755
Expenses						
Amortization of capital assets	-	-	11,570	-	11,570	14,784
Catering and bar	47,154	-	-	-	47,154	51,520
Fundraising - Bingos	-	-	-	10	10	-
Operations (Note 7)	728,776	316,562	-	-	1,045,338	1,008,235
Repairs (Note 8)	-	-	62,104	-	62,104	139,696
	775,930	316,562	73,674	10	1,166,176	1,214,235
Excess (deficiency) of revenue over expenses for the year	82,350	(40,356)	(1,458)	(10)	40,526	30,520
Fund balances, beginning of year	(31,631)	23,434	7,293	-	(904)	(31,424)
Interfund transfers	(10)	-	-	10	-	-
Fund balances, end of year	\$ 50,709	\$ (16,922)	\$ 5,835	\$ -	\$ 39,622	\$ (904)

The notes are an integral part of these financial statements.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Cash Flows

For the year ended March 31	2007	2006
Cash Flows Provided by (Used for) Operating Activities		
Excess of revenue over expenses for the year	\$ 40,526	\$ 30,520
Amortization of capital assets	11,570	14,784
Amortization of deferred contributions related to capital assets	(10,112)	(12,960)
Net change in non-cash working capital items		
Grants receivable	36,575	75,040
Accounts receivable	(3,043)	(12,199)
Inventory	(246)	2,811
Prepaid expenses	(9,490)	14,187
Accounts payable and accrued liabilities	(47,202)	(170,692)
Deferred charges	1,838	(449)
Deferred contributions	(2,169)	(437)
Rental and damage deposits	(6,475)	3,112
	11,772	(56,283)
Net cash (outflows) inflows for operating activities		
Cash Flows Provided by (Used for) Financing and Investing Activities		
Working capital advance received from the Province of Manitoba	-	100,000
Repayment of working capital advance to the Province of Manitoba	(100,000)	(100,000)
	(100,000)	-
Net cash outflows for financing and investing activities		
	(88,228)	(56,283)
Decrease in cash and bank for the year		
	2,654	58,937
Cash and bank (bank indebtedness), beginning of year		
	\$ (85,574)	\$ 2,654
Cash and bank (bank indebtedness), end of year		

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

1. General Information

Le Centre culturel franco-manitobain was incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The corporation's objects 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. Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) 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%

(c) Use of Building

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

(d) Recognition of Revenue

The corporation follows the deferred method of accounting for contributions.

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

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

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

2. Accounting Policies (continued)

(e) Fund Balances

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

Unrestricted Funds

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

Cultural Programs - Includes transactions related to the delivery of cultural programs as outlined in the objectives of the corporation. Annually, the corporation determines the value of the space used for cultural programs based on the rate normally charged to other tenants and charges this amount to the Cultural Programs Fund (see Note 7 - \$18,099 in 2006).

Restricted Funds

Capital - Involves external restrictions and is used for recording major repairs related to the building's operations as well as the amortization of capital assets. At year end, an interfund transfer is recorded from the Operations Fund to the Capital Fund representing the corporation's net investment in capital assets.

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

(f) Inventory

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

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

3. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technical equipment	\$ 136,932	\$ 118,702	\$ 136,932	\$ 114,145
Computer equipment	124,008	119,826	124,008	118,034
Kitchen equipment	14,107	8,960	14,107	7,673
Cash registers	5,200	4,887	5,200	4,809
Furniture and fixtures	11,673	8,327	11,673	7,491
Security system	17,580	14,631	17,580	13,894
Maintenance equipment	26,411	17,280	26,411	14,997
	\$ 335,911	\$ 292,613	\$ 335,911	\$ 281,043
Net book value		\$ 43,298		\$ 54,868

4. Working Capital Advance - Province of Manitoba

The working capital advance granted by the Province of Manitoba at March 31, 2007 is nil (\$100,000 in 2006).

5. Deferred Contributions

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

	2007	2006
Balance, beginning of year	\$ 8,228	\$ 8,665
Grants and other amounts received during the year	56,960	147,924
Less amounts recognized as revenue during the year		
Operations Fund	2,975	(8,665)
Capital Fund (Note 8)	(62,104)	(139,696)
Balance, end of year	\$ 6,059	\$ 8,228

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets amount to \$37,463 at March 31, 2007 (\$47,575 in 2006) and represent the unamortized portion of grants received with which capital assets have been purchased.

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

	2007	2006
Balance, beginning of year	\$ 47,575	\$ 60,535
Grants received during the year	-	-
Amount amortized to revenue	(10,112)	(12,960)
Balance, end of year	\$ 37,463	\$ 47,575

7. Operations Funds and Cultural Programs Fund Expenses

	2007			2006	
	Operations	Cultural Programs	Total	Total	
Advertising and promotion	\$ 5,343	\$ 13,118	\$ 18,461	\$	22,530
Bad debts	35	-	35		96
Bank charges and interest	6,981	-	6,981		9,077
Employment contracts	62,630	83,450	146,080		136,603
Equipment purchase	15,176	-	15,176		4,021
Equipment rental and maintenance	54,261	2,691	56,952		45,063
Insurance and permits	18,847	2,698	21,545		18,739
Internal rental	(13,858)	13,858	-		-
Meetings and travel	9,205	19,663	28,868		16,065
Miscellaneous	955	2,234	3,189		13,303
Office	29,074	4,282	33,356		19,364
Pension	4,779	1,324	6,103		9,168
Professional fees	24,713	-	24,713		23,980
Salaries and benefits (Note 12)	368,766	172,613	541,379		555,129
Supplies	23,315	550	23,865		28,513
Training	1,659	81	1,740		464
Utilities and outside maintenance (Note 12)	116,895	-	116,895		106,120
	\$ 728,776	\$ 316,562	\$ 1,045,338	\$	1,008,235

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

8. Capital Fund Expenses

	<u>2007</u>	<u>2006</u>
Asbestos removal and renovation of front entrance	\$ -	\$ 117,690
Material	19,670	8,175
Office equipment	-	3,472
Repairs and maintenance	42,434	10,359
	<hr/> \$ 62,104	<hr/> \$ 139,696

9. Vacation Pay Receivable

Effective March 31, 1995, the corporation commenced recording the estimated liability for vacation pay for its employees. The amount of this estimated liability is determined on March 31 of each year based on eligible vacation entitlements.

The Province of Manitoba has accepted responsibility for the vacation pay benefits accumulated to March 31, 1995 by the corporation's employees. Accordingly, the corporation recorded, effective March 31, 1995, a receivable of \$25,891 from the Province of Manitoba, which is an amount that is equal to the estimated liability for vacation pay benefits at March 31, 1995.

This receivable from the Province of Manitoba has no terms of repayment and, accordingly, the amount of this receivable will remain fixed at \$25,891.

10. Use of Building

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

The corporation charges rent to all tenants, groups and organization 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.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes to Financial Statements

March 31, 2007

11. Financial Instruments

The financial instruments consist of grants receivable, accounts receivable, accounts payable and accrued liabilities. It is the management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

12. Centre du Patrimoine

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

Le Centre culturel franco-manitobain (CCFM) pays utility and maintenance costs related to the archival centre. Those utility and maintenance costs are recorded in utilities and salaries and benefits expenses (Note 7). CCFM recovers the utility and maintenance costs from the SHSB. Those recoveries are recorded in miscellaneous revenue and amount to \$51,334 in 2007 (\$53,822 in 2006).



Auditors' Report

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

We have audited the statement of financial position of **Child and Family Services of Central Manitoba Inc.** as at March 31, 2007, and the statement of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and the changes in cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Portage la Prairie, Manitoba
May 11, 2007

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

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2007	2006
Assets							
Current Assets							
Cash	\$ 126,706	\$ -	\$ -	\$ -	\$ -	\$ 126,706	\$ -
Investments	94,300	-	-	-	-	94,300	94,600
Accounts receivable	24,225	917	-	-	-	25,142	10,544
Receivable from Child and Family Service of Central Manitoba Foundation Inc.	-	-	-	-	-	-	4,500
Receivable from General Child and Family Services Authority	194,205	-	-	-	-	194,205	137,712
Receivable from Department of Family Services and Housing	-	258,768	-	-	-	258,768	162,526
Prepaid expenses	20,975	-	-	-	-	20,975	24,551
	460,411	259,685	-	-	-	720,096	434,433
Capital Assets (note 1)	-	-	-	-	577,806	577,806	579,744
Deferred Severance/Retirement Entitlement (note 2)	119,458	-	-	-	-	119,458	13,895
	\$ 579,869	\$ 259,685	\$ -	\$ -	\$ 577,806	\$ 1,417,360	\$1,028,072
Liabilities and Fund Balances							
Current Liabilities							
Bank indebtedness (note 3)	\$ 189,298	\$ -	\$ -	\$ -	\$ -	\$ 189,298	\$ 20,628
Accounts payable and accrued liabilities	166,007	22,265	-	-	-	188,272	126,388
Accrued vacation pay entitlement	159,405	-	-	-	-	159,405	137,712
Working capital advance	-	103,400	-	-	-	103,400	103,400
Interfund balances	723,067	(594,135)	-	(128,932)	-	-	-
	1,237,777	(468,470)	-	(128,932)	-	640,375	388,128
Accrued Severance/Retirement Entitlement Payable (note 2)	313,123	-	-	-	-	313,123	163,262
Deferred Contributions (note 4)	-	-	-	-	359,285	359,285	374,488
	1,550,900	(468,470)	-	(128,932)	359,285	1,312,783	925,878
Fund Balances							
Invested in net capital assets	-	-	-	-	218,521	218,521	205,397
Externally restricted	-	728,155	-	128,932	-	857,087	797,384
Unrestricted	(971,031)	-	-	-	-	(971,031)	(900,587)
	(971,031)	728,155	-	128,932	218,521	104,577	102,194
Commitments (note 5)	\$ 579,869	\$ 259,685	\$ -	\$ -	\$ 577,806	\$ 1,417,360	\$1,028,072

On behalf of the Board:

_____ Director

_____ Director

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

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

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2007	2006
Revenue							
Province of Manitoba General Child and Family Services Authority	\$ -	\$ 1,227,337	\$ -	\$ -	\$ -	\$ 1,227,337	\$1,097,844
Amortization of deferred contributions (note 4)	2,187,500	-	-	75,100	-	2,262,600	2,183,300
Other	58,244	2,429	62,041	-	15,062	77,103	99,938
	<u>2,245,744</u>	<u>1,229,766</u>	<u>62,041</u>	<u>75,100</u>	<u>15,062</u>	<u>3,627,713</u>	<u>3,405,266</u>
Expenses							
Salaries and benefits Dakota Ojibway Child and Family Services and Metis Child and Family Services	1,890,790	-	75,569	22,317	-	1,988,676	1,923,056
Travel and other field service costs	114,193	-	-	4,300	-	118,493	137,735
Office maintenance	77,518	64,862	3,966	-	-	146,346	148,161
Office operations	63,497	-	-	-	-	63,497	61,874
Service support	113,079	-	-	-	-	113,079	102,073
Other support	106,241	-	-	-	-	106,241	55,155
Ward care expenses	66,249	-	-	-	-	66,249	30,356
Amortization of capital assets	-	1,125,594	-	32,390	-	1,157,984	1,130,492
Recovery of expenditures from Dakota Ojibway Child and Family Services and Metis Child and Family Services	-	-	-	-	23,024	23,024	24,389
	<u>(119,159)</u>	<u>-</u>	<u>-</u>	<u>(4,300)</u>	<u>-</u>	<u>(123,459)</u>	<u>(136,600)</u>
	<u>2,312,408</u>	<u>1,190,456</u>	<u>79,535</u>	<u>54,707</u>	<u>23,024</u>	<u>3,660,130</u>	<u>3,476,691</u>
(Deficiency) excess of revenue over expenses before deficit funding	(66,664)	39,310	(17,494)	20,393	(7,962)	(32,417)	(71,425)
Deficit funding	34,800	-	-	-	-	34,800	83,255
Excess (deficiency) of revenue over expenses	(31,864)	39,310	(17,494)	20,393	(7,962)	2,383	11,830
Fund balance, beginning of year	(900,587)	688,845	-	108,539	205,397	102,194	90,364
Interfund transfers (note 7)	(38,580)	-	17,494	-	21,086	-	-
Fund balance, end of year	\$ (971,031)	\$ 728,155	\$ -	\$ 128,932	\$ 218,521	\$ 104,577	\$ 102,194

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

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

For the year ended March 31,	2007	2006
Cash provided by (used in) Operating Activities		
Excess of revenue over expenses	\$ 2,383	\$ 11,830
Adjustments for		
Amortization of capital assets	23,024	24,389
Amortization of deferred contributions	(77,103)	(99,938)
Amortization of deferred severance/retirement entitlement	15,428	1,985
	<u>(36,268)</u>	<u>(61,734)</u>
Changes in non-cash operating working capital		
Accounts receivable	(14,598)	10,993
Receivable from Child and Family Services of Central Manitoba Foundation Inc.	4,500	6,847
Receivable from General Child and Family Services Authority	(56,493)	165,073
Receivable from Department of Family Services and Housing	(96,242)	39,614
Prepaid expenses	3,576	11,364
Accounts payable and accrued liabilities	61,884	90,917
Accrued vacation pay entitlement	21,693	(12,187)
	<u>(111,948)</u>	<u>250,887</u>
Cash provided by (used in) Investing and Financing Activities		
Additions to capital assets	(21,086)	(5,775)
Disposal (addition) of investments	300	(20,122)
Restricted contributions received	61,900	74,600
Capital contributions received	-	2,246
Accrued severance/retirement benefit	28,870	1,710
Change in bank indebtedness	168,670	(319,130)
	<u>238,654</u>	<u>(266,471)</u>
Increase (decrease) in cash during the year	126,706	(15,584)
Cash, beginning of year	-	15,584
Cash, end of year	\$ 126,706	\$ -
Additional information		
Interest received	\$ 12,675	\$ 10,910

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

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2007

Nature of Business

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

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Fund Accounting

The Agency follows the deferral method of accounting for contributions.

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

Revenues and expenses directly related to children in care and children not in care are reported in the Ward Care Fund. Any revenues in excess of expenses in the Ward Care Fund are restricted for ward care purposes unless prior approval is received from the Province of Manitoba.

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

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

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

Revenue Recognition

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

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2007

Financial Instruments

The Agency's financial instruments consist of investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and working capital advance. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these financial instruments approximate their carrying value unless otherwise noted.

Investments

Investments are recorded at cost (which approximates market value) and are comprised of a guaranteed investment certificate \$47,000 with an effective interest rate of 3.95% (2006 - 3.45%), with a maturity date of June 2007, and bonds \$47,300 with an effective interest rate of 4.00% (2006 - 3.85%), with a maturity date of June 2011. Interest is received annually and upon maturity.

Capital Assets

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

Buildings	2%
Leasehold improvements	10%
Furniture and equipment	20%
Automotive equipment	30%

Amortization expense is reported in the Capital Fund.

Contributed Services

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

Vacation Entitlement

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

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

Defined Contribution Pension Plan

The Agency's pension plan is administered by the United Way.

During the year, the Agency made contributions of \$74,448 (2006 - \$63,992) with respect to this plan.

Child and Family Services of Central Manitoba Inc.

Summary of Significant Accounting Policies

For the year ended March 31, 2007

Severance/Retirement Entitlement

Severance/retirement entitlement is recorded in the period the service to which it relates is provided. Accrued severance/retirement is recorded to the extent that a severance/retirement liability exists at the period end. The liability is discounted from the date at which the employee would become entitled to an amount to the period end using a discount rate of 6.25%.

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

Plan amendments are recorded as a deferred severance/retirement entitlement when a new Union contract is signed that improves the benefit. Any amendment is amortized over the average number of years until the employee group would become entitled to a benefit and included in severance/retirement expense in the Central Program Support Fund. During the year, a new Union contract was signed that resulted in an increase in benefits of \$120,991. This amount is being amortized over 9 years.

\$23,518 (2006 - \$25,085) was paid out to retiring employees during the year. The net change in the severance/retirement entitlement is included in salary and staff benefit expense in the Central Program Support Fund.

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

For the year ended March 31, 2007

1. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 8,172	\$ -	\$ 8,172	\$ 8,172
Buildings	906,273	351,307	554,966	553,230
Furniture and equipment	48,637	43,078	5,559	7,208
Leasehold improvements	20,243	11,134	9,109	11,134
Automotive equipment	4,470	4,470	-	-
	\$ 987,795	\$ 409,989	\$ 577,806	\$ 579,744

2. Severance/Retirement Entitlement

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

	2007		2006	
	Deferred Severance/ Retirement Entitlement	Accrued Severance/ Retirement Entitlement Payable	Deferred Severance/ Retirement Entitlement	Accrued Severance/ Retirement Entitlement Payable
Balance, March 31, 2006	\$ 13,895	\$ (163,262)	\$ 15,880	\$ (161,552)
Plan amendment due to new Union contract	120,991	(120,991)	-	-
Paid during the year	-	20,538	-	25,085
Current cost	-	(49,408)	-	(26,795)
Amortization	(15,428)	-	(1,985)	-
Balance, March 31, 2007	\$ 119,458	\$ (313,123)	\$ 13,895	\$ (163,262)

3. Bank Indebtedness

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

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

For the year ended March 31, 2007

4. Deferred Contributions

- (a) Deferred contributions reported in the Family Support Innovation Fund relate to restricted contributions, which have not yet been disbursed for their intended purpose.

Changes in the deferred contributions balance reported in the Family Support Innovation Fund are as follows.

	2007	2006
Balance, beginning of year	\$ 141	\$ 10,067
Add restricted contributions received in the year	61,900	74,600
Less amount recognized as revenue in the year	62,041	84,526
Balance, end of year	\$ -	\$ 141

- (b) Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions relating to the Agency's furniture and equipment and building.

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

	2007	2006
Balance, beginning of year	\$ 374,347	\$ 387,513
Add contributions received in the year	-	2,246
Less amount recognized as revenue in the year	15,062	15,412
Balance, end of year	\$ 359,285	\$ 374,347
 Total Deferred Contributions	 \$ 359,285	 \$ 374,488

5. Commitments

The Agency leases office premises and certain equipment under operating leases, which expire between 2008 and 2009. The following is a schedule of future minimum lease payments due in each of the next two years under these leases.

2008	\$ 45,282
2009	4,596
	\$ 49,878

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

For the year ended March 31, 2007

6. Related Party

Child and Family Services of Central Manitoba Inc. and Child and Family Services of Central Manitoba Foundation Inc. are related by virtue of certain common members of their Boards of Directors.

During the year, the following transactions took place with Child and Family Services of Central Manitoba Foundation Inc.

The Agency received program funding of \$35,169 (2006 - \$ nil).

The above transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Interfund Transfers

During the year, \$21,086 was transferred to the Capital Fund from the Central Program Support Fund to fund capital asset purchases and \$17,494 was transferred from the Central Program Support Fund to the Family Support Innovations Fund to fund expenditures.



Auditors' Comments on Supplementary Financial Information

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

The audited financial statements of the Agency as at March 31, 2007 and our report thereon dated May 11, 2007 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, the financial information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Our report does not extend to the budget figures which have been presented for information purposes only.


Chartered Accountants

Portage la Prairie, Manitoba
May 11, 2007

Child and Family Services of Central Manitoba Inc.
Schedule 1 - Revenue and Expenses
Central Program Support Fund

For the year ended March 31,	2007 Budget	2007 Actual	2006 Actual
Revenue			
General Child and Family Services Authority	\$ 2,108,500	\$ 2,187,500	2,105,700
Interest	5,000	15,553	8,759
Contributions from Child and Family Services of Central Manitoba Foundation Inc.	5,000	35,169	4,500
Funding from other sources	5,000	7,522	9,247
	<u>2,123,500</u>	<u>2,245,744</u>	<u>2,128,206</u>
Expenses			
Salaries and staff benefits			
Salaries	1,606,058	1,596,451	1,546,871
Canada Pension Plan	56,338	56,509	55,424
Company pension plan	68,899	74,448	63,992
Dental and health plans	78,020	70,168	72,668
Payroll tax	30,328	31,743	27,284
Group insurance	8,708	5,371	8,090
Employment insurance	33,058	30,794	31,455
Vacation entitlement	-	21,694	(12,188)
Workers compensation	8,507	6,908	7,899
Severance/retirement entitlement	-	64,836	28,780
Dakota Ojibway Child and Family Services and Metis Child and Family Services expenses	137,675	114,193	132,916
	<u>2,027,591</u>	<u>2,073,115</u>	<u>1,963,191</u>
Vacation entitlement funding	-	(21,694)	12,188
Salary secondment funding	(5,880)	(46,438)	(16,069)
	<u>2,021,711</u>	<u>2,004,983</u>	<u>1,959,310</u>
Field service costs			
Car operations	28,200	22,383	27,650
Traveling	9,800	7,775	9,653
Vehicle leasing	23,200	23,118	25,618
Fleet costs	33,000	24,242	33,258
	<u>94,200</u>	<u>77,518</u>	<u>96,179</u>
Office maintenance			
Repairs and upkeep	23,663	13,374	12,106
Utilities	10,570	12,612	10,362
Janitor supplies and services	18,000	17,083	18,211
Taxes	21,400	20,428	21,195
	<u>73,633</u>	<u>63,497</u>	<u>61,874</u>
Expenses carried forward	\$ 2,189,544	\$ 2,145,998	2,117,363

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

**Child and Family Services of Central Manitoba Inc.
Schedule 1 - Revenue and Expenses
Central Program Support Fund**

For the year ended March 31,	2007 Budget	2007 Actual	2006 Actual
Expenses brought forward	\$ 2,189,544	\$ 2,145,998	2,117,363
Office operations			
Audit and accounting	12,000	21,144	15,159
Data processing	2,000	1,481	2,045
Equipment leasing	6,200	4,311	8,117
Field offices	33,580	32,172	27,582
Interest and bank charges	2,400	2,657	2,166
Miscellaneous	8,100	9,392	4,869
Postage	5,600	4,556	5,455
Repairs and maintenance	500	-	675
Supplies	8,000	8,408	8,323
Telephone and fax	30,000	28,958	27,682
	108,380	113,079	102,073
Service support			
Advertising and public relations	5,300	18,705	2,765
Legal	45,000	69,936	38,286
Professional consultation	6,000	11,939	7,166
Training	6,000	5,661	6,938
	62,300	106,241	55,155
Other support			
Annual and other public meetings	1,000	1,476	847
Board training	500	108	240
Board travel	3,000	6,544	1,811
Foster parent education and program support	9,000	(215)	5,384
Insurance - bonding, fire and liability	23,000	23,167	22,074
Chance 2 Camp program	-	35,169	-
	36,500	66,249	30,356
	2,396,724	2,431,567	2,304,947
Recovery of expenditures from Dakota Ojibway Child and Family Services and Metis Child and Family Services	(133,800)	(119,159)	(132,400)
	2,262,924	2,312,408	2,172,547
Deficiency of revenue over expenses	\$ (139,424)	\$ (66,664)	(44,341)

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

**Child and Family Services of Central Manitoba Inc.
Schedule 2 - Revenue and Expenses
Ward Care Fund**

For the year ended March 31,	2007 Budget	2007 Actual	2006 Actual
Revenue			
Province of Manitoba			
Maintenance	\$ 460,000	\$ 1,129,490	\$ 1,038,619
Special needs	565,000	-	-
Other	81,824	43,690	59,225
	<u>1,106,824</u>	<u>1,173,180</u>	<u>1,097,844</u>
Parents	1,740	2,429	1,678
Adoption Subsidy	-	54,157	-
	<u>1,108,564</u>	<u>1,229,766</u>	<u>1,099,522</u>
Expenses			
Activities	18,000	10,387	24,050
Daycare	73,500	6,330	5,667
Education and school supplies	6,500	4,800	6,164
Family support and homemaker service	26,000	31,121	25,728
Gifts	5,500	6,908	5,716
Maintenance			
Emergency homes	18,200	14,452	18,473
Foster homes			
Regular rate	464,000	462,168	461,438
Special rate	401,000	415,119	400,447
Adoption and other	7,000	93,908	75,701
Medical	12,000	28,619	12,437
Personal allowance	28,000	27,412	27,495
Summer camp	4,500	3,366	7,349
Therapy	28,000	19,679	27,223
Transitional funds	1,500	1,325	755
Travel and other	47,000	64,862	46,865
	<u>1,140,700</u>	<u>1,190,456</u>	<u>1,145,508</u>
Excess (deficiency) of revenue over expenses	\$ (32,136)	\$ 39,310	(45,986)

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

**Child and Family Services of Central Manitoba Inc.
Schedule 3 - Revenue and Expenses
Family Support Innovations Fund**

For the year ended March 31,	2007 Budget	2007 Actual	2006 Actual
Revenue			
Amortization of deferred contributions	\$ 75,900	\$ 62,041	84,526
Expenses			
Salaries	72,508	69,056	71,980
Company pension plan	2,872	3,186	2,897
Staff insurance	934	597	1,000
Other benefits	3,519	2,730	3,531
Travel and other	5,450	3,966	5,118
	85,283	79,535	84,526
Deficiency of revenue over expenses	\$ (9,383)	(17,494)\$	-

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

Child and Family Services of Central Manitoba Inc.
Schedule 4 - Revenue and Expenses
Family Support Grant

For the year ended March 31,	2007 Budget	2007 Actual	2006 Actual
Revenue			
General Child and Family Services Authority	\$ 73,300	\$ 75,100	\$ 77,600
Expenses			
Day care	9,000	5,557	8,237
Family support wages and benefits	15,000	22,317	17,254
Homemaker wages and benefits	5,000	9,586	1,826
Travel and other	15,000	17,247	20,126
Support groups	5,000	-	1,659
Dakota Ojibway Child and Family Services and Metis Child and Family Services expenses	4,300	4,300	4,819
	<u>53,300</u>	<u>59,007</u>	<u>53,921</u>
Recovery of expenditures from Dakota Ojibway Child and Family Services and Metis Child and Family Services	(4,300)	(4,300)	(4,200)
	<u>49,000</u>	<u>54,707</u>	<u>49,721</u>
Excess of revenue over expenses	\$ 24,300	\$ 20,393	\$ 27,879

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

AUDITORS' REPORT

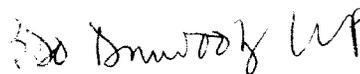
TO THE BOARD OF DIRECTORS CHILD AND FAMILY SERVICES OF WESTERN MANITOBA:

We have audited the statement of financial position of **CHILD AND FAMILY SERVICES OF WESTERN MANITOBA** as at **MARCH 31, 2007** and the statements of surplus and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at **MARCH 31, 2007** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brandon, Manitoba
April 27, 2007
November 20, 2007



CHARTERED ACCOUNTANTS

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED March 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash	\$ 703,978	\$ 135,972
Term deposits	499,597	479,367
Accounts receivable	424,720	259,225
Due from Province of Manitoba - vacation and severance pay	396,215	516,624
Prepaid expenses	10,864	12,304
Discounted certificates	9,374	9,492
	<hr/>	
	2,044,748	1,412,984
	<hr/>	
CAPITAL ASSETS (Note 2)	1,861,124	1,867,177
	<hr/>	
	\$ 3,905,872	\$ 3,280,161
	<hr/> <hr/>	

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CONSOLIDATED March 31, 2007

	2007	2006
LIABILITIES		
CURRENT		
Deferred revenue	\$ 55,264	\$ 45,426
Working capital advance	174,700	174,700
Accounts payable	279,126	78,782
Vacation and severance pay accrual	562,685	516,624
Current portion of long-term debt (Note 4)	29,148	13,495
Funds held in trust	10,917	12,418
Employees' Trust Certificates	9,370	9,488
Short term loan payable	-	3,372
	1,121,210	854,305
LONG-TERM DEBT - BUILDING (Note 4)	602,668	646,095
SPECIAL ALLOWANCE TRUST FUND	144,011	129,909
	1,867,889	1,630,309
SURPLUS		
Operating Fund	359,072	64,564
Capital Fund	1,229,308	1,204,215
Trust Fund	449,603	381,073
	2,037,983	1,649,852
	\$ 3,905,872	\$ 3,280,161

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - OPERATING FUND March 31, 2007

		2007	2006
	ASSETS		
CURRENT			
Cash		\$ 481,835	\$ 81,742
Term deposits		12,445	11,736
Accounts receivable		416,833	257,660
Due from Province of Manitoba - vacation and severance pay		396,215	516,624
Prepaid expenses		10,864	12,304
		<hr/>	<hr/>
		\$ 1,318,192	\$ 880,066
		<hr/>	<hr/>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - OPERATING FUND March 31, 2007

	2007	2006
LIABILITIES		
CURRENT		
Deferred revenue	\$ 55,264	\$ 45,426
Working capital advance	174,700	174,700
Accounts payable	166,471	78,752
Vacation and severance pay accrual	562,685	516,624
	959,120	815,502
SURPLUS (DEFICIT)		
Central Program Support	78,451	(294,000)
Resource Centre	4	(274)
Family Support Services & Brandon Avenue Projects	121,674	80,936
Child Maintenance	129,175	126,497
Residential Care	7,044	89,653
Early Learning Canada	5,371	-
Adoptive Families Project	(5,791)	(5,791)
Parenting Skills Project	2,714	2,714
Parenting Child Centres	2,411	2,411
Pre-school Enrichment	-	-
Victoria Day Care	17,309	61,708
Healthy Child Manitoba Programming	710	710
	359,072	64,564
	\$ 1,318,192	\$ 880,066

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - CAPITAL FUND March 31, 2007

	2007	2006
ASSETS		
CAPITAL ASSETS (Note 2)	\$ 1,861,124	\$ 1,867,177
LIABILITIES		
CURRENT		
Short term loan payable	-	3,372
Current portion of long-term debt (Note 4)	29,148	13,495
	29,148	16,867
LONG-TERM DEBT - BUILDING (Note 4)	602,668	646,095
	631,816	662,962
SURPLUS		
INVESTMENT IN CAPITAL ASSETS , per schedule	1,229,308	1,204,215
	\$ 1,861,124	\$ 1,867,177

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND March 31, 2007

	ASSETS	2007	2006
CURRENT			
Cash		\$ 222,143	\$ 54,230
Term deposits		487,152	467,631
Accounts receivable		7,887	1,565
Discounted certificate		9,374	9,492
		<hr/>	<hr/>
		\$ 726,556	\$ 532,918
		<hr/> <hr/>	<hr/> <hr/>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FINANCIAL POSITION - TRUST FUND

March 31, 2007

	2007	2006
LIABILITIES		
CURRENT		
Funds held in trust - clients	\$ 10,917	\$ 12,418
Discounted certificate	9,370	9,488
Trust accounts payable	112,655	30
	<hr/>	
	132,942	21,936
 SPECIAL ALLOWANCE TRUST FUND	 144,011	 129,909
	<hr/>	
	276,953	151,845
	<hr/>	
SURPLUS		
Surplus - White gift fund	3,087	-
Surplus - Staff gift fund	5,148	5,017
Surplus - Sun fund	11,748	8,900
Surplus - Facility account	370,091	300,370
Surplus - Holding account	21,022	23,449
Surplus - Investment Interest	-	30,251
Surplus - Endowment fund	-	-
Surplus - Special Allowance	-	3,936
Surplus - Training	38,507	9,150
	<hr/>	
	449,603	381,073
	<hr/>	
	\$ 726,556	\$ 532,918
	<hr/> <hr/>	

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND March 31, 2007

	2007	2006
CENTRAL PROGRAM SUPPORT		
DEFICIT, BEGINNING OF YEAR	\$ (294,000)	\$ (151,120)
Deficit for year	73,579	(266,929)
Deficit recovery	298,872	124,049
DEFICIT, END OF YEAR	<u>\$ 78,451</u>	<u>\$ (294,000)</u>
RESOURCE CENTRE		
SURPLUS (DEFICIT), BEGINNING OF YEAR	\$ (274)	34,819
Surplus (deficit) for year	278	(35,093)
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 4</u>	<u>\$ (274)</u>
FAMILY SUPPORT SERVICES & BRANDON AVENUE PROJECTS		
SURPLUS, BEGINNING OF YEAR	\$ 80,936	\$ 115,344
Family Support Services - Surplus (deficit) for year	37,439	(44,843)
Brandon Avenue Project - Surplus for year	3,299	10,435
SURPLUS, END OF YEAR	<u>\$ 121,674</u>	<u>\$ 80,936</u>
CHILD MAINTENANCE OPERATIONS		
SURPLUS, BEGINNING OF YEAR	\$ 126,497	\$ 112,644
Surplus for year - Child Maintenance	2,678	18,220
Surplus (deficit) for year - B Project	-	(4,367)
SURPLUS, END OF YEAR	<u>\$ 129,175</u>	<u>\$ 126,497</u>
RESIDENTIAL CARE		
SURPLUS, BEGINNING OF YEAR	\$ 89,653	\$ 95,860
Surplus (deficit) for year	(82,609)	(6,207)
SURPLUS, END OF YEAR	<u>\$ 7,044</u>	<u>\$ 89,653</u>
EARLY LEARNING CANADA		
SURPLUS, BEGINNING OF YEAR	\$ -	-
Surplus for year	5,371	-
SURPLUS, END OF YEAR	<u>\$ 5,371</u>	<u>-</u>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND March 31, 2007

	2007	2006
ADOPTIVE FAMILIES PROJECT		
DEFICIT, BEGINNING OF YEAR	\$ (5,791)	\$ (277)
Surplus (deficit) for year	-	(5,514)
	<hr/>	<hr/>
SURPLUS (DEFICIT), END OF YEAR	\$ (5,791)	\$ (5,791)
	<hr/> <hr/>	<hr/> <hr/>
PARENTING SKILLS PROJECT		
SURPLUS, BEGINNING OF YEAR	\$ 2,714	\$ 2,520
Surplus (deficit) for year	-	194
	<hr/>	<hr/>
SURPLUS (DEFICIT), END OF YEAR	\$ 2,714	\$ 2,714
	<hr/> <hr/>	<hr/> <hr/>
PARENT CHILD CENTRES		
SURPLUS, BEGINNING OF YEAR	\$ 2,411	\$ 2,411
Deficit for year	-	-
	<hr/>	<hr/>
SURPLUS, END OF YEAR	\$ 2,411	\$ 2,411
	<hr/> <hr/>	<hr/> <hr/>
PRESCHOOL ENRICHMENT		
SURPLUS, BEGINNING OF YEAR	\$ -	-
Surplus (deficit) for year	-	-
	<hr/>	<hr/>
DEFICIT, END OF YEAR	\$ -	-
	<hr/> <hr/>	<hr/> <hr/>
VICTORIA DAY CARE		
SURPLUS, BEGINNING OF YEAR	\$ 61,708	\$ 51,216
Surplus for year	(44,399)	10,492
	<hr/>	<hr/>
SURPLUS, END OF YEAR	\$ 17,309	\$ 61,708
	<hr/> <hr/>	<hr/> <hr/>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - OPERATING FUND March 31, 2007

	2007	2006
EARLY START PROJECT		
SURPLUS, BEGINNING OF YEAR	\$ -	\$ 6,985
Deficit for year	-	(6,985)
	<hr/>	<hr/>
SURPLUS, END OF YEAR	\$ -	-
	<hr/> <hr/>	<hr/> <hr/>
CHILD ABUSE PROJECT		
SURPLUS, BEGINNING OF YEAR	\$ -	-
	<hr/>	<hr/>
SURPLUS, END OF YEAR	\$ -	-
	<hr/> <hr/>	<hr/> <hr/>
HEALTHY CHILD MANITOBA PROGRAMMING		
SURPLUS, BEGINNING OF YEAR	\$ 710	\$ 432
Surplus for year	-	278
	<hr/>	<hr/>
SURPLUS, END OF YEAR	\$ 710	\$ 710
	<hr/> <hr/>	<hr/> <hr/>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF INVESTMENT IN CAPITAL ASSETS - CAPITAL FUND March 31, 2007

	2007	2006
INVESTMENT IN CAPITAL ASSETS, BEGINNING OF YEAR	\$ 1,204,215	\$ 1,208,332
Principal payments on mortgage made by Operating Fund	31,148	30,448
Capital assets purchased by Operating Fund and Trust Fund	100,772	72,724
	<hr/>	<hr/>
	1,336,135	1,311,504
Amortization for the year	106,827	106,128
Disposals during the year	-	1,161
	<hr/>	<hr/>
INVESTMENT IN CAPITAL ASSETS, END OF YEAR	\$ 1,229,308	\$ 1,204,215

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND March 31, 2007

	2007	2006
WHITE GIFT FUND		
SURPLUS, BEGINNING OF YEAR	\$ -	-
Transfer to Other Trust Accounts	3,087	-
	<u>3,087</u>	<u>-</u>
SURPLUS, END OF YEAR	<u>\$ 3,087</u>	<u>\$ -</u>
STAFF GIFT FUND		
SURPLUS, BEGINNING OF YEAR	\$ 5,017	\$ 5,454
Surplus (deficit) for year	131	(437)
	<u>5,148</u>	<u>5,017</u>
SURPLUS, END OF YEAR	<u>\$ 5,148</u>	<u>\$ 5,017</u>
SUN FUND		
SURPLUS, BEGINNING OF YEAR	\$ 8,900	\$ 9,942
Surplus (deficit) for year	2,848	(1,042)
	<u>11,748</u>	<u>8,900</u>
SURPLUS, END OF YEAR	<u>\$ 11,748</u>	<u>\$ 8,900</u>
FACILITY FUND OPERATIONS		
SURPLUS, BEGINNING OF YEAR	\$ 300,370	\$ 238,921
Surplus for year	69,062	61,449
Transfer to Other Trust Programs	659	-
	<u>370,091</u>	<u>300,370</u>
SURPLUS, END OF YEAR	<u>\$ 370,091</u>	<u>\$ 300,370</u>
HOLDING ACCOUNT OPERATIONS		
SURPLUS, BEGINNING OF YEAR	\$ 23,449	\$ 20,976
Surplus (deficit) for year	(12,007)	2,473
Transfer to Other Trust Programs	9,580	-
	<u>21,022</u>	<u>23,449</u>
SURPLUS, END OF YEAR	<u>\$ 21,022</u>	<u>\$ 23,449</u>
INVESTMENT INTEREST		
SURPLUS, BEGINNING OF YEAR	\$ 30,251	\$ 26,932
Surplus (deficit) for year	-	3,319
Transfer from Other Trust Programs	(30,251)	-
	<u>-</u>	<u>-</u>
SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ 30,251</u>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SURPLUS (DEFICIT) - TRUST FUND March 31, 2007

	2007	2006
ENDOWMENT FUND		
SURPLUS, END OF YEAR	\$ -	\$ -
SPECIAL ALLOWANCE		
SURPLUS, BEGINNING OF YEAR	\$ 3,936	-
Surplus for year	-	3,936
Transfer to Other Trust Programs	(3,936)	-
SURPLUS, END OF YEAR	\$ -	3,936
TRAINING		
SURPLUS, BEGINNING OF YEAR	\$ 9,150	\$ 10,765
Surplus (deficit) for year	8,496	(1,615)
Transfer to Other Trust Accounts	20,861	-
SURPLUS, END OF YEAR	\$ 38,507	\$ 9,150

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - OPERATING FUND Year ended in March 31, 2007

	2007 Approved (Unaudited)	Actual	2006 Actual
REVENUE			
Grant revenue	\$ 4,613,972	\$ 4,990,413	\$ 4,387,100
Fees - Province of Manitoba	1,059,972	913,458	850,826
Operating revenue	844,817	901,959	1,390,671
Fees	465,838	822,609	817,405
Brandon School Division	16,500	17,449	48,095
Foundation	114,224	92,270	106,107
Miscellaneous	62,035	144,069	100,579
	<u>7,177,358</u>	<u>7,882,227</u>	<u>7,700,783</u>
EXPENSES , per schedule	<u>7,345,384</u>	<u>7,754,654</u>	<u>7,927,929</u>
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	(168,026)	127,573	(227,146)
Transfer to Capital Fund	-	131,919	103,174
CHANGE IN SURPLUS FOR YEAR	<u>\$ (168,026)\$</u>	<u>(4,346)\$</u>	<u>(330,320)</u>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF EXPENDITURES - COMBINED - OPERATING FUND Year ended in March 31, 2007

	2007 Approved (Unaudited)	Actual	2006 Actual
Salaries, fees and related expenses	\$ 4,353,388	\$ 4,726,375	\$ 4,752,824
Field service	129,242	114,615	112,129
Office operation	372,669	342,740	338,451
Professional services	73,458	82,771	95,182
Staff development	14,101	27,574	18,657
Board expenses	17,528	11,436	14,134
Other expenses	174,627	188,429	59,110
Other centres	65,273	71,288	65,577
Program expenditures	356,259	414,168	442,631
Child maintenance expenditures	1,788,839	1,775,258	2,029,234
	\$ 7,345,384	\$ 7,754,654	\$ 7,927,929

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - COMBINED - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Staff contributions	\$ 1,623	\$ 11,278
Charitable donations	3,585	4,010
Culture and heritage	5,000	5,000
Grant revenue - federal	2,035	1,777
CFS Foundation grant	35,010	28,427
Interest	14,753	10,662
Rent	82,629	80,615
Community campaign	10,337	22,284
Memberships	1,105	1,165
Miscellaneous	-	2,562
Training programs - fees	26,400	20,375
	<hr/>	<hr/>
	182,477	188,155
EXPENDITURES		
Gift purchases	1,492	11,715
Camp fees	34,546	29,214
Office	1,295	1,598
Miscellaneous	76	1,238
Salaries	5,910	6,759
Transportation	1,645	3,115
CFS Supplements	9,634	5,608
Property taxes	17,996	17,857
Community campaign expenses	23,449	20,976
Training program - program costs	17,904	21,990
	<hr/>	<hr/>
	113,947	120,070
CHANGE IN SURPLUS FOR YEAR	<hr/>	<hr/>
	\$ 68,530	\$ 68,085

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

March 31, 2007

Due from Province of Manitoba - Vacation Pay

The amount receivable represents future grant revenue from the Province of Manitoba that will be used to fund earned vacation pay by employees that has been recorded as a liability at March 31, 2007. The amount receivable equals the amount of vacation pay that has been accrued as an account payable at March 31, 2007.

Investments

Investment are recorded as the lower of cost or market value. The market value of all investments held equals their cost at March 31, 2007.

Capital Assets

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

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

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

Fund Accounting

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

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

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

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

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

March 31, 2007

Financial Instruments

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

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

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

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

1. ENTITY DEFINITION

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

2. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Value	Net Value
800 MacTavish Avenue				
Building and land	\$ 812,774	\$ (163,482)	\$ 649,292	\$ 667,236
Office equipment and furniture	313,149	(233,523)	79,626	57,618
Other Centres				
Building and land	1,064,119	(275,133)	788,986	813,089
Equipment	74,750	(41,899)	32,851	36,588
2227 Brandon Avenue				
Building and land	215,209	(138,540)	76,669	81,388
Equipment	40,096	(28,908)	11,188	13,193
Cypress House				
Building and land	136,402	(64,524)	71,878	74,557
Equipment	35,703	(30,957)	4,746	5,802
7th Street House				
Building and land	76,370	(44,839)	31,531	33,042
Equipment	19,741	(19,741)		
Automobiles	546,157	(431,800)	114,357	84,664
	\$ 3,334,470	\$ (1,473,346)	\$ 1,861,124	\$ 1,867,177

3. BANK INDEBTEDNESS

The Royal Bank account carries an overdraft limit of \$350,000 and carries interest at prime. As at March 31, 2007, the unused credit facility was \$350,000. The overdraft limit is secured by a comfort letter from the Province of Manitoba.

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

4. LONG TERM DEBT

	2007	2006
Royal Trust mortgage, repayable at \$5,878 monthly including interest at 7.65%, secured by land and building, matures 2021	\$ 631,816	\$ 659,590
Current portion	29,148	13,495
	<u>\$ 602,668</u>	<u>\$ 646,095</u>

Principal payments due in the next five years are as follows:

2008	-	\$ 29,148
2009	-	31,311
2010	-	33,623
2011	-	36,095
2012	-	38,738
Thereafter	-	<u>462,901</u>
		<u>\$ 631,816</u>

5. COMMITMENTS

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

2008	-	\$ 6,498
2009	-	3,249
2010	-	
2011	-	
2012	-	

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

6. ECONOMIC DEPENDENCE

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

7. STATEMENT OF CASH FLOWS

A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements. The organization paid \$42,757 (2006 - \$44,528) in interest on long-term debt in the year.

8. REISSUANCE OF FINANCIAL STATEMENTS

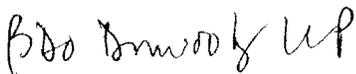
The amounts due from the Province of Manitoba - vacation and severance pay and deferred revenue have been adjusted from the amounts stated in the financial statements dated April 27, 2007. The reason for the adjustments is due to the fact that the Province will only fund vacation and severance pay for provincially funded programs up to a specified dollar value.

The amount due from the Province of Manitoba - vacation and severance pay decreased in the amount of \$47,842, deferred revenue decreased by \$24,535 and various non-provincially funded income statements decreased by \$23,307. The amount adjusted on the income statements was the vacation pay expense. Deferred revenue was recognized on some of these programs to offset the additional amount recorded as vacation expense.

Auditors' Comments on Supplementary Financial Information

**TO THE BOARD OF DIRECTORS
CHILD AND FAMILY SERVICES OF WESTERN MANITOBA:**

The audited financial statements of **CHILD AND FAMILY SERVICES OF WESTERN MANITOBA** as at **MARCH 31, 2007** and our report thereon dated April 27, 2007 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.



Chartered Accountants
April 27, 2007
November 20, 2007

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF OPERATIONS - CENTRAL PROGRAM SUPPORT - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Grants, Province of Manitoba	\$ 3,123,800	\$ 3,339,700	\$ 2,913,800
Residential Care contract fees	51,955	51,955	50,745
Rebates and interest	10,000	29,391	13,433
Secondment costs	18,000	16,286	146,995
School Division revenue	-	-	31,405
Adoption fees	8,000	5,344	7,517
Miscellaneous	7,500	18,499	8,542
Program Administration revenue	7,815	7,302	11,771
Foundation Transfer Central Program	34,224	15,476	33,232
Province of Manitoba - vacation and severance pay	-	4,743	(99,006)
	3,261,294	3,488,696	3,118,434
EXPENDITURES, per schedule			
Salaries, fees and related expenses	2,688,463	2,584,222	2,763,902
Field service	129,242	115,089	112,128
Office operation	112,891	125,810	119,484
Professional services	73,458	82,771	95,182
Staff development	11,818	26,948	17,607
Board expenses	17,528	11,436	14,134
Other	172,833	150,995	49,009
Other building expenses	65,273	67,161	64,374
Main office operations	114,954	119,496	89,092
	3,386,460	3,283,928	3,324,912
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	(125,166)	204,768	(206,478)
Transfer to Capital Fund - capital asset purchases	-	100,043	30,001
Transfer to Capital Fund - mortgage principal repayment	-	27,774	26,003
Transfer to Capital Fund - copier loan principal repayment	-	3,372	4,447
CHANGE IN SURPLUS FOR YEAR	\$ (125,166)\$	73,579 \$	(266,929)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
Central support services	\$ 188,082	\$ 190,644	\$ 208,979
Administration salaries	377,689	354,050	340,204
Supervisor salaries	368,779	378,017	305,383
Direct service - professionals	1,377,746	1,278,469	1,374,245
Payroll tax	49,715	46,551	50,424
Central program benefits	308,602	297,408	321,775
Secondment Staff	-	16,435	133,121
Vacation and severance pay change	-	4,798	(75,091)
Administration Casual	-	-	22,309
Severance costs	17,850	17,850	82,553
	2,688,463	2,584,222	2,763,902
FIELD SERVICE COSTS			
Car operation	40,488	39,559	41,983
Private mileage	41,563	36,015	36,784
Travelling	13,735	8,668	6,554
Car insurance	33,456	30,847	26,807
	129,242	115,089	112,128
OFFICE OPERATIONS			
Equipment	2,050	13,735	5,282
Repairs and maintenance	1,025	13,443	15,611
Computer, payroll and miscellaneous costs	8,422	8,529	8,980
Computer support	5,330	-	-
Postage	13,142	13,114	12,610
Telephone and telegraph	47,225	47,727	47,431
Supplies	15,996	19,027	16,569
Miscellaneous	1,046	1,501	878
Audit	9,430	8,681	11,830
Lease payments	9,225	26	269
Interest	-	27	24
	\$ 112,891	\$ 125,810	\$ 119,484

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
PROFESSIONAL SERVICES			
Legal	\$ 62,000	\$ 62,303	\$ 84,829
Consulting	8,713	16,602	7,612
Documents	2,745	3,866	2,741
	73,458	82,771	95,182
STAFF DEVELOPMENT			
Staff in training	10,250	26,732	17,233
Library	1,568	216	374
	11,818	26,948	17,607
BOARD EXPENSES			
Board training and expenses	17,528	11,436	14,134
OTHER			
Advertising	7,588	9,200	2,083
Membership fees	4,182	9,366	4,262
Family assistance	6,919	13,320	7,700
Annual meeting and public relations	8,713	9,577	9,832
Insurance	22,600	16,136	16,477
Program supplies	78,731	90,296	5,555
Program evaluation	5,125	-	-
M.A.P.P.	3,100	3,100	3,100
Capital asset purchases	35,875	-	-
	172,833	150,995	49,009
OTHER BUILDINGS			
Rent	\$ 65,273	\$ 67,161	\$ 64,374

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CENTRAL PROGRAM SUPPORT EXPENDITURES - OPERATING FUND March 31, 2007

	Approved (Unaudited)	2007 Actual	2006 Actual
MAIN OFFICE OPERATIONS			
Mortgage payments - interest	\$ 70,536	\$ 42,757	\$ 44,528
Repairs and maintenance	7,175	8,200	11,182
Janitorial	8,302	9,391	8,377
Building supplies	1,866	1,782	1,736
Hydro	9,686	8,407	8,432
Water	1,568	374	417
Gas	2,153	1,189	2,004
Property taxes	13,668	12,068	12,416
Designated intake	-	5,584	-
Differential response	-	29,744	-
	\$ 114,954	\$ 119,496	\$ 89,092

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESOURCE CENTRE OPERATIONS - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Building operations	\$ 58,450	\$ 58,450	\$ 57,025
Miscellaneous - Resource Centre	18,687	22,422	-
Career start grant	2,000	3,053	1,777
Miscellaneous	7,500	36,107	12,748
Brandon and District United Way Foundation	17,000	17,370	17,643
	44,229	44,229	31,407
Brandon School Division	500	876	1,563
Campaign and donations	21,943	23,449	20,976
City of Brandon grant	10,000	7,500	10,000
Visitation access service	1,200	900	900
Province of Manitoba - vacation pay	-	(11,479)	(137)
M.C.S.C Grant	30,000	24,000	2,500
Specified Grant	32,640	32,720	40,900
Cost Recovery HCM Core Funding	12,735	11,078	11,186
Parenting BEYT Immigrant	-	3,834	3,000
	256,884	274,509	211,488
EXPENDITURES, per schedule			
Salaries, fees and related expenses	141,475	163,853	144,485
Program expenses	24,441	24,699	21,662
Office/building maintenance	90,968	85,679	80,434
	256,884	274,231	246,581
SURPLUS (DEFICIT) ON RESOURCE CENTRE OPERATIONS FOR YEAR	\$ -	\$ 278	\$ (35,093)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESOURCE CENTRE EXPENDITURES - OPERATING FUND March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
SALARIES, FEES AND RELATED EXPENSES			
F.L.E. Salaries	\$ -	\$ 2,098	\$ -
Salaries - Other Centres	109,842	98,068	98,277
Career Start Hourly	5,203	4,148	-
Benefits	16,077	18,236	16,547
Child care salaries	-	38,558	27,401
Payroll tax	2,372	2,430	2,278
Resource Centre Hourly	7,981	-	-
Vacation pay change	-	315	(18)
	141,475	163,853	144,485
PROGRAM EXPENSES			
Food	1,500	917	194
Kitchen and cleaning supplies	1,600	1,976	1,339
Child care activities	2,132	1,777	1,075
Program supplies	3,500	1,597	1,112
Transportation	7,175	4,760	7,571
Advertising	513	594	799
Staff training	333	482	318
Camp supplies	513	405	545
PCHP BEYT Evaluation	-	514	2,601
Rural Prevention	7,175	7,624	2,028
Parenting BEYT Immigrant	-	4,053	4,080
	24,441	24,699	21,662
OFFICE/BUILDING MAINTENANCE			
Supplies	1,538	1,564	1,801
Repairs and maintenance	7,688	13,486	6,377
Equipment and furniture	1,046	2,806	588
Cleaning costs	7,329	2,645	6,624
Telephone	5,843	5,666	5,603
Hydro	9,417	6,481	6,751
Water	1,179	735	1,549
Gas	12,300	9,824	9,183
Insurance	7,431	6,300	6,668
Rent	36,172	36,172	35,290
Capital assets purchased	1,025	-	-
	\$ 90,968	\$ 85,679	\$ 80,434

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FAMILY SUPPORT SERVICES OPERATIONS - OPERATING FUND

March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Province of Manitoba Family support	\$ 314,800	\$ 320,600	\$ 249,500
Miscellaneous	-	-	2,060
Adoption - financial assistants	102,500	96,684	102,389
Family contributions	-	174	126
Province of Manitoba - vacation pay	-	(1,905)	6,089
Ward maintenance	20,000	13,579	21,762
	437,300	429,132	381,926
EXPENDITURES			
Support worker salaries and benefits	136,348	143,395	129,830
Social workers assistants salaries and benefits	65,894	65,379	68,271
Family aides salaries and benefits	72,897	49,070	69,454
Homemaker salaries and benefits	16,822	5,261	13,473
Staff development	750	332	492
Support miscellaneous	1,384	1,869	9,675
Other family support	16,319	16,319	14,997
Support travel costs	21,844	11,301	16,089
Cell phones - support workers	2,553	2,049	2,099
Adoption - financial assistance	102,500	96,718	102,389
	437,311	391,693	426,769
(SURPLUS) DEFICIT ON FAMILY SUPPORT SERVICES FOR YEAR	\$ (11)\$	37,439 \$	(44,843)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF BRANDON AVENUE PROJECT OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Children Special Services	\$ 45,000	\$ 39,560	\$ 45,000
Support transfer	16,319	16,319	14,997
Family Services & Housing	15,833	27,667	21,825
Province of Manitoba - vacation pay	-	(3,266)	(645)
	77,152	80,280	81,177
EXPENDITURES			
Salaries and benefits	68,154	68,665	63,101
Food	1,538	1,353	1,422
Transportation	5,000	4,652	3,792
Miscellaneous	410	261	427
Administration costs	2,050	2,050	2,000
	77,152	76,981	70,742
SURPLUS ON BRANDON AVENUE PROJECT OPERATIONS FOR YEAR	\$ -	\$ 3,299	\$ 10,435

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD MAINTENANCE OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba - level 1	\$ 725,172	\$ 720,801	\$ 690,160
Parent and guardian	17,132	8,400	21,028
Special needs grant	687,035	770,851	686,440
Exceptional circumstances	236,750	160,155	523,140
Repat	250	93	933
Special needs - other agencies	-	101,499	109,804
Basic - other agencies	122,500	16,136	15,643
Miscellaneous	-	-	305
	<hr/>	<hr/>	<hr/>
	1,788,839	1,777,935	2,047,453
EXPENDITURES , per schedule	<hr/>	<hr/>	<hr/>
	1,788,839	\$ 1,775,257	\$ 2,029,233
SURPLUS ON CHILD MAINTENANCE OPERATIONS FOR YEAR	<hr/>	<hr/>	<hr/>
	\$ -	\$ 2,678	\$ 18,220

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF CHILD MAINTENANCE EXPENDITURES - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
Regular rate foster home	\$ 659,854	\$ 632,395	\$ 611,443
Independent living	32,000	37,783	34,586
Gifts	9,750	6,002	6,277
Education	18,850	14,471	10,923
Activities	18,850	11,308	9,500
Emergency homes	500	370	566
Emergency retainer	17,500	11,511	15,463
Damage and special occasions	2,000	823	1,244
Transportation	15,000	8,340	19,010
Special rate - foster homes	500,000	558,400	521,033
Non-pay shelter costs	2,000	1,582	1,409
Miscellaneous	15,550	46,878	35,260
Respite - foster parent	48,583	74,009	49,331
Home visits	60,786	38,241	39,496
Therapy	12,371	15,847	14,901
Medical	4,019	7,320	3,989
Initial clothing	7,590	10,582	7,218
Age of majority	4,136	5,733	3,711
Children in care support	-	7,469	209
Repatriation costs	250	93	933
Exceptional circumstances	2,750	153	2,782
Regular rate - other agencies	15,000	14,941	14,577
Agency allowances - other agencies	2,500	-	2,258
Special rate - other agencies	105,000	110,297	107,107
Extra one time expense	15,000	8,972	41,776
Level V - Service	219,000	151,737	474,231
	\$ 1,788,839	\$ 1,775,257	\$ 2,029,233

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF B PROJECT OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Basic maintenance	\$ -	\$ -	2,127
Special rate	-	-	42,054
Province of Manitoba - vacation pay	-	-	(5,972)
	-	-	38,209
EXPENDITURES , per schedule			
Salaries and benefits	-	-	36,487
Building and administration costs	-	-	2,718
Direct costs	-	-	3,371
	-	-	42,576
SURPLUS (DEFICIT) ON B PROJECT OPERATIONS FOR YEAR	\$ -	\$ -	(4,367)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF B PROJECT EXPENDITURES - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
SALARIES AND BENEFITS			
Salaries	\$ -	\$ -	23,754
Relief	-	-	6,822
Employee benefits	-	-	5,118
Payroll tax	-	-	793
	-	-	36,487
BUILDING AND ADMINISTRATION COSTS			
Rent	-	-	1,388
Equipment and furniture	-	-	473
Repairs and maintenance	-	-	14
Utilities	-	-	518
Telephone	-	-	32
Building insurance	-	-	190
Miscellaneous	-	-	25
Staff training	-	-	78
	-	-	2,718
DIRECT COSTS			
Food	-	-	921
Household	-	-	357
Clothing	-	-	214
Personal allowance	-	-	164
Activities	-	-	614
Education	-	-	242
Health	-	-	94
Transportation	-	-	714
Gifts	-	-	51
	-	-	3,371

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF RESIDENTIAL CARE OPERATIONS - OPERATING FUND

March 31, 2007

	2007	2006	
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba fees	\$ 128,798	\$ 485,491	\$ 481,961
Province of Manitoba grant	270,200	272,300	267,500
Special relief	-	-	3,442
Miscellaneous	-	4,017	9,982
Province of Manitoba - vacation and severance pay	-	(71,516)	9,948
Other agencies - Cypress	74,257	82,441	85,883
	473,255	772,733	858,716
EXPENDITURES, per schedule			
Salaries and benefits	393,502	721,558	714,233
Building	44,425	63,679	64,380
Administration	3,153	7,122	9,241
Direct	37,140	62,254	65,632
	478,220	854,613	853,486
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	(4,965)	(81,880)	5,230
Transfer to Capital Fund	-	729	11,437
CHANGE IN SURPLUS FOR YEAR	\$ (4,965)\$	(82,609)\$	(6,207)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESIDENTIAL CARE EXPENDITURES - OPERATING FUND March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
SALARIES AND BENEFITS			
Salary costs	\$ 305,729	\$ 544,478	\$ 544,281
Relief costs	33,169	71,837	74,690
Special relief costs	-	2,218	3,155
Employee benefits	47,319	73,336	72,725
Payroll levy	7,285	13,087	13,264
Workers' compensation	-	3,420	3,604
Vacation and severance pay change	-	13,182	2,514
	393,502	721,558	714,233
BUILDING			
Rent	15,221	23,017	22,456
Utilities	8,088	11,545	11,615
Household supplies	2,153	6,138	4,152
Repairs and maintenance	10,250	6,648	10,771
Insurance	7,175	10,255	10,660
Equipment	513	6,076	4,702
Capital assets	1,025	-	24
	44,425	63,679	64,380
ADMINISTRATION			
Office supplies	205	369	415
Advertising	256	513	468
Bank charges	26	5	5
Miscellaneous	103	203	239
Telephone	1,333	3,688	2,541
Staff training	1,230	2,344	5,573
	\$ 3,153	\$ 7,122	\$ 9,241

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF RESIDENTIAL CARE EXPENDITURES - OPERATING FUND

March 31, 2007

	Approved (Unaudited)	2007 Actual	2006 Actual
DIRECT			
Food	\$ 15,375	\$ 26,953	\$ 25,187
Clothing	4,262	6,050	6,651
Personal allowances	3,326	3,384	4,039
Education	769	3,727	8,560
Group activity allowance	4,100	6,817	7,878
Gifts	718	1,170	1,084
Medical	359	1,961	989
Transportation	4,705	10,192	11,244
Consultation	2,460	2,000	-
Transition - Cypress	1,066	-	-
	<hr/>	<hr/>	<hr/>
	\$ 37,140	\$ 62,254	\$ 65,632

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF EARLY LEARNING CANADA OPERATIONS - OPERATING FUND

March 31, 2007

	2007	2006	
	Approved (Unaudited)	Actual	Actual
REVENUE			
Brandon School Division	\$ 16,000	\$ 16,573	\$ 15,127
EXPENDITURES			
Salaries and benefits	12,600	7,956	8,894
Child care	-	965	2,174
Food	1,000	491	768
Transportation	400	154	-
Books and supplies	500	211	2,091
Advertising	100	54	-
Administration costs	1,200	1,351	1,200
Staff training	200	20	-
	16,000	11,202	15,127
SURPLUS ON EARLY LEARNING CANADA OPERATIONS FOR YEAR	\$ -	\$ 5,371	-

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF ADOPTIVE FAMILIES PROJECT OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Grant	\$ 49,835	\$ 44,441	48,060
Province of Manitoba - Vacation pay	-	(4,663)	777
Recovery - Central Program	-	15,418	-
	<hr/> 49,835	<hr/> 55,196	<hr/> 48,837
EXPENDITURES			
Salaries and benefits	51,830	52,885	51,056
Program administration costs	3,377	2,311	3,295
	<hr/> 55,207	<hr/> 55,196	<hr/> 54,351
SURPLUS (DEFICIT) ON ADOPTIVE FAMILIES PROJECT OPERATIONS FOR YEAR	<hr/> \$ (5,372)	<hr/> - \$	<hr/> (5,514)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PARENT SKILLS PROJECT OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Province of Manitoba grant	\$ 56,965	\$ 49,759	\$ 58,740
Province of Manitoba - vacation pay	-	(4,538)	3,048
Recovery - Central Program	-	14,326	-
	<hr/>	<hr/>	<hr/>
	56,965	59,547	61,788
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Salaries and benefits	53,241	57,933	59,916
Travel	-	12	-
Program supplies	3,500	1,602	1,678
	<hr/>	<hr/>	<hr/>
	56,741	59,547	61,594
	<hr/>	<hr/>	<hr/>
SURPLUS (DEFICIT) ON BRANDON EARLY YEARS TEAM OPERATIONS FOR YEAR	\$ 224	\$ -	\$ 194

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF BRANDON EARLY YEARS TEAM OPERATIONS - OPERATING FUND

March 31, 2007

	Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Healthy Child Manitoba Grant	\$ 25,000	\$ 24,897	\$ 25,000
Province of Manitoba - vacation	-	(4,551)	-
	25,000	20,346	25,000
EXPENDITURES			
Salaries	17,750	13,648	18,122
Employee benefits	5,183	3,771	2,970
Child care costs	-	1,381	2,029
Program supplies	834	297	240
Administration costs	400	544	349
Food costs	400	507	375
Transportation	100	(106)	14
Staff training	333	(3)	208
Community connections computer	-	307	693
	25,000	20,346	25,000
DEFICIT ON PARENT CHILD CENTRES FOR YEAR	\$ -	\$ -	-

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PRE-SCHOOL ENRICHMENT OPERATIONS - OPERATING FUND March 31, 2007

	2007	2006	
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services Transportation	\$ 5,000	\$ 4,625	\$ 5,862
Grant maintenance	58,240	58,007	57,574
Fees - province	71,500	70,227	69,256
Fees - parent	12,020	17,512	14,034
Private funds	11,446	7,278	-
CFS Foundation	-	-	10,517
Manitoba Community Services Council grant	-	-	2,500
Disabilities Grant	39,825	34,186	26,879
Specified Grant	28,800	29,689	37,100
Other	-	2,568	20,075
Province of Manitoba - vacation pay	-	(4,288)	(175)
Brandon District United Way	17,000	17,000	17,000
Province of Manitoba	-	20,283	-
Miscellaneous	9,200	8,317	8,078
	253,031	265,404	268,700
EXPENDITURES, per schedule			
Staff salaries and benefits	197,851	195,812	185,795
Program	9,952	6,002	10,064
Office and building	19,431	44,106	20,482
Administration	25,797	19,484	21,072
	253,031	265,404	237,413
SURPLUS (DEFICIT) BEFORE TRANSFER TO CAPITAL FUND	-	-	31,287
Transfer to Capital Fund	-	-	31,287
CHANGE IN SURPLUS FOR YEAR	\$ -	\$ -	-

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
STAFF SALARIES AND BENEFITS			
Salaries	\$ 169,704	\$ 168,767	\$ 161,328
Benefits	28,147	27,045	24,467
	197,851	195,812	185,795
PROGRAM			
Food	6,851	2,490	6,652
Kitchen and cleaning supplies	871	768	886
Activity supplies	615	565	1,018
Equipment and furniture	513	240	258
Equipment repairs	77	-	-
Special projects	1,025	1,939	1,250
	9,952	6,002	10,064
OFFICE AND BUILDING			
Rent	10,918	10,918	10,652
Repairs and maintenance	1,614	25,672	3,307
Contract cleaners	1,568	2,060	1,366
Leasehold improvements	615	795	130
Equipment	103	61	833
Utilities	4,100	4,600	4,194
Capital asset purchases	513	-	-
	\$ 19,431	\$ 44,106	\$ 20,482

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF PRE-SCHOOL ENRICHMENT EXPENDITURES - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
ADMINISTRATION			
Postage	\$ 154	\$ 577	136
Advertising and office supplies	154	580	747
Telephone	1,538	1,545	1,445
Insurance	3,951	2,926	3,007
Travel	12,915	10,195	11,288
Staff training	615	1,367	891
Audit fee	1,558	1,525	1,547
Bad debt - preschool	4,613	571	1,617
Association dues - preschool	299	198	394
	<hr/>	<hr/>	
	\$ 25,797	\$ 19,484	21,072
	<hr/>	<hr/>	

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF VICTORIA DAY CARE OPERATIONS - OPERATING FUND

March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Department of Family Services grant	\$ 128,128	\$ 128,128	\$ 122,792
Handicapped staffing grant	53,404	63,640	63,479
Fees - province	113,565	120,913	123,039
Bad debt recovery	-	-	161
Parents fees	80,000	71,167	70,853
Challenge grant	1,100	1,510	1,459
Miscellaneous	100	429	455
Province of Manitoba - vacation pay	-	(26,480)	866
	376,297	359,307	383,104
EXPENDITURES, per schedule			
Staff salaries and benefits	332,957	334,293	322,208
Program	18,062	20,774	16,199
Office and building	25,590	34,887	23,439
Administration	14,424	13,752	10,766
	391,033	403,706	372,612
SURPLUS (DEFICIT) ON VICTORIA DAY CARE OPERATIONS FOR YEAR	\$ (14,736)\$	(44,399)\$	10,492

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND March 31, 2007

	2007	2006	
	Approved (Unaudited)	Actual	Actual
STAFF SALARIES AND BENEFITS			
Salaries	\$ 285,284	\$ 290,331	\$ 279,436
Benefits	47,673	43,962	42,772
	332,957	334,293	322,208
PROGRAM			
Food	13,530	15,564	12,153
Kitchen and cleaning supplies	1,743	2,867	2,112
Activity supplies	1,046	1,060	1,609
Equipment and furniture	1,025	846	(276)
Equipment repairs	205	44	-
Special projects	513	393	601
	18,062	20,774	16,199
OFFICE AND BUILDING			
Rent	12,522	12,522	12,217
Repairs and maintenance	3,075	7,364	3,718
Contract cleaners	2,448	7,397	2,255
Equipment and furniture	-	476	-
Leasehold improvements	1,538	3,127	1,054
Utilities	4,982	4,001	4,195
Capital asset purchases	1,025	-	-
	\$ 25,590	\$ 34,887	\$ 23,439

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF VICTORIA DAY CARE EXPENDITURES - OPERATING FUND March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
ADMINISTRATION			
Telephone	\$ 1,281	\$ 1,328	\$ 1,411
Postage	718	133	288
Insurance	3,885	2,926	3,007
Association fees	179	181	175
Advertising	314	49	789
Travel	615	362	1,615
Staff training	769	1,007	1,915
Audit fee	1,538	1,525	1,547
Bad debts expense	5,125	6,241	19
	\$ 14,424	\$ 13,752	\$ 10,766

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF EARLY START PROJECT OPERATIONS - OPERATING FUND March 31, 2007

	2007		2006
	Approved (Unaudited)	Actual	Actual
REVENUE			
Early start revenue	\$ -	\$ -	35,782
Southwest Day Care	-	-	5,785
Province of Manitoba - vacation pay	-	-	(3,628)
	-	-	37,939
EXPENDITURES , per schedule			
Program	-	-	40,689
Office and building	-	-	4,235
TOTAL EXPENDITURES	-	-	44,924
DEFICIT ON EARLY START PROJECT OPERATIONS FOR YEAR	\$ -	\$ -	(6,985)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

SCHEDULE OF EARLY START PROJECT EXPENDITURES - OPERATING FUND

March 31, 2007

PROGRAM	2007		2006
	Approved (Unaudited)	Actual	Actual
Home visitor salaries and benefits	\$ -	\$ -	25,398
Other salaries and benefits	-	-	5,832
Vacation pay change	-	-	(473)
Travel	-	-	801
Training	-	-	769
Supplies	-	-	101
Toys	-	-	360
Workshops	-	-	130
Miscellaneous	-	-	17
Supervisor salary	-	-	6,760
Supervisor benefits	-	-	994
	-	-	40,689
FACILITY SERVICE COSTS			
Secretarial	-	-	417
Office	-	-	472
Telephone	-	-	799
Audit and accounting fees	-	-	128
Administration and supervision	-	-	2,419
	\$ -	\$ -	4,235

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF CHILD ABUSE PROJECTS OPERATIONS - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Child abuse grant	\$ 65,000	\$ 65,000	-
Recovery Central Programs	72,850	86,868	-
Province of Manitoba - Accrued vacation	-	-	-
	137,850	151,868	-
EXPENDITURES			
Programs supplies	-	678	-
Salaries and benefits	137,850	151,182	-
Travel	-	8	-
	137,850	151,868	-
DEFICIT ON DOWNTOWN DAY CARE OPERATIONS FOR YEAR	\$ -	\$ -	-

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF HEALTHY CHILD MANITOBA PROGRAMMING - OPERATING FUND March 31, 2007

	Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Healthy Child MB Core Funding	\$ 50,000	\$ 50,000	\$ 50,000
Recovery - BEYT	25,000	27,807	27,149
Recovery Child Care RC	12,735	16,582	11,186
	87,735	94,389	88,335
EXPENDITURES			
Salaries and benefits	68,800	79,271	73,338
Program supplies	2,500	891	622
Administration costs	1,200	1,634	1,244
Food	1,200	1,523	1,317
Staff training	1,000	(8)	350
Office and building	12,735	11,078	11,186
Transportation	300	-	-
	87,735	94,389	88,057
SURPLUS ON HEALTHY CHILD MANITOBA PROGRAMMING OPERATIONS FOR YEAR	\$ -	\$ -	278

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF PARENT CHILD HOME PROGRAM - OPERATING FUND March 31, 2007

	2007 Approved (Unaudited)	2007 Actual	2006 Actual
REVENUE			
Literacy Manitoba Grant	\$ -	\$ 3,750	\$ 3,600
CFS Foundation - PCHP	35,771	32,565	30,951
	<u>35,771</u>	<u>36,315</u>	<u>34,551</u>
EXPENDITURES			
Food	256	344	91
Program supplies	3,639	6,995	5,694
Rent	1,230	964	1,200
Salaries and benefits	29,621	28,012	27,287
Travel	1,025	-	279
	<u>35,771</u>	<u>36,315</u>	<u>34,551</u>
SURPLUS ON PARENT CHILD HOME PROGRAM OPERATIONS FOR YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF STAFF GIFT FUND OPERATIONS - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Staff contributions	\$ 1,623	\$ 11,278
EXPENDITURES		
Gift purchases	1,492	11,715
DEFICIT ON STAFF GIFT FUND OPERATIONS FOR YEAR	\$ 131	\$ (437)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SUN FUND OPERATIONS - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Charitable donations	\$ 3,585	\$ 4,010
Culture and Heritage	5,000	5,000
Grant revenue - federal	2,035	1,777
CFS Foundation grant	35,010	28,427
Interest	690	690
	<hr/>	<hr/>
	46,320	39,904
EXPENDITURES		
Camp fees	34,546	29,214
Office	1,295	1,598
Other	76	260
Salaries	5,910	6,759
Transportation	1,645	3,115
	<hr/>	<hr/>
	43,472	40,946
SURPLUS (DEFICIT) ON SUN FUND OPERATIONS FOR YEAR	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,848	\$ (1,042)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF FACILITY FUND OPERATIONS - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Interest	\$ 14,063	\$ 4,502
Rent	82,629	80,615
	<hr/>	<hr/>
	96,692	85,117
	<hr/>	<hr/>
EXPENDITURES		
CFS supplements	9,634	5,608
Miscellaneous	-	203
Property taxes	17,996	17,857
	<hr/>	<hr/>
	27,630	23,668
	<hr/>	<hr/>
CHANGE IN SURPLUS FOR YEAR	\$ 69,062	\$ 61,449

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF HOLDING ACCOUNT OPERATIONS - TRUST FUND

March 31, 2007

	2007	2006
REVENUE		
Community campaign	\$ 10,337	\$ 22,284
Memberships	1,105	1,165
	<hr/>	<hr/>
	11,442	23,449
	<hr/>	<hr/>
EXPENDITURES		
Community campaign expenses	23,449	20,976
	<hr/>	<hr/>
SURPLUS (DEFICIT) ON HOLDING ACCOUNT OPERATIONS FOR YEAR	\$ (12,007)	\$ 2,473
	<hr/> <hr/>	<hr/> <hr/>

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF INVESTMENT INTEREST - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Interest income	\$ -	\$ 2,562
	-	1,533
	-	4,095
EXPENDITURES		
Miscellaneous	-	776
SURPLUS ON OTHER TRUST ACCOUNT OPERATIONS FOR YEAR	\$ -	\$ 3,319

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF TRAINING - TRUST FUND

March 31, 2007

	2007	2006
REVENUE		
Training Programs - fees	\$ -	\$ 6,800
Attachment conference	26,400	13,575
	<hr/>	<hr/>
	26,400	20,375
EXPENDITURES		
Training program - program costs	17,904	21,990
	<hr/>	<hr/>
SURPLUS (DEFICIT) ON OTHER PROGRAMS OPERATIONS FOR YEAR	\$ 8,496	\$ (1,615)

CHILD AND FAMILY SERVICES OF WESTERN MANITOBA

STATEMENT OF SPECIAL ALLOWANCE - TRUST FUND March 31, 2007

	2007	2006
REVENUE		
Special allowance certificate	\$ -	\$ 3,936
EXPENDITURES		
SURPLUS ON SPECIAL ALLOWANCE OPERATIONS FOR YEAR	\$ -	\$ 3,936



BDO Dunwoody LLP/s.c.L.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Rapport des vérificateurs

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

Nous avons vérifié le bilan consolidé du **Collège universitaire de Saint-Boniface** au 31 mars 2007 et les états consolidés de l'évolution des soldes de fonds, des résultats, et des flux de trésorerie pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction du **Collège universitaire de Saint-Boniface**. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

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

À notre avis, ces états financiers consolidés donnent, à tous les égards importants, une image fidèle de la situation financière du **Collège universitaire de Saint-Boniface** au 31 mars 2007, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

BDO Dunwoody S.R.L.

Comptables agréés

Winnipeg (Manitoba)
le 11 mai 2007

Collège universitaire de Saint-Boniface
Bilan

Au 31 mars	2007	2006
	000 \$	000 \$
Actif		
Actif à court terme		
Espèces et quasi-espèces (note 3)	19 678	19 783
Comptes à recevoir et autres actifs	4 280	3 087
	23 958	22 870
Immobilisations (note 4)	12 555	12 572
	36 513	35 442
Passif et soldes de fonds		
Passif à court terme		
Comptes à payer et frais courus	3 663	3 506
Revenus reportés	523	677
Contributions reportées (note 5)	978	596
	5 164	4 779
Soldes de fonds		
Non grevés d'affectations	1 257	1 279
Affectations d'origine interne (note 10)	8 657	8 462
Investis en immobilisations	12 555	12 572
Fonds de dotation	8 880	8 350
	31 349	30 663
	36 513	35 442

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

_____ Président

_____ Rectrice

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

Pour l'exercice terminé le 31 mars

	Non grevés d'affectations 000 \$	Affectations d'origine interne 000 \$	Investis en immobilisations 000 \$	Fonds de dotation 000 \$	2007 000 \$	2006 000 \$
Solde, au début de l'exercice	1 279	8 462	12 572	8 350	30 663	28 376
Excédent des revenus sur dépenses	724	-	(568)	530	686	2 287
Allocation au fonds d'affectation d'origine interne (note 10)						
Revenus - intérêts	(195)	195	-	-	-	-
Virements						
Achats d'immobilisations	(551)	-	551	-	-	-
Changement net de l'exercice	(22)	195	(17)	530	686	2 287
Solde, à la fin de l'exercice	1 257	8 657	12 555	8 880	31 349	30 663

Les notes afférentes font partie intégrante de ces états financiers consolidés.

Collège universitaire de Saint-Boniface
État des résultats

Pour l'exercice terminé le 31 mars	2007	2006
	000 \$	000 \$
Revenus		
Octrois - Provincial	10 816	10 728
- Fédéral	4 043	4 178
Droits de scolarité	3 318	3 069
Autres revenus	1 668	2 029
Intérêts	846	872
Dons	589	528
Total - Revenus	21 280	21 404
Dépenses		
Salaires et avantages sociaux	14 193	13 749
Matériel et autres	4 289	3 213
Amortissement	870	856
Déplacements et conférences	434	405
Bourses et prix	410	402
Services publics	398	492
Total - Dépenses	20 594	19 117
Excédent des revenus sur dépenses	686	2 287

Collège universitaire de Saint-Boniface
État des flux de trésorerie

Pour l'exercice terminé le 31 mars	2007	2006
	000 \$	000 \$
Flux de trésorerie liés aux activités d'exploitation		
Excédent des revenus sur dépenses	686	2 287
Éléments hors caisse		
Amortissement	870	856
Gain sur ventes d'immobilisations	-	(131)
	1 556	3 012
Variations d'éléments du fonds de roulement		
Comptes à recevoir et autres actifs	(1 193)	(795)
Comptes à payer et frais courus	157	237
Revenus reportés	(154)	(67)
Contributions reportées	382	(473)
	748	1 914
Flux de trésorerie liés aux activités d'investissement		
Achats d'immobilisations	(853)	(3 677)
Ventes d'immobilisations	-	570
	(853)	(3 107)
Diminution nette des espèces et quasi-espèces	(105)	(1 193)
Espèces et quasi-espèces, au début de l'exercice	19 783	20 976
Espèces et quasi-espèces, à la fin de l'exercice	19 678	19 783

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers consolidés

Au 31 mars 2007

1. Autorité et objectifs

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

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

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

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

Les présents états financiers consolidés ont été dressés conformément aux principes comptables généralement reconnus du Canada. Le CUSB a adopté la méthode de comptabilité par fonds, et a comptabilisé les apports selon la méthode de comptabilité par fonds affectés. Les apports affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel les dépenses relatives sont engagées. Les apports non affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel ils sont reçus. Les dotations, ainsi que les apports destinés à l'acquisition et au développement d'immobilisations, sont comptabilisés à titre d'augmentations directes des actifs nets.

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

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

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

Le Fonds de dotation est constitué des apports destinés par exemple aux bourses et prix pour les étudiants. Les revenus d'intérêt générés par ces ressources sont comptabilisés dans le Fonds de dotation.

Collège universitaire de Saint-Boniface Notes afférentes aux états financiers consolidés

Au 31 mars 2007

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

Immobilisations

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

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

L'amortissement est comptabilisé dans le Fonds des immobilisations.

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

Le CUSB reçoit quelquefois des dons en nature qui sont comptabilisés à leur juste valeur lorsque celle-ci peut faire l'objet d'une estimation raisonnable. Toutefois, ces dons en nature ne sont pas amortis. La valeur des dons reçus en nature au cours de l'exercice terminé le 31 mars 2007 a été d'environ 50 000 \$, et la valeur de ceux qui ont été reçus antérieurement n'a pas été jugée significative.

Inventaires

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

Placements

Les placements sont comptabilisés au moindre du coût et de la valeur au marché.

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers consolidés

Au 31 mars 2007

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

Constatation des revenus

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

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

Les apports destinés à la dotation sont comptabilisés à titre de revenus du Fonds de dotation. Quant aux revenus de placement générés par les ressources du Fonds de dotation, peu importe que celles-ci aient été affectées ou non, ils sont comptabilisés à titre de revenus du Fonds de dotation. Puisque les apports au Fonds de dotation sont destinés à l'attribution de bourses et prix aux étudiants et puisque les revenus de placement qu'il génère y sont directement reliés, le Fonds de dotation est donc considéré comme étant totalement constitué d'affectations d'origine externe et ne peut être utilisé à aucune autre fin que pour des bourses aux étudiants.

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

Fonds grevés d'affectations d'origine interne

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

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

Main-d'œuvre bénévole

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

Collège universitaire de Saint-Boniface Notes afférentes aux états financiers consolidés

Au 31 mars 2007

3. Espèces et quasi-espèces

Les espèces et quasi-espèces sont représentées par:

	2007	2006
	000 \$	000 \$
Encaisse	(44)	171
Placements à court terme *	19 722	19 612
	19 678	19 783

Le CUSB dispose d'une marge de crédit d'un montant autorisé de 1 000 000 \$ portant des intérêts au taux préférentiel plus 0,25%. Cette marge n'était pas utilisée au 31 mars 2007.

* Composé de reçus de dépôt, de bons du trésor, des coupons et d'obligations d'état.

Au 31 mars 2007, la juste valeur marchande des placements à court terme était de 19 914 517 \$ (19 627 216 \$ au 31 mars 2006).

4. Immobilisations

	2007		2006	
	Coût	Amortissement cumulé	Valeur comptable nette	Valeur comptable nette
	000 \$	000 \$	000 \$	000 \$
Immeubles et améliorations	17 384	7 342	10 042	9 567
Équipement et ameublements	4 489	2 545	1 944	2 187
Équipement informatique et logiciels	6 250	5 681	569	818
	28 123	15 568	12 555	12 572

Collège universitaire de Saint-Boniface Notes afférentes aux états financiers consolidés

Au 31 mars 2007

5. Contributions reportées

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

	<u>2007</u>	<u>2006</u>
	<u>000 \$</u>	<u>000 \$</u>
Solde, début de l'exercice	<u>596</u>	1 069
Apports reçus	1 916	1 442
Virements aux revenus	<u>(1 534)</u>	<u>(1 915)</u>
Changement net de l'exercice	<u>382</u>	<u>(473)</u>
Solde, fin de l'exercice	<u>978</u>	<u>596</u>

6. Obligation relatives aux avantages sociaux et au régime de pension des employés

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

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

7. Instruments financiers

Les instruments financiers du CUSB comprennent les espèces et quasi-espèces, les comptes à recevoir, les comptes à payer et les frais courus. À moins d'indication contraire, la direction du CUSB est d'avis qu'il n'est pas exposé à des risques d'intérêts, de change ou de crédit importants provenant de ces états financiers. Le CUSB n'a fait l'acquisition d'aucun produit financier dérivé, que ce soit à titre d'instruments de couverture des risques de change ou de taux d'intérêt ou pour gérer les positions de change.

Collège universitaire de Saint-Boniface Notes afférentes aux états financiers consolidés

Au 31 mars 2007

8. Engagements

Le CUSB est locataire de pièces d'équipement inhérentes à ses activités. Les dates d'expiration des contrats de location visés s'échelonnent sur les cinq prochains exercices financiers. Les loyers ainsi exigibles s'élèvent à moins de 125 000 \$ par année.

9. Taxes foncières

Les taxes foncières s'élevaient à 5 784 \$ (2006-2007), comparativement à 118 493 \$ (2005-2006). En 2001, le gouvernement manitobain avait annoncé l'élimination progressive, sur une période de cinq ans, des taxes foncières imputables aux universités; les subventions provinciales n'ont subi aucune réduction.

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

	Début de l'exercice	Opérations majorations	Retraits	Fin de l'exercice
	000 \$	000 \$	000 \$	000 \$
Bourses et prix	2 123	49	-	2 172
Campagne de levée de fonds/ appariement des dons	1 060	24	-	1 084
Projets stratégiques	1 291	30	-	1 321
Projets d'immobilisations importantes	1 639	38	-	1 677
Financement de transition de programmes et de services	2 349	54	-	2 403
	8 462	195	-	8 657

Selon la politique en vigueur, les fonds d'affectations d'origine interne portent l'intérêt au taux annuel de l'indice des prix à la consommation de 2,3 % (2 % en 2005-2006). Cette mesure vise à protéger les soldes contre les effets de l'inflation.

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

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

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

Collège universitaire de Saint-Boniface

Notes afférentes aux états financiers consolidés

Au 31 mars 2007

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

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

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

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

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

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

Il est important de souligner que la présentation des Fonds d'affectations d'origine interne a été modifiée par le Bureau des gouverneurs depuis l'exercice précédent dans le but de simplifier les regroupements de ces fonds. Le solde de fin de l'exercice 2005-2006 demeure le même.

11. Estimation des montants

Pour dresser les états financiers, la direction recourt à des estimations et des hypothèses qui déterminent les montants qui y sont consignés, qu'il s'agisse des montants d'actif et de passif à la date des états financiers, ou des montants des revenus et des dépenses pour l'exercice financier concerné. Il est possible que les résultats financiers réels diffèrent des montants ainsi estimés.

12. Chiffres comparatifs

Certains chiffres de l'année précédente ont été changés pour les conformer à la présentation de l'année courante.

Collège universitaire de Saint-Boniface Cédule détaillée du bilan par fonds

Au 31 mars

	Fonctionnement			2007 000 \$	2006 000 \$
	général 000 \$	Immobilisations 000 \$	Dotation 000 \$		
Actif					
Actif à court terme					
Espèces et quasi-espèces (note 3)	10 786	-	8 892	19 678	19 783
Comptes à recevoir et autres actifs	4 195	-	85	4 280	3 087
	14 981	-	8 977	23 958	22 870
Immobilisations (note 4)	-	12 555	-	12 555	12 572
Inter-fonds	97	-	(97)	-	-
	15 078	12 555	8 880	36 513	35 442
Passif et soldes de fonds					
Passif à court terme					
Comptes à payer et frais courus	3 663	-	-	3 663	3 506
Revenus reportés	523	-	-	523	677
Contributions reportées (note 5)	978	-	-	978	596
	5 164	-	-	5 164	4 779
Soldes de fonds					
Non-grevés d'affectations	1 257	-	-	1 257	1 279
Affectations d'origine interne (note 10)	8 657	-	-	8 657	8 462
Investis en immobilisations	-	12 555	-	12 555	12 572
Fonds de dotation	-	-	8 880	8 880	8 350
	9 914	12 555	8 880	31 349	30 663
	15 078	12 555	8 880	36 513	35 442

Collège universitaire de Saint-Boniface Cédule détaillée des résultats par fonds

Pour l'exercice terminé le 31 mars

	Fonctionnement			2007 000 \$	2006 000 \$
	général 000 \$	Immobilisations 000 \$	Dotation 000 \$		
Revenus					
Octrois - Provincial	10 514	302	-	10 816	10 728
- Fédéral	4 043	-	-	4 043	4 178
Droits de scolarité	3 318	-	-	3 318	3 069
Autres revenus	1 663	-	5	1 668	2 029
Intérêts	500	-	346	846	872
Dons	-	-	589	589	528
Total - Revenus	20 038	302	940	21 280	21 404
Dépenses					
Salaires et avantages sociaux	14 193	-	-	14 193	13 749
Matériel et autres	4 086	-	203	4 289	3 213
Amortissement	-	870	-	870	856
Déplacements et conférences	433	-	1	434	405
Bourses et prix	204	-	206	410	402
Services publics	398	-	-	398	492
Total - Dépenses	19 314	870	410	20 594	19 117
Excédent des revenus (dépenses)	724	(568)	530	686	2 287

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

Pour l'exercice terminé le 31 mars

	Universitaire 000 \$	École technique et professionnelle 000 \$	Éducation permanente 000 \$	Fonds administratif 000 \$	Institut Joseph- Dubuc 000 \$	Centre de recherche 000 \$	2007 000 \$	2006 000 \$
Revenus								
Octrois - Provincial	7 113	2 851	93	457	-	-	10 514	9 299
- Fédéral	619	416	201	2 429	178	200	4 043	4 178
Droits de scolarité	2 218	500	586	14	-	-	3 318	3 069
Autres revenus	231	49	454	776	98	55	1 663	1 882
Intérêts	-	-	-	500	-	-	500	530
Total - Revenus	10 181	3 816	1 334	4 176	276	255	20 038	18 958
Dépenses								
Salaires et avantages sociaux	8 411	3 027	1 026	1 517	85	127	14 193	13 662
Matériel et autres	1 592	582	218	1 385	240	69	4 086	3 177
Déplacements et conférences	163	66	71	92	23	18	433	400
Bourses et prix	9	7	-	188	-	-	204	304
Services publics	260	51	10	77	-	-	398	492
Total - Dépenses	10 435	3 733	1 325	3 259	348	214	19 314	18 035
Excédent des revenus								
(dépenses)	(254)	83	9	917	(72)	41	724	923



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Auditors' Report

To the Directors of
COMMUNITIES ECONOMIC DEVELOPMENT FUND

We have audited the statement of financial position of **COMMUNITIES ECONOMIC DEVELOPMENT FUND** as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 18, 2007

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Financial Position

March 31 **2007** **2006**

Assets

Current Assets

Cash	\$ 625,411	\$ 289,347
Trust deposits - Province of Manitoba	7,627	1,329,818
Due from the Province of Manitoba (Note 2)	2,104,903	2,028,844
Accounts receivable	106,294	64,078
Property held for resale	4,879	153,808
Prepaid expenses	13,991	7,242
	2,863,105	3,873,137

Loans receivable (Note 3) **21,393,330** 19,610,537

Capital assets (Note 4) **14,834** 17,151

\$ 24,271,269 **\$ 23,500,825**

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 1,063,168	\$ 349,568
Interest payable to the Province of Manitoba	405,198	352,821
	1,468,366	702,389

Commitments (Notes 5 and 6)

Accrued pension liability **1,765,596** 1,637,502

Advance by the Province of Manitoba (Note 7) **21,037,307** 21,160,934

\$ 24,271,269 **\$ 23,500,825**

Approved on behalf of the Board:

_____ Director

_____ Director

COMMUNITIES ECONOMIC DEVELOPMENT FUND Statement of Operations

For the year ended March 31	2007	2006
Revenue		
Loan interest		
TEAM	\$ 3,150	\$ 4,117
Business program	866,176	876,937
Fisheries program	991,478	938,066
Investment income	60,764	34,496
	<u>1,921,568</u>	<u>1,853,616</u>
Cost of Funds		
Interest paid to the Province of Manitoba		
Business program	480,213	455,950
Life insurance	73,421	73,853
Trust line of credit	105,555	75,844
Fisheries program	564,986	558,424
	<u>1,224,175</u>	<u>1,164,071</u>
Gross margin	697,393	689,545
Operating expenditures (Page 15)	<u>1,636,677</u>	<u>1,783,687</u>
	(939,284)	(1,094,142)
Other income - administration fees	<u>52,926</u>	<u>81,680</u>
Deficiency of revenue over expenditures before provision for doubtful loans	(886,358)	(1,012,462)
Provision for doubtful loans - regular operations	<u>627,803</u>	<u>501,374</u>
Deficiency of revenue over expenditures before subsidy due from the Province of Manitoba	(1,514,161)	(1,513,836)
Subsidy due from the Province of Manitoba	<u>1,514,161</u>	<u>1,513,836</u>
Excess of revenue over expenditures for the year	\$ -	\$ -

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Cash Flows

For the year ended March 31	2007	2006
Cash Flows from Operating Activities		
Deficiency before subsidy	\$ (1,514,161)	\$ (1,513,836)
Adjustments for		
Amortization of capital assets	6,703	10,476
Provision for doubtful loans	627,803	501,374
	<u>(879,655)</u>	<u>(1,001,986)</u>
Accounts receivable	(42,216)	(30,118)
Accrued interest receivable	(168,963)	72,242
Prepaid expenses	(6,749)	(1,124)
Accounts payable	713,600	(587,357)
Accrued interest payable	52,377	(158,833)
Accrued pension liability	128,094	(10,365)
	<u>(203,512)</u>	<u>(1,717,541)</u>
Cash Flows from Financing Activities		
(Increase) decrease - Due from the Province of Manitoba	(76,059)	91,378
Increase (decrease) - Advance by the Province of Manitoba	(123,627)	890,937
Subsidy - Province of Manitoba	1,514,161	1,513,836
	<u>1,314,475</u>	<u>2,496,151</u>
Cash Flows from Investing Activities		
Loans receivable, net of repayments	(3,563,826)	637,870
Purchase of capital assets	(4,385)	(5,780)
Property held for resale	148,929	37,940
Trust deposits	1,322,192	-
	<u>(2,097,090)</u>	<u>670,030</u>
Net increase (decrease) in cash and cash equivalents	(986,127)	1,448,640
Cash and cash equivalents, beginning of year	1,619,165	170,525
Cash and cash equivalents, end of year	\$ 633,038	\$ 1,619,165
Represented by		
Cash	\$ 625,411	\$ 289,347
Trust deposits - Province of Manitoba	7,627	1,329,818
	<u>\$ 633,038</u>	<u>\$ 1,619,165</u>
Supplementary Information		
Interest paid	\$ (1,097,000)	\$ (1,248,549)
Interest received	2,402,841	1,891,361

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2007

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Loans Receivable

Loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Loans considered uncollectible are written-off. Recoveries on loans previously written-off are taken into income.

Allowance for Doubtful Loans

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

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

Revenue Recognition

Interest on loans is recorded as income on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Summary of Significant Accounting Policies

March 31, 2007

Pension Expense and Obligation The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. The current pension expense consists of the employer's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent actuarial valuation as at December 31, 2004 indicated the accrued liability is in line with the obligation forecast in the report.

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

The total liability as at March 31, 2007 amounts to \$1,765,596 (2006 - \$1,637,502).

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:

Office furniture and equipment	10 - 30%
--------------------------------	----------

Financial Instruments

The Fund's financial instruments consist of cash, trust deposits, accounts receivable, loans receivable, accounts payable and amounts due to (from) the Province of Manitoba.

The financial risk is the risk to the Fund's revenues that arise from fluctuations in interest rates and degree of volatility of these rates. The Fund has established policies to manage its exposure to fluctuating interest (referred to as interest rate risk).

The Fund is exposed to credit risk that arises from the collection of loans receivable and realization of property held for resale.

All financial instruments are denominated in Canadian dollars.

The Fund does not participate in derivative financial instrument trading or foreign exchange transactions.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2007

1. Nature of the Fund

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

2. Due from the Province of Manitoba

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of \$2,104,903 (2006 - \$2,028,844) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	2007	2006
Department of Aboriginal and Northern Affairs		
Subsidy (refundable)	\$ 173,548	\$ 263,178
Order in Council pending	100,359	62,764
Pension (unfunded)	1,746,878	1,620,890
Pension (funded)	18,718	16,612
Severance accrual (unfunded)	65,400	65,400
	\$ 2,104,903	\$ 2,028,844

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2007

3. Loans Receivable

	2007	2006
Business Loan Program		
- Interest rates applied range from 4.125% to 5.5%		
Principal	\$ 12,495,516	\$ 10,736,028
Accrued interest	790,175	665,387
	13,285,691	11,401,415
Allowance for doubtful loans (Note 8)	1,739,027	1,441,646
	11,546,664	9,959,769
Fisheries Loan Program		
- Interest rates applied range from 4.125% to 5.25%		
Principal	12,042,494	11,705,019
Accrued interest	940,432	885,110
	12,982,926	12,590,129
Allowance for doubtful loans (Note 8)	3,140,168	2,949,198
	9,842,758	9,640,931
TEAM Loan Program		
Principal	3,755	38,979
Accrued interest	153	11,301
	3,908	50,280
Allowance for doubtful loans (Note 8)	-	40,443
	3,908	9,837
	\$ 21,393,330	\$ 19,610,537

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

	Gross Loan Balances	2007 Total Allowance	Gross Loan Balances	2006 Total Allowance
Business Loan Program				
Impaired	\$ 2,340,180	\$ 553,631	\$ 2,340,182	\$ 451,542
Performing	10,945,511	1,185,396	9,061,233	990,104
	13,285,691	1,739,027	11,401,415	1,441,646
Fisheries Loan Program				
Impaired	\$ 3,140,168	\$ 3,140,168	\$ 2,949,198	\$ 2,949,198
Performing	9,842,758	-	9,640,931	-
	\$ 12,982,926	\$ 3,140,168	\$ 12,590,129	\$ 2,949,198
TEAM Loan Program				
Impaired	\$ 3,908	\$ -	\$ 50,280	\$ 40,443

COMMUNITIES ECONOMIC DEVELOPMENT FUND Notes to Financial Statements

March 31, 2007

4. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 156,234	\$ 141,400	\$ 14,834	\$ 17,151

5. Loan Commitments

	2007		2006	
Undisbursed balance of approved loans	\$ 950,156	\$ 3,413,270		

6. Commitments

The Fund has committed to leases as follows:

Digital mail equipment	\$3,093 annually, expires April 2008
Postage scale and software	\$737 semi-annually, expires February 2009

7. Advance by the Province of Manitoba

	2007		2006	
Business Loan Program (Note 9)	\$ 9,906,881	\$ 10,328,418		
Fisheries Loan Program (Note 9)	11,130,426	10,832,516		
	\$ 21,037,307	\$ 21,160,934		

The Fund obtains capital for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund also has the option to draw funds on floating rates set periodically at the Royal Bank prime rate minus 3/4%. At year end, the Fund's instruments bore rates ranging from 4.10% to 5.75% with a weighted cost of capital of 4.56%.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Notes to Financial Statements

March 31, 2007

8. Allowance for Doubtful Loans

The change in the allowance is accounted for as follows:

	2007		2006	
	Specific	Non-Specific	Total	Total
Business Loan Program				
Balance, beginning of year	\$ 990,104	\$ 451,542	\$ 1,441,646	\$ 1,381,348
Provision for the year	<u>325,714</u>	<u>102,089</u>	<u>427,803</u>	<u>369,874</u>
	1,315,818	553,631	1,869,449	1,751,222
Loans written-off	<u>(130,422)</u>	<u>-</u>	<u>(130,422)</u>	<u>(309,576)</u>
Balance, end of year	<u>\$ 1,185,396</u>	<u>\$ 553,631</u>	<u>\$ 1,739,027</u>	<u>\$ 1,441,646</u>
 Fisheries Loan Program				
Balance, beginning of year			\$ 2,949,198	\$ 2,834,581
Provision for the year			<u>200,000</u>	<u>131,500</u>
			3,149,198	2,966,081
Loans written-off			<u>(9,030)</u>	<u>(16,883)</u>
Balance, end of year			<u>\$ 3,140,168</u>	<u>\$ 2,949,198</u>
 TEAM Loan Program				
Balance, beginning of year			\$ 40,443	\$ 51,996
Loans previously allowed for written-off			<u>(40,443)</u>	<u>(11,553)</u>
Balance, end of year			<u>\$ -</u>	<u>\$ 40,443</u>

The provision for fish loan losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2007 by \$555,574 (2006 - \$278,134).

	2007		2006	
Loan Loss Provision				
Per accounts			\$ 3,140,168	\$ 2,949,198
Per net present value calculation			<u>(2,584,594)</u>	<u>(2,671,064)</u>
			<u>\$ 555,574</u>	<u>\$ 278,134</u>

The commercial fishing industry is cyclical in nature and as a result, no adjustment has been made to the loan loss provision as at March 31, 2007.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2007

9. Loan Programs

Business Loan Program

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 2006". The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

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

	2007	2006
Advances, beginning of year	\$ 11,832,828	\$ 11,731,301
Loan advances	1,759,488	3,550,337
Loan advance repayments	(1,724,659)	(3,187,562)
Loan write-offs	(130,422)	(261,248)
	11,737,235	11,832,828
Unfunded allowance, beginning of year	1,504,410	1,951,448
Provision for doubtful loans	427,803	369,874
Write-offs (Order in Council approved)	(101,859)	(816,912)
	1,830,354	1,504,410
Net balance, end of year (Note 7)	\$ 9,906,881	\$ 10,328,418

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2007

9. Loan Programs (continued)

Fisheries Loan Program

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

	2007	2006
Advances, beginning of year	\$ 13,781,710	\$ 13,373,656
Loan advances	337,179	3,649,472
Loan advance repayments	169,763	(3,175,600)
Loan write-offs	(9,032)	(65,818)
	14,279,620	13,781,710
Unfunded allowance, beginning of year	2,949,194	2,883,512
Provision for doubtful loans	209,032	131,500
Write-offs (Order in Council approved)	(9,032)	(65,818)
	3,149,194	2,949,194
Net balance, end of year (Note 7)	\$ 11,130,426	\$ 10,832,516

10. Loan Act Authority

Amounts authorized for advances under "The Loan Act, 2006" are as follows:

	2007
Per Schedule A of "The Loan Act, 2006"	\$ 3,800,100
Per Schedule B of "The Loan Act, 2005"	13,199,811
Direct loans	16,999,911
Advances made during the fiscal year	7,000,000
Unused Loan Act capital available	\$ 9,999,911

11. Economic Dependence

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to Financial Statements

March 31, 2007

12. Fair Value of Financial Instruments

The carrying amounts of cash and deposits, accounts receivable, amounts due from the Province of Manitoba and accounts payable are a reasonable estimate of the fair value because of the short maturity of those instruments. The advances by the Province of Manitoba has a market rate of return (Note 7) and is a reasonable estimate of the fair value.

The carrying value of loans receivable approximate their fair value. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Schedule of Operating Expenditures

For the year ended March 31	2007	2006
Amortization of capital assets	\$ 6,703	\$ 10,476
Collection costs	67,761	149,416
Communications	48,818	49,323
Credit reports	2,255	2,809
Directors' fees and expenses	66,445	74,485
Government vehicles	43,956	44,883
Insurance	1,432	2,826
Legal costs	13,816	12,396
Office supplies and expenses	18,425	21,095
Pension	172,772	175,144
Professional fees	27,235	25,600
Rent and utilities	94,598	86,713
Salaries and benefits	974,321	1,001,298
Sundry	18,536	29,933
TEAM	23,722	31,590
Travel	55,882	65,700
	\$ 1,636,677	\$ 1,783,687



**Agriculture, Food
and Rural Initiatives
The Co-operative Loans and Loans
Guarantee Board
905G-401 York Avenue
Winnipeg MB R3C 0P8
Phone: (204) 945-8650
Fax: (204) 945-6134**

June 14,2007

The Co-operative Loans and Loans Guarantee Board

Responsibility for Financial Reporting

The accompanying Schedule of Loan Guarantee Transactions, and other financial information in the Annual Report for the year ended March 31,2007, are the responsibility of management and have been approved by the Board. This Schedule was prepared by management in accordance with the accounting policies set out in Note 2 to the Schedule. Any financial information contained elsewhere in the Annual Report conforms to the Schedule of Loan Guarantees.

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

The Auditor General advises that he has performed an independent examination of the Schedule of Loan Guarantee Transactions of the Board in accordance with Canadian generally accepted auditing standards.

Original signed by

Dqri Gingera-Beauchemin
Secretary of the Board





AUDITORS' REPORT **On the Schedule of Loan Guarantee Transactions**

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

We have audited the schedule of loan guarantee transactions of The Co-operative Loans and Loans Guarantee Board as at March 31, 2007. This financial information is the responsibility of the Board's management. Our responsibility is to express an opinion on this schedule based on our audit.

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

In our opinion, this schedule presents fairly, in all material respects, the loan guarantee transactions of the Board as at March 31, 2007 in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
June 15, 2007

The Co-operative Loans and Loans Guarantee Board

Schedule of Loan Guarantee Transactions for the year ended March 31, 2007

	Amounts Outstanding at March 31, 2006 \$	Additions \$	Cancellations \$	Amounts Outstanding at March 31, 2007 \$
Loan Guarantees: (Note 3)				
S M W Workers Co-op Ltd.	77,000		11,000	66,000
Russell Fitness Centre Co-op Inc.	8,000		8,000	
	85,000		19,000	66,000

Approved by the Board:

Original signed by

Chairperson

Original signed by

Secretary

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2007

1. Nature of Operations

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

2. Accounting Policies

- a) Loan guarantees are stated at the amount guaranteed.
- b) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of the support staff services have been estimated at \$8,210 (2006 \$1,853).
- c) In the event of a default on a loan guarantee, the Province of Manitoba is responsible for the payout of the guaranteed amount.

3. Loan Guarantees

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

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

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2007

3. Loan Guarantees (Continued)

b) Russell Fitness Centre Co-op Inc.

On October 17, 2002, the Board approved a \$20,000 loan guarantee. The Vanguard Credit Union Limited accepted the loan guarantee and signed an agreement with Russell Fitness Centre Co-op Inc. on February 11, 2003. The loan guarantee shall reduce by \$4,000 per year beginning on August 8, 2003. The Vanguard Credit Union Limited confirmed that the loan was repaid in full on April 1, 2006 and the loans guarantee was cancelled on that date.

4. Loan Act Authority

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

Authority	Outstanding Expenditure Authority
The Loan Act, 2006 (Schedule B)	
Guarantees	\$3,500,000
Less: Amounts committed by the Board	66,000
	<hr/> \$3,434,000 <hr/>



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

June 15,2007

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 31,2007 are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with the accounting policies set out in Note 2 to the financial statements. 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 Office of the Auditor General advises that he has performed an independent examination of the financial statements of the Board in accordance with Canadian generally accepted auditing standards.

Original signed by

Mona Cornock
Secretary of the Board





OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2007, the General Account statement of revenue and expenditure and retained earnings and the Commercial Fishing Account statement of revenue and expenditure and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 15, 2007

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	\$ 340,131	\$ 354,510
Account Receivable (Note 4)	564	564
Accrued Interest Receivable	3,602	3,038
Total Current Assets	<u>344,297</u>	<u>358,112</u>
Commercial Fishing Account		
Current Assets		
Cash (Note 3)	70,269	67,554
Accrued Interest Receivable	676	583
Total Current Assets	<u>70,945</u>	<u>68,137</u>
Investments (Note 5)	507	375
Total Commercial Fishing Account	<u>71,452</u>	<u>68,512</u>
Total Assets	<u>\$ 415,749</u>	<u>\$ 426,624</u>

LIABILITIES AND EQUITY

Liabilities		
Accounts Payable - General Account	\$ 2,650	\$ 2,327
Equity		
Contributed Capital - General Account	128,800	128,800
Retained Earnings - General Account	212,847	226,985
Retained Earnings - Commercial Fishing Account (Note 6)	71,452	68,512
	<u>413,099</u>	<u>424,297</u>
Total Liabilities and Equity	<u>\$ 415,749</u>	<u>\$ 426,624</u>

APPROVED BY THE BOARD:

Original signed by

Chairperson

Original signed by

Secretary

The Cooperative Promotion Board

General Account
Statement of Revenue and Expenditure and Retained Earnings
for the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Interest	\$ 14,871	\$ 10,518
Administrative expenses paid for by the Province of Manitoba (Note 2c)	<u>16,000</u>	<u>7,526</u>
Total Revenue	<u>30,871</u>	<u>18,044</u>
Expenditure		
Grants, (Schedule 1)	<u>22,570</u>	<u>16,372</u>
General and administrative		
Annual Report (Note 2c)	740	526
Board members' remuneration	1,113	435
Board members' meals and travel	1,379	28
Membership Fee	734	713
Miscellaneous	174	131
Professional Fees	2,299	1,552
Administrative expenses (Note 2c)	<u>16,000</u>	<u>7,000</u>
	<u>22,439</u>	<u>10,385</u>
Total Expenditure	<u>45,009</u>	<u>26,757</u>
Excess of Expenditure over Revenue	(14,138)	(8,713)
Retained Earnings, beginning of year	<u>226,985</u>	<u>235,698</u>
Retained Earnings, end of year	<u>\$ 212,847</u>	<u>\$ 226,985</u>

The Cooperative Promotion Board

Commercial Fishing Account

Statement of Revenue and Expenditure and Retained
Earnings
for the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Interest	\$2,808	\$1,995
Dividend	132	74
Total Revenue	<u>2,940</u>	<u>2,069</u>
Total Expenditure	<u>-</u>	<u>-</u>
Excess of Revenue over Expenditure	2,940	2,069
Retained Earnings, beginning of year	<u>68,512</u>	<u>66,443</u>
Retained Earnings, end of year	<u><u>\$71,452</u></u>	<u><u>\$68,512</u></u>

The Cooperative Promotion Board

Notes to the Financial Statements
for the year ended March 31, 2007

1. Nature and Objectives of the Board

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act, which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when the Cooperative Promotion Trust Act came into force. Agriculture, Food and Rural Initiatives administers the activities of the Board.

General Account

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

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

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. As of March 31, 2007, no activity has taken place.

2. Accounting Policies

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

b) Discounts on investments are amortized on a straight-line basis over the life of the investments.

c) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of these services have been estimated at \$16,000 (2006 \$7,526). In 2006 the Annual Report costs were recovered from the Province of Manitoba.

3. Cash

General Account

The cash balance for the General Account includes \$336,347 (2006 - \$352,050) held in a high yield savings account at Buffalo Credit Union at a fixed rate of 4.25% effective October 2, 2006. Interest is paid semi-annually on June 30 and December 31.

Commercial Fishing Account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Buffalo Credit Union at a fixed rate of 3.90% effective October 1, 2006. Interest is paid semi-annually on June 30 and December 31.

4. Accounts Receivable, General Account 2007 2006

La Caisse Populaire de Saint-Boniface Limitée	\$564	\$564
---	-------	-------

This surplus share account was closed on February 25, 2004 and the funds are to be returned to the board at a rate of 10% per year until the balance is nil.

5. Investments, Commercial Fishing Account 2007 2006

Buffalo Credit Union - Share at Cost	\$507	\$375
--------------------------------------	-------	-------

6. Retained Earnings, Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated \$41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2007 is \$71,452 (2006 - \$68,512)

7. Statement of Cash Flows

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

8. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's financial statement presentation.

The Cooperative Promotion Board

Schedule 1

Schedule of Grants for the year ended March 31, 2007

	2007	2006
	<u> </u>	<u> </u>
Canadian Community Investment Network Coop	\$ 2,500	
Co-operative Housing Federation of Canada (Manitoba Office)	600	\$ 600
Dr. J.G. Carlberg		2,500
EarthShare Agricultural Cooperative Ltd	3,468	
Eastern Manitoba Artists Co-op In		2,000
Manitoba Cooperative Association Inc	16,000	6,300
MB4Youth Advisory Council		1,872
Ryan Gibson		3,100
	<u>\$ 22,570</u>	<u>\$ 16,372</u>

THE COUNCIL ON POST-SECONDARY EDUCATION

Responsibility for Financial Statements

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

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

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

**“Original signed by
Margaret McDonald”**

Margaret McDonald, CGA
Chief Financial Officer

**“Original signed by
Sid Rogers”**

Sid Rogers
Secretary to the Council

July 13, 2007
Winnipeg, Manitoba

Auditors' Report

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

We have audited the statement of financial position of The Council on Post-Secondary Education as at March 31, 2007 and the statements of revenues and expenditures and changes in net assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Council on Post-Secondary Education as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**“Original signed by
Office of the Auditor General”**

Winnipeg, Manitoba
July 13, 2007

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Financial Position
For the year ended March 31, 2007

ASSETS	2007	2006
Current Assets:		
Cash	\$ 916,150	\$ 407,306
Accounts receivable	339,346	704,899
	<u>1,255,496</u>	<u>1,112,205</u>
Long-term receivable- Province of Manitoba (Note 3)	1,174,692	1,135,486
Capital Assets-net of accumulated amortization (Note 4)	<u>34,838</u>	<u>33,842</u>
Total Assets	<u><u>\$ 2,465,026</u></u>	<u><u>\$ 2,281,533</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable & accrued liabilities	\$ 92,213	\$ 101,246
Grants payable	927,826	676,866
	<u>1,020,039</u>	<u>778,112</u>
Long-term liabilities:		
Provision for employee severance benefits (Note 5)	107,943	105,106
Provision for employer's share of employees' pension benefits (Note 6)	1,070,551	1,031,345
	<u>1,178,494</u>	<u>1,136,451</u>
Total liabilities	<u>2,198,533</u>	<u>1,914,563</u>
Net Assets		
Investment in Capital Assets	34,838	33,842
Unrestricted Net Assets	231,655	333,128
	<u>266,493</u>	<u>366,970</u>
	<u><u>\$ 2,465,026</u></u>	<u><u>\$ 2,281,533</u></u>

THE COUNCIL ON POST- SECONDARY EDUCATION

Statement of Revenues and Expenses
For the year ended March 31, 2007

	Operating	College Expansion Initiative	2007 Total	2006 Total
Revenues:				
Province of Manitoba Grants:				
Department of Advanced Education and Literacy	\$ 417,018,422	\$30,146,194	\$ 447,164,616	\$ 426,437,600
Other	990,514	-	990,514	929,898
Interest income	22,083	-	22,083	20,889
Total Revenues	418,031,019	30,146,194	448,177,213	427,388,387
Expenses:				
Operating grants	369,972,765	-	369,972,765	347,330,235
Support programs	2,336,179	-	2,336,179	2,041,753
College Expansion Initiative grants	-	29,685,933	29,685,933	27,335,286
Post Secondary Strategic grants	1,804,250	-	1,804,250	1,795,000
Equipment & Renovations grants	6,785,992	-	6,785,992	17,123,000
Major Capital grants	12,471,850	-	12,471,850	7,733,129
Access grants	7,167,385	-	7,167,385	6,460,000
Tuition Rebate grants	13,239,288	-	13,239,288	13,163,981
Inter-Provincial Training Agreement	3,553,979	-	3,553,979	3,184,354
Administrative and other, Schedule 1	1,013,532	246,537	1,260,069	1,149,107
Total Expenses	418,345,220	29,932,470	448,277,690	427,315,845
Excess (deficiency) of Revenues over Expenses	\$ (314,201)	\$ 213,724	\$ (100,477)	\$ 72,542

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Changes in Net Assets - Post-Secondary Grants Fund
For the year ended March 31, 2007

	Investment in Capital Assets	Unrestricted Net Assets	2007 Total	2006 Total
Balance, Beginning of Year	33,842	333,128	366,970	294,428
Excess (deficiency) of Revenues over Expenses	-	(100,477)	(100,477)	72,542
Purchase of Capital Assets	18,197	(18,197)	-	-
Amortization	(17,201)	17,201	-	-
Balance, End of Year	<u>\$34,838</u>	<u>\$231,655</u>	<u>\$266,493</u>	<u>\$366,970</u>

 THE COUNCIL ON POST-SECONDARY EDUCATION

 Schedule of Administrative and Other Expenses
 For the year ended March 31, 2007

	Operating	College Expansion Initiative	2007 Total	2006 Total
Amortization	\$ 15,623	\$ 1,578	\$ 17,201	\$ 22,008
Automobile and traveling	39,750	3,241	42,991	36,040
Computer operating and lease costs	28,980	8,100	37,080	37,265
Course and membership fees	14,711	1,780	16,491	2,857
Furniture and equipment	4,163	276	4,439	3,649
Meetings-Council	7,001	-	7,001	6,447
Miscellaneous grants	4,750	-	4,750	35,291
Office rental	47,054	10,362	57,416	54,481
Postage and telephone	14,187	864	15,051	15,314
Printing and stationery supplies	20,691	230	20,921	16,122
Professional fees	22,662	-	22,662	26,383
Remuneration for Council members	41,023	-	41,023	40,709
Repairs & maintenance	25	-	25	152
Salaries and employee benefits	720,818	217,711	938,529	787,539
Subscriptions and books	3,222	-	3,222	3,827
Sundry	28,872	2,395	31,267	61,023
Total administrative & other expenses	\$ 1,013,532	\$ 246,537	\$ 1,260,069	\$ 1,149,107

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Cash Flows
For the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Cash from Operating Activities:		
Excess (Deficiency) of Revenues over Expenses	\$ (100,477)	\$ 72,542
Amortization	<u>17,201</u>	<u>22,008</u>
	(83,276)	94,550
Net Change in Non-Cash Working Capital Items:		
(Increase) Decrease in Accounts receivable	365,553	(169,181)
Increase (Decrease) in Accounts payable and accrued liabilities	(9,033)	8,382
Increase in Grants payable	<u>250,960</u>	<u>378,002</u>
	524,204	311,753
Cash Flow Provided by (Used In) Financing Activities:		
Increase in Long-term receivable – Province of Manitoba	(39,206)	12,573
Increase (Decrease) in Provision for employee severance benefits	2,837	(18,042)
Increase in Provision for employer's share of employees' pension benefits	<u>39,206</u>	<u>(12,573)</u>
	2,837	(18,042)
Cash Flows from Investing Activities:		
Purchase of Capital Assets	(18,197)	(5,399)
Increase (Decrease) in Cash for the Year	508,844	288,312
Cash, beginning of year	<u>407,306</u>	<u>118,994</u>
Cash, end of year	<u>\$ 916,150</u>	<u>\$ 407,306</u>

1. Nature of Operations

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

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

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

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

The College Expansion Initiative provides funding to increase enrollment in diploma and certificate programs at Manitoba's community colleges. For financial reporting purposes, Revenue and Expenses for the Initiative have been segregated.

2. Significant Accounting Policies

A. Basis of Accounting

The Council on Post-Secondary Education's annual financial statements are prepared in accordance with Canadian generally accepted accounting principles.

B. Grant Payments

Operating, equipment and renovations, tuition rebate, Access, and strategic initiatives grants reflect payments to Manitoba universities and community colleges for annual operations. These grants are funded on the basis of scheduled payments to meet the operating requirements of the universities and community colleges. Operating grants are also provided to private religious colleges and to the Winnipeg Technical College.

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

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

C. Revenue Recognition

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

Notes to Financial Statements
for the year ended March 31, 2007

D. Vacation and Severance Benefits

Employees of the Council are entitled to vacation and severance benefits in accordance with the terms of the collective agreement. The liability for vacation and severance benefits is recorded based on the Council's best estimates.

E. Employer's Share of Employees' Pension Benefits

Employees of the Council are pensionable under the Civil Service Superannuation Act. The Council accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial report.

F. Capital Assets

Capital Assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful life, in accordance with the Province of Manitoba guidelines, as follows:

Furniture	10 years
Leasehold Improvements	10 years
Computer Software	4 years
Machinery and Equipment	10 years
Computer Equipment	4 years

G. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

H. Financial Instruments

The Council on Post-Secondary Education's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and grants payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these instruments. The fair value of these financial instruments approximates their carrying values.

3. Long-term Receivable – Province of Manitoba

A portion of the long-term receivable from the Province of Manitoba is for severance benefits accumulated by COPSE employees to March 31, 1998. The opening severance pay liability balance as at April 1, 1998 of \$104,141 was completely offset by a long-term receivable from the Province of Manitoba. There are no terms of repayment for this receivable, and the amount will remain fixed at \$104,141.

The remaining portion of the long-term receivable from the Province of Manitoba represents the employer's share of employees' pension benefits as at March 31, 2007 of \$1,070,551 (2006 - \$1,031,345). The Province of Manitoba will pay the employer's share of employees' pension benefits as they become due.

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements
for the year ended March 31, 2007

4. Capital Assets, net of Accumulated Amortization

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Acc. Amort</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture	\$ 59,089	\$ 50,307	\$ 8,782	\$ 13,392
Leasehold Improvements	25,019	11,647	13,372	5,198
Computer Software	5,590	699	4,891	-
Machinery and Equipment	10,685	8,369	2,316	3,840
Computer Equipment	<u>24,196</u>	<u>18,719</u>	<u>5,477</u>	<u>11,412</u>
	<u>\$ 124,579</u>	<u>\$ 89,741</u>	<u>\$ 34,838</u>	<u>\$ 33,842</u>

5. Provision for Employee Severance Benefits

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 105,106	\$ 123,148
Experience gain	(167)	(28,548)
Benefits accrued	4,527	3,884
Interest accrued on benefits	6,713	6,622
Benefits Paid	<u>(8,236)</u>	<u>-</u>
Balance at end of year	<u>\$ 107,943</u>	<u>\$ 105,106</u>

An actuarial valuation of the severance obligations as at March 31, 2005 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2000 – 6.75%), 2.5% inflation (2000 – 2.75%), salary rate increases of 3.25% (2000 – 3.5%). The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2007 using a formula provided by the actuary.

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

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 1,031,345	\$ 1,043,918
Experience gain	-	(88,898)
Benefits accrued	49,475	56,701
Interest accrued on benefits	74,095	68,080
Benefits paid	<u>(84,364)</u>	<u>(48,456)</u>
Balance at end of year	<u>\$ 1,070,551</u>	<u>\$ 1,031,345</u>

An actuarial valuation of the pension obligations as at December 31, 2004 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2001 – 7.25%), 2.5% inflation (2001 – 2.75%), salary rate increases of 3.25% (2001 – 3.5%) and post retirement indexing at 2/3 of the inflation rate. The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2007 using a formula provided by the actuary.

THE COUNCIL ON POST-SECONDARY EDUCATION

Notes to Financial Statements
for the year ended March 31, 2007

7. Commitments

The Council on Post-Secondary Education has approved funding as listed below:

	<u>Approved</u>	<u>Expended</u>	<u>Outstanding Commitments</u>
Capital:			
University of Manitoba			
Chiller System – Fort Garry Campus	19,000,000	18,806,000	194,000
Chiller System – Bannatyne Campus	<u>955,000</u>	<u>946,678</u>	<u>8,322</u>
Total	<u>\$ 19,955,000</u>	<u>\$ 19,752,678</u>	<u>\$ 202,322</u>

Future funding commitments were also approved for the following new programs:

System Restructuring Envelope	218,700
Strategic Program Envelope	<u>993,400</u>
Total	<u>\$ 1,212,100</u>

8. Related Party Transactions

In addition to those related transactions disclosed elsewhere in these financial statements, the Council on Post-Secondary Education is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Council on Post-Secondary Education enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

9. Economic Dependence

The Council is economically dependent on the Province of Manitoba for its funding.

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

RESPONSIBILITY FOR FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Responsibility for Financial Statements

The management of the Crown Corporations Council is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The statements have been examined by Ernst & Young, LLP, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report necessarily involved the use of certain estimates and judgments which have been reached based on careful assessment of data available through the Council's information systems. Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Council. Management maintains an appropriate system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The Audit Committee of the Board of Directors meets periodically with officers of the Council and the Council's auditors. The auditors have free access to this Committee, to discuss the results of their audit work and their observations on the internal financial controls and the quality of financial reporting.

ORIGINAL SIGNED BY

President and Chief Executive Officer

ORIGINAL SIGNED BY

Manager, Operation Analysis

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

AUDITORS' REPORT

To the Members of
Crown Corporations Council

We have audited the balance sheet of **Crown Corporations Council** as at December 31, 2006 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,
March 2, 2007.

ORIGINAL SIGNED BY

Chartered Accountants

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

BALANCE SHEET

	December 31	
	2006	2005
	(thousands of dollars)	
ASSETS		
Current:		
Cash	\$ 439	\$ 300
Accounts receivable	<u>6</u>	<u>6</u>
	445	306
Capital assets (note 4)	6	20
	<u>\$ 451</u>	<u>\$ 326</u>

LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

Current:		
Accounts payable and accrued liabilities	\$ 91	\$ 79
Levies received in advance	109	52
Due to Manitoba Crown corporations (note 3)	<u>96</u>	<u>53</u>
	296	184
Retirement allowances and other benefits payable (notes 2(d) and 5)	<u>149</u>	<u>122</u>
	445	306
Reserve reflecting net investment in capital assets	6	20
	<u>\$ 451</u>	<u>\$ 326</u>

Approved by the Board

ORIGINAL SIGNED BY
Chairman

ORIGINAL SIGNED BY
Director

(see accompanying notes)

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	Year Ended December 31	
	2006	2005
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	\$ 694	\$ 673
Interest	<u>12</u>	<u>6</u>
	<u>706</u>	<u>679</u>
Expenses		
Salaries and benefits (notes 2(d) and 5)	501	485
Board remuneration and expenses	78	86
Rent	76	74
Professional fees	17	7
Depreciation	14	15
Automobile expense	8	8
Industry conferences	7	1
Telephone, courier and internet	7	7
Office supplies and printing	6	7
Equipment rental and maintenance	3	1
Insurance and miscellaneous	1	1
Travel	1	1
Professional development	<u>1</u>	<u>1</u>
	<u>720</u>	<u>694</u>
Excess of expenses over income	\$ (14)	\$ (15)
Reserve reflecting net investment in capital assets, beginning of year	20	35
Reserve reflecting net investment in capital assets, end of year	<u>\$ 6</u>	<u>\$ 20</u>

(see accompanying notes)

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

1. Nature of organization

The Crown Corporations Council (the “Council”) is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those principles considered particularly significant for the Council.

a) Recoveries of expenses from Crown corporations

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

b) Reserve reflecting the net investment in capital assets

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council’s capital assets.

c) Capital Assets

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

d) Retirement allowances and other employee future benefits

The Council provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendment, changes in assumptions, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The cost for the year was \$23,000 (2005 - \$22,000).

In addition, one employee is entitled to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

e) Financial instruments

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, retirement allowances and other benefits payable, and due to Manitoba Crown corporations. It is management's opinion that the Council is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The book value of the Council's financial assets and liabilities approximate their fair value.

f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual amounts could differ from those estimates.

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

3. Due to Manitoba Crown corporations

These amounts are non-interest bearing and represent a retroactive adjustment to levies based on Council's actual expenses.

4. Capital assets

These are comprised entirely of office furniture and equipment and computer equipment.

	December 31	
	2006	2005
	(in thousands of dollars)	
Cost		
Office furniture and equipment	\$ 61	\$ 61
Computer equipment	<u>46</u>	<u>46</u>
	<u>\$107</u>	<u>\$107</u>
Accumulated depreciation		
Office furniture and equipment	\$ 60	\$ 58
Computer equipment	<u>41</u>	<u>29</u>
	<u>\$101</u>	<u>\$ 87</u>
Net book value	<u>\$ 6</u>	<u>\$ 20</u>

5. Retirement allowances and enhanced pension benefits

The Council measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at December 31 of each year. The most recent actuarial valuation report was at December 31, 2004 and the next required valuation is as of December 31, 2007.

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

(a) Information about the Council's retirement allowance benefit plan is as follows:

	2006	2005
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	91	76
Current service cost	4	4
Interest cost	5	5
Experience loss on triennial adjustment	0	6
Accrued benefit obligation, December 31	100	91
Unamortized transitional amount, December 31	(15)	(20)
Accrued retirement allowance, December 31	85	71

The Council's retirement allowance expense consists of the following:

	2006	2005
	\$	\$
Current service costs	4	4
Interest cost	5	5
Experience loss on triennial adjustment	0	6
Amortization of transitional amount	5	6
Total retirement allowance expense	14	21

The significant actuarial assumptions adopted in measuring the Council's retirement allowance obligation are as follows:

	2006	2005
	%	%
Benefit costs for the year ended December 31		
Discount rate	6.50	6.50
Rate of compensation increase	4.00	4.00

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

(b) Information about the Council's enhanced pension benefit plan is as follows:

	2006	2005
	\$	\$
Accrued benefit obligation and accrued pension liability		
Balance, beginning of year	51	53
Current service cost	9	7
Interest cost	4	3
Experience gain on triennial adjustment	0	(12)
Accrued benefit obligation and accrued pension liability, December 31	64	51

The Council's enhanced pension expense (income) consists of the following:

	2006	2005
	\$	\$
Current service costs	9	7
Interest cost	4	3
Experience gain on triennial adjustment	0	(12)
Employee contributions	(2)	(3)
Total enhanced pension expense (income)	11	(5)

The significant actuarial assumptions adopted in measuring the Council's pension obligation are as follows:

	2006	2005
	%	%
Benefit costs for the year ended December 31		
Discount rate	6.50	6.50
Rate of compensation increase	4.00	4.00

2006 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

6. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2010 to annual basic rental payments of \$35,379 and annual common area and operating costs of approximately \$34,200.

The lease payments excluding annual common area and operating costs are as follows:

<u>Year</u>	<u>Base Rent</u>
2007	\$35,379
2008	\$35,379
2009	\$35,379
2010	\$11,793
	<u>\$117,930</u>

7. Statement of cash flows

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

AUDITORS' REPORT

To the Member of
Diagnostic Services of Manitoba Inc.

We have audited the statement of financial position of **Diagnostic Services of Manitoba Inc.** as at March 31, 2007 and the statements of operations, net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
May 25, 2007.

Chartered Accountants

Diagnostic Services of Manitoba Inc.
 Incorporated under the laws of Manitoba

STATEMENT OF FINANCIAL POSITION
 [dollar amounts in thousands]

As at March 31

	2007 \$	2006 \$
ASSETS		
Current		
Cash	1,572	—
Accounts receivable [note 3]	7,539	1,364
Prepays	20	16
Vacation pay recoverable from		
Manitoba Health	21	21
Regional Health Authorities of Manitoba	3,441	1,153
Total current assets	12,593	2,554
Capital assets [note 4]	13,258	2,125
Pre-retirement benefits recoverable [note 5]	6,399	1,900
	32,250	6,579
LIABILITIES AND NET ASSETS (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities [note 6]	12,298	2,277
Accrued vacation pay	3,607	1,264
Total current liabilities	15,905	3,541
Accrued pre-retirement benefits [note 10[b]]	6,491	1,916
Deferred contributions [note 7]	9,015	1,716
Total liabilities	31,411	7,173
Commitments [note 8]		
Net assets (deficiency)		
Unrestricted	839	(594)
Total net assets (deficiency)	839	(594)
	32,250	6,579

See accompanying notes

On behalf of the Board:

Original signed by

Original signed by

Director

Director



Diagnostic Services of Manitoba Inc.

STATEMENT OF OPERATIONS

[dollar amounts in thousands]

Year ended March 31

	2007	2006
	\$	\$
REVENUE		
Manitoba Health operating income	3,943	1,216
Manitoba Health operating income for prior periods	—	988
Investment Income	12	—
Recoveries from Regional Health Authorities of Manitoba	33,393	7,694
Recognition of deferred contributions <i>[note 7]</i>		
Capital - amortization	565	22
Expenses	114	—
	38,027	9,920
EXPENSES		
Direct operating <i>[note 9]</i>	36,029	9,504
Amortization of capital assets	565	13
	36,594	9,517
Excess revenue over expenses for the year	1,433	403

See accompanying notes



Diagnostic Services of Manitoba Inc.

STATEMENT OF NET ASSETS (DEFICIENCY)

[dollar amounts in thousands]

Year ended March 31

	2007			2006
	Investment in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
	<i>[note 11]</i>			
Deficiency, beginning of year	—	(594)	(594)	(997)
Excess revenue over expenses for the year	—	1,433	1,433	403
Net assets (deficiency), end of year	—	839	839	(594)

See accompanying notes



Diagnostic Services of Manitoba Inc.

STATEMENT OF CASH FLOWS

[dollar amounts in thousands]

Year ended March 31

	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Excess revenue over expenses for the year	1,433	403
Add charges (deduct credits) to operations not requiring a current cash payment		
Amortization of capital assets	565	13
Amortization of deferred contributions related to capital assets	(565)	(22)
Recognition of deferred contributions related to expenses	(114)	—
	<u>1,319</u>	<u>394</u>
Net change in non-cash working capital balances related to operations	(700)	178
Deferred contributions received – future expenses	319	121
Cash provided by operating activities	<u>938</u>	<u>693</u>
INVESTING ACTIVITIES		
Accounts payable related to capital assets	4,673	445
Acquisition of capital assets	(8,522)	(1,443)
Cash used in investing activities	<u>(3,849)</u>	<u>(998)</u>
FINANCING ACTIVITIES		
Decrease in bank indebtedness	—	(1,312)
Deferred contributions received – capital assets	4,483	1,617
Cash provided by financing activities	<u>4,483</u>	<u>305</u>
Net increase in cash during the year	<u>1,572</u>	<u>—</u>
Cash, beginning of year	—	—
Cash, end of year	<u>1,572</u>	<u>—</u>

See accompanying notes



Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

1. NATURE OF BUSINESS

Diagnostic Services of Manitoba Inc. ["DSM"] is a not-for-profit organization incorporated under the laws of Manitoba on the 20th of December 2002. The Minister of Health is the sole member of the corporation. DSM was created with the intention of providing lab services throughout the province of Manitoba, and imaging services within the rural environment. Currently the organization is in a period of transition which will culminate in the transfer of all staff and assets with respect to the operations described above to DSM.

Effective April 1, 2005, agreements were signed with 11 Regional Health authorities of Manitoba ["RHAs"] and 7 non-devolved facilities ["Facilities"]. This agreement addressed the transfer of non-union staff, management, scientists, and physicians to DSM.

Effective April 1, 2006, DSM entered into an agreement with the Winnipeg Regional Health Authority (WRHA) and 7 non-devolved facilities to transfer to DSM all unionized staff, existing lab assets and contracts of the facilities and outline the provision of services between the signators. Pursuant to the agreement, employees, contracts and assets have been transferred and costs specified in the agreement recovered from the RHAs or Facilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

[a] Basis for accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

[b] Revenue recognition

DSM follows the deferral method of accounting for contributions. Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions until that time. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

[c] Capital assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis using an annual rate of:

Computer hardware/software	20%
Furniture and equipment	10%

[d] Pre-retirement benefits

The costs of pre-retirement benefits earned by employees are charged to expense as services are rendered. The costs are actuarially determined using the projected benefit method and reflects management's best estimate of the length of service, salary increases and ages at which employees will retire.

[e] Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

[f] Financial instruments

Financial instruments include accounts receivable, vacation pay and pre-retirement benefits recoverable from Manitoba Health and the RHAs, accounts payable and accrued liabilities, and accrued vacation pay. The fair market value of these financial instruments approximates fair market value. It is management's opinion that DSM is not exposed to significant interest, currency or credit risk arising from these financial instruments.

3. ACCOUNTS RECEIVABLE

	2007	2006
	\$	\$
Due from Manitoba Health	216	65
Due from RHAs	7,097	1,283
Other	226	16
	<u>7,539</u>	<u>1,364</u>



Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

4. CAPITAL ASSETS

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Computer hardware/ software	95	27	68	59	15	44
System software in-progress	9,913	—	9,913	2,034	—	2,034
Furniture and equipment	3,837	560	3,277	54	7	47
	13,845	587	13,258	2,147	22	2,125

System software-in-progress will not be amortized until such time as it becomes available for use.

During the year, \$3,176 of capital assets were transferred to DSM from the RHAs pursuant to the agreement dated April 1, 2006. The capital assets were recorded at an amount equal to the contributing RHAs carrying amount [net book value] of the transferred assets given the RHAs are considered related parties. The assets were transferred for \$Nil cash consideration and the offsetting credit was recorded in deferred contributions [note 7].

5. PRE-RETIREMENT BENEFITS RECOVERABLE

	2007 \$	2006 \$
Pre-retirement benefits recoverable from Manitoba Health	108	108
RHAs	6,291	1,792
	6,399	1,900

Pre-retirement benefits recoverable from Manitoba Health are non-interest bearing. Payment of this receivable as required as benefits are provided is guaranteed by the Province of Manitoba.

Pre-retirement benefits recoverable from the RHAs are non-interest bearing and will be repaid as benefits are provided.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006
	\$	\$
Accounts payable and accrued liabilities	7,378	573
Due to Manitoba Health	103	16
Due to Winnipeg Regional Health Authority	4,817	1,688
	<u>12,298</u>	<u>2,277</u>

7. DEFERRED CONTRIBUTIONS

	2007	2006
	\$	\$
Deferred contributions		
Expenses	326	121
Capital	8,689	1,595
	<u>9,015</u>	<u>1,716</u>

[a] Deferred contributions, expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for DSM's operating expenses. The deferred contributions for these expenses are recognized as revenue in the statement of operations at the time the related operating expenses are incurred.

	2007	2006
	\$	\$
Deferred contributions, future expenses		
Balance, beginning of year	121	—
Deferred contributions received	319	121
Recognized in revenue	(114)	—
Balance, end of year	<u>326</u>	<u>121</u>

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

[b] Deferred contributions, capital

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

	2007	2006
	\$	\$
Balance, beginning of year	1,595	—
Debt assumed by the Province of Manitoba	3,982	704
Deferred contributions received	501	913
Deferred contributions transferred [note 4]	3,176	—
Amounts amortized to revenue	(565)	(22)
Balance, end of year	8,689	1,595

Debt that has been incorporated in deferred contributions includes \$3,982 of a committed term facility that is now held by the Province of Manitoba. This facility is available by way of prime based loans, bearing interest at prime minus 1.25%.

8. COMMITMENTS

Future aggregate minimum lease payments under the terms of the operating lease agreements for office facilities are as follows:

	\$
2008	52
2009	26
	78

In addition, pursuant to the agreement dated April 1, 2006, DSM entered into leases with the RHAs for premises totalling \$2,001 per year. These leases have no expiry dates.

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

9. DIRECT OPERATING EXPENSES

	2007	2006
	\$	\$
Salaries and benefits	32,775	8,921
Communications	1	1
Equipment	247	24
External consulting	184	166
Insurance	46	26
Lab and diagnostic supplies	10	—
Legal and audit	82	90
Meetings	21	18
Miscellaneous	7	1
Printer, paper and office supplies	34	20
Recruitment	220	62
Rent	2,107	81
Staff training and development	209	30
Telephone	9	12
Travel	77	52
	36,029	9,504

10. EMPLOYEE FUTURE BENEFITS

[a] Pension plan

Substantially all full-time and part-time employees of DSM are members of the Healthcare Employees Pension Plan ["HEPP"] or the Civil Service Superannuation Plan ["CSSP"]

HEPP is a multi-employer defined benefit pension plan. DSM accounts for pension contributions to this plan using defined contribution accounting as DSM does not have sufficient information to apply defined benefit plan accounting. Employer contributions made to the plan during the year by DSM and expensed amounted to \$1,452 [2006 - \$321]. The most recent actuarial value of the plan as at January 1, 2007 indicates the plan is fully funded.

DSM is considered a "non-matching employer" in the CSSP under the Civil Service Superannuation Act. Employers with this status are not required to make contributions towards the pension benefits.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

[b] Accrued pre-retirement benefits

DSM has a commitment to provide pre-retirement leave benefits for employees that meet certain eligibility criteria. If eligibility criteria are met, pre-retirement leave of four days per year of service are earned and paid out in a lump sum at retirement or at any time due to permanent disability. The earned amounts, at the option of the employee, may also be taken as a continuation of salary, bridging their leave date to their retirement date.

DSM measures its accrued obligation for the pre-retirement benefits as at March 31 of each year. The most recent actuarial valuation report was at March 31, 2007.

During the year, DSM transferred employees from the RHAs pursuant to the agreement dated April 1, 2006. The pre-retirement liability of \$4,626 for transferred employees was recorded in the period with an offsetting receivable from the RHAs.

During the current year, the pre-retirement obligation incurred (recovered) amounted to \$(51) [2006 - \$75] and has been recorded as an expense (recovery) of the period [included in salaries and benefits].

The significant actuarial assumptions adopted in measuring DSM's pre-retirement benefit obligation are as follows:

	2007 %	2006 %
For the year ended March 31		
Discount rate	4.85	5.00
Rate of base compensation increase	3.00	3.00

11. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2007 \$	2006 \$
Capital assets, net of amortization	13,258	2,125
Financed by		
Accounts payable	(4,569)	(530)
Deferred contributions	(8,689)	(1,595)
	—	—

Diagnostic Services of Manitoba Inc.

NOTES TO FINANCIAL STATEMENTS

[dollar amounts in thousands]

March 31, 2007

12. RELATED PARTY TRANSACTIONS

DSM had transactions and balances with the following related parties during the year:

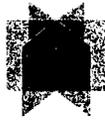
<u>Entity</u>	<u>Relationship</u>
Manitoba Health	Controlling entity
RHAs	Entities under common control

Related party transactions are recorded at the exchange amount and are in the normal course of operations. In addition to those disclosed elsewhere in these financial statements, DSM had the following transactions with Manitoba Health and the RHAs:

	<u>2007</u>	<u>2006</u>
	\$	\$
Salaries and benefits	30,624	7,596
Equipment	211	4
External consulting	78	14
Insurance	31	—
Lab and diagnostic supplies	10	—
Legal and audit	2	—
Printing, paper and office supplies	8	2
Recruitment	161	60
Rent	2,002	—
Staff training and development	164	1
Telephone	1	—
Travel	43	29

13. ECONOMIC DEPENDENCE

During the year, DSM received all of its revenue from Manitoba Health directly or indirectly through the RHAs and is economically dependant on Manitoba Health for continued operations.



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2007 and the statements of revenue, expenditure and funds retained, project revenue and expenditures and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 10, 2007

Economic Innovation and Technology Council

Balance Sheet

Exhibit A

As at March 31

2007

2006

Assets

Current

Petty cash	\$		\$	400
Funds on deposit				
Minister of Finance				
Cash		11,110		32,783
Accounts receivable				
Province of Manitoba		4,109		3,376
Other		37,429		7,705
Prepaid expenses		<u>893</u>		<u>7,289</u>
		53,541		51,553
Investment in Manitoba Technology Centre Ltd. (Note 3)		<u>1</u>		<u>1</u>
	\$	<u>53,542</u>	\$	<u>51,554</u>

Liabilities

Current

Accounts payable and accrued liabilities				
Province of Manitoba	\$	13,535	\$	9,375
Other		4,908		
Unearned project receipts		<u>12,501</u>		<u>10,379</u>
		30,944		19,754

Equity

Funds retained (Exhibit B)		<u>22,598</u>		<u>31,800</u>
	\$	<u>53,542</u>	\$	<u>51,554</u>

Economic Innovation and Technology Council Exhibit B
Statements of Revenue, Expenditure and Funds Retained

Year Ended March 31 2007 2006

Revenue		
Government of Canada, program grant	\$ 85,838	\$ 46,213
Sundry	<u> </u>	<u>6,716</u>
	<u>85,838</u>	<u>52,929</u>
Expenditure		
Operating expenses (Schedule 1)	<u>95,040</u>	<u>130,095</u>
Deficiency of revenue over expenditure	<u>\$ 9,202</u>	<u>\$ 77,166</u>
<hr/>		
Funds retained, beginning of year	\$ 31,800	\$ 108,966
Deficiency of revenue over expenditure	<u>9,202</u>	<u>77,166</u>
Funds retained, end of year (Exhibit A)	<u>\$ 22,598</u>	<u>\$ 31,800</u>

Economic Innovation and Technology Council Statement of Project Revenue and Expenditures

Exhibit C

Year Ended March 31

2007

2006

Receipts (by Program/Project)

Life Science Initiatives

Contribution from Province of Manitoba (Note 4)	\$ 7,500	\$ 42,859
Program sponsors	570	3,421

Knowledge Based Initiatives

Contribution from Province of Manitoba	85,950	
Program sponsors	5,500	

Energy and Climate Change Initiatives

Contribution from Government of Canada	20,092	35,000
Contribution from Province of Manitoba (Note 4)	239,771	201,056
Program sponsors	24,632	90,562

Science and Technology Initiatives

Contribution from Province of Manitoba (Note 4)	72,413	32,625
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Targeted Geoscience Initiatives

Contribution from Government of Canada	<u>9,809</u>	<u>83,304</u>
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	<u>466,237</u>	<u>488,827</u>
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Expenditure (by Program/Project)

Life Science Initiatives	8,070	46,280
Knowledge Based Initiatives	91,450	
Energy and Climate Change Initiatives	284,495	326,618
Science and Technology Initiatives	72,413	32,625
Targeted Geoscience Initiatives	<u>9,809</u>	<u>83,304</u>

	<u>466,237</u>	<u>488,827</u>
--	----------------	----------------

Excess of revenue over expenditures retained

\$ -	\$ -
------	------

Economic Innovation and Technology Council

Statement of Cash Flows

Exhibit D

Year Ended March 31

2007

2006

Increase (decrease) in cash and funds on deposit

Operating		
Deficiency of Council operations revenue over expenditure (Exhibit B)	\$ (9,202)	\$ (77,166)
Net changes in non-cash working capital balances		
Accounts receivable	(30,457)	114,185
Prepaid expenses	6,396	(6,521)
Accounts payable and accrued liabilities	9,068	(3,282)
Unearned project revenues	<u>2,122</u>	<u>(177,286)</u>
Net decrease in cash	(22,073)	(150,070)
Cash and funds on deposit, beginning of year	<u>33,183</u>	<u>183,253</u>
Cash and funds on deposit, end of year	<u>\$ 11,110</u>	<u>\$ 33,183</u>
Represented by:		
Cash	\$	\$ 400
Funds on deposit Minister of Finance Cash	<u>11,110</u>	<u>32,783</u>
	<u>\$ 11,110</u>	<u>\$ 33,183</u>

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2007

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

a) Basis of reporting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

b) Cash and funds on deposit

Cash and funds on deposit include cash on hand, balances with the Minister of Finance and short-term deposits with original maturities of three months or less.

c) Use of estimates

In preparing the Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

d) Revenue recognition

Revenue is recognized as program expenditures are incurred.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2007

3. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of \$25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of \$875,000, and 1 Class B Special Preferred Share with a paid-up capital value of \$1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of \$75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

Class A Special Preferred Shares

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of \$875,000 divided by 1,500,000 or \$.5833 per share. As part of the Unanimous Shareholders Agreement, ETL was committed to contributing \$1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 2002.

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at \$1.00 per share.

Effective May 31, 2002, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;
2. MTC continues to occupy premises owned by the Province of Manitoba; and
3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of \$25 for \$434,200.

A gain of \$434,175 resulting from this redemption was recorded.

Economic Innovation and Technology Council

Notes to the Financial Statements

March 31, 2007

4. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

5. Pension plan

In accordance with the provisions of The Civil Service Superannuation Act, employees of EITC are required to contribute to the Civil Service Superannuation Fund at prescribed rates for defined benefits. EITC is required to make contributions equal to the amounts contributed to the Fund by employees. Under this Act, EITC has no further pension liability.

6. Financial instruments

The Council's financial instruments consist of cash, funds on deposit, accounts receivable, investment in Manitoba Technology Centre, accounts payable and accrued liabilities and unearned project receipts. It is management's opinion that the Council is not exposed to significant credit or interest rate risk. The fair value of these financial instruments approximates their carrying values.

Economic Innovation and Technology Council Schedule of Expenses

Schedule 1

Year Ended March 31

2007

2006

Advertising and promotion	\$	\$	15,000
National Research Council - Industrial Research Assistance Program	85,838	46,217	
Council activities	4,000	24,700	
Printing and stationery	200	160	
Professional fees	5,520	5,350	
Purchased services		14,172	
Rental and property tax	36	4,496	
Travel	<u>(554)</u>	<u>20,000</u>	
	<u>\$ 95,040</u>	<u>\$ 130,095</u>	



THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

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

We have audited the statement of financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2007 and the statements of net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
June 4, 2007

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Statement of Financial Position

March 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash	\$ 1,157,356	\$ 863,213
Accounts receivable	1,086,883	526,978
Prepaid expenses	15,347	9,488
	2,259,586	1,399,679
EQUIPMENT <i>(Note 2, 3)</i>	48,722	37,757
	\$ 2,308,308	\$ 1,437,436
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,152,526	\$ 468,176
NET ASSETS		
Unrestricted	35,247	42,865
Internally restricted <i>(Note 4)</i>	470,565	285,248
Externally restricted <i>(Note 5)</i>	601,248	603,390
Invested in equipment	48,722	37,757
	1,155,782	969,260
	\$ 2,308,308	\$ 1,437,436

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Statement of Net Assets

Year Ended March 31, 2007

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Equipment	2007	2006
NET ASSETS - BEGINNING OF YEAR	\$ 42,865	\$ 285,248	\$ 603,390	\$ 37,757	\$ 969,260	\$ 938,028
Excess of revenue over expenses	208,610	-	-	(22,088)	186,522	31,232
Interfund transfers	(183,175)	185,317	(2,142)	-	-	-
Purchase of assets	(33,053)	-	-	33,053	-	-
NET ASSETS - END OF YEAR	\$ 35,247	\$ 470,565	\$ 601,248	\$ 48,722	\$ 1,155,782	\$ 969,260

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Statement of Revenue and Expenses

Year Ended March 31, 2007

	2007	2006
REVENUE		
Province of Manitoba - Authority Funding	\$ 9,612,433	\$ 6,562,535
Interest	50,010	18,385
	<u>9,662,443</u>	<u>6,580,920</u>
EXPENSES		
Annual General Meeting	8,907	4,558
Audit	3,605	3,030
Bank and service fees	507	432
Board expenses	1,374	833
Board honorarium	1,200	-
Communications	8,620	8,335
Insurance	12,408	8,794
Memberships and subscriptions	2,211	3,725
Miscellaneous	20,580	2,435
Office supplies	5,898	4,669
Payments to agencies	8,505,456	5,634,053
Payments to authorities	113,850	148,300
Payroll processing	1,186	1,085
Postage and courier	974	880
Printing and stationery	2,237	1,082
Professional fees	84,833	-
Rent	35,756	34,454
Salaries and benefits	512,992	507,362
Staff development	3,108	3,647
Strategic planning	15,671	-
Transition	2,142	67,976
Travel	110,318	89,820
	<u>9,453,833</u>	<u>6,525,470</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER EXPENSES	208,610	55,450
OTHER EXPENSES		
Amortization	(22,088)	(24,218)
EXCESS OF REVENUE OVER EXPENSES	\$ 186,522	\$ 31,232

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

**Statement of Cash Flows
Year Ended March 31, 2007**

	2007	2006
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 186,522	\$ 31,232
Item not affecting cash:		
Amortization	<u>22,088</u>	24,218
	<u>208,610</u>	55,450
Changes in non-cash working capital:		
Accounts receivable	(559,905)	(442,717)
Prepaid expenses and deposits	(5,859)	(776)
Accounts payable and accrued liabilities	<u>684,350</u>	222,211
	<u>118,586</u>	(221,282)
Cash flow from (used by) operating activities	<u>327,196</u>	(165,832)
INVESTING ACTIVITY		
Purchase of equipment	<u>(33,053)</u>	(7,756)
Cash flow used by investing activity	<u>(33,053)</u>	(7,756)
INCREASE (DECREASE) IN CASH FLOW	294,143	(173,588)
CASH - BEGINNING OF YEAR	<u>863,213</u>	1,036,801
CASH - END OF YEAR	<u>\$ 1,157,356</u>	\$ 863,213
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 50,010</u>	\$ 18,385

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2007

1. DESCRIPTION OF OPERATIONS

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

The mandate of the Northern Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First Nation, people who identify with those northern First Nations and others as determined in accordance with protocols established in the regulations which form part of the Child and Family Services Authority Act. The Northern Authority is exempt from income taxes under Section 149(1)(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 Authorities Act came into force upon proclamation. Proclamation occurred on November 30, 2003. All assets and liabilities of 4601149 Manitoba Association Inc. as of November 30, 2003 were transferred to the First Nations of Northern Manitoba Child and Family Services Authority on December 1, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. 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:

Equipment

Equipment is initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	3 years
Computer software	5 years
Equipment	5 years
Furniture and fixtures	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

Revenue recognition

Authority funding from the Province of Manitoba is recognized when earned.

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2007

3. EQUIPMENT

	Cost	Accumulated amortization	2007 Net book value	2006 Net book value
Computer equipment	\$ 52,099	\$ 42,407	\$ 9,692	\$ 8,458
Computer software	10,214	4,631	5,583	4,315
Equipment	49,619	23,539	26,080	9,042
Furniture and fixtures	19,764	12,397	7,367	15,942
	\$ 131,696	\$ 82,974	\$ 48,722	\$ 37,757

During the year ended March 31, the Authority incurred the following capital expenditures:

	2007	2006
Computer equipment	\$ 9,751	\$ 3,134
Computer software	3,008	3,592
Furniture	18,223	540
Equipment	2,071	490
	\$ 33,053	\$ 7,756

4. INTERNALLY RESTRICTED ASSETS

The Board approved the following internal restrictions:

	2007	2006
Legal Counsel	\$ 88,000	\$ 88,500
Education and Training	94,152	137,800
Copier Replacement	6,722	4,174
Furniture / Equipment Replacement	6,722	4,174
Transitional Expenses to Northern Location	50,600	50,600
Winnipeg projects	24,369	-
Communication strategy	100,000	-
Research and development	100,000	-
	\$ 470,565	\$ 285,248

5. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets represents the unspent portion of Transition Grant Funding received from the Province of Manitoba. The grant is to be used for the Aboriginal Justice Inquiry - Child Welfare Initiative one-time transition activities connected to the establishment of the Northern Authority and to assist Family Service Agencies in extending their operations and have the ability to accept the scheduled transfer of cases.

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
AUTHORITY**

Notes to Financial Statements

Year Ended March 31, 2007

6. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to employees, officers and directors in an amount exceeding \$50,000. For the year ended March 31, 2007, the following officers, directors or employees received compensation at reportable levels:

		<u>2007 Salary Range</u>
Rose McKay	Chief Executive Officer	\$84,011 to \$93,965
Kaye Dunlop	Legal Counsel	\$70,000 to \$70,000
Cheryl Freeman	Chief Financial Officer	\$60,463 to \$82,449
Sherry Gott	Senior Manager	\$51,847 to \$60,285

7. ECONOMIC DEPENDENCE

First Nations of Northern Manitoba Child and Family Services Authority is solely dependent on the Province of Manitoba for revenue to fund its operations.

8. FINANCIAL INSTRUMENTS

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

9. COMPARATIVE FIGURES

The prior year comparative figures have been reclassified to conform to the current year's presentation.

To the Board of Directors of First Nations of Southern Manitoba Child and Family Services Authority:

We have audited the statement of financial position of First Nations of Southern Manitoba Child and Family Services Authority as at March 31, 2007 and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

July 26, 2007

Meyers Norris Penny LLP

Chartered Accountants

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

As at March 31, 2007

	Operating Fund	Capital Fund	Repatriation Fund	Total 2007	Total 2006
Assets					
Current					
Cash and short-term deposits <i>(Note 3)</i>	1,067,556	-	-	1,067,556	521,696
Accounts receivable	2,075,830	-	-	2,075,830	1,940,968
Prepaid expenses and deposits	3,978	-	-	3,978	3,978
	3,147,364	-	-	3,147,364	2,466,642
Capital Assets <i>(Note 4)</i>	-	366,348	-	366,348	218,941
Due from Animikii-Ozoon CFS <i>(Note 5)</i>	406,890	-	-	406,890	406,890
Due from ANCR <i>(Note 5)</i>	538,400	-	-	538,400	-
Due from DOCFS <i>(Note 5)</i>	393,510	-	-	393,510	-
Interfund advances	-	-	241,240	241,240	340,953
	4,486,164	366,348	241,240	5,093,752	3,432,976
Liabilities					
Current					
Accounts payable and accruals	1,330,302	-	-	1,330,302	870,143
Deferred revenue <i>(Note 6)</i>	1,326,881	-	-	1,326,881	1,125,833
	2,657,183	-	-	2,657,183	1,995,976
Deferred revenue <i>(Note 6)</i>	80,916	-	-	80,916	80,916
Due to Province of Manitoba <i>(Note 5)</i>	1,338,800	-	-	1,338,800	406,890
Interfund advances	241,240	-	-	241,240	340,953
	4,318,139	-	-	4,318,139	2,824,735
Net Assets					
Unrestricted	168,025	-	-	168,025	50,992
Invested in Capital Assets	-	366,348	-	366,348	218,491
Restricted	-	-	241,240	241,240	338,758
	168,025	366,348	241,240	775,613	608,241
	4,486,164	366,348	241,240	5,093,752	3,432,976

Approved on behalf of the board

Original signed by

Director

Original signed by

Director

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Revenues and Expenses

For the year ended March 31, 2007

			2007	2006
			Excess	Excess
			(Deficiency)	(Deficiency)
			of Revenues	of Revenues
			over	over
	Revenues	Other Revenues	Expenses	Expenses
Operating Fund (Schedule 1)	21,928,944	116,453	(21,702,911)	(68,085)
Capital Fund (Schedule 2)	-	-	(92,500)	(63,745)
Repatriation Program (Schedule 3)	-	-	(82,614)	5,995
Repatriation: Aboriginal Healing Foundation (Schedule 4)	-	-	-	12,548
	<u>21,928,944</u>	<u>116,453</u>	<u>(21,878,025)</u>	<u>(113,287)</u>

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2007

1. Incorporation and operations

The Authority was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 except section 20; the Act came into force by proclamation on November 24, 2003.

Operations

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Southern First Nations people who are members of the Southern First Nations and other persons who are identified with those Southern First Nations. In partnership with the Province of Manitoba, the Authority is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of First Nations and Métis people in Manitoba.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	30 %
Furniture and fixtures	20 %

In the year of acquisition, amortization is taken at one-half of the above rates.

Revenue recognition

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

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of Capital Assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2007

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Four funds are maintained; Operating Fund, Capital Fund, Repatriation Fund and Repatriation: Aboriginal Healing Foundation Fund.

The Operating Fund is used to account for all revenue and expenses related to general and ancillary operations of the Authority.

The Capital Fund is used to account for all capital assets of the Authority and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Repatriation Fund and Repatriation: Aboriginal Healing Foundation Fund are restricted funds used to account for monies for their specific purposes.

Long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Authority performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in earnings for the year.

Recent accounting pronouncements

Financial instruments

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. The Authority expects to apply these new recommendations for its financial statements dated March 31, 2008. Transitional provisions are complex and vary based on the type of financial instruments under consideration. Therefore, the Authority has not yet determined the effect of these new standards on its financial statements.

3. Cash and short-term deposits

Included in cash and short-term deposits is a \$250,000 guaranteed investment certificate bearing interest at 3.75% due February 2008.

First Nations of Southern Manitoba Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2007

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2007 Net Book Value</i>	<i>2006 Net book value</i>
Computer equipment	447,726	214,174	233,552	188,713
Furniture and fixtures	166,694	33,896	132,798	29,778
	614,420	248,070	366,350	218,491

5. Due from Agencies/Due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of \$1,338,800, which in turn was advanced by the Authority to the Animikii-Ozozon CFS, Child and Family All Nations Coordinated Response Network (ANCR) and Dakota Ojibway Child and Family Services (DOCFS). The advances are repayable by the Authority if the Authority's operations cease. The amounts due from Animikii-Ozozon CFS, ANCR and DOCFS have no fixed terms of repayment and are non-interest bearing.

6. Deferred revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenses are expected to be incurred.

7. Income taxes payable

The Authority is registered as a non-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

First Nations of Southern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2007

8. Commitments

The Authority has entered into various lease agreements with estimated minimum annual payments as follows:

2008	104,000
2009	60,000
2010	60,000
2011	60,000

The Authority occupies two leased premises subject to minimum monthly rent payments of \$3,978 until November 30, 2008 and \$4,974 until January 30, 2011.

9. Economic dependence

The Authority's primary source of revenue 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.

10. Statement of cash flows

A statement of cash flows has not been prepared as the source and use of cash is readily apparent from the financial statements.

11. Financial instruments

The Authority as part of its operations carries a number of financial instruments. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The carrying amount of term deposits, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 1 - Statement of Operations and Net Assets – Operating Fund

For the year ended March 31, 2007

	2007	2006
Revenues		
Province of Manitoba – Department of Family Services and Housing Division	21,811,585	12,486,683
First Nations of Northern Manitoba Child and Family Services Authority	113,850	94,367
Centre for Aboriginal Human Resource Development (CAHRD)	2,509	23,231
Other	1,000	1,096
	21,928,944	12,605,377
Expenses		
Personnel		
Recruitment	1,050	294
Salaries, wages and benefits	748,214	571,055
Salaries, wages and benefits – CAHRD	2,509	23,231
Training and education	11,872	1,534
Travel	24,891	17,548
	788,536	613,662
Office Operations		
Interest and bank charges	461	97
Information technology	133,355	88,373
Supplies	18,847	12,385
Telephone, fax and internet	22,651	17,042
	175,314	117,897
Office and Building		
Insurance	15,711	13,517
Rent	90,142	62,245
	105,853	75,762
Other		
Agency central support	19,823,311	11,021,558
Agency family support innovations fund	213,000	-
Agency allowance	-	287,219
Annual meeting	5,204	5,626
Board expenses	18,831	11,153
Common table costs	473,893	253,649
Professional fees	9,422	9,248
Process costs	35,475	12,019
Public relations	629	1,880
	20,579,765	11,602,352

Continued on next page

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 1 - Statement of Operations and Net Assets – Operating Fund
or the year ended March 31, 2007

Continued from previous page

	<i>2007</i>	<i>2006</i>
Transition		
Agency site development	30,131	257,913
Board setup	-	1,498
Communication	250	433
Information technology	-	1,523
Furniture, equipment and supplies	23,062	2,796
Service system development	-	19,057
Transfer table costs	-	13,146
	53,443	296,366
Other Income		
Interest	100,180	15,230
Goods and Service Tax	6,273	7,350
Rental	10,000	10,000
	116,453	32,580
Excess (deficiency) of revenues over expenses	342,486	(68,085)
Net assets, beginning of year	50,992	203,645
Inter-fund transfers	(225,453)	(84,568)
Net assets, end of year	168,025	50,992

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 2 –Statement of Operations and Net Assets – Capital Fund
For the year ended March 31, 2007

	<i>2007</i>	<i>2006</i>
Expenses		
Amortization	92,500	63,745
Deficiency of revenues over expenses	(92,500)	(63,745)
Net assets, beginning of year	218,491	168,364
Inter-fund transfers	240,357	113,872
Net assets, end of year	366,348	218,491

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 3 - Schedule of Operations and Net Assets - Repatriation Program
For the year ended March 31, 2007

	<i>2007</i>	<i>2006</i>
<hr/>		
Revenue		
Province of Manitoba – Department of Family Services and Housing	-	35,000
<hr/>		
Expenses		
Education and training	500	-
Office	25	-
Salaries, wages and benefits	81,016	29,005
Travel and entertainment	1,073	-
<hr/>		
Excess (deficiency) of revenues over expenses	(82,614)	5,995
Net assets, beginning of year	338,758	349,519
Inter-fund transfers	(14,904)	(16,756)
<hr/>		
Net assets, end of year	241,240	338,758
<hr/>		

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 4 – Statement of Operations and Net Assets – Repatriation: Aboriginal Healing Foundation
For the year ended March 31, 2007

	2007	2006
Revenues		
Aboriginal Healing Foundation	-	45,200
Other	-	1,353
	-	46,553
Expenses		
Conferences, meetings and workshops	-	-
Education and training	-	-
Office administration	-	-
Salaries, wages and benefits	-	32,722
Travel and entertainment	-	1,283
Allocation adjustment from West Region Child and Family Services	-	-
	-	34,005
Excess of revenues over expenses	-	12,548
Net assets, beginning of year	-	-
Inter-fund transfers	-	(12,548)
Net assets, end of year	-	-

AUDITORS' REPORT

To the Board of Directors of
The General Child and Family Services Authority

We have audited the statement of financial position of the General Child and Family Services Authority as at March 31, 2007 and the statements of revenues and expenses, fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

May 14, 2007

CHARTERED ACCOUNTANTS

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2007

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	TOTAL 2007	TOTAL 2006
ASSETS					
CURRENT ASSETS					
Cash	\$ 103,525	\$ -	\$ -	\$ 103,525	\$ 165,677
Accounts receivable	145,844	-	34,800	180,644	342,167
Prepaid expenses	4,007	-	-	4,007	3,350
Interfund balances	(54,510)	54,510	-	-	-
	<u>198,866</u>	<u>54,510</u>	<u>34,800</u>	<u>288,176</u>	<u>511,194</u>
CAPITAL ASSETS (Note 3)	-	48,871	-	48,871	45,214
	<u>\$ 198,866</u>	<u>\$ 103,381</u>	<u>\$ 34,800</u>	<u>\$ 337,047</u>	<u>\$ 556,408</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 9,734	\$ -	\$ 34,800	\$ 44,534	\$ 306,034
Deferred contributions (Note 4)	50,000	54,510	-	104,510	162,804
	<u>59,734</u>	<u>54,510</u>	<u>34,800</u>	<u>149,044</u>	<u>468,838</u>
DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS (Note 4)	-	48,871	-	48,871	45,214
FUND BALANCES	<u>139,132</u>	<u>-</u>	<u>-</u>	<u>139,132</u>	<u>42,356</u>
	<u>\$ 198,866</u>	<u>\$ 103,381</u>	<u>\$ 34,800</u>	<u>\$ 337,047</u>	<u>\$ 556,408</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2007

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2007	2006
REVENUE					
Province of Manitoba					
Operating grant	\$ 643,117	\$ -	\$ -	\$ 643,117	\$ 558,500
Transition grant (Note 4(ii))	-	24,516	-	24,516	53,938
Transition grant relating to capital assets (Note 4(iii))	-	14,744	-	14,744	12,904
Agency grants (Note 5)	-	-	6,366,100	6,366,100	6,014,972
Miscellaneous grants	120,614	-	-	120,614	10,045
Interest and other	696	1,297	-	1,993	1,777
	764,427	40,557	6,366,100	7,171,084	6,652,136
EXPENSES					
Agency allocations (Note 5)	-	-	6,366,100	6,366,100	6,014,972
Amortization	-	14,744	-	14,744	12,904
Board expenses and meetings	6,282	-	-	6,282	11,338
Insurance	2,970	-	-	2,970	2,920
Interest and bank charges	371	-	-	371	363
Miscellaneous grant expenses	116,432	-	-	116,432	10,045
Office and miscellaneous	15,419	2,685	-	18,104	37,278
Professional services	41,403	23,128	-	64,531	83,360
Rent	34,709	-	-	34,709	30,937
Resource transfer table meeting expenses	-	-	-	-	24
Telephone	8,613	-	-	8,613	6,268
Training	1,249	-	-	1,249	1,208
Travel	6,973	-	-	6,973	2,697
Wages and benefits	433,230	-	-	433,230	418,253
	667,651	40,557	6,366,100	7,074,308	6,632,567
EXCESS OF REVENUE OVER EXPENSES	\$ 96,776	\$ -	\$ -	\$ 96,776	\$ 19,569

**GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2007**

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2007	2006
Balance, beginning of year	\$ 42,356	\$ -	\$ -	\$ 42,356	\$ 22,787
Excess of revenue over expenses	96,776	-	-	96,776	19,569
Balance, end of year	\$ 139,132	\$ -	\$ -	\$ 139,132	\$ 42,356

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 96,776	\$ 19,569
Amortization	14,744	12,904
Recognition of deferred contributions	(39,892)	(53,938)
Amortization of deferred contributions relating to capital assets	(14,744)	(12,904)
	56,884	(34,369)
Changes in the following		
Accounts receivable	161,523	(126,555)
Prepaid expenses	(657)	-
Accounts payable and accrued liabilities	(261,503)	52,222
	(43,753)	(108,702)
INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	(18,399)	-
Receipt of deferred contributions	-	65,376
	(18,399)	65,376
CHANGE IN CASH	(62,152)	(43,326)
CASH, beginning of year	165,677	209,003
CASH, end of year	\$ 103,525	\$ 165,677

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

1. ORGANIZATION

The General Child and Family Services Authority (the "Authority") was established November 24, 2003 under The Child and Family Services Authorities Act. The Authority is a non-profit organization responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, Churchill Child and Family Services, Winnipeg Child and Family Services Branch and Rural and Northern Services Branch (Interlake, Eastman, Parkland, Northern).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

(a) Fund accounting

The Authority records its activities in the following funds:

(i) Operating fund

This fund accounts for the activity relating to the principal activity of the Authority (Note 1).

(ii) Transition fund

The Province of Manitoba has provided one-time transition funding in support of the restructuring of the child and family services system, as initiated under the Aboriginal Justice Inquiry - Child Welfare Initiative. Funding is to be used to support the resource transfer process and the development of the corporate infrastructure of the Authority and mandated child and family services agencies under the jurisdiction of the Authority. The resource transfer process involves the transfer of cases from agencies under the jurisdiction of the Authority to the Metis Child and Family Services Authority, Northern First Nations Child and Family Services Authority, and First Nations of Southern Manitoba Child and Family Services Authority. All contributions to this fund are externally restricted for this purpose.

(iii) Agency fund

The Province of Manitoba provides the Authority with grant payments for the private mandated child and family services agencies under its jurisdiction. As set out in Section 19 of The Child and Family Services Authorities Act, the Authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the Authority (excluding child maintenance), while government offices receive funding directly from government based on the approval of allocations by the Authority. All contributions to this fund are externally restricted for this purpose.

(b) Revenue recognition

The Authority follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the applicable fund when received or receivable.

Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives based on the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer software	3 years	Straight line
Furniture and fixtures	5 years	Straight line
Leaseholds	5 years	Straight line

(d) Income taxes

The Authority is a non-profit entity and is exempt from income taxes.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(f) Financial instruments

It is management's opinion that the carrying value of the Authority's financial instruments approximates their fair value and that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2007</u>	<u>2006</u>
Computer software	\$ 1,400	\$ 1,322	\$ 78	\$ 544
Furniture and fixtures	22,557	6,674	15,883	8,561
Leaseholds	58,027	25,117	32,910	36,109
	\$ 81,984	\$ 33,113	\$ 48,871	\$ 45,214

4. DEFERRED CONTRIBUTIONS

Deferred contributions in the operating fund relate to a \$50,000 grant from the Province of Manitoba for the Joint Education & Training Initiative. The balance continuities are as follows:

(i) Deferred contributions

	<u>2007</u>	<u>2006</u>
Beginning balance	\$ 65,376	\$ -
Add contributions		
Province of Manitoba	-	65,376
	65,376	65,376
Less amounts amortized to revenue	15,376	-
Ending balance	\$ 50,000	\$ 65,376

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

4. DEFERRED CONTRIBUTIONS (continued)

Deferred contributions in the transition fund relate to a one-time grant from the Province of Manitoba for transition funding. The balance continuities are as follows:

(ii) Deferred contributions

	2007	2006
Beginning balance	\$ 97,428	\$ 151,366
Less amounts recognized as revenue in the year	42,918	53,938
Ending balance	\$ 54,510	\$ 97,428

(iii) Deferred contributions relating to capital assets

	2007	2006
Beginning balance	\$ 45,214	\$ 58,118
Add contributions		
Province of Manitoba	18,401	-
	63,615	58,118
Less amounts amortized to revenue	14,744	12,904
Ending balance	\$ 48,871	\$ 45,214

5. AGENCY GRANTS

The Authority received funding from the Province of Manitoba in the amount of \$6,366,100 (2006 - \$6,014,972) to be allocated to the agencies under its jurisdiction. The Agency grants were allocated as follows:

Agency	Child and Family Services Division		Total 2007	Total 2006
	Child Protection Branch	Strategic Initiatives Branch		
Child and Family Services of Central Manitoba	\$ 2,400,500	\$ -	\$ 2,400,500	\$ 2,319,900
Child and Family Services of Western Manitoba	3,727,500	-	3,727,500	3,462,172
Jewish Child and Family Services	227,100	-	227,100	222,200
Churchill Regional Health Authority	11,000	-	11,000	10,700
Total	\$ 6,366,100	\$ -	\$ 6,366,100	\$ 6,014,972

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the Authority.



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

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Auditors' Report

To the Members of
INSURANCE COUNCIL OF MANITOBA

We have audited the statement of financial position of INSURANCE COUNCIL OF MANITOBA as at March 31, 2007 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
April 18, 2007

***BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario
BDO Dunwoody s.r.l. est une société à responsabilité limitée constituée en Ontario***

INSURANCE COUNCIL OF MANITOBA Statement of Financial Position

March 31 **2007** **2006**

Assets

Current Assets

Cash and bank	\$	110,148	\$	96,851
Short-term investments (Note 3)		7,599		37,815
Accounts receivable		1,145		2,941
Interest receivable		29,496		13,630
Prepaid expenses		16,336		8,186
		164,724		159,423

Long-term investments (Note 4) **755,293** 623,675

Capital assets (Note 6) **34,721** 37,696

\$ 954,738 **\$ 820,794**

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$	49,278	\$	46,735
Deferred revenue		138,544		126,314
		187,822		173,049

Net Assets

Information Technology Reserve (Note 7)		60,000		60,000
Unrestricted net assets		706,916		587,745
		766,916		647,745
		\$ 954,738		\$ 820,794

On behalf of the Council:

_____ Member

_____ Member

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	2007	2006
Revenue		
Licences (Note 5)	\$ 645,678	\$ 622,007
Other	43,598	50,121
Examinations	47,592	47,864
Interest income	37,267	20,268
	<u>774,135</u>	<u>740,260</u>
Expenses		
Advertising, dues and subscriptions	4,289	4,158
Amortization	11,465	14,152
Bad debts	-	700
Bank charges and interest	468	468
Computer consulting fees	24,765	7,918
Council	18,382	22,125
Equipment leases	5,123	6,316
Insurance	10,843	10,577
Meetings and travel	31,120	35,677
Office and equipment rental	26,350	36,923
Postage and courier	7,449	11,605
Professional fees	63,303	23,820
Rent	63,044	59,233
Salaries and benefits	375,397	358,318
Telephone	7,650	8,106
Training	5,316	6,297
	<u>654,964</u>	<u>606,393</u>
Excess of revenues over expenses for the year	119,171	133,867
Net assets, beginning of year	587,745	513,878
Transfer to Information Technology Reserve (Note 7)	<u>-</u>	<u>(60,000)</u>
Net assets, end of year	\$ 706,916	\$ 587,745

INSURANCE COUNCIL OF MANITOBA Statement of Cash Flows

For the year ended March 31	2007	2006
Cash Flows from Operating Activities		
Net income for the year	\$ 119,171	\$ 133,867
Amortization	11,465	14,152
Changes in non-cash working capital balances		
Accounts receivable	1,796	(742)
Interest receivable	(15,866)	387
Prepaid expenses	(8,150)	(600)
Accounts payable and accrued liabilities	2,543	5,462
Deferred revenue	12,230	632
	<u>123,189</u>	<u>153,158</u>
Cash Flows from Investing Activities		
Purchase of capital assets	(8,490)	(2,104)
Purchase of investments	(131,618)	(106,444)
	<u>(140,108)</u>	<u>(108,548)</u>
Increase (decrease) in cash and cash equivalents for the year	(16,919)	44,610
Cash and cash equivalents, beginning of year	134,666	90,056
Cash and cash equivalents, end of year	\$ 117,747	\$ 134,666
Represented by		
Cash and bank	\$ 110,148	\$ 96,851
Short-term investments	7,599	37,815
	<u>\$ 117,747</u>	<u>\$ 134,666</u>

INSURANCE COUNCIL OF MANITOBA

Summary of Significant Accounting Policies

March 31, 2007

Financial Instruments

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

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments

Investment in short-term securities are recorded at cost.

Investments in long-term securities are recorded at cost. When there is an other than temporary decline in the fair value of investments, the carrying value is reduced to fair value.

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Furniture and fixtures	20 % diminishing balance basis
Computer hardware	30 % diminishing balance basis
Computer software	30 % diminishing balance basis

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

License fees are recognized as income over the term of the license period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2007

1. Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

2. Employee Benefits

The Council matches employee RRSP contributions. Employees may contribute up to 5.1 percent on the first \$35,400 of earnings and up to 7 percent on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSPs for the year ended March 31, 2007 were \$16,894 (\$15,391 in 2006).

3. Short-term Investments

	<u>2007</u>	<u>2006</u>
Bank of Montreal Money Market Fund	<u>\$ 7,599</u>	<u>\$ 37,815</u>

The fair value of the short-term investment approximates the carrying value.

INSURANCE COUNCIL OF MANITOBA Notes to Financial Statements

March 31, 2007

4. Long-term Investments

	2007		2006	
	Fair Value	Carrying Value	Fair Value	Carrying Value
AGF Trust Company GIC, 2.96% due July 28, 2006	\$ -	\$ -	\$ 50,000	\$ 50,000
MBNA Canada Bank Deposit, 6.00% due September 11, 2006	-	-	20,090	20,000
MBNA Canada Bank Medium Term Deposit 3.75% due September 15, 2006	-	-	19,900	20,000
Manitoba Builder Bonds, 3.80% due June 15, 2007	149,813	150,000	145,575	150,000
Home Trust Company GIC, 3.70% due October 22, 2007	58,659	53,675	56,566	53,675
Manitoba Builder Bonds, 4.25% due June 15, 2008	58,497	50,000	50,000	50,000
Manitoba Builder Bonds, 3.25% due June 15, 2008	49,356	50,000	47,050	50,000
Maple Trust GIC, 4.20% due March 10, 2009	36,556	35,000	35,083	35,000
AGF Trust Company GIC, 4.175% due October 20, 2009	66,307	60,000	63,650	60,000
Manitoba Builder Bonds, 3.70% due June 15, 2010	105,024	100,000	100,000	100,000
Province of Manitoba Portfolio Allocation Notes, Series 1	34,161	35,000	35,190	35,000
Canadian Western Bank GIC, 4.45% due 08/04/2009	30,879	30,000	-	-
Bank of Montreal GIC, 6 yr. due 06/14/2012	69,720	70,000	-	-
Equitable Trust GIC, 3.70% due 9/20/2007	20,375	20,375	-	-
Equitable Trust GIC, 3.75% due 9/14/2007	20,611	20,611	-	-
MB Hydro Bonds, Series 9, 4.35% due 6/15/2011	50,000	50,000	-	-
Montreal Trust GIC, 4.00% due 8/01/2007	30,632	30,632	-	-
	\$ 780,590	\$ 755,293	\$ 623,104	\$ 623,675

The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

INSURANCE COUNCIL OF MANITOBA Notes to Financial Statements

March 31, 2007

5. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba (OSIM) levy fees on members. The Council acts as agent and remits 44 percent of license and other fees and 15 percent of examination fees to the OSIM. These amounts are not included in the financial statements. In 2007, this amount is \$549,918 (\$527,735 in 2006).

Included in accounts payable and accrued liabilities is \$32,083 (\$27,280 in 2006) payable to OSIM.

6. Capital Assets

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 87,479	\$ 79,474	\$ 8,005	\$ 86,701	\$ 76,210	\$ 10,491
Furniture & fixtures	47,354	36,870	10,484	44,255	34,636	9,619
Computer hardware	93,109	76,877	16,232	88,495	70,909	17,586
	\$ 227,942	\$ 193,221	\$ 34,721	\$ 219,451	\$ 181,755	\$ 37,696

7. Transfer to Information Technology Reserve

In 2006, the Council adopted a motion to internally restrict \$60,000 of accumulated net assets for the establishment of an Information Technology Reserve. The reserve will be used for future upgrades to the Council's information technology system.

8. Commitments

The Council leases equipment and office premises under the provisions of operating leases which expire up to November 2011. Commitments to expiry are as follows:

2008	\$ 69,213
2009	70,891
2010	70,371
2011	26,407

INSURANCE COUNCIL OF MANITOBA

Notes to Financial Statements

March 31, 2007

9. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

10. Contributed Services

The work of the Council is dependent on the voluntary services of members. The value of donated services is not recognized in these financial statements.

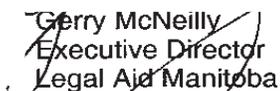
RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Legal Aid Manitoba are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements for the year ended March 31, 2007.

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

The responsibility of the Auditor General is to express an independent professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original signed by


Gerry McNeilly
Executive Director
Legal Aid Manitoba

June 29, 2007



AUDITORS' REPORT

**To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba**

We have audited the balance sheet of Legal Aid Manitoba as at March 31, 2007 and the statements of revenue and expense, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of Legal Aid Manitoba's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2007 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 26, 2007

LEGAL AID MANITOBA

Balance Sheet
as at March 31

	<u>2007</u>	<u>2006</u>	
ASSETS			
Current Assets			
Cash	\$ 2,086,968	\$ 1,468,182	
Client accounts receivable, net (Note 3)	183,081	225,589	
Receivable from the Province of Manitoba	4,100,000	4,265,000	
Receivable from the Government of Canada	324,834	269,608	
Other receivables, net (Note 4)	82,061	69,985	
Prepaid expenses	<u>263,743</u>	<u>285,241</u>	
	7,040,687	6,583,605	
Capital Assets (Note 5)			
	351,475	231,057	
Long-term receivable - charges on land, net (Note 6)	757,005	758,753	
Long-term receivable - severance - Province of Manitoba (Note 7)	716,166	716,166	
Long-term receivable - pension - Province of Manitoba (Note 14)	<u>11,051,780</u>	<u>10,023,029</u>	
	\$ <u>19,917,114</u>	\$ <u>18,312,610</u>	
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 4,292,301	\$ 4,541,425	
Accrued vacation pay	846,747	781,505	
Deferred revenue from clients	<u>408,548</u>	<u>413,889</u>	
	5,547,596	5,736,819	
Severance liability (Note 8)	1,435,200	1,235,727	
Provision for employee pension benefits (Note 14)	<u>11,051,780</u>	<u>10,023,029</u>	
	12,486,980	11,258,756	
Net Assets			
Invested in Capital Assets	351,475	231,057	
Restricted Net Assets	91,107	91,311	
Unrestricted Net Assets	<u>1,439,956</u>	<u>994,667</u>	
	1,882,538	1,317,035	
	\$ <u>19,917,114</u>	\$ <u>18,312,610</u>	

Approved by the Council

Original signed by

Chairperson

Original signed by

Council Member

LEGAL AID MANITOBA

Statement of Revenue and Expense for the year ended March 31

	2007	2006
Revenue		
Province of Manitoba (Note 9)	\$ 20,677,425	\$ 20,524,142
Manitoba Law Foundation (Note 10)	1,493,901	1,153,929
Contributions from clients	838,954	890,806
Recoveries from third parties	273,784	389,978
Government of Canada	246,140	270,688
Judgment costs and settlements	102,722	93,466
Interest income	46,873	22,360
Other	3,086	10,214
	<u>\$ 23,682,886</u>	<u>\$ 23,355,583</u>
Expense		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	\$ 7,481,994	\$ 8,776,126
Duty counsel services	295,686	341,787
Transcripts and Other Contributed Services	81,383	101,114
	<u>7,859,063</u>	<u>9,219,027</u>
Community Law Centres, Schedule 1	9,546,499	9,041,179
Public Interest Law Centre, Schedule 1	565,327	574,103
University Law Centre, Schedule 1	96,663	90,692
General and Administrative, Schedule 1	5,049,831	4,605,781
	<u>\$ 23,117,383</u>	<u>\$ 23,530,782</u>
Excess (Deficiency) of Revenue over Expense	<u>\$ 565,503</u>	<u>\$ (175,199)</u>

LEGAL AID MANITOBA

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

	2007			2006	
	<u>Invested in Capital Assets</u>	<u>Restricted Net Assets (Note 15)</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>	<u>Total</u>
Balance, Beginning of Year	\$ 231,057	\$ 91,311	\$ 994,667	\$ 1,317,035	\$ 1,492,234
Restricted Net Assets Expenses	-	(204)	204	-	-
Excess (Deficiency) of Revenue over Expense	(107,123)	-	672,626	565,503	(175,199)
Capital Asset Additions	<u>227,541</u>	-	<u>(227,541)</u>	-	-
BALANCE, END OF YEAR	<u>\$ 351,475</u>	<u>\$ 91,107</u>	<u>\$ 1,439,956</u>	<u>\$ 1,882,538</u>	<u>\$ 1,317,035</u>

LEGAL AID MANITOBA

Statement of Cash Flow
for the year ended March 31

	<u>2007</u>	<u>2006</u>
Cash Flow Provided by (Used In) Operating Activities:		
Excess (Deficiency) of Revenue over Expense	\$ 565,503	\$ (175,199)
Add items not affecting cash		
Amortization	107,123	55,200
Bad debt expense	207,773	182,078
Changes in working capital:		
Client accounts receivable	(80,731)	(90,666)
Province of Manitoba receivable	165,000	(515,000)
Government of Canada receivable	(55,226)	91,593
Other receivables	(98,357)	(83,036)
Prepaid expenses	21,498	2,241
Accounts payable and accrued vacation pay	(183,882)	153,532
Deferred revenue	(5,341)	26,569
	<u>643,360</u>	<u>(352,688)</u>
Cash Flow Provided by (Used In) Financing Activities:		
Charges on land	3,495	17,842
Long-term funding commitments	(1,028,751)	(939,755)
Severance liability	199,473	105,269
Provision for employee pension benefits	1,028,751	939,755
	<u>202,968</u>	<u>123,111</u>
Cash Flow Provided by (Used In) Investing Activities:		
Purchase of capital assets	(227,541)	(40,053)
	<u>(227,541)</u>	<u>(40,053)</u>
Net Increase (Decrease) in Cash for the Year	618,786	(269,630)
Cash - Beginning of Year	1,468,182	1,737,812
Cash - End of Year	\$ <u><u>2,086,968</u></u>	\$ <u><u>1,468,182</u></u>

LEGAL AID MANITOBA

SCHEDULE 1

Schedule of Expenses
for the year ended March 31

	COMMUNITY LAW CENTRES		PUBLIC INTEREST LAW CENTRE		UNIVERSITY LAW CENTRE		GENERAL AND ADMINISTRATIVE		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,314	\$ 24,159	\$ 25,314	\$ 24,159
Amortization	77,786	26,580	2,967	3,045	-	-	26,370	25,575	107,123	55,200
Bad debts	-	-	-	-	-	-	207,773	182,078	207,773	182,078
Bank charges	-	-	-	-	-	-	2,190	2,159	2,190	2,159
Collection costs	-	-	-	-	-	-	7,481	8,587	7,481	8,587
Computer costs	13,473	25,971	-	1,335	-	132	29,932	32,863	43,405	60,301
Council expenses	-	-	-	-	-	-	112,045	88,315	112,045	88,315
Duty counsel	190,417	183,099	-	-	-	105	813	1,389	191,230	184,593
Equipment maintenance	85,481	57,091	11,509	7,859	-	-	47,996	27,861	144,986	92,811
Expert witnesses and consultants	-	-	25,350	22,710	-	-	-	-	25,350	22,710
File disbursements	231,382	215,546	45,158	85,057	978	1,138	26,935	22,354	304,453	324,095
Library	27,296	26,396	6,008	6,629	74	-	25,548	23,878	58,926	56,903
Meetings	27,818	28,925	13,610	93	-	-	18,436	16,263	59,863	45,281
Office expenses	184,766	217,246	14,325	17,650	3,580	1,479	155,222	136,020	357,893	372,395
Office relocation	4,371	3,748	-	183	-	-	1,133	-	5,505	3,931
Pension costs (note 14)	-	-	-	-	-	-	1,258,250	1,130,842	1,258,250	1,130,842
Premise costs	612,674	536,733	23,495	20,473	39	-	172,316	147,551	808,524	704,757
Professional fees	127,375	104,492	8,999	8,946	-	-	153,192	237,505	289,565	350,943
Salaries, benefits and levy	7,712,682	7,368,302	400,896	386,177	86,869	83,169	2,333,361	2,209,925	10,533,808	10,047,573
Severance benefits	-	-	-	-	-	-	290,575	172,642	290,575	172,642
Staff development	39,699	41,180	1,877	3,681	-	-	84,088	58,015	125,664	102,876
Staff recruitment	22,159	16,525	105	66	-	-	10,327	494	32,591	17,085
Telephone	95,933	88,501	5,069	4,880	2,617	1,779	42,049	41,874	145,669	137,034
Transcripts and Other Contributed Services	9,663	14,561	-	-	55	-	-	-	9,718	14,561
Travel	83,524	86,283	5,959	5,319	2,451	2,890	18,484	15,432	110,418	109,924
TOTAL	\$ 9,546,499	\$ 9,041,179	\$ 565,327	\$ 574,103	\$ 96,663	\$ 90,692	\$ 5,049,831	\$ 4,605,781	\$ 15,258,320	\$ 14,311,755

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

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) Accounting Basis

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

b) 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.

c) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by Legal Aid Manitoba based on the clients' ability to pay.

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

i) **Agreements to Pay**

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the legal aid certificate. The revenue and receivable are recognized when the certificate is signed.

ii) **Expanded Eligibility**

Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case up to a maximum of \$250. The revenue and receivable are recognized based on the date of the lawyer's billing.

iii) **Charges on Land**

Liens are registered under Section 17 of *The Legal Aid Manitoba Act* in a Land Titles Office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

d) **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 collectibility 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.

e) **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:

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

- Furniture and office equipment – 10 years
- Computer hardware and software – 4 years
- Leasehold improvements – over the term of the lease

f) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

g) Pension Plan

Employees of the Corporation are pensionable under *The Civil Service Superannuation Act*. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment needed is recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

h) Financial Instruments

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

3. Client Accounts Receivable, net

	2007	2006
Agreements to Pay	\$ 71,885	\$ 73,802
Expanded Eligibility	404,849	473,441
	476,734	547,243
Less: Allowance for Doubtful Accounts	293,653	321,654
Clients Accounts Receivable, net	183,081	225,589

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2007

4. Other Receivables, net

	2007	2006
Court Costs	\$ 239,634	\$ 222,445
Child and Family Services Agencies	7,908	19,529
Employment and Income Assistance	10,211	29,479
Employee Advances, GST Recoverable, and Miscellaneous	59,401	16,899
	317,154	288,352
Less: Allowance for Doubtful Accounts	235,093	218,367
Other Receivables, net	\$ 82,061	\$ 69,985

5. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and Office Equipment	\$ 160,183	\$ 50,485	\$ 155,743	\$ 34,688
Computer Hardware and Software	198,590	76,052	66,078	49,650
Leasehold Improvements	258,339	139,100	167,750	74,176
	\$ 617,112	\$ 265,637	\$ 389,571	\$ 158,514
Net Book Value	\$ 351,475		\$ 231,057	

6. Charges on Land, net

	2007	2006
Charges on Land	\$ 1,514,011	\$ 1,517,506
Less: Allowance for Doubtful Accounts	757,006	758,753
Charges on Land, net	\$ 757,005	\$ 758,753

7. Long-term Receivable - Severance Benefits

The Province accepted responsibility for the severance benefits accumulated by Legal Aid employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of \$716,166 was completely offset by a receivable from the Province. There are no terms of repayment for the receivable, and the amount will remain fixed at \$716,166.

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

8. Severance Liability

Effective April 1, 1998, Legal Aid commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2007 by Ellement & Ellement Ltd., Consulting Actuaries. The report provides a formula to update liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

9. Revenue from the Province of Manitoba

	2007	2006
Grant	\$ 11,422,994	\$ 11,494,855
Salaries and other payments	8,363,627	8,179,332
Health and post secondary education tax levy	175,532	192,735
Employer portion of employee benefits	715,272	657,220
	<u>\$ 20,677,425</u>	<u>\$ 20,524,142</u>

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

10. Revenue from The Manitoba Law Foundation

	2007	2006
Statutory Grant	\$ 1,268,901	\$ 933,929
Public Interest Law Centre	150,000	150,000
University Law Centre	75,000	70,000
	<u>\$ 1,493,901</u>	<u>\$ 1,153,929</u>

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 Legal Aid Manitoba, 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, 2007, there were no funds remaining from these grants.

11. Commitments

a) Lease

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2008	\$	663,665
2009		615,908
2010		612,099
2011		570,200
2012		381,438
Thereafter		59,325
	<u>\$</u>	<u>2,902,635</u>

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

b) Private Bar

Estimated total commitments for future billings on outstanding legal aid certificates amount to \$1,403,000 as at March 31, 2007 (2006 - \$2,648,000).

12. Related Parties Transactions

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

13. Private Bar Fees and Disbursements

	Fees	Disbursements	2007 Total	2006 Total
Legal Aid Certificates	\$ 6,901,836	\$ 580,158	\$ 7,481,994	\$ 8,776,126
Duty Counsel	295,686	-	295,686	341,787
Transcripts and Other Contributed Services	-	81,383	81,383	101,114
Total	<u>\$ 7,197,522</u>	<u>\$ 661,541</u>	<u>\$ 7,859,063</u>	<u>\$ 9,219,027</u>

Management Council declared a hold back holiday for all certificates processed during the fiscal year April 1, 2006 - March 31, 2007. Certificates issued in this fiscal year were not subject to a hold back.

14. Provision for Employee Pension Benefits

Pension costs consist of the employer's share of pension benefits to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined by an actuarial valuation every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2004 by Ellement & Ellement Ltd., Consulting Actuaries.

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 10,023,029	\$ 9,083,274
Experience (Gain) Loss	-	(101,074)
Benefits accrued	539,168	603,848
Interest accrued on benefits	719,082	628,067
Benefits paid	(229,499)	(191,086)
Balance at end of year	<u>\$ 11,051,780</u>	<u>\$ 10,023,029</u>

The key actuarial assumptions were a rate of return of 6.50% (2001 – 6.75%), 2.50% inflation (2001 – 2.75%), salary rate increases of 4.25% (2001 – 4.5%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2007 using a formula provided by the actuary.

The Province of Manitoba has accepted responsibility for the unfunded pension liability. Accordingly the provision for employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

15. Restricted Net Assets - Wrongful Conviction Cases

During the fiscal year ended March 31, 2006 the Province of Manitoba approved a reallocation of \$130,000 from Legal Aid Manitoba's unrestricted net assets. This funding is being provided for section 696 applications under the Criminal Code for wrongful conviction appeals on a pilot project basis until March 31, 2007. In the current fiscal year, the Corporation incurred expenses of \$204 (2006 - \$38,689) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is \$91,107.

16. Public Sector Compensation Disclosure

For the purposes of *The Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from Legal Aid Manitoba is disclosed in a separate statement.

LEGAL AID MANITOBA

Notes to Financial Statements for the year ended March 31, 2007

17. Contingencies

Legal Aid Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the Corporation. No provision has been made in the financial statements in respect of these claims as of March 31, 2007.

18. Legal Aid Manitoba Application System (LAMAS)

A new software application system was installed and implemented fiscal 2006/07 at a cost of \$764,850. The system was paid for by the Department of Justice and therefore, a capital asset has not been recorded in these financial statements.



AUDITORS' REPORT

To the Board of Directors of
Manitoba Adolescent Treatment Centre Inc.

We have audited the balance sheet of Manitoba Adolescent Treatment Centre Inc. as at March 31, 2007 and the statement of operations and the statements of changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Centre's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 14, 2007

Stefanson Lee Romaniuk
Chartered Accountants

MANITOBA ADOLESCENT TREATMENT CENTRE INC.Balance Sheet
March 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current		
Cash and short term investments	\$ 1,097,718	1,245,746
Prepaid expenses	10,790	17,668
Accounts receivable - Winnipeg Regional Health Authority	81,010	58,758
Accounts receivable - other	327,474	62,849
	1,516,992	1,385,021
Pre-retirement leave receivable (note 2)	683,062	602,721
Capital assets (note 3)	2,382,595	2,214,682
	\$ 4,582,649	4,202,424
LIABILITIES		
Current		
Accounts payable	\$ 325,964	163,169
Accrued wages	255,371	251,532
Vacation pay payable	653,934	572,272
	1,235,269	986,973
Pre-retirement leave payable (note 2)	666,933	586,592
Deferred contributions (note 4)	25,006	24,138
Deferred contributions relating to capital assets (note 5)	1,247,049	1,196,600
	3,174,257	2,794,303
NET ASSETS		
Unrestricted	272,847	390,039
Net investment in capital assets	1,135,546	1,018,082
	1,408,393	1,408,121
	\$ 4,582,650	4,202,424

APPROVED BY THE BOARD:

Original signed by

DIRECTOR

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Statement of Operations
for the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Income		
Program		
Winnipeg Regional Health Authority	\$ 8,084,034	8,255,772
Province of Manitoba	194,001	25,000
Recovery and other	114,082	109,465
	8,392,117	8,390,237
Interest and miscellaneous income	83,186	123,096
Amortization of deferred contributions relating to capital assets	107,656	104,713
Actuarial change in pre-retirement leave receivable	80,341	49,663
	8,663,300	8,667,709
Expenses		
Medical remuneration	295,528	168,140
Other program costs		
Hospital services	4,358,785	3,866,595
Community Child and Adolescent Treatment Services	1,772,701	1,953,561
Centralized Intake Services	633,181	704,680
Youth Forensic Services	329,996	259,216
Educational Psychiatric Services	52,756	56,687
Early Psychosis Prevention and Intervention Services	877,829	745,783
Youth Addictions	154,255	-
	8,475,031	7,754,662
Amortization of capital assets	107,656	104,713
Actuarial change in pre-retirement leave payable	80,341	(96,632)
	8,663,028	7,762,743
Excess of income over expenses for the year	272	904,966
Amount repayable to the Winnipeg Regional Health Authority (note 2)	-	(379,336)
Retainable portion of excess of income over expenses for the year	\$ 272	525,630

MANITOBA ADOLESCENT TREATMENT CENTRE INC.Statement of Changes in Net Assets
for the year ended March 31, 2007

	<u>Net Investment Capital Assets</u>	<u>Unrestricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
Balance, beginning of year	\$ 1,018,082	390,039	1,408,121	882,491
Excess (deficiency) of income over expenses for the year	-	272	272	525,630
Invested in capital assets	117,464	(117,464)	-	-
Balance, end of year	\$ 1,135,546	272,847	1,408,393	1,408,121

MANITOBA ADOLESCENT TREATMENT CENTRE INC.Cash Flow Statement
for the year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Cash from operating activities		
Excess (deficiency) of income over expenses for the year	\$ 272	525,630
Adjustments for non-cash items		
Amortization of capital assets	107,656	104,713
Net change in non-cash working capital items	(31,703)	(1,379)
Amortization of deferred contributions relating to capital assets	(107,656)	(104,713)
	(31,431)	524,251
Change in pre-retirement leave receivable	(80,341)	(49,663)
Change in pre-retirement leave payable	80,341	(96,632)
	(31,431)	377,956
Financing and investing activities		
Capital funding for asset purchases	158,104	41,995
Purchase of capital assets	(275,569)	(62,966)
Change in contributions	868	8,109
	(116,597)	(12,862)
Change in cash for the year	(148,028)	365,094
Cash position, beginning of year	1,245,746	880,652
Cash position, end of year	\$ 1,097,718	1,245,746

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Notes to Financial Statements

March 31, 2007

1. Purpose:

The Manitoba Adolescent Treatment Centre Inc. (M.A.T.C.) was incorporated in the Province of Manitoba without share capital on February 23, 1983 as a non-profit organization and is a registered charity for income tax purposes. M.A.T.C. provides inpatient and outpatient services as well as rehabilitative and medical care and treatment programs to children and adolescents in Manitoba.

2. Significant accounting policies:

Revenue recognition

The Centre follows the deferral method for 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 reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue as earned.

Capital assets

Capital assets are recorded at cost. Capital assets are amortized over the estimated useful lives of the assets at the following annual rates.

Buildings	5% declining balance
Equipment	20% declining balance

Vacation pay

Vacation pay is recorded on the accrual basis. The vacation pay liability at March 31 is reflected as a payable in the statements.

Repayment to Winnipeg Regional Health Authority

The Centre and the Winnipeg Regional Health Authority (WRHA) have entered into an operating agreement. In accordance with this agreement, the Centre is able to retain a portion of the excess of income over expenses for the year. This amount, which is identified as retainable surplus, is calculated in accordance with WRHA policy. The amount of excess of income over expenses which exceeds the retainable surplus is repayable to the WRHA in the year the funding is received.

Pre-retirement leave

The pre-retirement leave liability and the corresponding receivable from the funders are reflected in the financial statements. Manitoba Health through its funding to the Winnipeg Regional Health Authority (WRHA) has guaranteed the receivable to March 31, 2004. In addition, the WHRA provides funding approval on an annual basis for the current change in the pre-retirement leave liability.

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Notes to Financial Statements

March 31, 2007

3.	Capital assets:	2007			2006
		Cost	Accumulated Amortization	Net	Net
	Land	\$ 556,670	-	556,670	556,670
	Buildings	3,953,700	2,241,021	1,712,679	1,556,868
	Equipment	<u>1,046,806</u>	<u>933,560</u>	<u>113,246</u>	<u>101,144</u>
		\$ <u>5,557,176</u>	<u>3,174,581</u>	<u>2,382,595</u>	<u>2,214,682</u>
4.	Deferred contributions:			<u>2007</u>	<u>2006</u>
	Winnipeg Foundation			\$ 16,029	16,029
	Manitoba Adolescent Treatment Centre Foundation Inc.			5,000	5,000
	Early Psychosis Prevention and Intervention Services			<u>3,977</u>	<u>3,109</u>
				\$ <u>25,006</u>	<u>24,138</u>
5.	Deferred contributions relating to capital assets:			<u>2007</u>	<u>2006</u>
	Balance, beginning of year			\$ 1,196,600	1,259,318
	Capital funding received			158,103	41,995
	Amortization of deferred contributions			<u>(107,656)</u>	<u>(104,713)</u>
				\$ <u>1,247,047</u>	<u>1,196,600</u>

MANITOBA ADOLESCENT TREATMENT CENTRE INC.

Schedule I - Schedule of Program Operations
for the year ended March 31, 2007

	<u>Hospital Services</u>	<u>Community Child and Adolescent Treatment Services</u>	<u>Centralized Intake Services</u>	<u>Youth Forensic Services</u>	<u>Educational Psychiatric Services</u>	<u>Early Psychosis Prevention and Intervention Services</u>	<u>Youth Addictions</u>	<u>Total 2007</u>	<u>Total 2006</u>
Income									
Winnipeg Regional Health Authority	\$ 4,484,396	1,826,100	618,720	294,790	18,203	841,825	-	8,084,034	8,255,772
Province of Manitoba	-	-	-	25,000	-	-	169,001	194,001	25,000
Winnipeg School Division No. 1	-	-	-	-	29,337	-	-	29,337	36,553
Other	83,130	-	-	-	-	1,615	-	84,745	72,912
	4,567,526	1,826,100	618,720	319,790	47,540	843,440	169,001	8,392,117	8,390,237
Expenditures									
Other program costs									
Salaries and wages	2,976,867	1,383,698	512,001	251,033	34,386	674,311	111,979	5,944,275	5,640,069
Employee benefits	496,031	200,299	76,748	40,147	5,851	94,631	11,264	924,971	776,460
Health and Education levy	65,966	30,928	11,406	5,770	766	14,897	2,406	132,139	116,875
Accounting services	5,623	2,300	1,250	937	689	695	687	12,181	11,425
Professional and membership fees	10,909	2,160	1,500	1,200	1,200	-	-	16,969	16,594
Purchased services	67,829	18,971	-	-	-	-	-	86,800	59,333
Other supplies and operating costs	735,560	134,345	30,276	30,909	9,864	93,295	27,919	1,062,168	965,766
	4,358,785	1,772,701	633,181	329,996	52,756	877,829	154,255	8,179,503	7,586,522
Medical remuneration	295,528	-	-	-	-	-	-	295,528	168,140
Total expenditures	4,654,313	1,772,701	633,181	329,996	52,756	877,829	154,255	8,475,031	7,754,662
Excess (deficiency) of income over expenditures for the year	\$ (86,787)	53,399	(14,461)	(10,206)	(5,216)	(34,389)	14,746	(82,914)	635,575

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 data.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included herein. The Auditor General has access to the Board of Directors, with or without management present, to discuss the results of their audit and the quality of financial reporting of the corporation.

Original signed by:

Neil Hamilton
President &
Chief Executive Officer

June 15, 2007

Original signed by:

Jim Lewis
Vice President,
Finance & Administration



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

We have audited the balance sheet of the Manitoba Agricultural Services Corporation as at March 31, 2007, the statements of operations and funds retained and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
June 15, 2007

BALANCE SHEET

For the Year Ended March 31, 2007 (in thousands)

	2007	2006
ASSETS:		
Cash	\$ 1,538	\$ –
Investments (Notes 3(B) & 7)	193,454	145,730
Accounts receivable (Note 8)	22,696	13,453
Prepaid expenses	93	126
Loans receivable (Note 9)	300,419	314,623
Real estate (Note 11)	806	1,161
Property and equipment (Note 12)	305	351
	\$ 519,311	\$ 475,444
LIABILITIES AND FUNDS RETAINED:		
Bank indebtedness	\$ –	\$ 1,794
Reinsurance premiums payable (Notes 13 & 14)	3,056	1,099
Claims payable (Note 15)	12,411	19,332
Accounts payable and accrued liabilities (Note 16)	11,138	11,227
Provision for losses on guaranteed loans (Note 22)	12,244	11,130
Advances from the Province of Manitoba (Note 18)	326,478	342,820
Deferred revenue (Note 19)	305	351
Funds retained	153,679	87,691
	\$ 519,311	\$ 475,444

Approved by the Board:

Original signed by:

John S. Plohman
Chair

Original signed by:

Freida Krpan
Vice Chair

STATEMENT OF OPERATIONS AND FUNDS RETAINED

For the Year Ended March 31, 2007 (in thousands)

	2007	2006
REVENUE:		
Insurance premiums <i>(Note 3(I))</i>		
Insured producers	\$ 58,848	\$ 41,445
Government of Canada	42,507	29,710
Province of Manitoba	28,336	19,800
	129,691	90,955
Interest from loans	20,444	20,547
Other contributions - Government of Canada	6,894	9,191
Other contributions - Province of Manitoba	36,301	32,483
Investment income	6,782	7,259
Real estate and other income	1,040	1,144
Reinsurance recoveries <i>(Notes 13 & 14)</i>	118	89,470
Total revenue	201,270	251,049
EXPENDITURE:		
Insurance indemnities and compensation payments <i>(Note 20)</i>	50,494	304,347
Reinsurance premiums <i>(Notes 13 & 14)</i>	18,118	12,877
Interest on borrowed funds	19,621	20,389
Bad debt expense and guaranteed loan losses <i>(Notes 10 & 22)</i>	1,688	1,694
Young farmer incentives	1,338	1,400
Farmland school tax rebate payments	26,034	20,614
Other program payments	294	689
Administrative expenses <i>(Schedule 1)</i>	17,695	19,678
Total expenditure	135,282	381,688
Income (loss) for the year	65,988	(130,639)
Funds retained, beginning of year	87,691	218,330
Funds retained, end of year	\$ 153,679	\$ 87,691

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2007 (in thousands)

	2007	2006
Cash provided by (used for)		
Operating activities		
Income (loss) for year		
Income (loss) before investment interest revenue	\$ 59,206	\$ (137,898)
Investment interest revenue	6,782	7,259
	65,988	(130,639)
Items not involving cash		
Change in provisions and allowances	478	(825)
Gain on disposal of real estate	(145)	(134)
Amortization of property and equipment	122	146
Loans disbursed	(69,215)	(83,547)
Loan principal received	51,704	113,607
Changes in:		
Accounts receivable	(9,042)	27,967
Prepaid expenses	33	6
Loans receivable	32,223	(16,600)
Reinsurance premiums payable	1,957	(1,750)
Claims payable	(6,921)	67
Accounts payable and accrued liabilities	(205)	462
Cash provided by (used for) operating activities	66,977	(91,240)
Investing activities		
Sale (purchase) of investments	(14,326)	126,022
Net proceeds on sale of real estate	543	342
Purchase of property and equipment	(76)	(139)
Cash provided by (used for) investing activities	(13,859)	126,225
Financing activities		
Advances repaid to the Province of Manitoba	(16,342)	(21,657)
Deferred revenue	(46)	(6)
Cash used for financing activities	(16,388)	(21,663)
Net increase in cash and equivalents	36,730	13,322
Cash and equivalents, beginning of year	57,258	43,936
Cash and equivalents, end of year	93,988	57,258
Cash and equivalents comprised of the following:		
Investments	193,454	145,730
Investments with terms greater than 90 days	101,004	86,678
Investments with terms of 90 days or less	92,450	59,052
Cash (bank indebtedness)	1,538	(1,794)
	\$ 93,988	\$ 57,258

NOTES TO FINANCIAL STATEMENTS

as at March 31, 2007 (tabular amounts in thousands of dollars)

1. Authority and Purpose

The Manitoba Agricultural Credit Corporation (MACC) was established under *The Agricultural Credit Corporation Act*. The Manitoba Crop Insurance Corporation (MCIC) was established under *The Crop Insurance Act*. As a result of the proclamation of *The Manitoba Agricultural Services Corporation Act*, C.C.S.M. c.A25 on September 1, 2005, MACC and MCIC were amalgamated to form the Manitoba Agricultural Services Corporation (MASC) and the legislation establishing the former corporations was repealed.

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agriculture producers, loan guarantees, Production Insurance and Hail Insurance. It also delivers the Wildlife Damage Compensation program, Farmland School Tax Rebate and other programs and services for the agricultural industry.

2. Basis of Reporting

MASC's financial statements are presented in accordance with Canadian generally accepted accounting principles.

3. Significant Accounting Policies

(A) Programs

Under the provisions of the applicable legislation, MASC delivers insurance, lending and other programs and services. For financial accounting purposes, all programs are treated as separate operations and are accounted for separately.

(B) Investments

Investments are carried at cost, which approximates market value. Funds in excess of operational needs are invested with the Province of Manitoba, in accordance with Section 52(1) of *The Manitoba Agricultural Services Corporation Act*.

(C) Property and Equipment and Amortization

Property and equipment are reported at cost less accumulated amortization. Property and equipment are amortized on a straight-line basis over their estimated useful life, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Software Development	8 years
Leasehold Improvements	remaining term of lease

(D) Pensions

MASC employees are pensionable under *The Civil Service Superannuation Act*.

Effective April 1, 1998, the former Manitoba Crop Insurance Corporation (MCIC) became a fully funded matching employer. Upon the formation of the Manitoba Agricultural Services Corporation (MASC), the former MCIC employees' current pension obligations to the Civil Service Superannuation Board (CSSB) continued to be matched by MASC.

Prior to amalgamation, the Manitoba Agricultural Credit Corporation (MACC) did not match employees' current service contributions, and instead contributed 50 per cent of the pension disbursements made to retired employees. Effective September 1, 2005, former MACC employees' current pension contributions are matched on a go-forward basis. MASC accrues an unfunded provision for the liability for the employer's share of the former MACC's employees prior to September 1, 2005, including future cost of living adjustments, based on an actuarial valuation. Details of the provision for the pension benefits are outlined in Note 17.

As a matching employer, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation. MASC's matching contributions for 2006/2007 totalled \$516,563.

(E) Vacation and Severance Pay

MASC employees are entitled to vacation and severance pay in accordance with the terms of the Collective Agreements and corporate policy. The liabilities for vacation and severance pay are recorded based on MASC's best estimates.

(F) Provision for Losses on Loans and Guarantees

The provision for impaired loans is determined annually, through a review of individual accounts. The provision represents management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for impaired loans identified on an individual loan basis, MASC establishes a further provision representing management's best estimate of additional probable losses in the entire loan portfolio.

The provisions for losses on loan guarantees are determined annually by a review of each guarantee program. The provisions represent management's best estimate of probable claims against the guarantees. Such provisions are intended to cover principal, accrued and unpaid interest, and any additional recoverable amounts.

Current year provisions for impaired loans and guarantees are charged as an expenditure to bad debt expense and guaranteed loan losses. Actual accounts that have been written off are charged to the appropriate provision.

(G) Real Estate Acquired in Settlement of Loans

Real estate that is acquired through foreclosure and voluntary transfers of titles in the settlement of loans is recorded at the lower of the recorded value of the loan or the appraised value of the real estate at acquisition date. Real estate is reported net of a provision for a decline in real estate values.

(H) Real Estate Under Long-Term Lease

Real estate that was acquired for the purpose of long-term lease to producers through the land lease program is recorded at cost.

(I) Premiums and Government Contributions

MASC recognizes as revenue all premiums earned on insurance policies in force during the year.

The Canada-Manitoba Production Insurance Agreement, which is Annex B to the Canada-Manitoba Implementation Agreement, provides for the cost sharing of the premiums under the Production Insurance program. Premiums for crop loss are shared between the insured producer (40 per cent), the Government of Canada (36 per cent) and the Province of Manitoba (24 per cent). For the previous fiscal year, premiums for crop loss coverage at the 50 per cent level were shared between insured producers (30 per cent), the Government of Canada (42 per cent) and the Province of Manitoba (28 per cent); and premiums for coverage above the 50 per cent level were shared between insured producers (45 per cent), the Government of Canada (33 per cent) and the Province of Manitoba (22 per cent).

In addition to the general premiums sharing provisions noted above, alternative premium sharing arrangements apply for basic Excess Moisture Insurance (EMI), the EMI Zero Deductible Option and the Fall Frost Insurance Pilot program.

(J) Administrative Expenses

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The federal-provincial agreement relating to the Production Insurance program referred to in Section (I) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60 per cent) and the Province of Manitoba (40 per cent).

(K) Use of Estimates

The preparation of MASC's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results may differ from these estimates.

(L) Financial Instruments

MASC's financial instruments consist of cash, accounts receivable, loans receivable, investments, accounts payable and advances from the Province of Manitoba.

Credit Risk:

MASC provides direct loans to clients in the normal course of operations. Credit reviews of individual clients are carried out on a continuing basis, thereby providing estimated provisions for contingent credit losses.

Interest Rate Risk:

Interest rate risk is the risk to MASC's earnings that arises from fluctuations in interest rates. During the year ended March 31, 2007, MASC did not utilize derivative financial instruments to reduce its exposure to interest rate risk.

Fair Value of Financial Instruments:

Financial instruments are valued at cost, with adjustments for any applicable allowance for doubtful accounts. This is considered to be equivalent to fair value and applies to cash, investments, other receivables, accounts payable, and accrued liabilities. Fair value of loans receivable and advances from the Province of Manitoba are disclosed in their respective notes.

4. Wildlife Damage Compensation Program

MASC administers the Wildlife Damage Compensation program, which compensates producers for 80 per cent of damage to agricultural crops and products caused by waterfowl or wildlife (big game animals), and the injury or death of domestic livestock caused by natural predators. Compensation and all administrative expenses are shared by the Government of Canada (60 per cent) and the Province of Manitoba (40 per cent).

5. Farmland School Tax Rebate Program

In April 2005, MASC became responsible for the administration of the Farmland School Tax Rebate program. The purpose of the program is to assist Manitoba farmland owners by providing a rebate of 60 per cent of the school tax paid on farmland in 2006. The rebate was increased from 50 per cent in 2005. The program provides a three-year time frame for claiming rebates. Recorded rebate payments of \$26,034,000 include a provision of \$4,431,000 for 2006 rebates, which have not yet been applied for. In addition, a provision of \$3,016,000 remains for 2005 rebates. The Province of Manitoba pays for the full cost of the program.

6. Other Programs

Manitoba Agriculture Weather Service Consortium

In March 2005, MASC became responsible for the administration of the Manitoba Agriculture Weather Service Consortium. The purpose of this initiative is to establish a network of weather stations, which will provide the regional weather data that is required to forecast pest and plant disease outbreaks and moisture conditions for crop production. A total of \$129,000 in administrative expenses was incurred for the year ended March 31, 2007 (2006 - \$185,000). Funding for this project was provided to MASC by the Manitoba Association of Agricultural Societies.

Expanded Manitoba Soil Survey

In April 2005, MASC became responsible for the administration of the Expanded Manitoba Soil Survey project. The purpose of this project is to provide detailed soil surveys in selected rural municipalities to facilitate sustainable agricultural development. A total of \$216,000 in administrative expenses was incurred for the year ended March 31, 2007 (2006 - \$562,000). Funding for this project was provided to MASC by the Manitoba Association of Agricultural Societies.

ALUS: An Ecological Goods and Services Research Project – Manitoba

In December 2005, MASC became responsible for the administration of ALUS: An Ecological Goods and Services Research Project – Manitoba in the RM of Blanshard (ALUS stands for Alternative Land Use Services). The goal of this project is to test and evaluate the concept of paying producers for specified land management practices that are determined to produce/maintain environmental benefits. Producers' payments totalled \$294,000 and were funded by Keystone Agricultural Producers (KAP). A total of \$82,000 in administrative expenses was incurred for the year ended March 31, 2007 (2006 - \$52,000), which was jointly funded by the Manitoba Association of Agricultural Societies (\$32,500) and the Province of Manitoba's Covering New Ground Initiative (\$49,500).

7. Investments

MASC's investments as of March 31, 2007 consist of the following:

INVESTMENT MATURITY TERMS	AVERAGE INTEREST RATE	PRODUCTION INSURANCE PROGRAM	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	2007 TOTAL	2006 TOTAL
1 year	4.087%	\$ 146,922	23,538	5,294	\$ 175,754	\$ 110,730
2 years	3.362%	8,300	2,500	–	10,800	19,200
3 years	3.992%	–	2,700	–	2,700	10,800
4 years	3.874%	–	2,700	–	2,700	2,700
5 years	4.180%	–	1,500	–	1,500	2,300
	4.043%	\$ 155,222	32,938	5,294	\$ 193,454	\$ 145,730

8. Accounts Receivable

MASC's accounts receivable as of March 31, 2007 consist of the following:

	PRODUCTION INSURANCE PROGRAM	LENDING PROGRAMS	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	OTHER PROGRAMS	2007 TOTAL	2006 TOTAL
Insured producers	\$ 2,694	–	761	1	–	\$ 3,456	\$ 883
Government of Canada	5,816	–	–	–	183	5,999	1,949
Province of Manitoba	9,105	–	–	2,540	–	11,645	8,409
Accrued investment interest	935	–	247	33	–	1,215	860
Reinsurance receivable	269	–	–	–	–	269	1,105
Other	85	18	–	–	9	112	247
	\$ 18,904	18	1,008	2,574	192	\$ 22,696	\$ 13,453

9. Loans Receivable

MASC's loans receivable as of March 31, 2007 consist of the following:

		2007	2006
Amounts are due over the following terms:			
1 year	Accrued interest	\$ 9,882	\$ 10,221
	Arrears	16,668	33,141
	Prepayments	(9,880)	(10,648)
	Regular instalments	43,221	52,620
		59,891	85,334
2 years	Regular instalments	30,710	29,709
3 years	Regular instalments	31,221	26,841
4 years	Regular instalments	29,512	26,236
5 years	Regular instalments	23,847	23,118
Over 5 years	Regular instalments	154,989	153,643
		330,170	344,881
Less: Provisions for impaired loans (Note 10)		29,751	30,258
		\$ 300,419	\$ 314,623

The approximate fair value of loans receivable as of March 31, 2007 is \$320,380,000 (2006 – \$335,667,200). Fair value is based on expected future cash flows discounted by current interest rates for loans with similar terms and credit risk.

Terms of Loans Receivable

All loans have fixed rates, with an average yield breakdown as follows:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
4.0% and lower	\$ 2	\$ 12,417	\$ 12,419
4.01% to 5.0%	1,714	11,394	13,108
5.01% to 6.0%	20,713	40,916	61,629
6.01% to 7.0%	150,431	14,007	164,438
7.01% to 8.0%	72,465	772	73,237
More than 8.0%	5,258	81	5,339
	\$ 250,583	\$ 79,587	\$ 330,170

*Includes BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing Program loans

Loans maturities are as follows:

	AVERAGE INTEREST RATE	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
Less than 5 years	5.763%	\$ 47,414	\$ 58,223	\$ 105,637
5 to 10 years	6.645%	60,809	14,165	74,974
10 to 15 years	6.839%	73,674	4,393	78,067
15 to 20 years	6.895%	53,448	2,575	56,023
20 to 25 years	6.706%	15,238	231	15,469
		\$ 250,583	\$ 79,587	\$ 330,170

*Includes BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing Program Loans

10. Provisions For Impaired Loans

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
Beginning provision balance	\$ 15,626	\$ 14,632	\$ 30,258
Loans written off	(687)	(42)	(729)
Provision (recovery)	576	(354)	222
Ending provision balance	\$ 15,515	\$ 14,236	\$ 29,751

*Includes BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing Program Loans

11. Real Estate

Based on a review of the current real estate portfolio, MASC has established a provision of \$14,000 (2006 - \$57,000) to provide for future declines in real estate values. This provision represents management's best estimate of probable losses on sale of real estate.

	2007	2006
Real estate book value	\$ 820	\$ 1,218
Provision for decline in real estate value	(14)	(57)
	\$ 806	\$ 1,161

12. Property and Equipment

	2007		2006	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Furniture and equipment	\$ 359	\$ 177	\$ 404	\$ 191
Computer hardware	356	318	449	389
Computer software	182	105	125	86
Major software development	2,907	2,907	2,907	2,895
Leasehold improvements	298	290	298	271
	\$ 4,102	\$ 3,797	\$ 4,183	\$ 3,832
Net book value		\$ 305		\$ 351

13. Reinsurance – Production Insurance Program

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the 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 neither credited nor charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. Surpluses in the Crop Reinsurance Fund of Canada for Manitoba and the Crop Reinsurance Fund of Manitoba are held by the Government of Canada and the Province of Manitoba, respectively.

	CROP REINSURANCE FUND OF CANADA FOR MANITOBA		CROP REINSURANCE FUND OF MANITOBA	
	2007	2006	2007	2006
Opening surplus (deficit)	\$ 831	\$ 427	\$ 22,850	\$ 22,446
Current year premium contributions (net)*	587	404	587	404
Net book value	\$ 1,418	\$ 831	\$ 23,437	\$ 22,850

*Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts.

MASC entered into a one-year private sector reinsurance agreement for the Production Insurance program in addition to the financial protection provided by the federal-provincial reinsurance agreement noted above. Through the private sector reinsurance agreement, 23 reinsuring companies assume 90 per cent of losses (including deemed loss adjustment expenses) from 15 to 25 per cent of Production Insurance liability (coverage). Reinsurance premiums were \$16,063,000 (2006 - \$11,147,000). Private sector reinsurance recoveries totalled \$118,000 (2006 - \$89,470,000), which was for prior year reinsurance claims.

14. Reinsurance – Hail Insurance Program

MASC entered into a one-year private sector reinsurance agreement for the Hail Insurance program. Through the agreement, 13 reinsuring companies assume 90 per cent of hail insurance losses (including loss adjustment expenses) from 125 to 200 per cent of gross premium. Reinsurance premiums were \$881,000 (2006 - \$922,000). There were no reinsurance recoveries in 2007.

15. Claims Payable

Claims payable of \$12,411,000 (2006 - \$19,332,000) includes: a provision of \$3,900,000 (2006 - \$9,270,000) for the Production Insurance program, which represents the liability for unpaid claims and the over-winter deterioration of unharvested crops; a provision of \$7,447,000 (2006 - \$4,754,000) for outstanding Farmland School Tax Rebate payments; and a provision of \$274,000 (2006 - \$381,000) for the Wildlife Damage Compensation program. The balance represents actual claims payable.

16. Accounts Payable and Accrued Liabilities

Accounts payable at March 31, 2007 include the following:

	PRODUCTION INSURANCE PROGRAM	LENDING PROGRAMS	WILDLIFE DAMAGE COMPENSATION PROGRAM	OTHER PROGRAMS	2007 TOTAL	2006 TOTAL
Government of Canada	\$ —	—	—	—	\$ —	\$ 241
Province of Manitoba	1,308	—	18	—	1,326	1,535
Accrued vacation pay	863	—	—	—	863	859
Provision for pension obligations (Note 17)	6,124	—	—	—	6,124	5,976
Provision for severance obligations	1,386	—	—	—	1,386	1,333
Other	858	338	33	210	1,439	1,283
	\$ 10,539	338	51	210	\$ 11,138	\$ 11,227

17. Provision for Employee Pension Benefits

MASC employees are eligible for defined benefit pensions under *The Civil Service Superannuation Act*. As outlined in Note 3(D), MASC contributes 50 per cent of the pension disbursements made to retired employees of the former Manitoba Agricultural Credit Corporation (MACC) for service up to September 1, 2005. Additionally, MASC has a pension liability for employees whose earnings are out of the scope of the Fund plan.

Actuarial valuations are to be carried out every three years to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as at December 31, 2004 was conducted by Ellement & Ellement. The key actuarial assumptions were a rate of return of 6.50 per cent (2001 – 6.75 per cent), 2.50 per cent inflation (2001 – 2.75 per cent), salary rate increases of 3.25 per cent (2001 – 3.50 per cent) and post retirement indexing at two thirds of the inflation rate. The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2007 using a formula provided by the actuary. The following table provides the calculation of the liability for unfunded pension benefits of \$6,124,000 (2006 - \$5,976,000):

	2007	2006
Accrued pension liability – beginning of year	\$ 5,976	\$ 6,210
Experience gain	—	(499)
Benefits accrued	(37)	102
Interest accrued on benefits	418	406
Benefits paid	(233)	(243)
Accrued pension liability – end of year	\$ 6,124	\$ 5,976

18. Advances from the Province of Manitoba

In accordance with established Province of Manitoba practices, MASC must repay advances according to the amortization schedule or be subject to a prepayment penalty. The prepayment penalty is based on the net present value of the future cash flows of the loan being prepaid less the net present value of a loan with the same terms, except having an interest rate of 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 interest rates ranging from 4.75 per cent to 8.00 per cent. The average interest rate of the entire portfolio at March 31, 2007 was 5.656 per cent (2006 - 5.752 per cent).

MATURITIES OF PRINCIPAL OVER THE FOLLOWING TERMS	2007	2006
1 year	\$ 61,010	\$ 62,213
2 years	39,204	38,229
3 years	36,548	36,272
4 years	33,095	33,425
5 years	32,654	29,711
More than 5 years	123,967	142,970
	\$ 326,478	\$ 342,820

The approximate fair value of advances from the Province of Manitoba at March 31, 2007 is \$339,611,000 (2006 - \$357,312,000). Fair values for the advances from the Province of Manitoba are based on the net present value of expected future cash flows, discounted by current interest rates for loans with similar terms and credit risk.

19. Deferred Revenue

Deferred revenue represents administrative subsidies provided by the Government of Canada and the Province of Manitoba and is used to acquire property and equipment. Deferred revenue is recognized as revenue when amortization is recorded on property and equipment.

20. Indemnities

Production Insurance indemnities of \$44,323,000 (2006 - \$297,377,000) represent \$43,206,000 for the 2006/2007 crop year and \$1,117,000 as a result of a shortfall in the estimate of claims payable set up as of March 31, 2006.

21. Lease Agreements

MASC has entered into a number of long-term lease agreements. The minimum payments under these leases are as follows:

YEAR ENDING MARCH 31	LEASE AGREEMENT AMOUNTS
2008	\$ 380
2009	139
2010	99
2011	42
2012 and beyond	3
	\$ 663

22. Contingencies

- (A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2007 are shown below.

	CONTINGENT LIABILITY		PROVISION FOR LOSSES	
	2007	2006	2007	2006
Operating Credit Guarantees	\$ 9,349	\$ 7,296	\$ 1,502	\$ 1,195
Manitoba Livestock Associations Loan Guarantees	4,683	4,377	1,171	1,094
Diversification Loan Guarantees	7,609	10,440	1,141	1,566
Enhanced Diversification Loan Guarantees	56,196	48,502	8,430	7,275
	\$ 77,837	\$ 70,615	\$ 12,244	\$ 11,130

The Operating Credit Guarantee (OCG) program was introduced on April 1, 2003, replacing the Guaranteed Operating Loan program. The OCG provides the participating lending institution a guarantee of 25 per cent of each individual loan made under this program. The maximum allowable individual loan is \$450,000, with \$700,000 available for partnerships, corporations and co-operatives.

The Manitoba Livestock Associations Loan Guarantee program was introduced in 1991. For each association, MASC provides a guarantee to the lending institutions based on 25 per cent of the amount of the loan to a maximum guarantee of \$1,250,000.

The Diversification Loan Guarantee program was introduced in December 1995 to provide guarantees on loans made by participating lenders for diversification or farm value-added activities. Under this program, 25 per cent of the private lender's loan portfolio was guaranteed. The maximum allowable individual loan was \$3.0 million.

In 2001, the Enhanced Diversification Loan Guarantee program replaced the Diversification Loan Guarantee program. Guarantees are now based on 25 per cent of the original principal amount of each individual loan, with no maximum loan amount.

- (B) MASC provides surety bonds for certain agricultural agencies in the amount of \$83,130 (2006 - \$53,781). No contingency provision is made for these undertakings in the financial statements. Any payments arising from claims under these guarantees will be recorded as an expense in the period that such claims occur.
- (C) As at March 31, 2007 MASC had approved but not disbursed loans in the amount of \$16,621,358 (2006 - \$21,204,999).
- (D) Various legal actions for additional indemnity payments have been commenced by insured producers against MASC. The outcome of these claims cannot be determined at this time.

23. Actuarial Review

An actuarial certification of the Production Insurance program was completed by Tillinghast - Towers Perrin, consulting actuaries, in June 2003. The actuarial review of MASC concludes that the methodologies used to establish the probable yields for insured crops meet the requirements of the federal Crop Insurance Regulation; that the premium rate methodologies are actuarially sound and are sufficient to meet expected claim costs; and that the program meets the financial self-sustaining criteria defined by the federal government.

A full actuarial certification has to be completed every five years with any new programs or program changes requiring approval in the interim.

24. Related – Party Transactions

MASC is related in terms of common ownership to all Province of Manitoba departments, agencies and Crown corporations. MASC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Interest earned on investments held by the Province of Manitoba amounted to \$6,498,000 (2006 - \$7,386,000). Included in accounts receivable (Note 8) is \$1,215,000 (2006 - \$860,000) of accrued interest related to these investments.

25. Comparative Figures

The amalgamation of the Manitoba Agricultural Credit Corporation and the Manitoba Crop Insurance Corporation resulted in the consolidation of financial reporting as if the corporations were one entity as of April 1, 2005. Certain 2006 figures have been reclassified to conform to the 2007 financial statement presentation.

26. Subsequent Events

In May 2007, MASC was authorized by the Minister of Agriculture, Food and Rural Initiatives to administer the Assiniboine Valley Producers' Flood Assistance program. The program is being funded by the Government of Manitoba for the purpose of providing assistance to agricultural producers operating along the Assiniboine River between the Shellmouth Reservoir and Brandon. The program covers losses to crops and the inability to seed crops resulting from flood damage in 2005 and 2006, due to the interaction of unexpected rainfall conditions and the impact of the operation of the Shellmouth dam on the river flows.

SCHEDULE 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Year Ended March 31, 2007 (in thousands)

	2007	2006
Adjustors' wages, benefits and expenses	\$ 3,476	\$ 5,126
Advertising	225	297
Amortization expense	122	146
Appeal Tribunal	15	22
Audit fees and legal	318	249
Directors' remuneration and expenses	148	149
Furniture and equipment	166	549
Information technology	778	803
Office rental and utilities	925	921
Other administrative expenses	385	471
Other administrative recoveries	(490)	(436)
Postage	183	178
Printing and office supplies	282	255
Salaries and employee benefits	10,402	10,130
Telephone	215	215
Travel and vehicle expenses	545	603
Total administrative expenses	\$ 17,695	\$ 19,678
Administrative expenses allocation:		
Lending Programs	\$ 5,086	\$ 3,999
Production Insurance Program	9,715	12,510
Hail Insurance Program	1,712	1,563
Wildlife Damage Compensation Program	371	352
Farmland School Tax Rebate Program	382	405
Other Programs	429	849
Total administrative expenses	\$ 17,695	\$ 19,678

SCHEDULE 2

SCHEDULE OF OPERATIONS AND FUNDS RETAINED

For the Year Ended March 31, 2007 (in thousands)

	LENDING PROGRAMS		PRODUCTION INSURANCE PROGRAM		HAIL INSURANCE PROGRAM	
	2007	2006	2007	2006	2007	2006
REVENUE:						
Insurance premiums <i>(Note 3 (1))</i>						
Insured persons	\$ –	\$ –	\$ 46,602	\$ 31,270	\$ 12,246	\$ 10,175
Government of Canada	–	–	42,507	29,710	–	–
Province of Manitoba	–	–	28,336	19,800	–	–
	–	–	117,445	80,780	12,246	10,175
Interest from loans	20,444	20,547	–	–	–	–
Other contributions - Government of Canada	–	–	5,822	7,495	–	–
Other contributions - Province of Manitoba	5,457	5,431	3,893	5,015	–	–
Investment income	716	853	4,621	5,411	1,264	875
Real estate and other income	318	345	–	–	–	–
Reinsurance recoveries <i>(Notes 13 & 14)</i>	–	–	118	89,470	–	–
Total revenue	26,935	27,176	131,899	188,171	13,510	11,050
EXPENDITURE:						
Insurance indemnities and compensation payments <i>(Note 20)</i>	–	–	44,323	297,377	4,755	5,166
Reinsurance premiums <i>(Notes 13 & 14)</i>	–	–	17,237	11,955	881	922
Interest on borrowed funds	19,621	20,389	–	–	–	–
Bad debt expense and guaranteed loan losses <i>(Notes 10 & 22)</i>	1,443	1,234	242	470	3	(9)
Young farmer incentives	1,338	1,400	–	–	–	–
Farmland school tax rebate payments	–	–	–	–	–	–
Other program payments	–	29	–	–	–	–
Administrative expenses <i>(Schedule 1)</i>	5,086	3,999	9,715	12,510	1,712	1,563
Total expenditure	27,488	27,051	71,517	322,312	7,351	7,642
Income (loss) for the year	(553)	125	60,382	(134,141)	6,159	3,408
Funds retained, beginning of year	(38,763)	(38,888)	98,824	232,965	27,630	24,222
Funds retained, end of year	\$ (39,316)	\$ (38,763)	\$ 159,206	\$ 98,824	\$ 33,789	\$ 27,630

WILDLIFE DAMAGE COMPENSATION PROGRAM (NOTE 4)		FARMLAND SCHOOL TAX REBATE PROGRAM (NOTE 5)		OTHER PROGRAMS (NOTE 6)		TOTAL	TOTAL
2007	2006	2007	2006	2007	2006	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,848	\$ 41,445
-	-	-	-	-	-	42,507	29,710
-	-	-	-	-	-	28,336	19,800
-	-	-	-	-	-	129,691	90,955
-	-	-	-	-	-	20,444	20,547
1,072	1,289	-	-	-	407	6,894	9,191
715	867	26,235	20,906	1	264	36,301	32,483
-	-	181	113	-	7	6,782	7,259
-	-	-	-	722	799	1,040	1,144
-	-	-	-	-	-	118	89,470
1,787	2,156	26,416	21,019	723	1,477	201,270	251,049
1,416	1,804	-	-	-	-	50,494	304,347
-	-	-	-	-	-	18,118	12,877
-	-	-	-	-	-	19,621	20,389
-	-	-	-	-	(1)	1,688	1,694
-	-	-	-	-	-	1,338	1,400
-	-	26,034	20,614	-	-	26,034	20,614
-	-	-	-	294	660	294	689
371	352	382	405	429	849	17,695	19,678
1,787	2,156	26,416	21,019	723	1,508	135,282	381,688
-	-	-	-	-	(31)	65,988	(130,639)
-	-	-	-	-	31	87,691	218,330
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,679	\$ 87,691

Management's Responsibility for Financial Reporting

The preparation of the financial statements and other information contained in this Annual Report is the responsibility of management of the Manitoba Arts Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using management's estimates and judgements where appropriate. The financial information shown elsewhere in this Annual Report is consistent with information contained in the financial statements.

Management of the Manitoba Arts Council has developed and maintains accounting systems and internal controls designed to provide reasonable assurance of the reliability of the financial information, and that assets are appropriately accounted for and adequately safeguarded.

The financial statements for the year ended March 31, 2007 have been audited by Magnus & Buffie in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

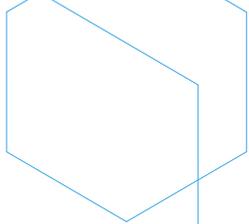
The Council, through its Audit/Finance/Human Resource Committee, carries out its responsibility for the review and approval of the financial statements and the Annual Report. The Audit/Finance/Human Resource Committee reports to Council who approves these financial statements and the Annual Report prior to release.

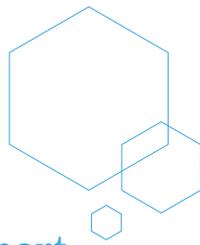
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Douglas Riske

EXECUTIVE DIRECTOR





Auditor's Report

To the Members of the Council,

Manitoba Arts Council

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2007 and the statements of revenues and expenses and changes in fund balances for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

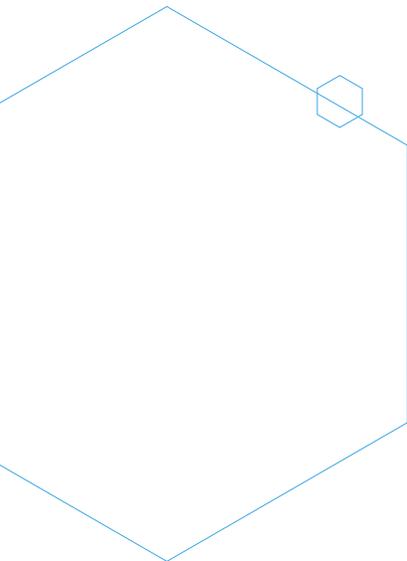
We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus and Buffie,

CHARTERED ACCOUNTANTS

May 24, 2007



Statement of Financial Position

AS AT MARCH 31, 2007

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2007 TOTAL	2006 TOTAL
Assets				
Current Assets				
Cash and short-term investments (note 3)	\$560,689	\$0	\$560,689	\$118,523
Accrued interest income	14,452	0	14,452	13,850
Accounts receivable	39,217	0	39,217	61,703
Prepaid expenses	16,823	0	16,823	96,662
	631,181	0	631,181	290,738
Recoverable, Province of Manitoba (note 11)	36,000	0	36,000	36,000
Recoverable, Province of Manitoba	4,000	0	4,000	15,000
Long term investments (note 4)	400,000	0	400,000	500,000
Musical instruments	104,796	0	104,796	104,796
Works of visual art	329,995	0	329,995	329,995
Capital assets (note 5)	75,192	0	75,192	91,143
Interfund balances	(69,314)	69,314	0	0
Total Assets	\$1,511,850	\$69,314	\$1,581,164	\$1,367,672
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable and accrued liabilities	111,200	0	111,200	167,182
Commitments for grants and programs	597,283	6314	603,597	444,246
	708,483	6314	714,797	611,428
Investments in musical instruments and works of visual art	434,791	0	434,791	434,791
	1,143,274	6314	1,149,588	1,046,219
Fund Balances				
Invested in capital assets	75,192	0	75,192	91,143
Internally restricted (note 7)	77,000	63,000	140,000	158,000
Unrestricted	216,384	0	216,384	72,310
	368,576	63,000	431,576	321,453
Lease Commitment (note 8)				
Total Liabilities and Fund Balances	\$1,511,850	\$69,314	\$1,581,164	\$1,367,672



On behalf of Council

Original signed by

CHAIR

Original signed by

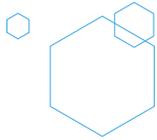
EXECUTIVE DIRECTOR

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



Statement of Revenues and Expenses

AS AT MARCH 31, 2007



	GRANTS & PROGRAMS FUND	BRIDGES FUND	2007 TOTAL	2006 TOTAL
Revenues				
Province of Manitoba - Operating Grant (note 9)	\$8,411,400	\$0	\$8,411,400	\$8,411,400
Province of Manitoba - Bridges Grant	0	875,000	875,000	885,000
Province of Manitoba - Education Grant	50,000	0	50,000	50,000
Investment Income	114,105	0	114,105	70,453
Other	39,002	0	39,002	45,972
	8,614,507	875,000	9,489,507	9,462,825
Expenses				
ORGANIZATIONS				
<i>Annual & Operating Grants</i>				
Arts Training Schools	151,000	0	151,000	149,500
Arts Service Organizations	179,900	0	179,900	125,900
Dance Companies	967,000	0	967,000	942,000
Music Organizations	1,170,000	0	1,170,000	1,153,000
Theatre Companies	1,602,000	0	1,602,000	1,647,000
Visual Arts Organizations	813,000	0	813,000	789,000
Book Publishers	255,500	0	255,500	255,900
Periodical Publishers	207,500	0	207,500	207,000
	5,345,900	0	5,345,900	5,269,300
Touring Grants	327,500	0	327,500	294,000
Presentation Grants	293,781	0	293,781	279,606
Technical Assistance Grants	0	0	0	35,000
Special Grants	22,500	0	22,500	20,854
Management & Governance	0	70,429	70,429	0
	5,989,681	70,429	6,060,110	5,898,760
INDIVIDUALS				
Professional Development Grants	278,090	0	278,090	211,743
Creation and Production Grants	911,498	0	911,498	790,080
Touring Grants	30,000	0	30,000	9,500
Aboriginal Arts Grants	0	117,642	117,642	144,460
	1,219,588	117,642	1,337,230	1,155,783
ARTS DEVELOPMENT				
Residencies	305,667	0	305,667	337,650
Award of Distinction	30,000	0	30,000	30,000
Arts Stabilization	0	0	0	200,000
Special Projects	44,192	0	44,192	36,070
Special Opportunities	108,296	0	108,296	0
Community Connections	0	119,636	119,636	113,779
Arts Education Initiatives	0	(5,000)	(5,000)	20,000
ArtsSmarts Grant	0	30,000	30,000	10,000
	488,155	144,636	632,791	747,499
	7,697,424	332,707	8,030,131	7,802,042
Arts Program Delivery Expenses (Schedule)	571,989	122,805	694,794	828,465
	8,269,413	455,512	8,724,925	8,630,507
Administrative Expenses (Schedule)	670,892	0	670,892	690,689
	8,940,305	455,512	9,395,817	9,321,196
Rescinded Commitments	(16,433)	0	(16,433)	(36,465)
Total expenses	8,923,872	455,512	9,379,384	9,284,731
Excess (Expenses) Revenues for the Year	\$(309,365)	\$419,488	\$110,123	\$178,094

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

Statement of Changes in Fund Balances

AS AT MARCH 31, 2007

	GRANTS & PROGRAM FUND INVESTED IN CAPITAL ASSETS	GENERAL (NOTE 7)	BRIDGES FUND (NOTE 7)	2007 TOTAL	2006 TOTAL
Fund Balances, Beginning of Year	\$91,143	\$127,310	\$103,000	\$321,453	\$143,359
Excess (expenses) revenues for the year	(26,259)	(283,106)	419,488	110,123	178,094
Additions to capital assets	10,308	(10,308)	0	0	0
Interfund transfer (note 7)	0	459,488	(459,488)	0	0
Fund Balances, End of Year	\$75,192	\$293,384	\$63,000	\$431,576	\$321,453

Notes to Financial Statements

AS AT MARCH 31, 2007

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts Council in 1965 to "...promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies and Reporting Practices

- a) **Basis of Presentation**
These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.
- b) **Fund Accounting**
The financial statements disclose the activities of the following funds maintained by the Council:
 - i) **Grants & Program Fund**
This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.
 - ii) **Bridges Fund**
This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenues over expenditures, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.
- c) **Revenue Recognition**
The Council follows the deferral method accounting for revenues. Externally restricted revenues are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted revenues are recognized as revenue in the applicable fund when received or receivable.
- d) **Grant Commitments**
Grants and program commitments are reflected as expenses when funding is formally approved and committed by Council. Cancellations of prior years' grant expenses are reflected as rescinded grant commitments.



e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Office furniture and equipment 5-10 years
Computer hardware and software 3 years

f) Investments

Investments are recorded at the lower of cost and market value if any decline in market value is considered to be other than temporary.

g) Musical instruments and works of visual art

Musical instruments and works of visual art are shown on the Statement of Financial Position as assets at cost with an offsetting credit to investments in musical instruments and works of visual art. The art bank collection was re-appraised in 2005, at a current market value of \$449,222.00.

h) Financial Instruments

The Council's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities and unpaid commitments. Unless otherwise noted, it is management's opinion that the carrying value of these instruments approximates their fair value and that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from these estimates.

3. Cash and short term investments

Cash and short term investments consist of \$57,133 cash (2006 - \$92,682) and short term investments of \$93,556 and \$410,000, respectively (2006 - \$25,841). The short term investments mature June 15, 2007 and May 2, 2007 with yields of 4.0%.

4. Long Term Investments

	2007		2006	
	COST	MARKET	COST	MARKET
Manitoba Builder Bonds (Due Jun 15, 2007, yielding 3.8%)	200,000	204,997	200,000	205,097
Manitoba Hydro Bonds (Due Jun 15, 2011, yielding 4.0%)	100,000	105,736	200,000	202,018
Royal Bank of Canada Issuer Extendible Step-Up Med. Term Notes (Yielding 3.20%-4.25%, Maturing Sept 2006 to Sept 2010)	100,000	99,972	100,000	98,217
	400,000	410,705	500,000	505,332

5. Capital Assets

	2007		2006	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Office furniture and equipment	128,613	62,877	65,736	77,747
Computer hardware and software	258,148	248,692	9,456	13,396
	386,761	311,569	75,192	91,143

6. Works of Visual Art

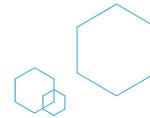
The Manitoba Arts Council moved selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Foundation for the Arts awarded a grant to the Manitoba Arts Council to provide to

the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba is currently being negotiated.

7. Interfund Transfers and Internally Restricted Fund Balances

In 2007, the Council members internally restricted \$140,000 to be used as follows:

	GRANTS & PROGRAMS	BRIDGES
Technical Assistance	20,000	
Capital Fund Allocation	30,000	
Advocacy Initiatives	10,000	
Contact (Touring Development)	17,000	
Bridges Program Review		18,000
Arts Education Initiative		15,000
French Language Programs		20,000
Consultations		10,000
	<u>77,000</u>	<u>63,000</u>



These internally restricted amounts are not available for unrestricted purposes without the approval of the members of Council. In addition, \$459,488 (2006 - \$129,676) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Individual Artists and Arts Development Grants.

8. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2012. The 2007 basic annual rent was \$112,774. The 2008 basic annual rent is estimated to be \$113,084. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

9. Funding Agreement

The funding agreement with the Province of Manitoba established the terms and conditions of funding for five years ended March 31, 2000. During the term of the agreement, Council was entitled to retain proceeds up to \$1,000,000 from the Province of Manitoba. Any proceeds retained in excess of \$1,000,000 except for proceeds exempted in the funding agreement, would have been repaid to the Province of Manitoba on demand. In accordance with this Agreement, there were no proceeds repayable to the Province. As at March 31, 2007, the Council was in discussions with the Province regarding the terms of a new funding agreement.

10. Pension Plan

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The Council participates on a fully funded basis and its contributions of \$9,620 (2006 - \$13,645) represent the total obligations for the year.

11. Severance Liability

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of \$36,000 as at April 1, 1998. Any subsequent changes to the severance liability will be the responsibility of Council. As at March 31, 2007, Council recorded a liability of \$30,254 (2006 - \$25,163). This liability is included in accounts payable and accrued liabilities.

12. Statement of Cash Flow

A statement of cash flow is not presented as part of the financial statements as Council has determined that cash flow information is readily determinable from the other financial statements.

13. Economic Dependence

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.



Schedule of Administrative Expenses

FOR THE YEAR ENDED MARCH 31, 2007

	GRANTS & PROGRAMS FUND	
	2007 TOTAL	2006 TOTAL
Salaries and benefits	\$426,854	\$415,525
Council meetings	56,961	54,270
Rent	56,024	56,429
Amortization	26,259	26,065
Office supplies, printing and stationery	12,086	24,258
Postage, courier and telephone	15,229	17,387
Staff travel and expenses	23,441	18,486
Insurance and sundry	7,797	8,168
Professional fees	29,278	48,462
Equipment repairs and maintenance	1,963	3,414
Total Administrative Expenses	655,892	672,464
Other Administrative Expenses (Art Bank Administration)	15,000	18,225
	\$670,892	\$690,689

Schedule of Arts Program Delivery Expenses

FOR THE YEAR ENDED MARCH 31, 2007

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2007 TOTAL	2006 TOTAL
Salaries and benefits	\$ 371,548	\$ 95,978	\$467,526	\$601,115
Jurors' fees and expenses	72,889	8,559	81,448	78,990
Rent	47,670	9,080	56,750	57,899
Communication	40,296	1,223	41,519	41,139
Advocacy	530	0	530	6,789
Community consultations	6,648	186	6,834	16,280
Staff travel and expenses	3,117	5,359	8,476	12,376
Postage, courier and telephone	7,032	2,245	9,277	9,523
Office supplies	1,058	175	1,233	2,481
Touring development	20,393	0	20,393	0
Sundry	808	0	808	1,873
	\$571,989	\$122,805	\$694,794	\$828,465